

Table of Contents

State/Territory Name: IA

State Plan Amendment (SPA) #: 18-0018

This file contains the following documents in the order listed:

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

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

September 28, 2018

Mr. Michael Randol
Medicaid Director
Iowa Department of Human Services
Iowa Medicaid Enterprise
100 Army Post Road
Des Moines, IA 50315

Dear Mr. Randol:

We have reviewed Iowa State Plan Amendment (SPA) 18-0018, Prescribed Drugs, received in the Kansas City Regional Office on September 6, 2018. This SPA proposes to adjust the professional dispensing fee from \$10.02 to \$10.07 per prescription, based on a recent cost of dispensing survey of Iowa Medicaid enrolled pharmacy providers, with an effective date of November 1, 2018.

In keeping with the requirements of section 1902 (a)(30)(A) of the Social Security Act, we believe the state has demonstrated that their reimbursement is consistent with efficiency, economy, and quality of care, and are sufficient to ensure that care and services are available to Medicaid beneficiaries at least to the extent they are available to the general population in the geographic area. We believe that there is evidence regarding the sufficiency of Iowa's pharmacy provider network at this time to approve SPA 18-0018. Specifically, Iowa has reported to CMS that 631 of the state's 658 licensed in-state retail pharmacies are enrolled in Iowa's Medicaid fee-for-service program. With nearly a 96 percent participation rate, we can infer that Iowa's beneficiaries will have access to pharmacy services at least to the extent available to the general population since Medicaid requires that beneficiaries be provided access to all covered outpatient drugs of participating drug manufacturers with a rebate agreement through a broad pharmacy network. In contrast, commercial insurers often have more limited drug formularies and a more limited pharmacy network.

Based on the information provided and consistent with the regulations at 42 CFR 430.20, we are pleased to inform you that SPA 18-0018 is approved with an effective date of November 1, 2018. A copy of the signed CMS-179 form, as well as the pages approved for incorporation into Iowa's state plan will be forwarded by the Kansas City Regional Office.

Page 2 – Mr. Michael Randol

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

Sincerely,

/s/

John M. Coster, Ph.D., R.Ph.
Director, Division of Pharmacy

cc: James G. Scott, Associate Regional Administrator, Kansas City Regional Office
Jerry R. Foxhoven, Iowa Department of Human Services
Karen Hatcher, Kansas City Regional Office
Tyson Christensen, Kansas City Regional Office
Megan Buck, Kansas City Regional Office

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES		1. TRANSMITTAL NUMBER <u>1 8 — 0 1 8</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 November 1, 2018	
5. TYPE OF PLAN MATERIAL (Check One)			
<input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 8 THRU 10 IF THIS IS AN AMENDMENT (Separate transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION 42 CFR Section 447.502		7. FEDERAL BUDGET IMPACT a. FFY 2019 \$ 15,182 b. FFY 2020 \$ 16,562	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attachment 4.19-B, Page 10		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) Attachment 4.19-B, Page 10	
10. SUBJECT OF AMENDMENT Implements a dispensing fee increase from \$10.02 to \$10.07 per prescription, based on a recent cost of dispensing survey of Iowa Medicaid enrolled pharmacy providers.			
11. GOVERNOR'S REVIEW (Check One)			
<input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL		16. RETURN TO JERRY R FOXHOVEN DIRECTOR DEPARTMENT OF HUMAN SERVICES 1305 EAST WALNUT 5TH FLOOR DES MOINES IA 50319-0114	
13. TYPED NAME Jerry R. Foxhoven			
14. TITLE DIRECTOR			
15. DATE SUBMITTED 9-6-18			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED September 6, 2018		18. DATE APPROVED September 28, 2018	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL November 1, 2018		20. SIGNATURE OF REGIONAL OFFICIAL	
21. TYPED NAME Leticia Barraza		22. TITLE Acting Associate Regional Administrator for Division of Medicaid and Children's Operations	
23. REMARKS			

State/Territory: IOWA

11c. 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

The amount of payment shall be based on several factors, subject to the upper limits in 42 CFR 447.500-520 as amended.

- a. Reimbursement for covered prescription and nonprescription drugs shall be the lowest of the following as of the date of dispensing:
 - (1) "Estimated acquisition cost (EAC)," defined as the average Actual Acquisition Cost (AAC), as determined from surveys of Iowa Medicaid enrolled pharmacies, plus the professional dispensing fee. If no AAC is available, the EAC will be defined as the Wholesale Acquisition Cost (WAC), as published by Medi-Span.
 - (2) "Federal upper limit (FUL)," defined as the upper limit for multiple source drugs 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.
 - (3) Submitted charge, representing the provider's usual and customary charge for the drug.
- b. Professional Dispensing Fee: 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 the professional dispensing fee is \$10.07.
- c. Subject to prior authorization requirements, if a physician certifies in the physician's handwriting that, in the physician's medical judgment, a specific brand is medically necessary for a particular recipient, the FUL does not apply and the payment equals the lesser of EAC or submitted charges. If a physician does not so certify, the payment for the product will be the lower of FUL, EAC, or submitted charges.

State Plan TN #	<u>IA-18-018</u>	Effective	<u>November 1, 2018</u>
Superseded TN #	<u>IA-16-014</u>	Approved	<u>September 28, 2018</u>