

## **Table of Contents**

**State/Territory Name: Pennsylvania**

**State Plan Amendment (SPA) #: PA-16-0038**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS Pharmacy Team Approval Letter
- 3) CMS Form 179/Summary Form (with 179-like data)
- 4) Approved SPA Page

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 #100520164031**

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**November 16, 2016**

Theodore Dallas  
Secretary of Human Services  
Department of Human Services  
Room 333, Health & Welfare Building  
P.O. Box 2675  
Harrisburg, Pennsylvania 17105-2675

Dear Mr. Dallas:

We are pleased to inform you of the approval of Pennsylvania State Plan Amendment (SPA) 16-0038. This amendment proposes a new supplemental rebate agreement (SRA) with manufacturers on a single-state basis that applies to the Fee-for-Service population only. The state will no longer participate in The Optimal PDL Solution (TOP\$).

Enclosed is a copy of the approved SPA pages and the signed CMS-179 form. Per your approval, we made the requested changes to block seven on the CMS-179 form. The effective date of this amendment is July 1, 2016.

If you have any questions, you may contact Mary McKeon at (215) 861-4181.

/s/

Francis McCullough  
Associate Regional Administrator

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-14-26  
Baltimore, Maryland 21244-1850



**Disabled & Elderly Health Programs Group**

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NOV 03 2016

Mr. Theodore Dallas  
Secretary of Human Services  
Commonwealth of Pennsylvania  
Department of Human Services  
Office of Medical Assistance Programs  
Bureau of Policy, Analysis and Planning  
P.O. Box 8046  
Harrisburg, PA 17105

Dear Mr. Dallas:

We have reviewed Pennsylvania State Plan Amendment (SPA) 16-0038 received in the Regional Office on September 15, 2016. The state is proposing a new supplemental rebate agreement (SRA) with manufacturers on a single-state basis that applies to the Fee-for-Service population only. The state will no longer participate in The Optimal PDL Solution (TOP\$).

Based on the information provided, we are pleased to inform you that SPA 16-0038 is approved with an effective date of July 1, 2016. The approval extends only to the authority of the state to enter into a supplemental rebate agreement under section 1927 of the Social Security Act. Per your approval, we made the requested changes to block seven on the CMS-179 form. A copy of the CMS-179 form, as well as the pages approved for incorporation into the Pennsylvania state plan, will be forwarded by the Philadelphia Regional Office. If you have any questions regarding this amendment, please contact Terry Simananda at (410) 786-8144.

Sincerely,

/s/

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

cc: Francis McCullough, ARA, Philadelphia Regional Office  
Mary McKeon, Philadelphia Regional Office

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 16-0038	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 July 1, 2016	
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 2015 \$0 FFY 2016 \$0 b. FFY 2016 \$0 FFY 2017 \$0	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Page 5b of Attachment 3.1A/3.1B		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Page 5b of Attachment 3.1A/3.1B	
10. SUBJECT OF AMENDMENT: Changes in supplemental rebates for pharmacy services			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Review and <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED      approval authority has been delegated <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL      to the Department of Public Welfare			
12. SIGNATURE OF STATE AGENCY OFFICIAL: /s/		16. RETURN TO: Commonwealth of Pennsylvania Department of Human Services Office of Medical Assistance Programs Bureau of Policy, Analysis and Planning P.O. Box 8046 Harrisburg, Pa. 17105	
13. TYPED NAME: Theodore Dallas			
14. TITLE: Secretary of Human Services			
15. DATE SUBMITTED: SEP 15 2016			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: September 15, 2016		18. DATE APPROVED: November 3, 2016	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: July 1, 2016		20. SIGNATURE OF REGIONAL ADMINISTRATOR: /s/	
21. TYPED NAME: Fran McCullough		22. TITLE: Associate Regional Administrator	
23. REMARKS: state authorized P+I change to box 7			

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SERVICES

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**12. Prescribed Drugs, Dentures, Prosthetic Devices and Eyeglasses**

**12a. Prescribed Drugs (42 CFR 440.120(a)) (continued)**

**1. Drug Rebate Agreements**

- a. The Commonwealth is in compliance with section 1927 of the Social Security Act. The state will cover drugs of federal rebate participating manufacturers. The state is in compliance with reporting requirements for utilization and restrictions to coverage. Pharmaceutical manufacturers can audit utilization data. The unit rebate amount is confidential and cannot be disclosed for purposes other than rebate invoicing and verification.
- b. The Commonwealth will be negotiating supplemental rebates in addition to the federal rebates provided for in Title XIX. Rebate agreements between the Commonwealth and a pharmaceutical manufacturer will be separate from the federal rebates.
- c. CMS authorized a rebate agreement between the Commonwealth and a drug manufacturer for drugs provided to Medicaid beneficiaries, the Pennsylvania Medicaid Supplemental Rebate Agreement.
- d. The Commonwealth will continue single state-specific supplemental rebates in addition to federal rebates provided for in Title XIX. The single state rebate agreements will be separate from the federal rebates. Supplemental rebates received by the Commonwealth in excess of those required under the federal drug rebate agreement will be shared with the federal government on the same percentage basis as applied under the federal rebate agreement.
- e. CMS has authorized the Commonwealth of Pennsylvania to enter into the Pennsylvania Medicaid Supplemental Rebate Agreement effective July 1, 2016 for the Commonwealth of Pennsylvania.
- f. Supplemental rebates received by the Commonwealth in excess of those required under the national drug rebate agreement will be shared with the Federal government on the same percentage basis as applied under the national rebate agreement.
- g. All drugs covered by the program, irrespective of a prior authorization requirement, will comply with provisions of the national drug rebate agreement.