
Table of Contents

State/Territory Name: Colorado

State Plan Amendment (SPA) #: CO-09-003

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 AND HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-14-26
Baltimore, MD 21244-1850



2009 DEC 7 PM 2 25

Center for Medicaid & State Operations

DEC 02 2009

Disabled and Elderly Health Programs Group

Sandeep Wadhwa, MD, MBA
Director, Colorado Medicaid
Colorado Department of Health Care Policy & Financing
1570 Grant Street
Denver, CO 80203-1818

Dear Dr. Wadhwa:

We are pleased to inform you that Colorado's State plan amendment (SPA) 09-003, Reimbursement Rates for Outpatient Drugs, is approved with an effective date of July 1, 2009. This SPA reduced the drug ingredient cost to average wholesale price (AWP) minus 14 percent for brand name drugs and to AWP minus 40 percent for generic drugs effective July 1, 2009 through August 31, 2009. Effective September 1, 2009 the reimbursement rate for brand name drugs is reduced to AWP minus 14.5 percent and for generic drugs the rate is AWP minus 45 percent.



A copy of the revised CMS 179 submission as well as the page approved for incorporation into the Colorado state plan will be forwarded to you by the Denver Regional Office. If you have any questions regarding this amendment, please contact Madlyn Kruh at (410)-786-3239.

Sincerely,

A solid black rectangular box used to redact the signature of Larry Reed.

Larry Reed
Director, Division of Pharmacy

cc: Richard C. Allen, ARA, Denver Regional Office
Diane Dunstan-Murphy, Denver Regional Office

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES		1. TRANSMITTAL NUMBER: <u>0 9 -- 0 0 3</u>	2. STATE: COLORADO
		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, 2009	
5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS A NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION 42 U.S.C. § 1396a (a)(30)		7. FEDERAL BUDGET IMPACT a. FFY <u>2009-10</u> \$ <u>(680,891)</u> b. FFY <u>2010-11</u> \$ <u>(4,119,252)</u>	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attachment 4.19-B, Page 2C Page 2C (continued) has been deleted.		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) Attachment 4.19-B, Page 2C Page 2C (continued) has been deleted.	
10. SUBJECT OF AMENDMENT Reimbursement rates for fee-for-service outpatient drugs.			
11. GOVERNOR'S REVIEW (Check One) <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" 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 Governor's letter dated 26 January 2009			
12. SIGNATURE OF STATE AGENCY OFFICIAL 		16. RETURN TO Colorado Department of Health Care Policy and Financing 1570 Grant Street Denver, CO 80203-1818 Attn: Rachel Gibbons	
13. NAME Sandeep Wadhwa			
14. TITLE Medicaid Director			
15. DATE SUBMITTED September 30, 2009			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED <u>9/30/09</u>		18. DATE APPROVED <u>12/2/09</u>	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL <u>7/1/09</u>		OFFICIAL 	
21. TYPED NAME <u>Richard C. Allen</u>		Associate Regional Administrator	
23. REMARKS			

TITLE XIX OF SOCIAL SECURITY ACT
DIVISION OF MEDICAL ASSISTANCE

Attachment 4.19-B, Page 2C

State of Colorado

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-OTHER
TYPES OF CARE

Pharmaceutical Services:

- A. Reimbursement shall be based upon the lower of the usual and customary charge to the public or the allowed drug ingredient cost plus a designated dispensing fee.
- B. The allowed ingredient cost is the price of the drug calculated according to the following pricing methodologies, whichever is less:
 - 1. Average wholesale price (AWP) minus 14% for name-brand drugs (effective July 1, 2009 through August 31, 2009);
 - 2. AWP minus 14.5% for name-brand drugs (effective September 1, 2009);
 - 3. AWP minus 40% for generic drugs (effective July 1, 2009 through August 31, 2009);
 - 4. AWP minus 45% for generic drugs (effective September 1, 2009);
 - 5. Direct price plus 18%;
 - 6. State Maximum Allowable Cost (SMAC), pharmacy acquisition cost of generic drugs available in the state market place plus 18%; or
 - 7. Federal Upper Limit (FUL).
- C. Any pharmacy, which is the only pharmacy within a twenty-mile radius, may submit a request to become a Rural Pharmacy. Notwithstanding Attachment 4.19-B, Page 2C, Sections A and B, the reimbursement to Rural Pharmacies shall be based upon AWP minus 12% (for name-brand and generic drugs) plus a designated dispensing fee.
- D. Dispensing fees are established by the state upon consideration to costs shown on periodic operation surveys, in-house studies of dispensing costs, national and regional data, and/or economic trends and conditions. The dispensing fee is \$4.00 for all pharmacies except institutional pharmacies which receive a dispensing fee of \$1.89.

TN No. 09-003

Approval Date 12/2/09

Supersedes TN No. 02-011

Effective Date: July 1, 2009