

Table of Contents

State Name: Delaware

State Plan Amendment (SPA) #14-008

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS-179
- 3) Approved SPA Pages



Disabled & Elderly Health Programs Group

JAN - 5 2015

Mr. Stephen M. Groff
Director
Delaware Health and Social Services
Division of Medicaid and Medical Assistance
P.O. Box 906
New Castle, Delaware 19720-0906

Dear Mr. Groff:

We have reviewed Delaware State Plan Amendment (SPA) 14-0008, Prescribed Drugs, received in the Philadelphia Regional Office on May 6, 2014. This amendment proposes to implement a new drug pricing methodology to reimburse pharmacies using National Average Drug Acquisition Cost (NADAC) files for pharmacies that dispense pharmaceutical products to Medicaid recipients.

Based on the information provided, we are pleased to inform you that consistent with the regulations at 42 CFR 430.20, SPA 14-0008 is approved with an effective date of April 1, 2014. A copy of the signed CMS-179 form, as revised, as well as the pages approved for incorporation into the Delaware state plan will be forwarded by the Philadelphia Regional Office.

If you have any questions regarding this SPA, please contact Lisa Ferrandi at (410) 786-5445.

Sincerely,

A black rectangular box redacting the signature of John M. Coster.

/s/ John M. Coster, Ph.D., R.Ph.
Director
Division of Pharmacy

cc: Francis T. McCullough, ARA, Philadelphia Regional Office
Michael Cleary, Philadelphia Regional Office

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
150 S. Independence Mall West
Suite 216, The Public Ledger Building
Philadelphia, Pennsylvania 19106-3499



Region III/Division of Medicaid and Children's Health Operations

SWIFT #062020144023

FEB 03 2015

Mr. Stephen M. Groff, Director
Division of Medicaid and Medical Assistance
P.O. Box 906
New Castle, DE 19720-0906

Dear Mr. Groff:

We are pleased to inform you of the approval of Delaware State Plan Amendment (SPA) 14-0008. This amendment proposes to implement the National Average Drug Acquisition Cost (NADAC) pricing methodology to reimburse pharmacies that dispense pharmaceutical products to Medicaid recipients.

Enclosed is a copy of the approved SPA pages and the signed CMS-179 form. The effective date of this amendment is April 1, 2014.

If you have any questions, you may contact Michael Cleary at (215) 861-4282.

Sincerely,


Francis McCullough
Associate Regional Administrator

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:
SPA #14-0008

2. STATE
DELAWARE

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

4. PROPOSED EFFECTIVE DATE
April 1, 2014

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. TYPE OF 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:

**1927 of the Social Security Act
42 CFR §440.120
42 CFR §447.201
42 CFR §447.205**

7. FEDERAL BUDGET IMPACT:

a. FFY **2014** (\$ **747,000.00**)
b. FFY **2015** (\$ **1,660,000.00**)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-B Page 14

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (*If Applicable*):

Attachment 4.19-B Page 14

10. SUBJECT OF AMENDMENT: **Pharmacy Services Reimbursement Methodology – National Average Drug Acquisition Cost (NADAC)**

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

XXX OTHER, AS SPECIFIED:
**Governor's comments under separate
correspondence**

12. SIGNATURE OF STATE AGENCY OFFICIAL:

//Stephen M. Groff – signature//

13. TYPED NAME:

**Stephen M. Groff, Director, Division of Medicaid and Medical
Assistance**

14. TITLE: **Designee for Rita M. Landgraf, Secretary, Delaware
Health and Social Services**

15. DATE SUBMITTED:

May 6, 2014

16. RETURN TO:

**Stephen M. Groff
Director
Division of Medicaid and Medical Assistance
P.O. Box 906
New Castle, Delaware 19720-0906**

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

5/6/2014

18. DATE APPROVED:

1/8/2015 JAN 05 2015

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

4/1/2014

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

FRANCIS M. CHLUGH

22. ADDRESS:

Associate Regional Administrator

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE/TERRITORY: Delaware

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

REIMBURSEMENT FOR PHARMACEUTICALS

Overview

The Delaware Medical Assistance Program (DMAP) will reimburse pharmaceuticals using the lower of:

- The usual and customary (U & C) charge to the general public for the product,
- National Average Drug Acquisition Cost (NADAC) or if a NADAC is not available the Average Wholesale Price (AWP) minus 19%,
- A State-specific maximum allowable cost (DMAC) when the purchase price is not appropriately represented by either the NADAC or the Average Wholesale Price (AWP) minus 19%,
- The Federal Upper Limit (FUL) will not be used since the NADAC reflects the actual acquisition cost.

Entities that qualify for special purchasing under Section 602 of the Veterans Health Care Act of 1992, Section 340-B of the Public Health Service Act covered entities, selected disproportionate share hospitals and entities exempt from the Robinson-Patman Price Discrimination Act of 1936 must charge the DMAP no more than their actual acquisition cost (AAC) plus a professional dispensing fee. The AAC must be supported by invoice and payment documentation.

Professional Dispensing Fee

The professional dispensing fee rate is ten dollars (\$10.00). There is one-time professional fee per thirty (30)-day period unless the class of drugs is routinely prescribed for a limited number of days.

Definitions

Delaware Maximum Allowable Cost (DMAC) - a maximum price set for reimbursement:

- when a single source product has Average Selling Prices provided by the manufacturer that indicates the AWP is exaggerated, or
- when the NADAC does not reflect the most current cost of a multiple source drug, or
- if a single provider agrees to a special price.

Any willing provider can dispense the product.

TN No. SPA #14-0008

Supersedes

TN No. SPA #09-002

Approval Date JAN 05 2015

Effective Date April 1, 2014