

## **Table of Contents**

**State Name:** Virginia

**State Plan Amendment (SPA) #:** 17-011

This file contains the following documents in the order listed:

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

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
150 S. Independence Mall West  
Suite 216, The Public Ledger Building  
Philadelphia, Pennsylvania 19106-3499



**Region III/Division of Medicaid and Children's Health Operations**

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SWIFT #081120174036

September 7, 2017

Cynthia B. Jones, Director  
Department of Medical Assistance Services  
600 East Broad Street, Suite 1300  
Richmond, VA 23219

Dear Ms. Jones:

The Centers for Medicare & Medicaid Services (CMS) has reviewed Virginia's State Plan Amendment (SPA) 17-011, Supplemental Drug Rebates and Managed Care Organizations. The Pharmacy Team at CMS approved this SPA on September 6, 2017 and you were duly notified. This SPA proposes to include the terms upon which Virginia will collect supplemental rebates from drug manufacturers on those drugs dispensed to Medicaid Managed Care Organizations' (MCO) enrollees.

This SPA is acceptable. Therefore, we are approving SPA 17-011 with an effective date of July 1, 2017. Enclosed is the approved SPA page and signed CMS-179 form.

If you have further questions about this SPA, please contact Margaret Kosherzenko of my staff at 215-861-4288.

Sincerely,

/S/

Francis McCullough  
Associate Regional Administrator

Enclosures

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**

September 6, 2017

Ms. Cynthia B. Jones  
Director  
Department of Medical Assistance Services  
600 Broad Street, #1300  
Richmond, VA 23219

Dear Ms. Jones:

We have reviewed Virginia's State Plan Amendment (SPA) 17-011, received in the Philadelphia Regional Office on July 20, 2017. Virginia's amendment proposes to include the terms upon which the state will collect supplemental rebates from drug manufacturers on those drugs dispensed to Medicaid Managed Care Organizations (MCO) enrollees. We are pleased to inform you that the amendment is approved with an effective date of July 1, 2017.

Based on the information provided, we believe this amendment is consistent with the objectives of the Medicaid program, it is designed to increase the efficiency and economy of the Medicaid program and benefits Medicaid beneficiaries. Approval of the Virginia SPA 17-011 extends only to Supplemental Drug Rebates and Managed Care Organizations to the Plan for Medical Assistance for the Commonwealth of Virginia. If changes are subsequently made to the supplemental rebate agreement or its attachments, a new SPA and any required documents should be submitted to CMS for review and authorization.

A copy of the signed CMS-179 form, as well as the pages approved for incorporation into the Virginia state plan will be forwarded by the Philadelphia Regional Office.

If you have any questions regarding this amendment, please contact Yolonda Williams at (410) 786-6618 or [yolonda.williams@cms.hhs.gov](mailto:yolonda.williams@cms.hhs.gov).

Sincerely,

/s/

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

CC: Francis T. McCullough, ARA, CMS, Philadelphia Regional Office

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL  
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

1 7 - 0 1 1

2. STATE

Virginia

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

July 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

42 CFR Part 440

7. FEDERAL BUDGET IMPACT

a. FFY 2017 \$ 0

b. FFY 2018 \$ 0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 3.1 - A & B, page 26.1

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

Same page

10. SUBJECT OF AMENDMENT

Supplemental Drug Rebates and Managed Care Organizations

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

Secretary of Health and Human Resources

12. SIGNATURE OF STATE AGENCY OFFICIAL

/S/

13. TYPED NAME

Cynthia B. Jones

14. TITLE

Director

15. DATE SUBMITTED

7/27/17

16. RETURN TO

Dept. of Medical Assistance Services  
600 East Broad Street, #1300  
Richmond VA 23219

Attn: Regulatory Coordinator

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED

July 20, 2017

18. DATE APPROVED

September 6, 2017

**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL

July 1, 2017

20. SIGNATURE OF REGIONAL OFFICIAL

/S/

21. TYPED NAME

Francis McCullough

22. TITLE

Associate Regional Administrator

23. REMARKS

**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT**

State of VIRGINIA

**AMOUNT, DURATION, AND SCOPE OF MEDICAL  
AND REMEDIAL CARE AND SERVICES PROVIDED TO THE CATEGORICALLY NEEDY  
and MEDICALLY NEEDY**

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- e. State supplemental rebates. The Department has the authority to seek supplemental rebates from pharmaceutical manufacturers. In addition to collecting supplemental rebates for fee-for-service claims, the Department may, at its option, also collect supplemental rebates for Medicaid member utilization through MCOs under an agreement. The contract regarding supplemental rebates shall exist between the manufacturer and the Commonwealth. Rebate agreements between the Commonwealth and a pharmaceutical manufacturer shall be separate from the federal rebates and in compliance with federal law, §§ 1927(a)(1) and 1927(a)(4) of the *Social Security Act* (Act). All rebates collected on behalf of the Commonwealth shall be collected for the sole benefit of the state share of the costs. One hundred percent of the supplemental rebates collected on behalf of the state shall be remitted to the state. Supplemental drug rebates received by the Commonwealth in excess of those required under the national drug rebate agreement will be shared with the Federal government on the same percentage basis as applied under the national drug rebate agreement.
  - f. Pursuant to 42 U.S.C. § 1396r-8(b)(3)(D), information disclosed to the Department or to the Committee by a pharmaceutical manufacturer or wholesaler which discloses the identity of a specific manufacturer or wholesaler and the pricing information regarding the drugs by such manufacturer or wholesaler is confidential and shall not be subject to the disclosure requirements of the Virginia Freedom of Information Act (§2.2-3700 *et seq.* of the Code of Virginia).
  - g. Appeals for denials of prior authorization shall be addressed pursuant to 12VAC30-110, Part I, Client Appeals.
8. Coverage of home infusion therapy. This service shall be covered consistent with the limits and requirements set out within home health services (12 VAC 30-50-160). Multiple applications of the same therapy (e.g. two antibiotics on the same day) shall be covered under one service day rate of reimbursement. Multiple applications of different therapies (e.g. chemotherapy, hydration, and pain management on the same day) shall be covered under a full service day rate methodology as provided in pharmacy services reimbursement.
- 12a. Reserved
- 12b. Dentures.
- A. Provided only as a result of EPSDT and subject to medical necessity and preauthorization requirements specified under Dental Services.