
Table of Contents

State/Territory Name: Rhode Island

State Plan Amendment (SPA) #:17-004

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) 179
- 3) Approved SPA Pages



Center for Medicaid and CHIP Services

Disabled and Elderly Health Programs Group

September 20, 2017

Mr. Eric Beane
Secretary
Executive Office of Health and Human Services
74 West Road
Cranston, Rhode Island 02920

Dear Mr. Beane:

We have reviewed Rhode Island's State Plan Amendment (SPA) 17-0004, Prescribed Drugs, received in the Boston Regional Office on June 26, 2017. This SPA proposes to bring Rhode Island into compliance with the reimbursement requirements in the Covered Outpatient Drug final rule with comment period (CMS-2345-FC).

SPA 17-0004 establishes reimbursement for covered outpatient drugs using an actual acquisition cost methodology and implements a professional dispensing fee of \$8.96 for Medicaid beneficiaries residing in the community and a \$7.90 professional dispensing fee for Medicaid beneficiaries residing in an institutional long-term care facility. This SPA also includes reimbursement for 340B drugs, physician-administered drugs, clotting factor, federal supply schedule, and drugs purchased at nominal price. The state provided data and studies to demonstrate that the acquisition cost methodology and pharmacy dispensing fees being paid are sufficient to assure that Rhode Island's beneficiaries will have access to pharmacy services at least to the extent as the general population.

Based on the information provided and consistent with the regulations at 42 CFR 430.20, we are pleased to inform you that SPA 17-0004 is approved with an effective date of April 1, 2017. A copy of the revised signed CMS-179 form, as well as the pages approved for incorporation into Rhode Island's state plan will be forwarded by the Boston 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 T. Khau
Deputy Director
Division of Pharmacy

cc: Richard R. McGreal, ARA, CMS, Boston Regional Office
Lynn DelVecchio, CMS, Boston Regional Office
Melody Lawrence, RI Executive Office of Health & Human Services

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

1. TRANSMITTAL NUMBER:
17-004

2. STATE
RI

FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES

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
April 1, 2017

5. TYPE OF PLAN MATERIAL (Check One):

NEW STATE PLAN

AMENDMENT TO BE CONSIDERED AS NEW PLAN

XX AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:
42 CFR Part 447

7. FEDERAL BUDGET IMPACT:
a. FFY 2017 \$ 87,500
b. FFY 2018 \$ 175,000

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19B Page 2a, 2b, ~~2c~~

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

Attachment 4.19B Page 2

10. SUBJECT OF AMENDMENT:

Covered Outpatient Drug Payment Methodology

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

XX OTHER, AS SPECIFIED:
See Attached Letter

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME: Eric Beane

14. TITLE: Secretary

15. DATE SUBMITTED: June 21, 2017

16. RETURN TO:

EOHHS
74 West Rd, Bldg. 74
Cranston, RI 02920

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 6/26/2017

18. DATE APPROVED: 9/20/2017

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: 4/1/17

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME: Richard R. McGreal

22. TITLE: Associate Regional Administrator, Division
of Medicaid & Children's Health, Boston

23. REMARKS

9/19/17 State authorized a Pen & Ink change to Box #8
to remove page 2c.

STATE OF RHODE ISLAND

(2) Early, periodic, screening, diagnosis, and treatment of individuals under 21 years of age: on the basis of a negotiated fee schedule.

(3) Family planning services, drugs and supplies for individuals of child-bearing age when such services are under the supervision of a physician, as determined according to the elements inherent in the family planning service or the drugs and contraceptive devices necessary: on the basis of a negotiated physician fee schedule and the pharmacy fee schedule.

e. Physicians' services: on the basis of a negotiated fee schedule

f. Medical care of any other type of remedial care recognized under State law furnished by licensed practitioners within the scope of their practice as defined by law limited to:

(1) Podiatry services: on the basis of a negotiated fee schedule.

(2) Optometry services: on the basis of a negotiated fee schedule.

g. Home Health Services: all rates are based on a fixed fee schedule and are available at http://www.eohhs.ri.gov/Portals/0/Uploads/Documents/Fee%20Schedules/t_codes.pdf

h. Dental services: on the basis of a negotiated fee schedule.

i. Prescribed drugs, dentures, prosthetic devices, and eyeglasses prescribed by a physician skilled in diseases of the eye or by the optometrist, whichever the individual may select.

(1) Outpatient and Specialty Drugs Dispensing Fee and Ingredient Cost

- a. Payment for covered outpatient and specialty drugs dispensed to beneficiaries residing in the community includes the drug's ingredient cost plus an \$8.96 professional dispensing fee. For drugs reimbursed at the providers' usual and customary charge to the public, there will be no professional dispensing fee added.
- b. Payment for outpatient and specialty drugs dispensed to beneficiaries residing in an institutional long-term care facility will include the drug ingredient cost plus a \$7.90 professional dispensing fee. For drugs reimbursed at the providers' usual and customary charge to the public, there will be no professional dispensing fee added.
- c. The drug ingredient cost reimbursement shall be the lowest of:
 - i. The National Average Drug Acquisition Cost (NADAC); or
 - ii. Wholesale Acquisition Cost (WAC) + 0%; or
 - iii. The Federal Upper Limit (FUL); or
 - iv. The State Maximum Allowed Cost (SMAC); or
 - v. First Data Bank Consolidated Price 2 (SWD) – 19%; or
 - vi. Submitted price; or
 - vii. The providers' usual and customary (U & C) charge to the public, as identified by the claim charge.

(2) Clotting factor from specialty pharmacies, hemophilia treatment centers (HTC) and Centers of Excellence.

- a. Payment for clotting factor from specialty pharmacies, hemophilia treatment centers (HTC) and Centers of Excellence will include the drug ingredient cost plus \$8.96 professional dispensing fee. For drugs reimbursed at the providers' usual and customary charge to the public, there will be no professional dispensing fee included.
- b. The drug ingredient cost reimbursement shall be the lowest of:

STATE OF RHODE ISLAND

- i. The National Average Drug Acquisition Cost (NADAC); or
- ii. Wholesale Acquisition Cost (WAC) + 0%; or
- iii. The State Maximum Allowed Cost (SMAC); or
- iv. First Data Bank Consolidated Price 2 (SWD) – 19%; or
- v. Submitted price; or
- vi. The providers' usual and customary (U & C) charge to the public, as identified by the claim charge.

(3) 340B Covered Entities

340B covered entities that fill Medicaid beneficiaries' prescriptions with drugs purchased at the prices authorized under Section 340B of the Public Health Services Act will be reimbursed at the actual acquisition cost for the drug plus a \$8.96 professional dispensing fee. Drugs acquired by a covered entity under the 340B program and dispensed by the covered entity's contract pharmacy are not reimbursed.

Facilities purchasing drugs through the Federal Supply Schedule (FSS) or drug pricing program under 38 U.S.C. 1826, 42 U.S.C. 256b, or 42 U.S.C. 1396-8, other than the 340B drug pricing program will be reimbursed no more than the actual acquisition cost for the drug plus \$8.96 professional dispensing fee.

- (4) Facilities purchasing drugs at Nominal Price (outside of 340B or FSS) will be reimbursed no more than the actual acquisition cost (as defined in defined in §447.502) for the drug plus a \$8.96 professional dispensing fee. Nominal Price as defined in §447.502 of the Code of Federal Regulations, Part 42 means a price that is less than 10 percent of the average manufacturer price (AMP) in the same quarter for which the AMP is computed.
- (5) Physician administered drugs (PADs) submitted under the medical benefit will be reimbursed at 106 percent of the Average Sales Price (ASP). PADs without an ASP on the CMS reference file will be reimbursed at the provider's acquisition cost. Covered entities using drugs purchased at the prices authorized under Section 340B of the Public Health Services Act for Medicaid members must bill Medicaid their actual acquisition cost (as defined in defined in §447.502).
- (6) All Indian Health Service, tribal, and urban Indian pharmacies are paid at the encounter rate (also known as the "OMB Rate" or "IHS All-Inclusive Rate").
- (7) Investigational drugs are not a covered service.
- (8) Dentures: on the basis of a negotiated fee schedule.
- (9) Surgical and prosthetic devices: all payments are made for covered

*The output for First Data Bank's Consolidated Price 2 (SWD) is based on the application of the following criteria:

1. If Suggested Wholesale Price (SWP) is available, SWP will be output.
2. If SWP is not available, WAC will be output.
3. If neither SWP nor WAC are available, Direct Price will be output.