Table of Contents

State/Territory Name: NE

State Plan Amendment (SPA) #: 17-0003

This file contains the following documents in the order listed:

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

May 22, 2017

Calder Lynch, Medicaid Director
Department of Health and Human Services
Division of Medicaid and Long-Term Care
301 Centennial Mall South, 5th Floor
P.O. Box 95026
Lincoln, NE 68509-0250

Dear Mr. Lynch:

We have reviewed the Nebraska State Plan Amendment (SPA) TN# 17-0003 received in the Kansas City Regional Office on May 15, 2017, and we are pleased to inform you that it is approved, effective April 1, 2017. Under this SPA, the state of Nebraska specifies how it will revise its pharmacy reimbursement methodology to comply with the key provisions of the Covered Outpatient Drug Final Rule with comment (81 FR 5170) that was published in the Federal Register on February 1, 2016. The rule requires states to pay pharmacies based on the drug ingredient cost, defined as the actual acquisition cost, plus a professional dispensing fee. Nebraska has determined that the weighted average cost of dispensing prescriptions to its Medicaid beneficiaries is $10.02.

The Kansas City Regional Office will forward to you a copy of the CMS-179 form, as well as the pages approved for incorporation into the Nebraska Medicaid state plan. If you have any questions regarding this amendment, please contact Renee Hilliard at (410) 786-2991 or Renee.Hilliard@cms.hhs.gov.

Sincerely,

/s/

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

DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION

FORM APPROVED
OMB NO. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER: 17-0003

2. STATE: Nebraska

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

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

4. PROPOSED EFFECTIVE DATE
April 1, 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:

7. FEDERAL BUDGET IMPACT:
a. FFY 2017 $0.00
b. FFY 2018 $0.00

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-B, Item 12a, Pages 1 and 2

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*:

Attachment 4.19-B, Item 12a, Pages 1 and 2

10. SUBJECT OF AMENDMENT:
Amendment to meet requirements of Medicaid covered outpatient drugs final rule

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:
Governor has waived review

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:
Calder Lynch

14. TITLE:
Director, Division of Medicaid and Long-Term Care

15. DATE SUBMITTED:
May 15, 2017

16. RETURN TO:

Nancy Keller
Division of Medicaid & Long-Term Care
Nebraska Department of Health & Human Services
301 Centennial Mall South
Lincoln, NE 68509

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:
May 15, 2017

18. DATE APPROVED:
May 22, 2017

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
April 1, 2017

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:
James G. Scott

22. TITLE: Associate Regional Administrator
Medicaid and Children's Health Operations

23. REMARKS:

FORM HCFA-179 (07-92)

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State Nebraska
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES

Professional Dispensing Fees

Professional Dispensing Fee: A professional dispensing fee of $10.02 shall be assigned to each claim payment based on the lesser of methodology described below.

PRESCRIBED DRUGS (Continued)

Cost Limitations: The Nebraska Medicaid Drug Program is required to reimburse ingredient cost for covered outpatient legend and non-legend drugs at the lowest of:

Brand Drugs

a. The usual and customary charge to the public, or;
b. The National Average Drug Acquisition cost (NADAC), plus the established professional dispensing fee, or;
c. The ACA Federal Upper Limit (FUL) plus the established professional dispensing fee, or;
d. The calculated State Maximum Allowable Cost (SMAC) plus the established professional dispensing fee.

The FUL or SMAC limitations will not apply in any case where the prescribing physician certifies that a specific brand is medically necessary. In these cases, the usual and customary charge or NADAC will be the maximum allowable cost.

Generic Drugs

a. The usual and customary charge to the public, or;
b. The National Average Drug Acquisition cost (NADAC), plus the established professional dispensing fee, or;
c. The ACA Federal Upper Limit (FUL) plus the established professional dispensing fee, or;
d. The calculated State Maximum Allowable Cost (SMAC) plus the established professional dispensing fee.

Backup Ingredient Cost Benchmark

If NADAC is not available, the allowed ingredient cost shall be the lesser of Wholesale Acquisition Cost (WAC) + 0%, State Maximum Allowable Cost (SMAC) or ACA Federal Upper Limit plus the established professional dispensing fee.

Specialty Drugs

Specialty drugs shall be reimbursed at NADAC plus the established professional dispensing fee. If NADAC is not available, then the Backup Ingredient Cost Benchmark will apply.

340B Drug Pricing Program

Covered legend and non-legend drugs, including specialty drugs, purchased through the Federal

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
State Nebraska
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES

Public Health Service's 340B Drug Pricing Program (340B) by covered entities that carve Medicaid into the 340B Drug Pricing Program, shall be reimbursed at the 340B actual acquisition cost, but no more than the 340B ceiling price, plus the established professional dispensing fee. A 340B contract pharmacy under contract with a 340B covered entity described in section 1927 (a)(5)(B) of the Act is not covered.

Federal Supply Schedule (FSS)
Facilities purchasing drugs through the Federal Supply Schedule (FSS) shall be reimbursed at no more than their actual acquisition cost, plus the established professional dispensing fee.

Clotting Factor

a. Pharmacies dispensing Antihemophilic Factor products will be reimbursed at the lesser of methodology plus the established professional dispensing fee. If NADAC is not available, the lesser of methodology for the allowed ingredient cost shall be the Wholesale Acquisition Cost (WAC) + 0%, ASP + 6% or ACA Federal Upper Limit.
b. Pharmacies dispensing Antihemophilic Factor products purchased through the Federal Public Health Service's 340B Drug Pricing Program (340B) by pharmacies that carve Medicaid into the 340B Drug Pricing Program shall be reimbursed at the 340B actual acquisition cost, but no more than the 340B ceiling price, plus the established professional dispensing fee.

Drugs Purchased at Nominal Price
Facilities purchasing drugs at Nominal Price (outside of 340B or FSS) shall be reimbursed by their actual acquisition cost plus the established professional dispensing fee.

Investigational Drugs
Excluded from coverage.

Tribal Rates
Tribal pharmacies will be paid the federal encounter rate.

Certified Long-Term Care
Pharmacies providing covered outpatient prescription services for Certified Long-Term Care beneficiaries will be reimbursed for ingredient cost using the lesser of methodology plus the established professional dispensing fee.

Physician Administered Drugs

a. Practitioner administered injectable medications will be reimbursed at ASP + 6% (Medicare Drug Fee Schedule); injectable medications not available on the Medicare Drug Fee Schedule will be reimbursed at WAC + 6.8%, or manual pricing based on the provider's actual acquisition cost.
b. Practitioner administered injectable medications, including specialty drugs, purchased through the 340B Program will be reimbursed at the 340B actual acquisition cost and no more than the 340B ceiling price.