

## Table of Contents

State/Territory Name: Arkansas

State Plan Amendment (SPA) #: 16-0002

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form
- 3) Approved Page(s)

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**

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August 18, 2016

Dawn Stehle  
Director, Division of Medical Services  
PO Box 1437, Slot S295  
Little Rock, AR 72203-1437

Attention: Seth Blomeley

Dear Ms. Stehle,

We have reviewed Arkansas' (AR) State Plan Amendment (SPA) 16-002 received in the Dallas Regional Office on June 7, 2016. In this SPA, AR proposes to revise its single-state supplemental rebate agreement (SRA) to transition to a wholesale acquisition cost (WAC) based state supplemental rebate payment calculation. In addition, the SPA updates the supplemental rebate agreement by including additional definitions and a process consistent with other Medicaid states' SRAs in which the contractor; Magellan Medicaid Administration has standings.

We are pleased to inform you that AR SPA 16-002 is approved, effective July 1, 2016. Please note that this authorization extends only to the supplemental rebate agreement (SRA) submitted to the Centers for Medicare & Medicaid Services (CMS) on August 15, 2016. If revisions are subsequently made to the SRA, a new SPA, along with the revised SRA and other required documents should be submitted to CMS for review and approval.



A copy of the CMS-179 form as well as the pages approved for incorporation into the AR state plan will be forwarded to you by the Dallas Regional Office. If you have any questions regarding this SPA approval please contact LT Emeka Egwim, PharmD, at (410) 786-1092.

Sincerely,

/s/

Meagan Khau  
Deputy Director  
Division of Pharmacy

cc: Bill Brooks, Associate Regional Administrator, Dallas Regional Office  
Ford Blunt, Dallas Regional Office  
Marsha Marks, Dallas Regional Office  
Suzanne Bierman, Assistant Director, Division of Medical Services, Arkansas

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>  <b>FOR: HEALTH CARE FINANCING ADMINISTRATION</b>		1. TRANSMITTAL NUMBER:  2016-002	2. STATE  ARKANSAS
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE  July 1, 2016	
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: Section 1927 of the Social Security Act		7. FEDERAL BUDGET IMPACT: a. FFY 2016      \$0 b. FFY 2017      \$0	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Attachment 3.1-A, Page 5aa Attachment 3.1-B, Page 4h		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT ( <i>If Applicable</i> ):  Attachment 3.1-A, Page 5aa, Approved 11-23-04, TN 04-04 Attachment 3.1-B, Page 4h, Approved 11-23-04, TN 04-04	
10. SUBJECT OF AMENDMENT: The Arkansas Title XIX State Plan has been amended to change the State Supplemental Rebate.			
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: 		16. RETURN TO:  Division of Medical Services PO Box 1437, Slot S295 Little Rock, AR 72203-1437  Attention: Seth Blomeley	
13. TYPED NAME: Dawn Stehle			
14. TITLE: Director, Division of Medical Services			
15. DATE SUBMITTED: June 7, 2016			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED:  7 June, 2016		18. DATE APPROVED:  18 August, 2016	
<b>PLAN APPROVED – ONE COPY ATTACHED</b>			
19. EFFECTIVE DATE OF APPROVED MATERIAL:  1 July, 2016		20. SIGNATURE  FICIAL:	
21. TYPED NAME:  Bill Brooks		22. TITLE: Associate Regional Administrator Division of Medicaid & Children's Health	
23. REMARKS:			

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
MEDICAL ASSISTANCE PROGRAM  
STATE ARKANSAS

ATTACHMENT 3.1-A  
Page 5aa

AMOUNT, DURATION AND SCOPE OF  
SERVICES PROVIDED

Revised: July 1, 2016

CATEGORICALLY NEEDY

12. Prescribed drugs, dentures and prosthetic devices; and eyeglasses prescribed by a physician skilled in diseases of the eye or by an optometrist (Continued)

a. Prescribed Drugs (continued)

- (4) The state is in compliance with section 1927 of the Social Security Act. The state will cover drugs of Federal rebate participating manufacturers. The state is in compliance with reporting requirements for utilization and restrictions to coverage. Pharmaceutical manufacturers can audit utilization data.

The state will be negotiating supplemental rebates in the Medicaid program in addition to the Federal rebates provided for in Title XIX. Rebate agreements between the state and pharmaceutical manufacturer(s) will be separate from the Federal rebates.

A rebate agreement between the state and a participating drug manufacturer for drugs provided to the Medicaid program, submitted to CMS on **May 24, 2016**, and entitled, State of Arkansas Supplemental Rebate Agreement, has been authorized by CMS. Any additional versions of rebate agreements negotiated between the state and manufacturer(s) after **May 24, 2016**, will be submitted to CMS for authorization.

Supplemental rebates received by the State 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 rebate agreement.

All drugs covered by the program, irrespective of a supplemental rebate agreement, will comply with the provisions of the national drug rebate agreement.

The supplemental rebate program does not establish a drug formulary within the meaning of 1927(d)(4) of the Social Security Act.

The unit rebate amount is confidential and cannot be disclosed for purposes other than rebate invoicing and verification, in accordance with Section 1927(b)(3)(D) of the Social Security Act.

- (5) Pursuant to 42 U.S.C. Section 1396r-8 the state is establishing a preferred drug list with prior authorization for drugs not included on the preferred drug list. Prior authorization will be provided within a 24-hour turn-around from receipt of request and a 72-hour supply of drugs in emergency situations.

State: Arkansas  
Date Received: 6-7-2016  
Date Approved: 8-18-2016  
Date Effective 7-1-2016  
Transmittal Number: AR 16-0002

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
MEDICAL ASSISTANCE PROGRAM  
STATE ARKANSAS

ATTACHMENT 3.1-B  
Page 4h

AMOUNT, DURATION AND SCOPE OF  
SERVICES PROVIDED

Revised: July 1, 2016

MEDICALLY NEEDY

12. Prescribed drugs, dentures and prosthetic devices; and eyeglasses prescribed by a physician skilled in diseases of the eye or by an optometrist (Continued)

a. Prescribed Drugs (continued)

- (4) The state is in compliance with section 1927 of the Social Security Act. The state will cover drugs of Federal rebate participating manufacturers. The state is in compliance with reporting requirements for utilization and restrictions to coverage. Pharmaceutical manufacturers can audit utilization data.

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