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State/Territory Name: Tennessee

State Plan Amendment (SPA) #: 15-0001

This file contains the following documents in the order listed:

- 1) RO Follow-Up Approval Letter
- 2) Pharmacy Approval Letter
- 3) CMS 179 Form
- 4) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Atlanta Regional Office
61 Forsyth Street, Suite 4T20
Atlanta, Georgia 30303



DIVISION OF MEDICAID & CHILDREN'S HEALTH OPERATIONS

November 13, 2015

Darin J. Gordon
Director, Division of Healthcare Finance & Administration
Bureau of TennCare
310 Great Circle Road
Nashville, TN 37243

Attention: Jonathan Reeve, Senior Policy Analyst

Dear Mr. Gordon:

This is to affirm approval of the above referenced State Plan Amendment which was submitted to the Regional Office on August 14, 2015. The State's requested effective date of July 1, 2015 has been accepted.

Enclosed for your records are:

1. a copy of the approval letter dated November 6, 2015 that was submitted to the State by John M. Coster, Director, Division of Pharmacy;
2. the original signed 179; and
3. the approved plan page.

If you have any additional questions regarding this amendment, please contact Kenni Howard, State Coordinator for Tennessee, at 404-562-7413 or Ruth Blatt, at 410-786-1767.

Sincerely,

//s//

Jackie Glaze
Associate Regional Administrator
Division of Medicaid & Children's Health Operations

Enclosure(s)

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

November 6, 2015

Darin J. Gordon
Director, Division of Healthcare Finance & Administration
Bureau of TennCare
310 Great Circle Road
Nashville, TN 37243

Attention: Jonathan Reeve, Senior Policy Analyst

Dear Mr. Gordon:

We have reviewed Tennessee State Plan Amendment (SPA) 15-0001, submitted to the Atlanta Regional Office on August 14, 2015. The state proposes to change the dispensing fee for compounded prescriptions to a tiered rate based on the pharmacist's reported level of effort as follows:

- Level 1- \$10.00 for prescriptions requiring 0-15 minutes to compound
- Level 2- \$15.00 for prescriptions requiring 16-30 minutes to compound
- Level 3- \$25.00 for prescriptions requiring 31 or more minutes to compound

We are pleased to inform you that the amendment is approved, effective July 1, 2015.

As we discussed, the state is removing the state plan pages containing the following information:

- Attachment 3.1.A.1 Item 6:6.d.3
- Attachment 3.1.B.1 Item 6:6.d.3
- Attachment 4.19B Item 6:6.d.3

Per your September 24, 2015 and November 3, 2015 emails, we made the requested pen and ink changes to blocks 6, 7, 9, and 10 on the CMS-179 form. A copy of the signed CMS-179 form, as well as the pages approved for incorporation into the Tennessee state plan, will be forwarded by the Atlanta Regional Office.

Mr. Darin J. Gordon

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If you have any questions regarding this amendment, please contact Ruth Blatt at (410) 786-1767.

Sincerely,

/s/

John M. Coster, Ph.D.,R.Ph.

Director

Division of Pharmacy

Cc: Jackie Glaze, Associate Regional Administrator, Atlanta Regional Office
Kenni Howard, Atlanta Regional Office
Mary Holly, Atlanta Regional Office

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES		1. TRANSMITTAL NUMBER: TN-15-0001	2. STATE TENNESSEE
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & NEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE July 1, 2015	
5. TYPE OF PLAN MATERIAL (<i>Check One</i>):			
<input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (<i>Separate Transmittal for each amendment</i>)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR, Part 447, Subpart I.		7. FEDERAL BUDGET IMPACT: a. FFY 2015 (\$90,025) b. FFY 2016 (\$359,934)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19B, Item 12.a. page 2 of 3.		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>) Attachment 4.19B, Item 12.a. page 2 of 3.	
10. SUBJECT OF AMENDMENT: Methods and Standards for Establishing Payment Rates – Other Types of Care – Prescribed Drugs.			
11. GOVERNOR'S REVIEW (<i>Check One</i>):			
<input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: /s/		16. RETURN TO: Tennessee Department of Finance and Administration Division of Health Care Finance and Administration Bureau of TennCare 310 Great Circle Road Nashville, Tennessee 37243 Attention: Jonathan Reeve	
13. TYPED NAME: Darin J. Gordon			
14. TITLE: Director, Bureau of TennCare			
15. DATE SUBMITTED:			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: 08-14-15		18. DATE APPROVED: 11-06-15	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 07-01-15		20. SIGNATURE OF REGIONAL OFFICIAL: //s//	
21. TYPED NAME: Jackie Glaze		22. TITLE: Associate Regional Administrator Division of Medicaid & Children Health Opns	
23. REMARKS: Approved with following changes to block # 6, 7, 9 and 10 as authorized on state email dated 11/03/15. Block # 6 Changed to read: Parts 441 & 447 Block # 7 Changed to read: FFY 2015 (\$89,921) FFY 2016 (\$360,017) Block # 9 Changed to read: Atch 3.1-A.1 pages 6 and 6.d.3; Atch 3.1-B.1 Pages 6, 6.d.3 and Atch 4.19-B pages 12.a page 2 of 3 Block # 10 Changed to read: "Limitation on amount, Duration and Scope of Medical Care and Services Provided, Methods and Standards for Establish Payment Rates-Other Types of Care".			

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE TENNESSEEMETHODS AND STANDARDS FOR ESTABLISHING PAYMENT
RATES – OTHER TYPES OF CARE

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- (b) Pharmacies outside the TennCare Pharmacy Network – Claims for prescriptions from pharmacies not in the TennCare Pharmacy Network will be denied, except in the event of an emergency or with prior approval from the Bureau of TennCare or its agent.
- (2) The dispensing fee in the TennCare Pharmacy Network is established at \$2.50 for brand name medications and \$3.00 for generic medications, except for long term care pharmacy claims when the prescription is written for a minimum twenty eight (28) day supply. In such situation, the provider will receive \$5.00 for brand name medications and \$6.00 for generic medications. Generic and brand name medications will be defined by an industry-recognized resource, such as Medi-Span or FDB, with exceptions made by TennCare based on pharmacy reimbursement amounts. The dispensing fee for compounded prescriptions is based on the pharmacist's reported level of effort as follows:
- Level 1 – \$10.00 for prescriptions requiring 0-15 minutes to compound
 - Level 2 – \$15.00 for prescriptions requiring 16-30 minutes to compound
 - Level 3 – \$25.00 for prescriptions requiring 31 or more minutes to compound

The State will conduct regular reviews to validate that the pharmacists' reported level of effort is consistent with the expected level of effort for any particular prescription.

- (3) Long term care pharmacy claims must be dispensed in a manner that enables the return to stock of unused portions of medications dispensed. Unused portions are required to be returned to stock with a credit to TennCare for the unused portion.
- (4) All pharmacy providers must bill all appropriate pharmacy claims to the designated TennCare point-of-sale (POS) pharmacy claims processor or pharmacy benefits manager (PBM) or pharmacy benefits administrator (PBA) online using the actual National Drug Code (NDC) for the actual package size of the drug dispensed to the member. In the event that a drug manufacturer disputes a rebate payment to the state because a pharmacy billed the wrong NDC number, that claim may be voided and any payments to that pharmacy will be recouped so that the claim may be re-billed appropriately.

TN No. TN-15-0001

Supersedes

TN No. 11-005

Approval Date 11-06-15

Effective Date: 07/01/15