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State/Territory Name: IA

State Plan Amendment (SPA) #: 17-0001

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-14-26
Baltimore, Maryland 21244-1850



Center for Medicaid and CHIP Services

Disabled and Elderly Health Programs Group

June 28, 2017

Ms. Mikki Stier
Medicaid Director
Iowa Department of Human Services
Iowa Medicaid Enterprise
100 Army Post Road
Des Moines, IA 50315

Dear Ms. Stier:

We have reviewed Iowa's State Plan Amendment (SPA) 17-0001, Prescribed Drugs, received in the Kansas City Regional Office on April 7, 2017. This SPA proposes to bring Iowa into compliance with the actual acquisition cost reimbursement requirements in the Covered Outpatient Drug final rule with comment.

Based on the information provided, we are pleased to inform you that, consistent with the regulations at 42 CFR 430.20, SPA 17-0001 is approved with an effective date of April 1, 2017. A copy of the signed CMS-179 form, as revised, as well as the pages approved for incorporation into Iowa's state plan will be forwarded by the Kansas City Regional Office.

If you have any questions regarding this amendment, please contact Lisa Shochet at (410) 786-5445 or Lisa.Shochet@cms.hhs.gov.

Sincerely,

/s/

Meagan T. Khau
Deputy Director
Division of Pharmacy

CC: James G. Scott, ARA, CMS, Kansas City Regional Office
Karen Hatcher, CMS, Kansas City Regional Office

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES	1. TRANSMITTAL NUMBER <u>1 7 — 0 0 1</u>	2. STATE IOWA
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE April 1, 2017	

5. TYPE OF PLAN MATERIAL (Check One)

NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION CFR 447.512 and 447.518	7. FEDERAL BUDGET IMPACT a. FFY 2017 <u>\$ 735,524.00</u> b. FFY 2018 <u>\$ 1,471,048.00</u>
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attachment 4.19-B, Page 9, 9a, 10, 10a, 10b, 11	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) Attachment 4.19-B, Page 9, 9a, 10, 10a, 10b, 11

10. SUBJECT OF AMENDMENT

Document payment methodology for OP prescribed drugs as required by CMS-23 45-FC. In the case of IHS/Tribal Facility pharmacies, the state is changing the reimbursement to the OP per visit rate (excluding Medicare) for OP prescription drugs.

11. GOVERNOR'S REVIEW (Check One)

GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL <i>[Signature]</i>	16. RETURN TO CHARLES M. PALMER DIRECTOR DEPARTMENT OF HUMAN SERVICES 1305 EAST WALNUT 5TH FLOOR DES MOINES IA 50319-0114
13. TYPED NAME CHARLES M. PALMER	
14. TITLE DIRECTOR	
15. DATE SUBMITTED 4-7-17	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED April 7, 2017	18. DATE APPROVED June 28, 2017
PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL April 1, 2017	20. SIGNATURE OF REGIONAL OFFICIAL <i>//s//</i>
21. TYPED NAME James G. Scott	22. TITLE: Associated Regional Administrator for Medicaid and Children's Health Operations

23. REMARKS

* Pen and Ink Changes per email dated 6.26.17 from state.

State/Territory:

IOWA11c. SERVICES FOR INDIVIDUALS WITH SPEECH, HEARING AND LANGUAGE DISORDERS

Fee Schedule. The fee schedule is based on the definitions of medical and surgical procedures given in the most recent addition of Physician's Current Procedural Terminology (CPT).

12a. PRESCRIBED DRUGS

(a). Reimbursement for covered outpatient prescription and nonprescription drugs shall be the lowest of the following as of the date of dispensing:

1. "Actual Acquisition Cost" (AAC), defined as the average state AAC, as determined from biannual surveys of Iowa Medicaid enrolled pharmacies, plus the professional dispensing fee pursuant to subsection (b). If no state AAC is available, the AAC will be defined as the Wholesale Acquisition Cost (WAC).
2. "Federal upper limit (FUL)," defined as the upper limit for a multiple source drug established in accordance with the methodology of the Centers for Medicare and Medicaid Service as described in 42 CFR 447.514, plus the professional dispensing fee pursuant to subsection (b).
3. Total submitted charge.
4. The provider's usual and customary charge to the general public.

(b). The professional dispensing fee is based on the cost of dispensing survey which must be completed by all medical assistance program participating pharmacies every two years beginning in 2014. For services rendered on or after August 1, 2016, the professional dispensing fee is \$10.02.

State Plan TN #	<u>IA-17-001</u>	Effective	<u>4/1/17</u>
Superseded TN #	<u>IA-16-014</u>	Approved	<u>June 28, 2017</u>

State/Territory:

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(c). 340B Purchased Drugs - Reimbursement for a covered entity as defined in 42 U.S.C. 256b(a)(4) for covered outpatient drugs acquired by the entity through the 340B drug pricing program will be the submitted 340B covered entity actual acquisition cost (not to exceed the 340B ceiling price), plus the professional dispensing fee pursuant to subsection (b).

(d). 340B Contract Pharmacies - Drugs acquired through the federal 340B drug pricing program and dispensed by 340B contract pharmacies are not covered.

(e). Federal Supply Schedule (FSS) Drugs - Reimbursement for drugs acquired by a provider through the FSS program managed by the federal General Services Administration will be the provider's actual acquisition cost (not to exceed the FSS price), plus the professional dispensing fee pursuant to subsection (b).

(f). Nominal Price Drugs - Reimbursement for drugs acquired by providers at nominal prices and excluded from the calculation of the drug's "best price" pursuant to 42 CFR § 447.508 will be the provider's actual acquisition cost (not to exceed the Nominal Price), plus the professional dispensing fee pursuant to subsection (b).

(g). Reimbursement for Specialty Drugs not dispensed by a retail community pharmacy and dispensed primarily through the mail pharmacy shall be the lowest of the following as of the date of dispensing:

1. "Actual Acquisition Cost" (AAC), defined as the average state AAC, as determined from biannual surveys of Iowa Medicaid enrolled pharmacies, plus the professional dispensing fee pursuant to subsection (b). If no state AAC is available, the AAC will be defined as the Wholesale Acquisition Cost (WAC).
2. "Federal upper limit (FUL)," defined as the upper limit for a multiple source drug established in accordance with the methodology of the Centers for Medicare and Medicaid Service as described in 42 CFR 447.514, plus the professional dispensing fee pursuant to subsection (b).
3. Total submitted charge.
4. The provider's usual and customary charge to the general public.

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Superseded TN #	<u>NONE</u>	Approved	<u>June 28, 2017</u>

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(h). Reimbursement for drugs not dispensed by a retail community pharmacy (i.e., institutional or long term care pharmacy when not included as part of an inpatient stay) shall be the lowest of the following as of the date of dispensing:

1. "Actual Acquisition Cost" (AAC), defined as the average state AAC, as determined from biannual surveys of Iowa Medicaid enrolled pharmacies, plus the professional dispensing fee pursuant to subsection (b). If no state AAC is available, the AAC will be defined as the Wholesale Acquisition Cost (WAC).
2. "Federal upper limit (FUL)," defined as the upper limit for a multiple source drug established in accordance with the methodology of the Centers for Medicare and Medicaid Service as described in 42 CFR 447.514, plus the professional dispensing fee pursuant to subsection (b).
3. Total submitted charge.
4. The provider's usual and customary charge to the general public.

(i). Reimbursement for clotting factor from specialty pharmacies, hemophilia treatment centers (HTCs) or Centers of Excellence shall be the lowest of the following as of the date of dispensing:

1. "Actual Acquisition Cost" (AAC), defined as the average state AAC, as determined from biannual surveys of Iowa Medicaid enrolled pharmacies, plus the professional dispensing fee pursuant to subsection (b). If no state AAC is available, the AAC will be defined as the Wholesale Acquisition Cost (WAC).
2. "Federal upper limit (FUL)," defined as the upper limit for a multiple source drug established in accordance with the methodology of the Centers for Medicare and Medicaid Service as described in 42 CFR 447.514, plus the professional dispensing fee pursuant to subsection (b).
3. Total submitted charge.
4. The provider's usual and customary charge to the general public.

State Plan TN #	<u>IA-17-001</u>	Effective	<u>4-1-2017</u>
Superseded TN #	<u>NONE</u>	Approved	<u>June 28, 2017</u>

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(j). Reimbursement for physician administered drugs submitted under the medical benefit is set by a Fee Schedule, based on Average Wholesale Price (AWP) of the drug less 15.6 percent, which is based on the following formula:

1. Average of the Average Wholesale Price (AWP) for the applicable National Drug Codes (NDCs) less 12 percent
2. Amount calculated in (1) less 5 percent
3. Amount calculated in (2) plus 1 percent

Reimbursement for covered entities using drugs purchased through the 340B drug pricing program at the 340B covered entity actual acquisition cost (AAC).

(k). Reimbursement is not provided for investigational drugs, which are not covered.

(l). An additional reimbursement amount of one cent per dose shall be added to the allowable cost of a prescription for an oral solid if the drug is dispensed to a patient in a nursing home in unit dose packaging prepared by a pharmacist.

State Plan TN #	<u>IA- 17-001</u>	Effective	<u>4/1/17</u>
Superseded TN #	<u>IA-12-022</u>	Approved	<u>June 28, 2017</u>