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**State/Territory Name: Georgia**

**State Plan Amendment (SPA) #: 17-0001**

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**

October 17, 2017

Blake Fulenwider,  
Deputy Commissioner, Medicaid Chief  
Georgia Department of Community Health  
2 Peachtree Street, NW, Suite 36-450  
Atlanta, GA 30303

Re: Georgia State Plan Amendment 17-0001

Dear Mr. Fulenwider:

This is to affirm approval of the above referenced State Plan Amendment which was submitted to the Regional Office on February 20, 2017. The State's requested effective date of April 1, 2017 has been accepted.

Enclosed for your records are:

1. a copy of the approval letter dated October 13, 2017 that was submitted to the State by Meagan T. Khau, Deputy Director, Division of Pharmacy;
2. The original signed 179; and
3. The approved plan pages.

If you have any additional questions regarding this amendment, please contact Etta Hawkins, State Coordinator for Georgia, at 404-562-7429.

Sincerely,

//s//

Shantrina Roberts  
Acting 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**

October 13, 2017

Mr. Blake Fulenwider  
Department of Community Health  
Division of Medicaid  
2 Peachtree Street, NW 36<sup>th</sup> Floor  
Atlanta, Georgia 30303

Dear Mr. Fulenwider:

We have reviewed Georgia's State Plan Amendment (SPA) 17-0001, Prescribed Drugs, received in the Atlanta Regional Office on February 20, 2017. This SPA proposes to bring Georgia into compliance with the reimbursement requirements in the Covered Outpatient Drug final rule with comment period (CMS-2345-FC).

SPA 17-0001 establishes reimbursement for covered outpatient drugs using an actual acquisition cost methodology and implements a professional dispensing fee of \$10.63 for pharmacies. This SPA also includes reimbursement methods for 340B drugs, physician-administered drugs, clotting factor, federal supply schedule, and drugs purchased at nominal price. The state provided data and studies to demonstrate that the acquisition cost methodology and pharmacy dispensing fees being paid are sufficient to assure that Georgia's beneficiaries will have access to pharmacy services at least to the extent as the general population.

Based on the information provided and consistent with the regulations at 42 CFR 430.20, we are pleased to inform you that SPA 17-0001 is approved with an effective date of April 1, 2017. A copy of the signed CMS-179 form, as well as the pages approved for incorporation into Georgia's state plan will be forwarded by the Atlanta Regional Office.

If you have any questions regarding this amendment, please contact Mickey Morgan at (410) 786-4048 or [Mickey.morgan@cms.hhs.gov](mailto:Mickey.morgan@cms.hhs.gov).

Sincerely,

/s/

Meagan T. Khau  
Deputy Director  
Division of Pharmacy

cc Peter D'Alba, Director of Pharmacy, Medicaid Georgia  
Shantrina Robert, Acting ARA, CMS, Atlanta Regional Office  
Etta Hawkins, CMS, Atlanta Regional Office



**DIVISION POLICY AND METHODS FOR ESTABLISHING PAYMENT RATES FOR OTHER TYPES OF CARE OR SERVICES**

Covered Outpatient drugs will be reimbursed based on the established product cost plus a professional dispensing fee. The amount billed should be no more than the usual and customary charge (U&C) to the private pay patient. The following Methodology is used to establish Medicaid Payments:

**1. Reimbursement for legend and non-legend drugs shall not exceed the lowest of:**

- (a) The Georgia Maximum Allowable Cost (GMAC) plus a professional dispensing fee
- (b) The Georgia Estimated Actual Acquisition Cost (GEAC) plus a professional dispensing fee
- (c) The Federal Upper Limit (FUL) plus a professional dispensing fee
- (d) The usual and customary charge or the submitted ingredient cost
- (e) The Select Specialty Pharmacy Rate (SSPR) plus a professional dispensing fee

**DEFINITIONS:**

Georgia Maximum Allowable Cost (GMAC) is the National Average Drug Acquisition Cost (NADAC) data published by the Center for Medicare and Medicaid Services (CMS). If CMS does not publish a NADAC for a covered outpatient drug the Georgia Maximum Allowable Cost (GMAC) reimbursement may be established by the State for selected drugs

Georgia Estimated Actual Acquisition Cost (GEAC) is the Wholesale Acquisition Cost (WAC) as established by the State.

Usual and Customary: The Division defines usual and customary as the lower of the lowest price reimbursed to the pharmacy by other third party payers (including HMO's); or, the lowest price routinely offered to any segment of the general public.

Select Specialty Pharmacy Rate (SSPR) is the Actual Acquisition Cost (AAC) for select specialty pharmaceuticals based on the product dispensed and the State's ability to ensure access to the medication at that reimbursement level.

1.340B Actual Acquisition Drug Pricing is the submitted ingredient cost 340B purchase price but no more than the 340B ceiling price plus a professional dispensing fee. 340B covered entity pharmacies that carve Medicaid into the 340B drug pricing program will be reimbursed no more than the 340B ceiling price plus a professional dispensing fee. 340B covered entities purchasing drugs outside the program will be reimbursed according to the lesser of logic defined in section I. above

2.. Drugs acquired through the federal 340B drug pricing program and dispensed by 340B contract pharmacies are not covered.

3. Professional Dispensing Fee: The reasonable professional dispensing fee is defined as a fee that is incurred at the point of sale or service and pays for costs in excess of the ingredient cost of a covered outpatient drug each time a covered outpatient drug is dispensed. The Medicaid dispensing fee shall be \$10.63 for pharmacies.

4. Clotting Factors will be reimbursed at the lesser of providers U&C, or the Select Specialty Pharmacy Rate plus the PDF, or the WAC plus the PDF.
5. For federal supply schedule (FSS) purchased drugs, their provider agreements will require them to bill at no more than their actual acquisition cost plus the professional dispensing fee. FSS purchased drugs will be reimbursed at no more than the actual acquisition cost plus the professional dispensing fee
6. Drugs acquired at nominal price (outside of 340B or FSS) will be reimbursed at no more than the actual acquisition cost plus the professional dispensing fee.
7. Investigational drugs are not a covered service under Georgia's Medicaid pharmacy program.
8. Pharmacies providing services to Long Term Care beneficiaries will be reimbursed for ingredient cost using the lesser of methodology plus the established professional dispensing fee.

**Provider Administered Drug Reimbursement Methodology:**

The maximum allowable reimbursement for provider administered drugs in an office or outpatient setting, will be reimbursed according to the Average Sales Price (ASP) plus 3%.

Covered provider administered drugs for which CMS does not publish an ASP price will be reimbursed in accordance with the Georgia Estimated Actual Acquisition Cost (GEAC).