

Table of Contents

State/Territory Name: IL

State Plan Amendment (SPA) #: 18-0016

This file contains the following documents in the order listed:

- 1) Approval Letter (CMS Region V)
- 2) Approval Letter (CMS Pharmacy Division)
- 3) CMS 179 Form
- 4) Approved SPA Page

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



November 29 2018

Patricia 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:

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

Transmittal #18-0016 – Discontinues Implementation of Illinois’ Supplemental Drug
Rebate SPA (IL-18-0008)
– Effective Date: July 1, 2018
– Approval Date: November 26, 2018

If you have any questions, 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: Sara Barger, HFS
Kimberley Cox, HFS
Mary Doran, HFS



Center for Medicaid and CHIP Services

Disabled and Elderly Health Programs Group

November 26, 2018

Ms. Teresa T. Hursey
Medicaid Director
Illinois Healthcare and Family Services
201 South Grand Avenue East
Springfield, IL 62763-0001

Dear Ms. Hursey:

We have reviewed Illinois's State Plan Amendment (SPA) 18-0016, which proposes to change its single preferred drug list (PDL), received in the Chicago Regional Office on September 28, 2018. This amendment proposes to stop implementation of IL SPA TN 18-0008. The Illinois Healthcare and Family Services (IHFS) will not implement a single preferred drug list. IHFS will remove references to single PDL from the Supplemental Rebate Agreement and Attachment 3.1-A, Page 10.

Based on the information provided, we are pleased to inform you that, consistent with the regulations at 42 CFR 430.20, SPA18-0016 is approved with an effective date of July 1, 2018. A copy of the signed CMS-179 form, as well as the pages approved for incorporation into the Illinois state plan will be forwarded by the Chicago Regional Office.

If you have any questions regarding this amendment, please contact Yolonda Williams at (410) 786-6618 or yolonda.williams@cms.hhs.gov.

Sincerely,

/s/

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

cc: Ruth Hughes, ARA, CMS, Chicago Regional Office
Courtenay Savage, CMS, Chicago Regional Office
Mary Doran, Department of Healthcare and Family Services

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTER FOR MEDICARE AND MEDICAID SERVICES	1. TRANSMITTAL NUMBER 18-0016	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 (<i>If Applicable</i>): Appendix to Attachment 3.1-A, Page 10

10. SUBJECT OF AMENDMENT:

Supplemental Drug Rebate

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: Not submitted for review by prior approval.

12. SIGNATURE OF AGENCY OFFICIAL:

[REDACTED]

13. TYPED NAME: **Teresa T. Hursey**

14. TITLE: **Medicaid Director of Healthcare and Family Services**

15. DATE SUBMITTED: **9/28/18** ces

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**

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: **9/28/18**

18. DATE APPROVED: **11/26/18**

PLAN APPROVED—ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

7/1/18

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.~~
- ~~• Effective July 1, 2018, sSupplemental 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.~~