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State/Territory Name: Washington

State Plan Amendment (SPA)#: WA-24-0020

This file contains the following document in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 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



**Center for Medicaid and CHIP Services**

**Medical Benefits Health Programs Group**

July 15, 2024

Susan Birch, Director  
Dr. Charissa Fotinos, Medicaid Director  
Health Care Authority  
PO Box 45502  
Olympia, WA 98504-5010

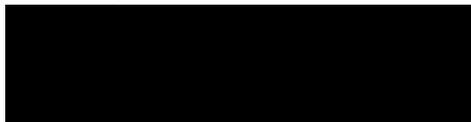
Dear Susan Birch and Dr. Fotinos,

The CMS Division of Pharmacy team has reviewed Washington State Plan Amendment (SPA) 24-0020 received in the CMS Medicaid Services OneMAC application on May 20, 2024. This SPA proposes to add coverage of prescribed drugs that are not covered outpatient drugs in cases of a drug shortage, as well as describe the reimbursement for prescribed drugs that are not covered outpatient drugs.

Based on the information provided and consistent with the regulations at 42 CFR 430.20, we are pleased to inform you that SPA 24-0020 is approved with an effective date of April 1, 2024. Our review was limited to the materials necessary to evaluate the SPA under applicable federal laws and regulations.

We are attaching a copy of the signed CMS-179 form, as well as the pages approved for incorporation into Washington's state plan. If you have any questions regarding this amendment, please contact Lisa Shochet at (410) 786-5445 or [lisa.shochet@cms.hhs.gov](mailto:lisa.shochet@cms.hhs.gov).

Sincerely,



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

cc: Ann Myers, Section Manager & State Plan Coordinator, WA Health Care Authority  
Donna L. Sullivan, PharmD, MS, Chief Pharmacy Officer, WA Health Care Authority  
Edwin Walaszek, Washington State Lead, Division of Program Operations, CMS

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE &amp; MEDICAID SERVICES</b>	1. TRANSMITTAL NUMBER <u>2</u> <u>4</u> — <u>0</u> <u>0</u> <u>2</u> <u>0</u>	2. STATE <u>WA</u>
	3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT <input checked="" type="radio"/> XIX <input type="radio"/> XXI	
TO: CENTER DIRECTOR CENTERS FOR MEDICAID & CHIP SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE <p style="text-align: center;">April 1, 2024</p>	
5. FEDERAL STATUTE/REGULATION CITATION <u>Section 1902a of the Social Security Act</u>	6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars) a. FFY <u>2024</u> \$ <u>0</u> b. FFY <u>2025</u> \$ <u>0</u>	
7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT  <u>Attachment 3.1-A page 30</u> <u>Attachment 3.1-B page 30</u> <u>Supplement A to Attachment 4.19-B page 1</u>	8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) <u>Attachment 3.1-A page 30 (TN# 08-012)</u> <u>Attachment 3.1-B page 30 (TN# 08-012)</u> <u>Supplement A to Attachment 4.19-B page 1 (TN# 23-0050)</u>	

9. SUBJECT OF AMENDMENT  
**Pharmacy Update** This State Plan Amendment proposes to add coverage of prescribed drugs that are not covered outpatient drugs in cases of a drug shortage, where the state determines coverage of the drug (including a drug authorized for import by the FDA) is medically necessary.

10. GOVERNOR'S REVIEW (Check One)

GOVERNOR'S OFFICE REPORTED NO COMMENT  OTHER, AS SPECIFIED: EXEMPT

COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

	15. RETURN TO State Plan Coordinator POB 42716 Olympia, WA 98504-2716
12. TYPED NAME <u>Charissa Fotinos, MD, MSc</u>	
13. TITLE <u>Medicaid and Behavioral Health Medical Director</u>	
14. DATE SUBMITTED <u>May 20, 2024</u>	

FOR CMS USE ONLY	
16. DATE RECEIVED <u>May 20, 2024</u>	17. DATE APPROVED <u>July 15, 2024</u>

PLAN APPROVED - ONE COPY ATTACHED	
18. EFFECTIVE DATE OF APPROVED MATERIAL <u>April 1, 2024</u>	19. SIGN
20. TYPED NAME OF APPROVING OFFICIAL <u>Cynthia R. Denemark, R.Ph.</u>	21. TITLE OF APPROVING OFFICIAL <u>Director, Division of Pharmacy</u>

22. REMARKS  
**Pen and Ink change authorized by the state on 7/11/2024 to update the language in Box 9.**

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

State WASHINGTONAMOUNT, DURATION, AND SCOPE OF MEDICAL AND REMEDIAL  
CARE AND SERVICES PROVIDED TO THE CATEGORICALLY NEEDY

## 12. a. Prescribed drugs

**Drug Coverage**

- (1) Covered outpatient drugs as defined in Section 1927 (k)(2) of the Act are those which are prescribed for a medically accepted indication and produced by any manufacturer, which has entered into and complies with an agreement under Section 1927(a) of the Act.
- (2) Prescriptions written as a result of an EPSDT visit will be approved as ordered by the prescriber.
- (3) Drugs excluded from coverage as provided by Section 1927(d) (2) of the Act are designated in Attachment 3.1-A and 3.1-B, pages 32a and 32b of this plan. Experimental drugs are excluded from coverage.
- (4) Drug shortages. Prescribed drugs that are not covered outpatient drugs (including drugs authorized for import by the Food and Drug Administration) are covered when medically necessary during drug shortages identified by Food and Drug Administration (FDA).

**Prior Authorization**

- (5) Prescription drugs may be subject to prior authorization by the agency to ensure that drugs are prescribed and dispensed appropriately.
- (6) The agency determines which prescription drugs may require prior authorization by reviewing the drug(s) for the following:
  - Safety
  - Potential for abuse or misuse
  - Narrow therapeutic index
  - High cost when less expensive alternatives are available
- (7) Prior authorization programs for covered outpatient drugs provide for a response within 24 hours of a request for prior authorization and provides for the dispersing of at least a 72-hours supply of medications in emergency situations.

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

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- (3) Drugs excluded from coverage as provided by Section 1927(d)(2) of the Act are designated in Attachment 3.1-A and 3.1-B, pages 32a and 32b of this plan. Experimental drugs are excluded from coverage.
- (4) Drug shortages. Prescribed drugs that are not covered outpatient drugs (including drugs authorized for import by the Food and Drug Administration) are covered when medically necessary during drug shortages identified by at least one of the following:
  - The United States Food and Drug Administration (US FDA)
  - The American Society of Health-System Pharmacists (ASHP)

**Prior Authorization**

- (5) Prescription drugs may be subject to prior authorization by the agency to ensure that drugs are prescribed and dispensed appropriately.
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  - Potential for abuse or misuse
  - Narrow therapeutic index
  - High cost when less expensive alternatives are available
- (7) Prior authorization programs for covered outpatient drugs provide for a response within 24 hours of a request for prior authorization and provides for the dispensing of at least a 72-hour supply of medications in emergency situations.

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

State: WASHINGTON

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**REIMBURSEMENT FOR PHARMACY SERVICES**

## I. General Information

1. Prescription drug reimbursement through Point-of-Sale (POS) is based on:
  - a. The standard 11-digit National Drug Code (NDC) (5-4-2 format); and
  - b. The quantity filled.
2. Total reimbursement for a covered outpatient drug does not exceed the lesser of actual acquisition cost (AAC), plus a professional dispensing fee or the provider's usual and customary charge. The AAC is calculated as the lowest of:
  - a. National Average Drug Acquisition Cost (NADAC);
  - b. Maximum allowable cost (MAC);
  - c. Federal Upper Limit (FUL); or
  - d. The provider's usual and customary (U&C) charge to the non-Medicaid population.
  - e. The provider's submitted ingredient cost.

Where NADAC does not exist, Wholesale Acquisition Cost (WAC) is used as the basis for the reimbursement.

3. The Agency reimburses prescribed drugs that are not covered outpatient drugs and specialty drugs in accordance with the methodology listed in Section 2 above.
4. The Agency reimburses nominally priced drugs at the provider's actual acquisition cost (AAC), plus a professional dispensing fee.
5. The Agency reimburses for 340B discounted drugs at the provider's 340B actual acquisition cost and only when the billing provider is a federally qualified PHS-entity billing with an NPI or NABP number listed on the Office of Pharmacy Affairs national Medicaid exclusion file.
6. The Agency does not cover 340B discounted drugs dispensed by contract pharmacies.
7. The Agency does not cover investigational drugs. Investigational drugs are not a covered service under Washington's Medicaid pharmacy program.
8. The Agency reimburses drugs purchased through the Federal Supply Schedule (FSS) at the provider's actual acquisition cost, plus a professional dispensing fee.
9. The Agency reimburses drugs purchased through the Indian Health Services (IHS) in accordance with Section 2 above, plus a professional dispensing fee.