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State/Territory Name: Illinois

State Plan Amendment (SPA) #: 18-0008

This file contains the following documents in the order listed:

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

Department of Health & Human Services
Centers for Medicare & Medicaid Services
233 North Michigan Avenue, Suite 600
Chicago, Illinois 60601-5519



July 30, 2018

Patricia R. Bellock, Director
Illinois Department of Healthcare and Family Services
Prescott E. Bloom Building
201 South Grand Avenue East
Springfield, Illinois 62763-0001

Attn: Teresa Hursey

Dear Ms. Bellock:

The Centers for Medicare & Medicaid Services (CMS), has completed its review of Illinois State Plan Amendment (SPA) Transmittal Number (TN) 18-0008.

Enclosed for your records is an approved copy of the following State Plan Amendment.

- | | |
|-------------|--|
| TN #18-0008 | <ul style="list-style-type: none">– This SPA revises the supplemental drug rebate contract to allow the department to collect rebate of managed care organization utilization.– Effective Date: July 1, 2018– Approval Date: July 30, 2018 |
|-------------|--|

If you have any questions regarding this SPA, please have a member of your staff contact Courtenay Savage at 312-353-3721 or via email at Courtenay.Savage@cms.hhs.gov.

Sincerely,

/s/

Ruth A. Hughes
Associate Regional Administrator
Division of Medicaid and Children's Health Operations

Enclosure


cc: Teresa Hursey, HFS
Sara Barger, HFS
Mary Doran, HFS

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTER FOR MEDICARE AND MEDICAID SERVICES	1. TRANSMITTAL NUMBER 18-0008	2. STATE: ILLINOIS
	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: July 1, 2018	

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: Section 1902 of the Social Security Act	7. FEDERAL BUDGET IMPACT a. FFY 2018 - \$0 b. FFY 2019 - \$0
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Appendix to Attachment 3.1-A, Page 10	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (# Applicable): Appendix to Attachment 3.1-A, Page 10
10. SUBJECT OF AMENDMENT: Revises the supplemental drug rebate contract to allow the department to collect rebate on MCO utilization	
11. GOVERNOR'S REVIEW (Check One) <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Not submitted for review by prior approval.	
12. SIGNATURE OF AGENCY OFFICIAL: 	16. RETURN TO: Department of Healthcare and Family Services Bureau of Program and Reimbursement Analysis Attn: Mary Doran 201 South Grand Avenue East Springfield, IL 62763-0001
13. TYPED NAME: Teresa T. Hursey	
14. TITLE: Interim Director of Healthcare and Family Services	
15. DATE SUBMITTED 6/22/18	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: June 22, 2018	18. DATE APPROVED: July 30, 2018
PLAN APPROVED—ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: July 1, 2018	20. SIGNATURE OF REGIONAL OFFICIAL: /s/
21. TYPED NAME Ruth A. Hughes	22. TITLE: Associate Regional Administrator
23. REMARKS:	

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: Illinois

AMOUNT, DURATION, AND SCOPE OF SERVICES

12a. PRESCRIBED DRUGS

- 10/08 Illinois shall provide coverage for covered outpatient drugs when prescribed by a licensed provider within the scope of their license and practice as allowed by State law within the meaning of Section 1927(k) of Title XIX of the *Social Security Act* of any manufacturer which has entered into and complies with a rebate agreement with the federal Centers for Medicare & Medicaid Services (CMS). The Department may require prior authorization for the reimbursement of any covered outpatient drugs. Drug prior authorization is administered under the provisions of Section 1927 (d)(5) of the *Social Security Act*. For certain classes of drug therapy, the Department will maintain a Preferred Drug List (PDL), and the process for deciding which drugs, of those determined to be of similar therapeutic efficacy, will require prior authorization (are not preferred drugs) will include a comparison of net drug cost. Net drug cost is determined considering published drug wholesale prices and federal and State Supplemental or other rebate amounts. For drugs requiring prior authorization, an automated voice response system is used to meet the requirements for providing a response within 24 hours. Up to a 72-hour supply of medication requiring prior authorization may be dispensed in an emergency. Providers may request prior approval for other items subject to the medical necessity of the client and the issuance of a valid prescription or medication order by the prescriber.
- The State is in compliance with Section 1927 of the *Social Security Act*. Based on the requirements for Section 1927 of the Act, the State has the following policies for supplemental rebates:
- 10/08
- Supplemental rebate agreements between the state and drug manufacturers that are separate from the drug rebate agreements of Section 1927 are authorized by the Centers for Medicare & Medicaid Services.
- 10/08
- The State may negotiate supplemental rebates in addition to the federal rebates provided for in title XIX. Supplemental rebate agreements between the State and a pharmaceutical manufacturer are separate from the federal rebates. The separate agreement must provide for rebates that are at least as large as the rebates set forth in the national rebate agreement. That is, the agreement cannot reduce current rebates.
- 07/18
- Effective July 1, 2018, the Medicaid Managed Care Plans contracted with the Illinois Department of Healthcare and Family Services (HFS) will follow the single PDL established by HFS.
- 07/18
- Effective July 1, 2018, supplemental rebates received pursuant to these agreements are collected from manufacturers based on drug utilization for both fee-for-service and managed care plan beneficiaries.
 - The State reports rebates from separate agreements to the Secretary for Health and Human Services. The state will remit the federal portion of any supplemental rebates collected on the same percentage basis as applied under the national rebate agreement.
- 10/08
- CMS has authorized the State of Illinois to enter into supplemental rebate agreements with drug manufacturers for drugs provided to Medicaid beneficiaries. The updated "State of Illinois Supplemental Rebate Agreement" (SRA) template was submitted to CMS on September 16, 2009 June 22, 2018, and has been authorized by CMS. The updated SRA is effective July 1, 2018.