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State/Territory Name: Louisiana

State Plan Amendment (SPA) #: 10-13

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved SPA Pages

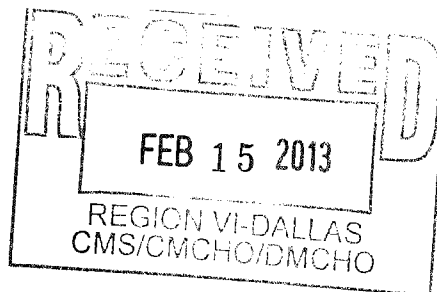
DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-14-26
Baltimore, Maryland 21244-1850



Disabled & Elderly Health Programs Group

FEB 07 2013
J. Ruth Kennedy
State Medicaid Director
Louisiana Department of Health and Hospitals
628 N. 4th Street
P.O. Box 91030
Baton Rouge, Louisiana 70821

Attention: Keydra Singleton



Dear Ms. Kennedy:

We have reviewed Louisiana State Plan Amendment (SPA) 10-13 received in the Dallas Regional Office of the Centers for Medicare and Medicaid Services (CMS) on March 4, 2010. Under this SPA, the State of Louisiana proposes to define the Louisiana State Maximum Cost (LMAC) as the average acquisition cost of a drug increased by 135 percent. We are pleased to inform you that Louisiana State Plan Amendment 10-13 is approved, effective February 1, 2010.

The Dallas Regional Office will forward to you a copy of the CMS-179 form, as well as the pages approved for incorporation into the Louisiana Medicaid State Plan. If you have any questions regarding this amendment, please contact Bernadette Leeds at (410) 786-9463.

Sincerely,

for

Larry Reed
Director
Division of Pharmacy

cc: Bill Brooks, ARA, Dallas Regional Office
Ford Blunt, Dallas Regional Office
Amanda Caire, Louisiana Department of Health and Hospitals

**TRANSMITTAL AND NOTICE OF APPROVAL OF
 STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER: <p style="text-align: center;">10-13</p>	2. STATE <p style="text-align: center;">Louisiana</p>
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) 4. PROPOSED EFFECTIVE DATE <p style="text-align: center;">February 1, 2010</p>

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*)

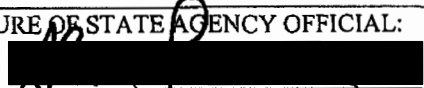
6. FEDERAL STATUTE/REGULATION CITATION: <p style="text-align: center;">42 CFR 447, Subpart I</p>	7. FEDERAL BUDGET IMPACT: a. FFY <u>2010</u> (\$21,680.63) b. FFY <u>2011</u> (\$26,288.75)
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8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: <p style="text-align: center;">Attachment 4.19-B, Item 12.a, Pages 3 and 4</p>	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>): <p style="text-align: center;">Same (TN 05-10)</p>
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10. SUBJECT OF AMENDMENT: **The purpose of this amendment is to revise reimbursement methodology for prescription drugs to redefine the Louisiana maximum allowable cost (LMAC).**

11. GOVERNOR'S REVIEW (*Check One*):

GOVERNOR'S OFFICE REPORTED NO COMMENT
 OTHER, AS SPECIFIED:
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 The Governor does not review state plan material.
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO: <p style="text-align: center;">State of Louisiana Department of Health and Hospitals 628 N. 4th Street PO Box 91030 Baton Rouge, LA 70821-9030</p>
13. TYPED NAME: <p style="text-align: center;">Alan Levine</p>	
14. TITLE: <p style="text-align: center;">Secretary</p>	
15. DATE SUBMITTED: <p style="text-align: center;">March 1, 2010</p>	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: <u>4 March, 2010</u>	18. DATE APPROVED: <u>7 February, 2013</u>
PLAN APPROVED - ONE COPY	
19. EFFECTIVE DATE OF APPROVED MATERIAL: <p style="text-align: center;"><u>1 February, 2010</u></p>	20. [Redacted]
21. TYPED NAME: <p style="text-align: center;"><u>Bill Brooks</u></p>	22. TITLE: <u>Associate Regional Administrator Div of Medicaid & Children's Health</u>

23. REMARKS:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
MEDICAL ASSISTANCE PROGRAM
STATE OF LOUISIANA

Attachment 4.19-B
Item 12a, Page 3

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES – OTHER TYPES OF CARE OR SERVICES LISTED IN SECTION 1902(a) OF THE ACT THAT ARE INCLUDED IN THE PROGRAM UNDER THE PLAN ARE DESCRIBED AS FOLLOWS:

CITATION Medical and Remedial
42 CFR Care and Services
447 Subpart D Item 12.a.(Continued)

Dispensing Fee - the charge to Medicaid for the professional services provided by a pharmacist when dispensing a prescription. It is inclusive of the provider fee assess for each prescription filled in the State of Louisiana or shipped into the State of Louisiana as mandated by R.S. 46:2625.

B. Federal Upper Limits (FUL) for Multiple Source Drugs

1. Except for drugs subject to "Physician Certification", Medicaid shall utilize listings established by CMS that identify and set upper limits for multiple source drugs that meet the following requirements:
 - (a) All of the formulations of the drug approved by the Food and Drug Administration (FDA) have been evaluated as therapeutically equivalent in the most current edition of their publication, Approved Drug Products with Therapeutic Equivalence Evaluations, including supplements or in-successor publications:
 - (b) At least three suppliers list the drug, classified by the FDA as category "A", in published compendia of cost information for drugs available for sale nationally.
2. Medicaid shall utilize the maximum allowable cost established by CMS in determining Multiple Source Drug cost.
3. Medicaid shall provide participating pharmacists with updated lists reflecting the multiple source drugs subject to Federal Multiple Source Drug Cost requirements, the maximum reimbursement amount per unit, and the date such costs shall become effective.

C. Other Drug Cost Limits

1. Payments for drugs other than Multiple Source Drugs not exempted by "physician certification" shall be based on the lower of:
 - (a) Medicaid's Estimated Acquisition Cost plus the maximum overhead cost allowed; and
 - (b) The provider's usual and customary charge to the general public; not to exceed Medicaid's "Maximum Pharmaceutical Price Schedule".
2. Louisiana Maximum Allowable Cost (LMAC) Limits

LMAC is the average acquisition cost of a drug, increased by 135%.

LMAC reimbursement will apply to multiple source drug products that meet therapeutic equivalency, market availability, and other criteria deemed appropriate by the Louisiana Medicaid Agency. Other criteria deemed appropriate is necessary for the Medicaid Agency to address unanticipated issues such as coordination of drugs on the PDL and LMAC, non-covered drugs, FULs, etc. Drugs are subject to LMAC if there are at least two non-innovator multiple source alternative products available that are classified by the FDA as Category "A" in the Approved Drug Products with Therapeutic Equivalence Evaluations.

TN No. 10-13
Supersedes
TN No. 05-10

Approval Date 2-7-13
Effective Date: 2-1-10

STATE	<u>Louisiana</u>
DATE REC'D	<u>3-4-10</u>
DATE APPV'D	<u>2-7-13</u>
DATE EFF	<u>2-1-10</u>
MDFA 179	<u>10-13</u>

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STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
MEDICAL ASSISTANCE PROGRAM
STATE OF LOUISIANA

Attachment 4.19-B
Item 12a, Page 4

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES – OTHER TYPES OF CARE OR SERVICES LISTED IN SECTION 1902(a) OF THE ACT THAT ARE INCLUDED IN THE PROGRAM UNDER THE PLAN ARE DESCRIBED AS FOLLOWS:

CITATION Medical and Remedial
42 CFR Care and Services
447 Subpart D Item 12.a.(Continued)

LMAC rates are based on the average acquisition cost per drug of pharmacy providers enrolled in the Medicaid Program, increased by 135%, which assures that rates are sufficient to allow reasonable access by providers to the drug at or below the established LMAC rate. The LMAC rate will apply to all versions of a drug that share the same active ingredient combination, strength, dosage form, and route of administration.

Average acquisition cost will be determined through a semi-annual collection and review of pharmacy invoices and other information deemed acceptable by the Louisiana Medicaid Agency and in accordance with applicable State and Federal law. Other information deemed acceptable includes acquisition cost information provided by the pharmacy in a format other than an invoice, but in an acceptable form such as acquisition cost information from its wholesaler.

In addition to the semi-annual review, the Louisiana Medicaid Agency will evaluate the rates on an ongoing basis throughout the year and adjust them as necessary to reflect prevailing market conditions such as drug availability issues (e.g., shortages due to manufacturing or raw materials disruptions) or the cost of the drug has changed materially and without a rate change could impact a beneficiary's access to the drug, and to assure reasonable access by providers at or below the applicable LMAC rate. Providers shall be given advance notice of any additions, deletions, or adjustments in price. A complete LMAC cost listing will be available to all providers and updated periodically.

In no instance shall an enrollee be required to provide payment for any difference in a prescription price that may occur with implementation of the LMAC limit, nor may Medicaid use a cost which exceeds the established maximums except for Physician Certification for Brand Name Drugs.

3. Payments for Drugs under the Public Health Service 340B Program

Effective July 21, 2005 and thereafter, payments for drugs obtained through 340B will include the acquisition cost plus a dispensing fee of \$8.10.

D. Lower of Reimbursement for Multiple Source Drugs

The agency shall make payments for Multiple Source Drugs other than drugs subject to "physician certification" based on the lower of:

1. Any applicable Louisiana Maximum Allowable Cost limit, plus the established maximum allowable overhead cost;
2. Any applicable Federal Upper Limit for multiple source drugs, plus the established maximum allowable overhead cost;
3. The provider's usual and customary charges to the general public, not to exceed the "Maximum Pharmaceutical Price Schedule"; and
4. The average wholesale price of the drug product, subject to Medicaid's limits on purchasing practices as outlined in the definition of EAC and Section IV.K.

TN No. 10-13
Supersedes
TN No. 05-10

Approval Date 2-7-13

Effective Date: 2-1-10

STATE	<u>Louisiana</u>
DATE REC'D	<u>2-4-10</u>
DATE APP'D	<u>2-7-13</u>
DATE EFF	<u>2-1-10</u>
INDEX	<u>179 10-13</u>

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