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State/Territory Name: Oklahoma

State Plan Amendment (SPA) #: 19-0037

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

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

Center for Medicaid and CHIP Services

Disabled and Elderly Health Programs Group

December 19, 2019

Melody Anthony, State Medicaid Director
Oklahoma Health Care Authority
4345 N. Lincoln Blvd.
Oklahoma City, OK 73105

Dear Mrs. Anthony:

We have reviewed Oklahoma State Plan Amendment (SPA) 19-0037, received in the Dallas Regional Operations Group on October 4, 2019. This amendment proposes to increase the state's Professional Dispensing Fee (PDF) from $10.87 to 11.41 per prescription.

In keeping with the requirements of section 1902 (a)(30)(A) of the Social Security Act, we believe the state has demonstrated that their reimbursement is consistent with efficiency, economy, and quality of care, and are sufficient to ensure that care and services are available to Medicaid beneficiaries at least to the extent they are available to the general population in the geographic area. We believe that there is evidence regarding the sufficiency of Oklahoma's pharmacy provider network at this time to approve SPA 19-0037. Specifically, Oklahoma has reported to CMS that 938 of the state's 1,183 licensed in-state retail pharmacies are enrolled in Oklahoma's Medicaid fee-for-service program. With approximately a 79 percent participation rate, we can infer that Oklahoma's beneficiaries will have access to pharmacy services at least to the extent available to the general population.

Based on the information provided, we are pleased to inform you that, consistent with the regulations at 42 CFR 430.20, SPA 19-0037 is approved with an effective date of October 1, 2019. A copy of the signed CMS-179 form, as well as the pages approved for incorporation into the Oklahoma state plan will be forwarded by the Dallas Regional Operational Group.

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

Sincerely,

[redacted]

Cynthia R. Denemark, R.Ph.
Deputy Director
Division of Pharmacy

cc: Terry Cothran, Pharmacy Director, Oklahoma Health Care Authority
Sandra Manzo de Puebla, Oklahoma Health Care Authority
Kasie McCarty, Oklahoma Health Care Authority

Bill Brooks, Director, CMS Regional Operations Group
Stacey Shuman, CMS Regional Operations Group

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

FORM APPROVED
OMB No. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: 19 — 0037

2. STATE: Oklahoma

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

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE & MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
October 1, 2019

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 Subpart I

7. FEDERAL BUDGET IMPACT
a. FFY 2020 $ 2,146,871
b. FFY 2021 $ 2,186,544

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19-B, Page 7
Attachment 4.19-B, Page 7a

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
Attachment 4.19-B, Page 7 TN # 18-0030
Attachment 4.19-B, Page 7a TN # 18-0030

10. SUBJECT OF AMENDMENT
Five (5) percent rate increase for the pharmacy professional dispensing fee.

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
[redacted]

13. TYPED NAME
Melody Anthony

14. TITLE
State Medicaid Director

15. DATE SUBMITTED
10/4/2019

16. RETURN TO
Oklahoma Health Care Authority
Attn: Maria Maule
4345 N. Lincoln Blvd.
Oklahoma City, OK 73105

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED
October 4, 2019

18. DATE APPROVED
December 19, 2019

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL
October 1, 2019

20. SIGNATURE OF REGIONAL OFFICIAL
[redacted] for

21. TYPED NAME
Bill Brooks

22. TITLE
Director, Centers for Medicaid and CHIP Services
Regional Operations Group

23. REMARKS

Instructions on Back

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
OTHER TYPES OF CARE

Payment for Prescribed Drugs

(a) Reimbursement – Reimbursement for pharmacy claims is based on the sum of the ingredient cost plus a $11.41 professional dispensing fee. If the provider's usual and customary charge to the general public is lower than the calculated allowable ingredient cost, the reimbursement will be equal to the provider's usual and customary charge to the general public.

(b) Ingredient Cost Methodology and Professional Dispensing fee of $11.41 – The ingredient cost is set by one of the following methods:

(1) **Brand Name Drugs** – Ingredient cost based on Actual Acquisition Cost shall be set as the lower of National Average Drug Acquisition Cost (NADAC) or Wholesale Acquisition Cost (WAC), plus professional dispensing fee of $11.41.

(2) **Generic Drugs** – Ingredient cost based on Actual Acquisition Cost shall be set as the lower of the State Maximum Allowable Cost (SMAC), NADAC, or WAC plus professional dispensing fee of $11.41.

(3) **State Maximum Allowable Cost** (SMAC) – is established for certain products which have a Food and Drug Administration (FDA) approved generic equivalent. The SMAC is calculated using prices from pharmaceutical wholesalers who supply these products to pharmacy providers in Oklahoma. Pharmacies may challenge a specific product's SMAC price by providing a current invoice that reflects a net cost higher than the calculated SMAC price and by certifying that there is not another product available to them which is generically equivalent to the higher priced product.

(4) **340B-Purchased Drugs** – For both, covered entity pharmacies and contract pharmacies, the reimbursement to the pharmacy will be the 340B ceiling price plus professional dispensing fee of $11.41.

(5) **Federal Supply Schedule Drugs** – For drugs purchased under the Federal Supply Schedule, other than by Indian Health Service/Tribal/Urban Indian Clinic pharmacies, the provider will submit and be reimbursed their actual acquisition cost plus professional dispensing fee of $11.41.

(6) **Drugs Acquired at Nominal Price (Outside of 340B or Federal Supply Schedule)** – For drugs acquired at nominal price outside of the 340B program or the Federal Supply Schedule, the provider will submit and be reimbursed their actual acquisition cost plus professional dispensing fee of $11.41.

State: Oklahoma
Date Received: 4 October, 2019
Date Approved: 19 December, 2019
Effective Date: 1 October, 2019
Transmittal Number: 19-0037

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
OTHER TYPES OF CARE

Payment for Prescribed Drugs *(continued)*

(b) Ingredient Cost Methodology *(continued)*:

(7) Indian Health Service/Tribal/Urban Indian Clinic Facilities are reimbursed at the OMB encounter rate. This is limited to one pharmacy encounter fee per member per facility per day.

(8) Specialty drugs are reimbursed at the lower of NADAC, WAC, or Specialty Pharmaceutical Allowable Cost (SPAC). The factors included in the SPAC calculation are Medicare Part B pricing, (Average Sales Price plus 6%), WAC, and NADAC plus professional dispensing fee of $11.41.

(9) Prescriptions for members residing in long-term care facilities are reimbursed as the lower of NADAC, WAC, SPAC, or SMAC plus the Professional Dispensing Fee of $11.41.

(10) Clotting factor from specialty pharmacies, Hemophilia Treatment Centers (HTCs), and Centers of Excellence –
Is reimbursed at the SPAC rate plus the professional dispensing fee of $11.41 for hemophilia clotting factors.

When a Hemophilia Treatment Center which is a 340B covered entity provides clotting factor to Medicaid members whether the pharmacy is owned by the covered entity or has a contract pharmacy arrangement, the procedure for 340B pharmacies listed on Attachment 4.19-B, page 7, section (b)(4) will apply.

(11) Investigational drugs are not covered; including FDA approved drugs being used in post-marketing studies.

(12) The Professional Dispensing Fee is $11.41 per prescription.

(c) Physician Administered Drugs – are reimbursed at a price equivalent to Medicare Part B, ASP + 6%. When ASP is not available, an equivalent price is calculated using WAC.

340B covered entities are allowed to submit their usual and customary cost and are paid at the regular Medicaid allowable rate. At the end of the quarter, the URA is recouped from the covered entity to keep the state whole based on net cost after rebate.

(d) Meeting the Federal Upper Limits (FUL) in the aggregate – By using the lower of NADAC, WAC or SMAC, the FUL will always be met since NADAC is the floor for the FUL.

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