

## Table of Contents

**State/Territory Name: IN**

**State Plan Amendment (SPA) #: 14-001**

This file contains the following documents in the order listed:

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

**Disabled & Elderly Health Programs Group**

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March 7, 2014

Mr. Joseph Moser  
Director of Medicaid  
Indiana Office of Medicaid Policy and Planning  
402 West Washington Street, Room W461  
Indianapolis, IN 46204

ATTN: Amber Swartzell

Dear Mr. Moser:

We have reviewed Indiana State Plan Amendment (SPA) 14-001, Prescribed Drugs, received in the Chicago Regional Office on January 23, 2014. This amendment proposes to revise the state plan to indicate that a physician may specify the necessity of a brand name drug by handwriting the words "Brand Medically Necessary" or words of similar meaning on the prescription. This amendment also removes benzodiazepines and barbiturates from the list of excluded drugs to comply with the requirements of Section 2502(a) of the Affordable Care Act. We are pleased to inform you that the amendment is approved effective January 1, 2014.

Per your approval, we made the requested changes to blocks six, eight, nine and ten on the CMS-179 form. A copy of the CMS-179 form, as revised, as well as the pages approved for incorporation into the Indiana state plan will be forwarded to you by the Chicago Regional Office. If you have any questions regarding this SPA, please contact Wendy Tuttle at (410) 786-8690.

Sincerely,

/s/

Kim Howell  
Acting Director  
Division of Pharmacy

cc: Verlon Johnson, Associate Regional Administrator, Chicago Regional Office  
Elizabeth Lewis, Chicago Regional Office  
Amber Swartzell, State Plan Coordinator, Indiana Office of Medicaid

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>	1. TRANSMITTAL NUMBER: 14-001	2. STATE Indiana
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FOR: HEALTH CARE FINANCING ADMINISTRATION	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)
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TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE January 1, 2014
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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: 42 CFR 447.512 1927(d)(7) of the Social Security Act	7. FEDERAL BUDGET IMPACT: a. FFY14 \$0.00 b. FFY15 \$0.00
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8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Attachment 4.19-B, Page 1d Attachment 3.1 A.1, Page 2 per State's email on 3/6/14	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19-B, Page 1d Attachment 3.1 A.1, Page 2 per State's email on 3/6/14
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10. SUBJECT OF AMENDMENT:


1. This amendment allows a physician to specify the medical necessity of a brand name drug by handwriting words of similar meaning to the words "Brand Medically Necessary" on a prescription. 2. Remove benzodiazepines, barbiturates, & tobacco cessation agents when use for tobacco cessation from the exclusion list.


11. GOVERNOR'S REVIEW (Check One):

GOVERNOR'S OFFICE REPORTED NO COMMENT       OTHER, AS SPECIFIED: Indiana's Medicaid State Plan does not require the Governor's review. See Section 7.4 of the State Plan

COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO: Joseph Moser Medicaid Director Indiana Office of Medicaid Policy and Planning 402 West Washington Street, Room W382 Indianapolis, IN 46204 ATTN: Amber Swartzell, State Plan Coordinator
13. TYPED NAME: Joseph Moser	
14. TITLE: Medicaid Director	
15. DATE SUBMITTED: January 23, 2014	

FOR REGIONAL OFFICE USE ONLY	
17. DATE RECEIVED: January 23, 2014	18. DATE APPROVED: 3/7/14
PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: January 1, 2014	20. SIGNATURE OF REGIONAL OFFICIAL: 
21. TYPED NAME: Verlon Johnson	22. TITLE: Associate Regional Administrator
23. REMARKS	

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State Agency Indiana

MEDICAID PROGRAM: REQUIREMENTS RELATING TO PAYMENT FOR COVERED  
OUTPATIENT DRUGS FOR THE CATEGORICALLY NEEDY

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Citation (s)	Provision (s)
1927(d)(2) and 1935(d)(2)	1. The Medicaid agency provides coverage for the following excluded or otherwise restricted drugs or classes of drugs, or their medical uses to all Medicaid recipients, including full benefit dual eligible beneficiaries under the Medicare Prescription Drug Benefit –Part D.

- (1) Nonlegend (over-the-counter) drugs included on the Medicaid nonlegend drug formulary set out at:

<http://www.indianapbm.com/Downloads/OTC%20Drug%20Formulary.xls>

and

- (2) Legend drugs that are:
- (a) approved by the U.S. Food and Drug Administration;
  - (b) not designated by the Centers for Medicare and Medicaid Services as less than effective, or identical, related, or similar to a less than effective drug;
  - (c) subject to the terms of a rebate agreement between the drug's manufacturer and the CMS;
  - (d) prior authorized by Indiana Medicaid if subject to applicable prior authorization requirements for brand name drugs; and
  - (e) not specifically excluded from coverage by Indiana Medicaid. The following are specifically excluded from coverage by Indiana Medicaid:
    - Anorectics or any agent used to promote weight loss;
    - Topical minoxidil preparations;
    - Fertility enhancement drugs;
    - Drugs used to treat sexual or erectile dysfunction, as set forth in section 1927(d)(2)(K) of the Social Security Act, unless such drugs are used to treat conditions other than sexual or erectile dysfunction and such uses have been approved by the U.S. Food and Drug Administration;
    - Drugs when prescribed solely or primarily for cosmetic purposes.

TN No. 14-001

Supersedes

Approval Date 3/7/14

Effective Date January 1, 2014

TN No. 12-012

**Pharmacy Services**

## 1. Legend Drugs - Payment is based on the lowest of:

- (A) For brand name drugs, AWP as of the date dispensed – 16% plus a \$3.90 dispensing fee
- (B) For generic drugs, AWP as of the date dispensed – 20% + a \$3.90 dispensing fee;
- (C) Applicable Federal Upper Limit (“FUL”) as established by CMS, as of the date dispensed, plus a \$3.90 dispensing fee;
- (D) Applicable State Maximum Allowable Cost (“State MAC”) as of the date dispensed, plus a \$3.90 dispensing fee;
- (E) The provider’s usual and customary charge for the drug to the general public (which is the charge to be submitted to Indiana Medicaid), as of the date dispensed;

minus a recipient copayment amount, where applicable, as set out in Attachment 4.18-A.

The upper limit for a multiple source legend drug for which a specific FUL or State MAC has been established does not apply when a physician specifies the medical necessity of the brand name product by handwriting the words "Brand Medically Necessary", or words of similar meaning, on the form, and obtains prior authorization for that specification.

## 2. Non-Legend (OTC) Drugs - Payment is based on the lower of:

- (A) One hundred fifty percent (150%) of:  
  
The State maximum allowable cost for the OTC drug, as set out in the Medicaid Pharmacy Provider Manual and amendments thereto, in the quantity dispensed, as of the date dispensed, minus any applicable copayment amount; or
- (B) The provider's usual and customary charge for the OTC drug to the general public (which is the charge to be submitted to Indiana Medicaid), as of the date dispensed;

minus any applicable drug copayment amount.

OTC insulin is reimbursed at the estimated acquisition cost (EAC) of the drug, plus any applicable Medicaid dispensing fee. EAC is:

- (1) for brand name drugs, eighty-four percent (84%); or
  - (2) for generic drugs, eighty percent (80%)
- of the average wholesale price for each National Drug Code according to the Medicaid contractor’s drug database file.

TN # 14-001  
Supersedes  
TN # 13-010

Approval Date 3/7/14 Effective Date January 1, 2014