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State/Territory Name: Oregon

State Plan Amendment (SPA) #: 17-0012

This file contains the following documents in the order listed:

- 1) Supplemental Letter
- 2) Approval Letter
- 2) CMS 179 Form
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Seattle Regional Office
701 Fifth Avenue, Suite 1600, MS/RX-200
Seattle, WA 98104



Division of Medicaid & Children's Health Operations

February 12, 2018

Pat Allen, Director
Oregon Health Authority
500 Summer Street Northeast, E-15
Salem, OR 97301

RE: Oregon State Plan Amendment (SPA) Transmittal Number 17-0012

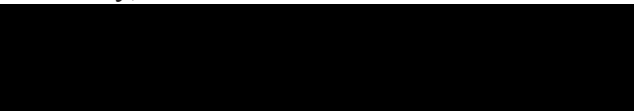
Dear Mr. Allen:

On February 5, 2018, the Centers for Medicare & Medicaid Services (CMS) approved State Plan Amendment (SPA) 17-0012, to increase the professional dispensing fees and revise reimbursement for Physician Administered Drugs when no published Medicare rate exists. This SPA amendment is effective January 1, 2018.

Enclosed you will find a copy of the official CMS Form 179, amended state plan pages, and copy of the February 5, 2018, approval letter from the CMS Pharmacy Team for your records.

If you have any questions, please contact me, or your staff may contact Maria Garza at maria.garza@cms.hhs.gov or (206) 615-2542.

Sincerely,



David L. Meacham
Associate Regional Administrator

Enclosure

cc:
Jesse Anderson, OHA
David Simnitt, OHA



Center for Medicaid and CHIP Services

Disabled and Elderly Health Programs Group

February 5, 2018

Mr. Pat Allen, Director
Oregon Health Authority
500 Summer Street Northeast, E-15
Salem, Oregon 97301

Dear Mr. Allen:

We have reviewed Oregon's State Plan Amendment (SPA) 17-0012, Prescribed Drugs, received in the Seattle Regional Office on November 15, 2017. This SPA proposes to increase the professional dispensing fee and to revise the physician administered drug rate paid when no published Medicare rate exists.

We believe that there is evidence regarding the sufficiency of Oregon's pharmacy provider network at this time to approve SPA 17-0012. Specifically, Oregon has reported to CMS that 699 of the state's 818 licensed in-state retail pharmacies are enrolled in Oregon's Medicaid fee-for-service program. With over an 85 percent participation rate, we can infer that Oregon's beneficiaries will have access to pharmacy services at least to the extent available to the general population since Medicaid requires that beneficiaries be provided access to all covered outpatient drugs of participating drug manufacturers with a rebate agreement through a broad pharmacy network. In contrast, commercial insurers often have more limited drug formularies and a more limited pharmacy network.

Based on the information provided and consistent with the regulations at 42 CFR 430.20, we are pleased to inform you that SPA 17-0012 is approved with an effective date of January 1, 2018. A copy of the revised signed CMS-179 form, as well as the pages approved for incorporation into Oregon's state plan will be forwarded by the Seattle Regional Office.

If you have any questions regarding this amendment, please contact Lisa Shochet at (410) 786-5445 or lisa.shochet@cms.hhs.gov.

Sincerely,

/s/

Meagan Khau
Deputy Director, Division of Pharmacy

cc: Jesse Anderson, State Plan Manager, Oregon Health Authority
David Meacham, ARA, CMS, Seattle Regional Office
Maria Garza, CMS, Seattle Regional Office

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

1. TRANSMITTAL NUMBER:
17-0012

2. STATE
Oregon

FOR: HEALTH CARE FINANCING ADMINISTRATION

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

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

4. PROPOSED EFFECTIVE DATE
1/1/18

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, 42 CFR Part 447

7. FEDERAL BUDGET IMPACT:
a. FFY 2018 ~~\$ 357,870~~ \$298,304 (P&I)
b. FFY 2019 ~~\$ 477,160~~ \$397,738 (P&I)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-B, page 3-c & 3-d

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

Attachment 4.19-B, page 3-c & 3-d

10. SUBJECT OF AMENDMENT: This transmittal is being submitted revise the professional dispensing fee based upon a current survey analysis and revise the reimbursement for PAD when no published Medicare rate exists.

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

GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED: The Governor
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED does not wish to review any plan materials.
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME David Sinnitt

14. TITLE: Interim State Medicaid Director, OHA

15. DATE SUBMITTED:

16. RETURN TO:

Oregon Health Authority
Medical Assistance Programs
500 Summer Street NE E-65
Salem, OR 97301

ATTN: Jesse Anderson, State Plan Manager

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:
11/15/17

18. DATE APPROVED:
2/5/18

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
1/1/18

20. SIGNATURE

21. TYPED NAME:
David L. Meacham

22. TITLE:
Associate Regional Administrator

23. REMARKS:
1/16/18 - State authorized P&I change to box 7

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State/Territory: OREGON

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES

12. Prescribed Drugs (continued)

- I. Physician Administered Drugs: reimbursement is based on Medicare's Average Sale Price (ASP) +6%. When no ASP rate is listed the rate shall be based upon the Wholesale Acquisition Cost (WAC). If no WAC is available, then the rate shall be reimbursed at Acquisition Cost. 340B covered entities that bill for Physician Administered Drugs and carve in for Medicaid, shall not exceed the entity's actual acquisition cost.
- J. Investigational Drugs – Investigational drugs are not a covered service under the Oregon Medical Assistance pharmacy program.
- K. Clotting Factor from Specialty Pharmacies, Hemophilia Treatment Centers:
OHA contracts with a specialty provider of hemophilia treatment products subject to 1915(b)(4) waiver terms. Reimbursement for clotting factor payments outside of this contract is in accordance with section 12(A)(1) of this state plan.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State/Territory: OREGON

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES

12. Prescribed Drugs (continued)

L. Professional Dispensing Fees

- (1) The Authority establishes professional dispensing fee payments based on the survey results of pharmacies. The professional dispensing fee structure will be one of 3 rate tiers. The Authority or its designated representative will conduct an annual survey of every enrolled pharmacy to determine which tier the pharmacy will be paid.
- (2) Based upon the annual volume of the enrolled pharmacy, the professional dispensing fee will be as follows:
 - Low volume pharmacies (Less than 30,000 claims a year) = \$14.30
 - Mid volume pharmacies- (30,000 and 69,999 claims per year) = \$11.91
 - High volume pharmacies (70,000 or more claims per year) = \$ 9.80
- (3) Pharmacies that fail to respond to the annual survey will default to the highest volume tier dispensing fee.
- (4) Pharmacies dispensing through a unit dose or 30-day card system must bill OHA only one dispensing fee per medication dispensed in a 30-day period.
- (5) Professional dispensing fee tiers are applicable to all pharmacies: retail independent, Institutional, mail order, compounding and 340B programs.
- (6) Retail chain affiliated pharmacies with 10 or more stores shall be reimbursed at the lowest tier regardless of volume.
- (7) Independently owned pharmacies in communities that are the only enrolled pharmacy within a fifteen (15) mile radius from another pharmacy shall be reimbursed at the lowest volume tier regardless of volume.
- (8) All 340B pharmacies operated by a 340B covered entity shall be reimbursed at the lowest volume tier regardless of volume.