

Table of Contents

State Name: Pennsylvania

State Plan Amendment (SPA) #12-022

This file contains the following documents in the order listed:

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

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
150 S. Independence Mall West
Suite 216, The Public Ledger Building
Philadelphia, Pennsylvania 19106-3499



Region III/Division of Medicaid and Children's Health Operations

SWIFT #080920124037

OCT - 5 2012

Gary D. Alexander, Secretary
Department of Public Welfare
P.O. Box 2675
Harrisburg, PA 17105-2675

Dear Secretary Alexander:

We are pleased to inform you of the approval of Pennsylvania State Plan Amendment (SPA) 12-022, which changes payment policy for pharmacy services. For brand name and single source drugs, the estimated acquisition cost (EAC) will change from wholesale acquisition cost (WAC) plus 7% to WAC plus 3.2%. For generic drugs, the EAC will change from WAC plus 66% to WAC. This SPA was approved by the Pharm Team on September 20, 2012. You should have received a letter from Larry Reed, Director of the Division of Pharmacy.

Enclosed is a copy of the approved SPA page and the signed CMS-179 form. The effective date of this amendment is June 1, 2012.

If you have any questions, please contact Rosemary Feild at (215) 861-4278.

Sincerely,


Francis McCullough
Associate Regional Administrator

Enclosure

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 12-022	2. STATE Pennsylvania
FOR: HEALTH CARE FINANCING ADMINISTRATION		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE June 1, 2012	
5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: Section 1927 of the Social Security Act		7. FEDERAL BUDGET IMPACT: a. FFY 2012 (\$93,685) b. FFY 2013 (342,980)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Page 2 of Attachment 4.19-B		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Page 2 of Attachment 4.19-B	
10. SUBJECT OF AMENDMENT: Changes in the payment policy for pharmacy services			
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: Review and approval authority has been delegated to the Department of Public Welfare			
12. SIGNATURE OF STATE AGENCY OFFICIAL: [Signature]		16. RETURN TO: Commonwealth of Pennsylvania Department of Public Welfare Office of Medical Assistance Programs Bureau of Policy, Analysis and Planning P.O. Box 8046 Harrisburg, Pa. 17105	
13. TYPED NAME: Gary D. Alexander			
14. TITLE: Secretary of Public Welfare			
15. DATE SUBMITTED: JUN 25 2012			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: JUNE 26, 2012		18. DATE APPROVED: OCT - 5 2012	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: JUNE 1, 2012		20. SIGNATURE OF REGIONAL OFFICIAL:	
21. TYPED NAME: FRANCIS McCULLOUGH		22. TITLE: ASSOCIATE REGIONAL ADMINISTRATOR DIV OF MEDICAID & CHILDREN'S HEALTH OPERATIONS	
23. REMARKS:			

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-OTHER TYPES OF CARE

SERVICE
LIMITATIONS

2. Prescribed Drugs
(continued)

Drug Cost Determination

(a) The Department will base its drug cost for compensable legend and nonlegend drugs on the lower of:

(1) For brand name and single source drugs:

(i) The lowest WAC listed for the drug in available Nationally recognized pricing services, plus 3.2%.

(ii) If WAC data are not available from a Nationally recognized pricing service, the lowest AWP listed for the drug in available Nationally recognized pricing services, minus 14%.

(iii) If both WAC and AWP cost data are available for the drug from a Nationally recognized pricing service, the lower of the two amounts.

(2) For generic drugs:

(i) The lowest WAC as established by the Department using available nationally recognized pricing services. If WAC data is not available from the national pricing services, the lowest AWP listed for a drug in available Nationally recognized pricing services minus twenty-five percent. If both WAC and AWP cost data are available for the drug from a Nationally recognized pricing service, the lower of the two amounts.

(ii) The federal upper payment limit as established by the Centers for Medicare and Medicaid Services (CMS).

(iii) Provided that the generic product is available at the price established by the Department from at least two wholesalers:

(a) If the generic product is available from more than one manufacturer, the base price of 150% of the lowest acquisition cost for the generic product, unless 150% of the lowest acquisition cost is not at least 120% of the second lowest acquisition cost, in which case the base price will be set at 120% of the second lowest acquisition cost.

(b) If the generic product is available from only one manufacturer, the base price is 120% of the acquisition cost for the generic product.

(3) The Department will update the generic drug pricing as follows:

(i) The Department will apply the federal upper limit payment for CMS multisource drugs to be effective on the date established by CMS.

(ii) The Department will apply the recomputed WAC, AWP or SMAC for multisource drugs not classified as CMS multisource drugs every 6 months.

TN# 05-012 12-022
Supersedes
TN# 05-22-

05-012

Approval Date

OCT - 5 2012

Effective Date June 1, 2012