

## **Table of Contents**

**State/Territory Name: MI**

**State Plan Amendment (SPA) #: 18-0009**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 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**

November 14, 2018

Kathleen Stiffler, Acting Director  
Medical Services Administration  
State of Michigan Department of Health and Human Services  
Capitol Common Center – 7<sup>th</sup> Floor  
400 South Pine  
Lansing, MI 48933

Dear Ms. Stiffler:

We have reviewed Michigan State Plan Amendment (SPA) 18-0009, received in the Chicago Regional Office on September 25, 2018. This amendment proposes to revise the Michigan state plan to incorporate language that authorizes the state to enter into outcomes-based contract arrangements with drug manufacturers through supplemental rebate agreements.

Based on the information provided, we are pleased to inform you that, consistent with the regulations at 42 CFR 430.20, SPA 18-0009 is approved with an effective date of September 30, 2018. A copy of the signed CMS-179 form, as well as the pages approved for incorporation into the Michigan state plan, will be forwarded by the Chicago Regional Office.

If you have any questions regarding this amendment, please contact Mickey Morgan at (410) 786-4048 or [mickey.morgan@cms.hhs.gov](mailto:mickey.morgan@cms.hhs.gov).

Sincerely,

/s/

John M. Coster, PhD, RPh  
Director, Division of Pharmacy

CC: Erin Black, Michigan Department of Health and Human Services  
Ruth A. Hughes, CMS Associate Regional Administrator  
Keri Toback, CMS Regional Office

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b> <b>FOR: HEALTH CARE FINANCING ADMINISTRATION</b>	1. TRANSMITTAL NUMBER: <b>18 - 0009</b>	2. STATE: <b>Michigan</b>
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	

TO: REGIONAL ADMINISTRATOR HEALTH FINANCING ADMINISTRATION DEPARTMENT OF HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE <b>September 30, 2018</b>
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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: § 1927 of the Social Security Act	7. FEDERAL BUDGET IMPACT: a. FFY 2018 \$0 b. FFY 2019 \$0
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8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Supplement to Attachment 3.1-A Page 24.1	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Supplement to Attachment 3.1-A Page 24.1
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10. SUBJECT OF AMENDMENT:  
This SPA provides authority for MDHHS to enter into outcomes-based contract arrangements with drug manufacturers.

11. GOVERNOR'S REVIEW (Check One):

<input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL	<input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Kathleen Stiffler, Acting Director Medical Services Administration
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12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO: Medical Services Administration Actuarial Division - Federal Liaison Capitol Commons Center - 7 <sup>th</sup> Floor 400 South Pine Lansing, Michigan 48933  Attn: Erin Black
13. TYPED NAME: Kathleen Stiffler	
14. TITLE: Acting Director, Medical Services Administration	
15. DATE SUBMITTED: September 25, 2018	

FOR REGIONAL OFFICE USE ONLY	
17. DATE RECEIVED: <b>September 25, 2018</b>	18. DATE APPROVED: <b>November 14, 2018</b>

PLAN APPROVED – ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: <b>September 30, 2018</b>	20. SIGNATURE OF REGIONAL OFFICIAL:  <div style="text-align: right;">/s/</div>
21. TYPE NAME: <b>Ruth A. Hughes</b>	22. TITLE: <b>Associate Regional Administrator</b>

23. REMARKS:

**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT**  
State of **MICHIGAN**

***Amount, Duration and Scope of Medical and Remedial Care  
Services Provided to the Categorically and Medically Needy***

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12. Drug Products, Dentures, Prosthetic and Orthotic Devices, Eyeglasses (continued)
- a. Drug Products (continued)
7. A drug use review program, including prospective and retrospective drug utilization review, has been implemented in compliance with federal law.
  8. Claims management is electronic, in compliance with federal law.
  9. The state is in compliance with Section 1927 of the Social Security Act Based on the requirements for Section 1927 of the Act, the state has the following policies for the supplemental rebate program for the Medicaid population:
    - (A)
      - (I) CMS has authorized the State of Michigan to enter into the Michigan multi-state pooling agreement (MMSPA) also referred to as the National Medicaid Pooling Initiative (NMPI) for drugs provided to Medicaid beneficiaries. The NMPI Supplemental Rebate Agreement (SRA) and the Amendment to the SRA submitted to CMS on February 1, 2008, have been authorized for pharmaceutical manufacturers' existing agreements through their current expiration dates. The updated NMPI SRA submitted to CMS on September 25, 2013, has been authorized for renewal and new agreements with pharmaceutical manufacturers for drugs provided to Medicaid beneficiaries.
      - (II) CMS has authorized the State of Michigan to enter into outcomes-based contract arrangements with drug manufacturers for drugs provided to Medicaid beneficiaries. These contracts will be executed on the contract template titled "outcomes-based supplemental rebate agreement" submitted to CMS and authorized for use beginning September 30, 2018.
    - (B) New contracts will be submitted to CMS for prior approval.
    - (C) Supplemental rebates received by the State in excess of those required under the national drug rebate agreement will be shared with the Federal government on the same percentage basis as applied under the national drug rebate agreement.
    - (D) All drugs covered by the program, irrespective of a prior authorization requirement, will comply with provisions of the national drug rebate agreement.
- b. Dentures
- Dentures are a covered benefit for recipients under the EPSDT program if determined necessary by a licensed dentist (Item 10 of this attachment) to correct masticatory deficiencies likely to impair general health. Prior authorization is required. If the client has an existing denture, replacement is permissible only if the existing denture cannot be relined or rebased, whether or not the existing denture was obtained through the Michigan Medical Assistance Program.
- Reimbursement for complete or partial dentures includes the costs of any necessary adjustments within six months of insertion. Dentures will be replaced when medically necessary. Prior authorization is required.
- c. Prosthetic and Orthotic Devices
- Such devices are provided under the following conditions only:
1. when provided to a hospital inpatient, upon a physician's order indicating that the device is essential to the client's medical treatment plan; or,
  2. when prior authorized as medically necessary and provided on an outpatient basis or for a recipient in a long-term care facility.