
Table of Contents

State/Territory Name: Utah

State Plan Amendment (SPA) #: UT-16-0010

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

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



Disabled & Elderly Health Programs Group

May 4, 2016

Joseph K. Miner, M.D.
Executive Director, Utah Department of Health
Post Office Box 141000
Salt Lake City, Utah 84114-1000

Dear Dr. Miner:

We have reviewed Utah State Plan Amendment (SPA) 16-0010 received in the Denver Regional Office on March 17, 2016, and we are pleased to inform you that it is approved, effective May 1, 2016. Under this SPA, the State of Utah will use the lesser of the Maximum Allowable Cost (MAC) or Federal Upper Limit (FUL) wherever CMS has established an FUL. This amendment only addresses the effective date of new FULs finalized in the Covered Outpatient Drug Rule (CMS-2345-FC).

The Denver Regional Office will forward to you a copy of the CMS-179 form, as well as the pages approved for incorporation into the Utah Medicaid State Plan. If you have any questions regarding this amendment, please contact Yolonda Williams at (410) 786-6618.

Sincerely,



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

cc: Richard C. Allen, ARA, Denver Regional Office
Mandy Strom, Denver Regional Office
Craig Devashrayee, Manager Technical Writing Group

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:
16-0010-UT

2. STATE:
Utah

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

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

4. PROPOSED EFFECTIVE DATE
May 1, 2016

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 440.120

7. FEDERAL BUDGET IMPACT:

a. SFY 2016 \$0
b. SFY 2017 \$0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Pages 19 and 19a of ATTACHMENT 4.19-B

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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

Pages 19 and 19a of ATTACHMENT 4.19-B

10. SUBJECT OF AMENDMENT: Federal Upper Limit

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

- GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED:
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:

[Redacted Signature]

13. TYPED NAME: Joseph K. Miner, M.D.

14. TITLE: Executive Director, Utah Department of Health

15. DATE SUBMITTED: March 17, 2016

16. RETURN TO:

Craig Devashrayee, Manager
Technical Writing Unit
Utah Department of Health
PO Box 143102
Salt Lake City, UT 84114-3102

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED

March 17, 2016

18. DATE APPROVED

May 4, 2016

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL

May 1, 2016

20. SIGNATURE OF REGIONAL OFFICIAL

[Redacted Signature]

Signed May 10, 2016

21. TYPED NAME

Richard C. Allen

22. TITLE

ARA, DMCHO

23. REMARKS

S. PRESCRIBED DRUGS

Prescribed drugs will be reimbursed based on an established product cost plus a dispensing fee. The payment for individual prescriptions shall not exceed the amount billed. The amount billed must be no more than the usual and customary charge (U&C) to the private pay patient. The following methodology is used to establish Medicaid payments:

Effective for claims adjudicated on or after May 1, 2016, except for special category fees and in addition to a reasonable dispensing fee, reimbursement for covered outpatient drugs will be as follows:

The lesser of the Utah Estimated Acquisition Cost (EAC), Federal Upper Limit, Utah Maximum Allowable Cost (UMAC), or the Ingredient Cost Submitted.

Federal Upper Limit

The federal upper limit is the maximum allowable ingredient cost reimbursement established by the Federal government (e.g., Centers for Medicare and Medicaid Services (CMS) for selected multiple-source drugs. The aggregate cost of product payment for the drugs on the federal upper limit list will not exceed the aggregate established by the Federal government.

Utah MAC

Utah MAC is the Maximum Allowable Cost reimbursement established by the Utah Department of Health, Division of Health Care Financing, for selected multiple-source (generic) drugs.

T.N. # 16-0010

Approval Date May 4, 2016

Supersedes T.N. # 11-014

Effective Date 5-1-16

S. PRESCRIBED DRUGS (Continued)

Utah EAC

The Utah EAC is the Average Wholesale Price (AWP) minus 17.4 percent.

Dispensing Fee

In setting the basic dispensing fee, the state will give consideration to costs shown on periodic operation surveys, in-house studies of dispensing costs, national and regional data, and economic trends and conditions. The Utah base dispensing fee is \$3.90 and the 340B dispensing fee is \$12.39.

Special Category Fees

1. Payment for insulin, birth control pills, and non-legend (OTC) drugs will be the lowest of the reimbursement for the covered outpatient drug plus a Special Category Fee C = \$1.00 or the billed charges.
2. Payment for non-legend OTC antacid liquids will be the lowest of the reimbursement for the covered outpatient drug plus a Special Category Fee F or the billed charges. The Special Category Fee F is calculated as follows: drug quantity ÷ package size x \$0.50.
3. Payment for 340B priced products is the lesser of the 340B ingredient cost submitted + 340B dispensing fee (\$12.39) or the billed charges.
4. Differential fee payment for select drugs reconstituted for Home I.V. infusion as typically prepared by a specialty pharmacy. Specialty pharmacies have low volume but high overhead expenses. The Department of Justice (DOJ) in year 2000 re-priced the AWP for 437 NDC specific products. The re-priced products necessitated four new dispensing fees. The four fees are defined as category J, category K, category L, and category M.

T.N. # 16-0010

Approval Date May 4, 2016

Supersedes T.N. # 14-009

Effective Date 5-1-16