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**State/Territory Name: IL**

**State Plan Amendment (SPA) #: 19-0009**

This file contains the following documents in the order listed:

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



## **Regional Operations Group**

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September 20, 2019

Theresa Eagleson, Director  
Illinois Department of Healthcare and Family Services  
201 South Grand Avenue East, 3rd Floor  
Springfield, IL 62763-0001

Attn: Douglas Elwell

Dear Ms. Eagleson:

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

Transmittal #19-0009

-Revises the Supplemental Drug Rebate Contract  
-Effective Date: January 1, 2020  
-Approval Date: September 20, 2019

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](mailto:Courtenay.Savage@cms.hhs.gov).

Sincerely,

/s/

Todd McMillion  
Acting Deputy Director  
Center for Medicaid & CHIP Services  
Regional Operations Group

Enclosure

cc: Sara Barger, HFS  
Mary Doran, HFS

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b> <b>FOR: CENTER FOR MEDICARE AND MEDICAID SERVICES</b>	1. TRANSMITTAL NUMBER <b>19-0009</b>	2. STATE: <b>ILLINOIS</b>
	3. PROGRAM IDENTIFICATION: <b>Title XIX of the Social Security Act (Medicaid)</b>	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE AND MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE: <b>January 1, 2020</b>

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: <b>Section 1902 of the Social Security Act</b>	7. FEDERAL BUDGET IMPACT a. FFY 2018 - \$0 b. FFY 2019 - \$0
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: <b>Appendix to Attachment 3.1-A, Page 10</b>	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT ( <i>If Applicable</i> ): <b>Appendix to Attachment 3.1-A, Page 10</b>

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*)  
☐ 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: 	16. RETURN TO: <b>Department of Healthcare and Family Services Bureau of Program and Reimbursement Analysis Attn: Mary Doran 201 South Grand Avenue East Springfield, IL 62763-0001</b>
13. TYPED NAME: <b>Theresa Eagleson</b>	
14. TITLE: <b>Director of Healthcare and Family Services</b>	
15. DATE SUBMITTED <b>8/15/19</b>	

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED: <b>8/15/2019</b>	18. DATE APPROVED: <b>9/20/2019</b>
PLAN APPROVED—ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: <b>1/1/2020</b>	20. SIGNATURE OF REGIONAL OFFICIAL: <b>/s/</b>
21. TYPED NAME <b>Todd McMillion</b>	22. TITLE: <b>Acting Deputy Director</b>
23. REMARKS:	

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: Illinois

AMOUNT, DURATION, AND SCOPE OF SERVICES

12a. PRESCRIBED DRUGS

~~40/08~~01/20 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.
- 01/20 • Effective January 1, 2020, the Medicaid Managed Care Plans contracted with the Illinois Department of Healthcare and Family Services (HFS) will follow the single PDL established by HFS.
- 01/20 • Effective January 1, 2020, supplemental rebates received pursuant to these agreements are collected from manufacturers based on drug utilization for fee-for-service beneficiaries and managed care enrolled 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.
- ~~40/08~~01/20 • 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~~ August 15, 2019, and has been authorized by CMS. The updated SRA is effective January 1, 2020.