



DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services

Region 10  
2201 Sixth Avenue, MS/RX-43  
Seattle, Washington 98121

December 3, 2009

Bruce Goldberg, MD, Director  
Department of Human Services  
Human Services Building  
500 Summer Street Northeast, E-15  
Salem, Oregon 97301-1097

RE: Oregon State Plan Amendment 09-011

Dear Mr. Goldberg:

The Centers for Medicare & Medicaid Services (CMS) Pharmacy Team approved Oregon State Plan Amendment (SPA) 09-011.

Although the Pharmacy Team has already sent the State a copy of the approval for this SPA, the Seattle Regional office is following up with an additional copy for the reason that we were in receipt of the original, signed amendment request.

Therefore, enclosed you will find a copy of the official CMS form 179, amended page(s), and copy of the approval letter from the Pharmacy Team for your records.

If you have any questions concerning the Seattle Regional office role in the processing of this state plan amendment, please contact Daphne Hicks at (206) 615-2400 or [Daphne.Hicks@cms.hhs.gov](mailto:Daphne.Hicks@cms.hhs.gov).

Sincerely,

Barbara K. Richards  
Associate Regional Administrator  
Division of Medicaid and Children's Health  
Operations

Enclosure

cc: Judy Mohr Peterson

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:  
**09-11**

2. STATE  
**Oregon**

**FOR: HEALTH CARE FINANCING ADMINISTRATION**

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE  
SOCIAL SECURITY ACT (MEDICAID) Medical Assistance

TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE  
**January 1, 2010**

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:  
**1927(d)(4) of the ACT**

7. FEDERAL BUDGET IMPACT:  
a. FFY 2010 (\$2,764,911)  
b. FFY 2011 (\$3,451,323)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

**Attachment 3.1-A page 5-a**

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  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

**Attachment 3.1-A page 5-a**

10. SUBJECT OF AMENDMENT: This transmittal is being amended in order to require a Prior Authorization for non-preferred drug use.

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:

12. SIGNATURE OF STATE AGENCY OFFICIAL: 

13. TYPED NAME **Jim Edge** **Bruce Goldberg, MD**

14. TITLE: **Administrator, DMAP** **Director, DHS**

15. DATE SUBMITTED:

**8/14/09**

16. RETURN TO:

**Division of Medical Assistance Programs  
Department of Human Services  
500 Summer Street NE E-35  
Salem, OR 97301**

**ATTN: Jesse Anderson, Title XIX Coordinator**

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED: **AUG 14 2009**

18. DATE APPROVED: **DEC 02 2009**

**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL: **JAN 01 2010**

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME: **Barbara K. Richards**

22. TITLE:

**Associate Regional Administrator  
Division of Medicaid &  
Children's Health**

23. REMARKS:

LIMITATIONS ON SERVICES (Cont.)12.a. Prescribed Drugs

Reimbursement is available to covered outpatient drugs of any manufacturer that has entered into and complied with an agreement under Section 1927(a) of Title XIX of the Social Security Act, which are prescribed for a medically accepted indication. Drugs subject to limitations are those outlined under Section 1927(d)(4) of Title XIX of the Social Security Act.

The Department will maintain a list of drugs to be referred to as the Practitioner Managed Preferred Drug List (PDL). The PDL is a listing of prescription drugs that the Department has determined represents the most effective drug(s) at the best possible price for the selected drug classes. The PDL will include other drugs in the class that are Medicaid reimbursable and which the FDA has determined to be safe and effective if the relative cost is less than the average net cost for each drug class. When pharmaceutical manufacturers enter into supplemental rebate agreements with DHS that reduces the cost of their drug below that of the average net cost for the class, their drug will also be included in the PDL. The PDL is developed with a governor appointed committee, the Health Resource Commission (HRC), in coordination with the Drug Utilization Review Board. The HRC conducts an evidence-based evaluation of selected classes of prescription drugs covered by the Department. The HRC will make drug effectiveness recommendations to the Department.

A practitioner may prescribe any Medicaid reimbursable, FDA approved drug that is not listed on the PDL, however if the drug is not on the PDL the prescriber must obtain a Prior Authorization (PA). Mental Health drugs in therapeutic class 7 and 11, clients with a prescription written prior to 1/1/2010 and a drug in a class that has not been evaluated for the PDL are exempt from the PA requirement. In order to obtain a PA the practitioner may phone or fax a 24/7, toll-free number to reach the health plan's pharmacy benefits manager. The prescriber will speak with a pharmacy technician or with a registered pharmacist who will ask about the medical diagnosis being treated and whether he or she has tried a generic or another drug on the preferred drug list. Prior approval is granted when a medical diagnosis is covered by the Oregon Health Plan HSC list of health services and medical history or patient risk indicates the drug is needed. Approvals or denial responses are issued within 24 hours of the prior authorization request. If prior approval is denied, both the physician and patient receive a letter explaining why and outlining appeal procedures. Pharmacies are authorized to dispense a 72 hour supply of a prior authorized product in the event of an emergency. The program complies with requirements set forth in Section 1927 (d)(5) of the Social Security Act pertaining to prior authorization programs.

Regardless of the PDL, prescriptions shall be dispensed in the generic form unless practitioner requests otherwise subject to the regulations outlined in 42 CFR 447.512.

The state utilizes The Oregon State University College of Pharmacy for literature research and the state DUR (Drug Utilization Review) Board as the Prior Authorization committee. Criteria used to place drugs on Prior Authorization is based upon safety, efficacy and clinical outcomes as provided by the product labeling of the drug.



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-26-12  
Baltimore, MD 21244-1850



**Center for Medicaid & State Operations**

**DEC 02 2009**

Disabled and Elderly Health Programs Group

Jim Edge  
Administrator, DMAP  
Division of Medical Assistance Programs  
Department of Human Services  
500 Summer Street NE E-35  
Salem, Oregon 97301

Attention: Jesse Anderson, Title XIX Coordinator

Dear Mr. Edge:

We have reviewed Oregon's State Plan Amendment (SPA) 09-11 received in the Seattle Regional Office on August 14, 2009 and we are pleased to inform you that it is approved, effective January 1, 2010. Under this SPA, the State of Oregon proposes to require that, if a drug is not listed on the State's existing Practitioner Managed Preferred Drug List (PDL), the prescriber must obtain prior authorization to use the drug.

This SPA otherwise modifies the prior authorization (PA) to allow the dispensing of any drug below the average net cost in a class. Net cost will be based on estimated acquisition cost minus the Federal rebate and State supplemental rebate. It will be determined across the doses of drugs and not disclose the Average Manufacturer's Price (AMP). Please note that approval of this SPA is with the understanding that disclosure of average net costs would not permit anyone (or any manufacturer) to back out AMP data. The SPA also clarifies that certain mental health drugs or drugs that are not in a class that has been evaluated for a PDL and clients with a prescription written prior to January 1, 2010 are exempt from the PA requirement.

The Seattle Regional Office will forward to you a copy of the CMS-179 form, as well as the pages approved for incorporation into the Oregon Medicaid State Plan. If you have any questions regarding this amendment, please contact Gail Sexton at (410) 786-4583.

Sincerely,

✓ Larry Reid  
Director  
Division of Pharmacy

c: Barbara Richards, ARA, Seattle Regional Office  
Maria Garza, Seattle Regional Office