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State/Territory Name: Iowa

State Plan Amendment (SPA) #: 16-0014

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) Summary Form (with 179-like data)
- 3) Approved SPA Pages

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

March 10, 2017

Ms. Mikki Stier
Medicaid Director
Iowa Department of Human Services
100 Army Post Road
Des Moines, Iowa 50315

Dear Ms. Stier:

We have reviewed Iowa State Plan Amendment (SPA) 16-0014 received in the Centers for Medicare and Medicaid Services (CMS) Kansas City Regional Office on September 27, 2016. This amendment proposes to implement a dispensing fee decrease from \$11.73 to \$10.02 per prescription, based on a recent cost of dispensing survey of Iowa Medicaid enrolled pharmacy providers.

Based on the information provided, we are pleased to inform you that consistent with the regulations at 42 CFR 430.20, SPA 16-0014 is approved with an effective date of August 1, 2016. A copy of the signed CMS-179 form, as revised, as well as the pages approved for incorporation into the Iowa state plan will be forwarded by the Kansas City Regional Office.

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

Sincerely,

/s/

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

cc: James G. Scott, ARA, Kansas City Regional Office
Karen Hatcher, Kansas City Regional Office
Charles M. Palmer, Director, Iowa Department of Human Services

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

1 6 — 0 1 4

2. STATE

IOWA

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

August 1, 2016

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

42 CFR 447.502

7. FEDERAL BUDGET IMPACT

a. FFY 2016 * \$ ~~(1,130,571.00)~~ (\$44,902.00)

b. FFY 2017 * \$ ~~(6,759,141.00)~~ (\$268,285.00)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-B, Page 10

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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

Attachment 4.19-B, Page 10

10. SUBJECT OF AMENDMENT

This SPA implements a dispensing fee decrease from \$11.73 to \$10.02 per prescription, based on a recent cost of dispensing survey of Iowa Medicaid enrolled pharmacy providers.

11. GOVERNOR'S REVIEW (Check One)

☒ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ OTHER, AS SPECIFIED

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL

13. TYPED NAME

CHARLES M. PALMER

14. TITLE

DIRECTOR

15. DATE SUBMITTED

9-26-16

16. RETURN TO

CHARLES M. PALMER
DIRECTOR
DEPARTMENT OF HUMAN SERVICES
1305 EAST WALNUT 5TH FLOOR
DES MOINES IA 50319-0114

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED

September 26, 2016

18. DATE APPROVED

March 10, 2017

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL

August 1, 2016

20. SIGNATURE OF REGIONAL OFFICIAL

//s//

21. TYPED NAME

Leticia Barraza

22. TITLE Acting Associate Regional Administrator

for Medicaid and Children's Health Operations

23. REMARKS

* Pen and Ink Changes per RAI response dated 1.3.17.

State/Territory: IOWA

11c. SERVICES FOR INDIVIDUALS WITH SPEECH, HEARING AND LANGUAGE DISORDERS

Fee Schedule. The fee schedule is based on the definitions of medical and surgical procedures given in the most recent addition of Physician's Current Procedural Terminology (CPT).

12a. PRESCRIBED DRUGS

The amount of payment shall be based on several factors, subject to the upper limits in 42 CFR 447.500-520 as amended.

- a. Reimbursement for covered prescription and nonprescription drugs shall be the lowest of the following as of the date of dispensing:
 - (1) "Estimated acquisition cost (EAC)," defined as the average Actual Acquisition Cost (AAC), as determined from surveys of Iowa Medicaid enrolled pharmacies, plus the professional dispensing fee. If no AAC is available, the EAC will be defined as the Wholesale Acquisition Cost (WAC), as published by Medi-Span.
 - (2) "Federal upper limit (FUL)," defined as the upper limit for multiple source drugs established in accordance with the methodology of the Centers for Medicare and Medicaid Service as described in 42 CFR 447.514, plus the professional dispensing fee.
 - (3) Submitted charge, representing the provider's usual and customary charge for the drug.
- b. Professional Dispensing Fee: The professional dispensing fee is based on the cost of dispensing survey which must be completed by all medical assistance program participating pharmacies every two years beginning in 2014. For services rendered on or after August 1, 2016, the professional dispensing fee is \$10.02.
- c. Subject to prior authorization requirements, if a physician certifies in the physician's handwriting that, in the physician's medical judgment, a specific brand is medically necessary for a particular recipient, the FUL does not apply and the payment equals the lesser of EAC or submitted charges. If a physician does not so certify, the payment for the product will be the lower of FUL, EAC, or submitted charges.

State Plan TN #	<u>IA-16-014</u>	Effective	<u>8-1-2016</u>
Superseded TN #	<u>IA-14-011</u>	Approved	<u>March 10, 2017</u>