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State/Territory Name: Massachusetts

State Plan Amendment (SPA) #: 16-014

This file contains the following documents in the order listed:

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

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
JFK Federal Building, Government Center
Room 2275
Boston, Massachusetts 02203



Division of Medicaid and Children's Health Operations / Boston Regional Office

November 27, 2017

Marylou Sudders, Secretary
Executive Office of Health and Human Services
One Ashburton Place, Room 1109
Boston, Massachusetts 02108

Dear Secretary Sudders:

On November 17, 2017 our Central Office sent you a letter approving your proposed State Plan Amendment (SPA) No. 16-014. This letter conveys the Transmittal and Notice of Approval of State Plan Material (CMS-179) and the approved State plan page. SPA No. 16-014 amends the State's approved Title XIX State plan to reimburse for the dispensing of certain brand name drugs over their generic equivalent drugs when more economical.

Please note that the initial approval letter sent on November 17, 2017 contained a typographical error in the approved effective date of this SPA, incorrectly listing an effective date of August 16, 2016. Please discard that letter. A new approval letter has been issued from our Central Office correcting the effective date to August 12, 2016. This letter confirms that this SPA was approved effective August 12, 2016.

Changes are reflected in the following section of your approved State Plan:

- Attachment 4.19-B, page 1e.

If you have any questions regarding this matter you may contact Julie McCarthy at (617) 565-1244 or by e-mail at Julie.McCarthy@cms.hhs.gov.

Sincerely,

/s/

Richard R. McGreal
Associate Regional Administrator

Enclosure/s

cc: Daniel Tsai, Assistant Secretary for MassHealth, Medicaid Director
Kaela Konefal, Federal Authority Policy Analyst/State Plan Coordinator

**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

Massachusetts

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 12, 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 Part 447

7. FEDERAL BUDGET IMPACT

a. FFY 2017 \$ (3.6M)

b. FFY 2018 \$ (3.7M)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-B page 1e

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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

Attachment 4.19-B page 1e

10. SUBJECT OF AMENDMENT

Prescribed drugs

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 required under
42 CFR 430.12(b)(2)(i)

12. SIGNATURE OF STATE AGENCY OFFICIAL

/s/

13. TYPED NAME

Marylou Sudders

14. TITLE

Secretary

15. DATE SUBMITTED

September 29, 2016

16. RETURN TO

Daniel Cohen

Interim State Plan Coordinator

Executive Office of Health and Human Services

Office of Medicaid

One Ashburton Place, 11th floor

Boston, MA 02108

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED 09/29/2016

18. DATE APPROVED 11/17/2017

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL 08/12/2016

20. SIGNATURE OF REGIONAL OFFICIAL

/s/

21. TYPED NAME Richard R. McGreal

22. TITLE Associate Regional Administrator, Division of Medicaid &
Children's Health Operations, Boston, MA

23. REMARKS

State Plan under Title XIX of the Social Security Act

State: Massachusetts

Methods and Standards for Establishing Payment Rates – Other Types of Care

I. Prescribed drugs, dentures, prosthetic devices, and eyeglasses.

1. **Prescribed drugs:** The fee-for-service rates are effective for services provided on or after August 12, 2016. All rates are published on <http://www.mass.gov/eohhs/docs/eohhs/eohhs-regs/101-cmr-331.pdf>, except for the rates for blood clotting factor obtained through the 340B program as described below. Except as otherwise noted in the plan, state developed rates are the same for both governmental and private providers.
 - With the exception of drugs obtained through entities participating in the program described at section 340B of Public Health Law 102-585, the Veteran's Health Act of 1992 ("340B"), payment shall not exceed the lower of the provider's usual and customary charge or
 - For multiple source drugs not designated as Brand Name Preferred—the Federal Upper Limit (FUL), if any, plus the appropriate dispensing fee; or the Massachusetts Maximum Allowable Cost (MMAC), if any, plus the appropriate dispensing fee; or the Estimated Acquisition Cost (defined as wholesale acquisition cost (WAC) plus 5%), plus the appropriate dispensing fee;
 - For blood clotting factor not obtained through the 340B program--the FUL, if any, plus the appropriate dispensing fee; or the MMAC, if any, plus the appropriate dispensing fee; or the Estimated Acquisition Cost (**defined as wholesale acquisition cost (WAC) plus 5%**), plus the appropriate dispensing fee; or the Medicare Part B rate, plus the appropriate dispensing fee.
 - For all other drugs not obtained through the 340B program-- the Estimated Acquisition Cost (**defined as wholesale acquisition cost (WAC) plus 5%**), plus the appropriate dispensing fee.
 - For drugs obtained through the 340B program, (other than blood clotting factor) payment shall be the Actual Acquisition Cost, plus the appropriate dispensing fee.
 - For blood clotting factor obtained through the 340B program, payment shall be the 340B ceiling price, plus 1.3662%, plus the appropriate dispensing fee.
 - For multiple source drugs for which there is an established FUL, aggregate payments using the above methodology will not exceed, in the aggregate and prior to the application of any federal or state drug rebates, the aggregate upper limit based on those FULs.
 - Dispensing fees for prescribed drugs
 - The dispensing fee for drugs obtained through the 340B program, other than blood clotting factor, is \$10.00.
 - The dispensing fee for blood clotting factor obtained through the 340B program is 2.75 cents per unit (IU/RCo/Fu/mcg).