

CT SPA 17-0015

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DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
JFK Federal Building, Government Center
Room 2275
Boston, Massachusetts 02203



Division of Medicaid and Children's Health Operations / Boston Regional Office

May 16, 2018

Roderick Bremby, Commissioner
Department of Social Services
25 Sigourney Street
Hartford, Connecticut 06106

Dear Mr. Bremby:

On May 1, 2018, our Central Office sent you a letter approving your proposed State Plan amendment (SPA) No. 17-0015. This letter transmits via e-mail the Transmittal and Notice of Approval State Plan Material (CMS-179) and the approved State Plan pages.

In SPA 17-0015, the state proposes changes to the reimbursement methodology for covered outpatient drugs from an estimated acquisition cost (EAC) basis to an actual acquisition cost basis (AAC). This Amendment is necessary to comply with federal regulations. Connecticut will base its ingredient cost on the National Average Drug Acquisition Cost (NADAC) file, a CMS national survey of pharmacies' acquisition costs. Claims for drugs without a NADAC price will reimburse at the lesser of the Federal Upper Limit (FUL) or the Wholesale Acquisition Cost (WAC). This SPA also establishes a new professional dispensing fee of \$10.75 for retail pharmacy and certain other types of pharmacy claims. The SPA also describes the reimbursement methodology for certain types of drugs not subject to the AAC federal regulation.

Changes are reflected in the following sections of your approved State Plan:

- Attachment 4.19-B Page 1(g)
- Attachment 4.19-B Page 1(h)
- Attachment 4.19-B Page 2

If you have any questions regarding this matter you may contact Marie DiMartino (617) 565-9157 or by e-mail at Marie.DiMartino@cms.hhs.gov

Sincerely,
/S/

Richard R. McGreal
Associate Regional Administrator

**TRANSMITTAL AND NOTICE OF APPROVAL
OF STATE PLAN MATERIAL
FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:
17-0015

2. STATE: CT

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE AND MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE:
April 1, 2017

5. TYPE OF STATE 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:
Section 1927 of the Social Security Act and
42 C.F.R. § 447.512; 42 C.F.R. 447.514, 42 C.F.R.
447.516 and 42 C.F.R. 447.518

7. FEDERAL BUDGET IMPACT:
a. FFY 2017 \$5.3 million - cost
b. FFY 2018 \$10.8 - cost

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
Attachment 4.19-B Page 1(g)
Attachment 4.19-B Page 1(h)
Attachment 4.19-B Page 2

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR
ATTACHMENT (If applicable) New
New
Attachment 4.19-B Page 2

10. SUBJECT OF AMENDMENT: This SPA changes the reimbursement methodology for covered outpatient drugs from an estimated acquisition cost (EAC) basis to an actual acquisition cost basis (AAC). This Amendment is necessary to comply with federal regulations. Connecticut will base its ingredient cost on the National Average Drug Acquisition Cost (NADAC) file, a CMS national survey of pharmacies' acquisition costs. Claims for drugs without a NADAC price will reimburse at the lesser of the Federal Upper Limit (FUL) or the Wholesale Acquisition Cost (WAC). This SPA also establishes a new professional dispensing fee of \$10.75 for retail pharmacy and certain other types of pharmacy claims. The SPA also describes the reimbursement methodology for certain types of drugs not subject to the AAC federal regulation.

11. 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:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

/S/

13. TYPED NAME: Roderick L. Bremby

14. TITLE: Commissioner

15. DATE SUBMITTED: June 30, 2017

16. RETURN TO:

State of Connecticut
Department of Social Services - 9th Floor
55 Farmington Avenue
Hartford, CT 06105-3724
Attention: Ginny Mahoney

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: June 30 2017

18. DATE APPROVED: May 1 2018

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
April 1 2017

20. SIGNATURE OF REGIONAL OFFICIAL:
/S/

21. TYPED NAME: Richard R. McGreal

22. TITLE: Associate Regional Administrator
Division of Medicaid & Children's Health Operations

23. REMARKS: Pen and ink Change to Box 8 appeared by State.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
STATE: CONNECTICUT

- (12) Prescribed drugs, prosthetic devices and eyeglasses prescribed by a physician skilled in diseases of the eye or by an optometrist, whichever the individual may select.
- (a) Prescribed Drugs – ingredient cost methodology in accordance with the Actual Acquisition Cost (AAC) methodology.
1. Brand Name and Generic Drugs - Payment for covered outpatient legend dispensed by a retail community pharmacy will include the drug ingredient cost plus a \$10.75 professional dispensing fee. Reimbursement for the drug ingredient shall be the lowest of:
 - a. The usual and customary charge to the public or the pharmacy's actual submitted ingredient cost;
 - b. The National Average Drug Acquisition Cost (NADAC) established by CMS;
 - c. The Affordable Care Act Federal Upper Limit (FUL); or
 - d. Wholesale Acquisition Cost (WAC) plus zero (0) percent when no NADAC is available for a specific drug.
 2. Compound Drugs - Claims for compound prescriptions, defined as two or more drugs mixed together where at least one ingredient is a covered outpatient drug, will receive a professional dispensing fee of \$10.75.
 3. 340B Drug Pricing Program - Covered outpatient drugs purchased through the Federal Public Health Service's 340B Drug Pricing Program (340B) by pharmacies that carve Medicaid into the 340B Drug Pricing Program shall be reimbursed at the 340B actual invoice price but no more than the 340B ceiling price plus a professional Dispensing Fee of \$10.75. 340B covered entities purchasing drugs outside of the 340B program will be reimbursed at the lesser of methodology, described in (12)(a), above, plus a professional dispensing fee of \$10.75. Pharmacies contracting with a 340B entity shall be reimbursed at the lesser of methodology, described in (12)(a), above, plus a professional dispensing fee of \$10.75.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
STATE: CONNECTICUT

- The Department contracts with several 340B pharmacies, which are reimbursed at the reimbursed at the 340B actual invoice price, plus a professional dispensing fee of \$10.75.
4. Federal Supply Schedule (FSS) and Federally Qualified Health Centers (FQHC) - Facilities purchasing drugs through the FSS shall be reimbursed at their actual acquisition cost, plus the established professional dispensing fee of \$10.75.
 5. Drugs Purchased at Nominal Price - Facilities purchasing drugs at Nominal Price (outside of 340B or FSS) shall be reimbursed at their actual acquisition cost, plus the professional dispensing fee of \$10.75.
 6. Clotting Factors - Pharmacies and other entities dispensing Antihemophilic Factor products (Factor VII, VIII, IX and X products) will be reimbursed at the AAC plus 8 percent as reflected on the invoice submitted with the claim to the Department plus a professional dispensing fee of \$10.75. Clotting factor drugs purchased by Centers of Excellence and Hemophilia Treatment Centers under the 340B program will also be reimbursed at the AAC plus 8 percent as reflected on the invoice submitted with the claim to the Department plus a professional dispensing fee of \$10.75.
- b. Payment for the following drugs is not based on AAC.
1. Specialty Drugs - Specialty drugs, if not on the NADAC file, are reimbursed at WAC plus zero (0) percent plus a professional dispensing fee of \$10.75.
 2. Physician-Administered Drugs - Reimbursement rates for drugs administered by physicians and other prescribers and at clinics are set forth on the physician and clinic fee schedules, effective for services provided on or after that date, except that procedure codes may be deleted or added and priced in order to remain compliant

**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
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with HIPAA. The physician and clinic fee schedules can be accessed and downloaded by going to the Connecticut Medical Assistance Program website: www.ctdssmap.com. From this web page go to “Provider Services” then to “Fee Schedule Download”. All governmental and private providers are reimbursed according to the same fee schedule.

The majority of physician-administered drugs are based on the Medicare April 2013 Average Sales Price drug pricing file.

3. Investigational Drugs - Investigational drugs are not covered.
4. Outpatient Hospital Drugs – The majority of codes for drugs provided in outpatient hospital settings are reimbursed through the ambulatory payment classification system (APC).
5. Drugs Dispensed by IHS Tribal Facilities –The IHS Tribal Facility does not dispense covered outpatient drugs.
6. Drugs Dispensed by Institutional or Long-Term Care Pharmacies – These drugs are reimbursed at the lesser of methodology for retail community pharmacies described in (12)(a), plus a professional dispensing fee of \$10.75.
7. Over-the-Counter Drugs - Non-legend drugs are reimbursed at average wholesale price (AWP). No professional dispensing fee will be paid for over-the-counter drugs.