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

CENTERS FOR MEDICARE & MEDICAID SERVICES
CENTER FOR MEDICAID & CHIP SERVICES

Center for Medicaid and CHIP Services

Disabled and Elderly Health Programs Group

July 21, 2017

Mr. David J. Dzielak
Executive Director
Mississippi Division of Medicaid
550 High Street, Suite 1000
Jackson, MS 39201-1399

Dear Mr. Dzielak:

We have reviewed Mississippi's State Plan Amendment (SPA) 17-0002, Prescribed Drugs, received in the Atlanta Regional Office on March 15, 2017. This SPA proposes to bring Mississippi into compliance with the reimbursement requirements in the Covered Outpatient Drug final rule with comment (CMS-2345-FC).

SPA 17-0002 establishes reimbursement for covered outpatient drugs using an actual acquisition cost methodology and implements a professional dispensing fee of $11.29. This SPA also includes reimbursement for 340B drugs, physician-administered drugs, clotting factor, federal supply schedule, and drugs purchased at nominal price.

Based on the information provided and consistent with the regulations at 42 CFR 430.20, we are pleased to inform you that SPA 17-0002 is approved with an effective date of April 1, 2017. A copy of the signed CMS-179 form, as well as the pages approved for incorporation into the Mississippi's state plan will be forwarded by the Atlanta Regional Office.

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

Sincerely,

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

CC: Jackie Glaze, ARA, CMS, Atlanta Regional Office
Tandra Hodges, CMS, Atlanta Regional Office
Margaret Wilson, Mississippi Division of Medicaid

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE AND MEDICAID SERVICES

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL **FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES**	1. TRANSMITTAL NUMBER: **17-0002**	2. STATE **MS**
	3. PROGRAM IDENTIFICATION: **TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)**	
TO: **REGIONAL ADMINISTRATOR** **CENTERS FOR MEDICARE AND MEDICAID SERVICES** **DEPARTMENT OF HEALTH AND HUMAN SERVICES**	4. PROPOSED EFFECTIVE DATE **04/01/2017**	

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: Affordable Care Act (ACA) 42 C.F.R. Part 447	7. FEDERAL BUDGET IMPACT: FY 2016: $4,932,670 FY 2017: $4,932,670
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-B pages 12a-12a.1	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*: Attachment 4.19-B pages 12a-12a.1

10. SUBJECT OF AMENDMENT:
State Plan Amendment (SPA) 17-0002 Pharmacy Reimbursement is being submitted to allow the Division of Medicaid to revise the payment methodology for prescription drugs at point-of-sale (POS) pharmacies and describe reimbursement for 340B covered entities effective April 1, 2017.

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:

12. SIGNATURE OF STATE AGENCY OFFICIAL: David J. Dzielak	16. RETURN TO: **David J. Dzielak** **Miss. Division of Medicaid** **Attn: Margaret Wilson** **550 High Street, Suite 1000** **Jackson, MS 39201-1399**
13. TYPED NAME: **David J. Dzielak**	
14. TITLE: **Executive Director**	
15. DATE SUBMITTED: MAR 15 2017	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:	18. DATE APPROVED:

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:	20. SIGNATURE OF REGIONAL OFFICIAL:
21. TYPED NAME:	22. TITLE:

23. REMARKS:

State of Mississippi

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES –OTHER TYPES OF CARE

Prescribed Drugs

The Division of Medicaid reimburses for certain legend and non-legend drugs, as authorized under the State Plan, prescribed by a Mississippi enrolled Medicaid prescribing provider licensed to prescribe drugs and dispensed by a Mississippi enrolled Medicaid pharmacy in accordance with Federal and State laws.

The Division of Medicaid Prescription Drug Program conforms to the Medicaid Prudent Pharmaceutical Purchasing Program as set forth in the Omnibus Budget Reconciliation Act of 1990 (OBRA'90) and complies with the Centers for Medicare and Medicaid (CMS) Covered Outpatient Drug Final Rule in accordance with 42 C.F.R. Part 447.

I. The Division of Medicaid reimburses the following drugs as described below:

A. Brand Name drugs – Ingredient cost based on actual acquisition cost (AAC) which is defined as the lesser of:
   1. National Average Drug Acquisition Cost (NADAC) plus a professional dispensing fee of $11.29, or
   2. Wholesale Acquisition Cost (WAC) plus zero percent (0%) plus a professional dispensing fee of $11.29 when no NADAC is available, or
   3. A rate set by the Division of Medicaid's rate-setting vendor plus a professional dispensing fee of $11.29 when no NADAC or WAC are available, or
   4. The provider's usual and customary charge.

B. Generic drugs – Ingredient cost based on AAC which is defined as the lesser of:
   1. NADAC plus a professional dispensing fee of $11.29, or
   2. WAC plus zero percent (0%) plus a professional dispensing fee of $11.29 when no NADAC is available, or
   3. A rate set by the Division of Medicaid's rate-setting vendor plus a professional dispensing fee of $11.29 when no NADAC or WAC are available, or
   4. The provider's usual and customary charge.

C. Reimbursement for 340B covered entities as described in section 1927(a)(5)(B) of the Act, including an Indian Health Service, tribal and urban Indian pharmacy as follows:
   1. Purchased 340B drugs – Ingredient cost must be no more than the 340B AAC defined as the price at which the covered entity has paid the wholesaler or manufacturer for the covered outpatient drug plus a professional dispensing fee of $11.29.
   2. Drugs purchased outside of the 340B program by covered entities – Ingredient cost based on AAC which is defined as the lesser of:
      a. NADAC plus a professional dispensing fee of $11.29, or
      b. WAC plus zero percent (0%) plus a professional dispensing fee of $11.29 when no NADAC is available, or
      c. A rate set by the Division of Medicaid's rate-setting vendor plus a professional dispensing fee of $11.29 when no WAC is available, or
      d. The provider's usual and customary charge.
   3. Drugs acquired through the federal 340B drug pricing program and dispensed by 340B contract pharmacies are not covered.

D. Drugs acquired via the Federal Supply Schedule (FSS) – Ingredient cost based on AAC plus a professional dispensing fee of $11.29.

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES –OTHER TYPES OF CARE

E. Drugs acquired at Nominal Price (outside of 340B or FSS) – Ingredient cost based on AAC plus a professional dispensing fee of $11.29.

F. Specialty drugs not dispensed by a retail community pharmacy and dispensed primarily through the mail – Ingredient cost is defined as the lesser of:
   1. WAC plus zero percent (0%) plus a professional dispensing fee of $61.14, or
   2. A rate set by the Division of Medicaid's rate-setting vendor plus a professional dispensing fee of $61.14 when no WAC is available, or
   3. The provider's usual and customary charge.

G. Drugs not dispensed by a retail community pharmacy (e.g., institutional or long-term care pharmacy when not included as part of an inpatient stay) – Ingredient cost based on AAC which is defined as the lesser of:
   1. NADAC plus a professional dispensing fee of $11.29, or
   2. WAC plus zero percent (0%) plus a professional dispensing fee of $11.29 when no NADAC is available, or
   3. A rate set by the Division of Medicaid's rate-setting vendor plus a professional dispensing fee of $11.29 when no NADAC or WAC are available, or
   4. The provider's usual and customary charge.

H. Clotting Factor from Specialty Pharmacies, Hemophilia Treatment Centers (HTCs), or Centers of Excellence – Ingredient cost defined as:
   1. For a 340B covered entity:
      a. Purchased 340B drugs – Ingredient cost must be no more than the 340B AAC defined as the price at which the covered entity has paid the wholesaler or manufacturer for the clotting factor product plus a professional dispensing fee of $0.02 per Unit.
      b. Drugs purchased outside of the 340B program by covered entities – Ingredient cost which is defined as the lesser of:
         1) WAC minus ten percent (10%) plus a professional dispensing fee of $0.02 per Unit, or
         2) A rate set by the Division of Medicaid's rate-setting vendor plus a professional dispensing fee of $0.02 when no WAC is available, or
         3) The provider's usual and customary charge.
   2. For a non-340B covered entity – Ingredient cost is defined as the lesser of:
      a. WAC minus ten percent (10%) plus a professional dispensing fee of $0.02 per Unit, or
      b. A rate set by the Division of Medicaid's rate-setting vendor plus a professional dispensing fee of $0.02 when no WAC is available, or
      c. The provider's usual and customary charge.

II. The Division of Medicaid does not reimburse for Investigational Drugs**.**

III. Usual and Customary Charges

The Division of Medicaid defines usual and customary charge as the lowest price the pharmacy would charge to a particular customer if such customer were paying cash for the identical prescription drug services on the date dispensed. This includes any applicable discounts including, but not limited to, senior discounts, frequent shopper discounts, and other special discounts offered to attract customers such as four dollar ($4.00) flat rate generic price lists. A pharmacy cannot have a usual and customary charge for prescription drug programs that differs from either cash customers or other third-party programs. The pharmacy must submit the accurate usual and customary charge with respect to all claims for prescription drug services.

IV. Overall, the Division of Medicaid's payment will not exceed the federal upper limit (FUL) based on the NADAC for ingredient reimbursement in the aggregate for multiple source drugs.