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State/Territory Name: Louisiana

State Plan Amendment (SPA) #: 18-0004

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved 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 7, 2018

Jen Steele, Medicaid Director
State of Louisiana
Department of Health
628 North 4th Street
P.O. Box 91030
Baton Rouge, LA 70821-9030

Dear Ms. Steele:

We have reviewed Louisiana's State Plan Amendment (SPA) 18-0004 received in the Dallas Regional Office on May 11, 2018. This amendment addresses concerns raised in the companion letter issued with Louisiana SPA 17-0008, in which CMS requested a better understanding as to how the state will ensure that reimbursement rates for physician administered drugs are current. SPA 18-0004 proposes the physician-administered drugs reimbursement methodology to be the average sales price (ASP) +6% for drugs appearing on the Medicare file, which is the Louisiana Medicare rate. Physician-administered drugs that do not appear on the Medicare file will be reimbursed at the wholesale acquisition cost (WAC) +0%, or 100% of the provider's current invoice if a WAC rate is not available.

Based on the information provided and consistent with the regulations at 42 CFR 430.20, we are pleased to inform you that SPA 18-0004 is approved with an effective date of July 1, 2018. A copy of the signed CMS-179 form, as well as the pages approved for incorporation into Louisiana's state plan will be forwarded by the Dallas Regional Office.

If you have any questions regarding this amendment, please contact Terry Simananda at (410) 786-8144 or terry.simananda@cms.hhs.gov.

Sincerely,

/s/

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

CC: Bill Brooks, ARA, CMS, Dallas Regional Office
Cheryl Rupley, CMS, Dallas Regional Office

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

FOR: HEALTH CARE FINANCING ADMINISTRATION

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

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

1. TRANSMITTAL NUMBER:

18-0004

2. STATE

Louisiana

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE

July 1, 2018

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-B, Item 12.a, Page 3
Attachment 4.19-B, Item 12.a, Page 4

9. PAGE NUMBER OF THE SUPERSEDED PLAN
SECTION OR ATTACHMENT (*If Applicable*):

Same (TN 17-0008)
None – new page

10. SUBJECT OF AMENDMENT: **The SPA proposes to amend the provisions governing Pharmacy Benefits Management Program - Physician-Administered Drugs Reimbursement Methodology.**

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

- GOVERNOR'S OFFICE REPORTED NO COMMENT
- COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
- NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED:

The Governor does not review State Plan material.

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Rebekah E. Gee MD, MPH

14. TITLE:

Secretary

15. DATE SUBMITTED:

May 11, 2018

16. RETURN TO:

Jen Steele, Medicaid Director
State of Louisiana
Department of Health
628 North 4th Street
P.O. Box 91030
Baton Rouge, LA 70821-9030

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: **May 11, 2018**

18. DATE APPROVED: **September 7, 2018**

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

July 1, 2018

20. SIGNATURE:

21. TYPED NAME:

Bill Brooks

22. TITLE:

Division of Medicaid & Children's Health

23. REMARKS:

STATE OF LOUISIANA

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:

<u>CITATION</u> 42 CFR 447	Medical and Remedial Care and Services Item 12.a.	<u>Prescription drugs, dentures, and prosthetic devices and Eyeglasses Prescribed by a Physician Skilled in Diseases of the Eye, or by an Optometrist.</u>
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Physician-Administered Drugs

Medicaid covered physician-administered drugs shall be reimbursed according to the applicable Louisiana Medicaid fee schedule.

Periodic updates to the rates shall be made to ensure compliance with Section 1902(a)(30)(A) of the Social Security Act. At a minimum, annual updates shall be made to the rates for physician-administered drugs.

1. Physician Office Setting

Reimbursement for Medicaid covered physician-administered drugs in a physician office setting shall be established at the current Louisiana Medicare rate, which is average sales price (ASP) plus 6 percent, for drugs appearing on the Medicare file.

Reimbursement rates for physician-administered drugs in a physician office setting that do not appear on the Medicare file shall be determined utilizing the following alternative methods:

- a. Use of the wholesale acquisition cost (WAC) of the drug, if available.
- b. If there is no WAC rate available, the reimbursement rate will be 100 percent of the provider's current invoice for the dosage administered.

2. Outpatient Hospital Setting

Interim payment rate for claims is the hospital specific cost to charge ratio. Final payment is made during the cost report settlement process at the percentage of allowable costs specified in our approved state plan for the type of hospital and applicable dates of service. This applies to both 340B and regular drug stock in this setting.

State: Louisiana
Date Received: 5-11-18
Date Approved: 9-7-18
Date Effective: 7-01-18
Transmittal Number: 18-0004

STATE OF LOUISIANA

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES

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

3. 340B Physician Administered Drugs

For those Federally Qualified Health Centers (FQHCs) and Rural Health Clinics (RHCs) that are reimbursing using the encounter rate, reimbursement for 340B physician administered drugs will be encompassed in the all-inclusive rate. All other 340B physician administered drugs will be reimbursed in accordance with Section 2, Outpatient Hospital Setting.

Clotting Factor

Pharmacy claims for clotting factor will be reimbursed using the brand/generic drug reimbursement methodology plus a professional dispensing fee.

Investigational or Experimental Drugs

Investigational or experimental drugs shall not be reimbursed by Louisiana Medicaid.

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