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State/Territory Name: Pennsylvania

State Plan Amendment (SPA) #: PA-19-0014

This file contains the following documents in the order listed:

- 1) Deputy Director Approval Letter;
- 2) CMS 179 Form/Summary Form (with 179-like data);
- 3) The Approval Letter from the CMS Division of Pharmacy;
- 4) Approved SPA Pages.

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Medicaid and CHIP Services
801 Market Street, Suite 9400
Philadelphia, Pennsylvania 19107



Medicaid and CHIP Operations Group

SWIFT # 093020194043

December 3, 2019

Teresa Miller
Secretary
Pennsylvania Department of Human Services
625 Forster Street
Room 333, Health & Welfare Building
Harrisburg, Pennsylvania 17120

Dear Secretary Miller:

The Centers for Medicare & Medicaid Services (CMS) has completed its review of Pennsylvania's State Plan Amendment (SPA) Transmittal Number 19-0014, "Preferred Drug List," which makes changes to the State's supplemental rebate agreement to support the transition to a statewide preferred drug list (PDL) that applies to both the fee-for-service and managed care delivery systems. The SPA is also intended to simplify physicians' reference to one PDL and one set of prior authorization guidelines and to provide uniformity and consistency to both Medicaid beneficiaries and providers.

This SPA was approved on November 21, 2019 with an effective date of January 1, 2020. Enclosed are:

1. The CMS Summary Page (CMS-179 form);
2. The Approval Letter from the CMS Division of Pharmacy; and
3. The approved State Plan pages for PA-19-0014.

If you have any questions concerning this SPA, please contact Mary McKeon at 215-861-4181.

Sincerely,

Francis T.

Mccullough -S

Francis T. McCullough,
Deputy Director

Financial Management Group

Digitally signed by Francis T.
Mccullough -S
Date: 2019.12.03 14:48:52 -05'00'

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER 19-0014	2. STATE Pennsylvania
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 January 1, 2020
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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 Section 1927 of the Social Security Act	7. FEDERAL BUDGET IMPACT a. FFY 2019 \$0 b. FFY 2020 \$13,148,085
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attachment 3.1A/3.1B pp 5b-5bb	8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) Attachment 3.1A/3.1B pp 5b-5bb

10. SUBJECT OF AMENDMENT
Preferred Drug List

11. GOVERNOR'S REVIEW (Check One)

GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED Review and approval authority
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL has been delegated to the Department of Human Services

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 2675 Harrisburg, Pennsylvania 17105-2675
13. TYPED NAME Teresa D. Miller	
14. TITLE Secretary of Human Services	
15. DATE SUBMITTED SEP 20 2019	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED September 25, 2019	18. DATE APPROVED November 21, 2019
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PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL January 20, 2020	20. SIGNATURE OF REGIONAL OFFICIAL /s/
21. TYPED NAME Francis McCullough	22. TITLE Financial Management Group, Deputy Director

23. REMARKS

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



Center for Medicaid and CHIP Services

Disabled and Elderly Health Programs Group

November 21, 2019

Ms. Teresa D. Miller
Secretary
Commonwealth of Pennsylvania
Department of Human Services
625 Forster St Rm 333
Harrisburg, PA 17120-0701

Dear Ms. Miller:

We have reviewed Pennsylvania State Plan Amendment (SPA) 19-0014 received in the Centers for Medicare & Medicaid Services (CMS) Philadelphia Regional Operations Group on September 25, 2019. This SPA proposes implement a single Preferred Drug List for both managed care plans and fee-for-service, along with including managed care claim utilization for the state's supplemental rebate agreements.

Based on the information provided and consistent with the regulations at 42 CFR 430.20, we are pleased to inform you that SPA 19-0014 is approved with an effective date of January 1, 2020. A copy of the signed CMS-179 form, as well as the pages approved for incorporation into Pennsylvania's state plan will be forwarded by the Philadelphia Regional Operations Group.

If you have any questions regarding this request, please contact Justin Aplin at (410) 786-6901 or Justin.Aplin@cms.hhs.gov.

Sincerely,

/s/

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

cc: Francis T. McCullough, Director, Philadelphia Regional Office
Mary McKeon, Philadelphia Regional Office
Eve Lickers, Pennsylvania Office of Medical Assistance Programs

SERVICES

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 January 1, 2020 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.

SERVICES

12. Prescribed Drugs, Dentures, Prosthetic Devices and Eyeglasses

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

5. Preferred Drug List and Prior Authorization

- a. The state established a preferred drug list with prior authorization for drugs not designated as preferred pursuant to 42 U.S.C. section 1396r-8. Prior authorization will be provided with a 24-hour turn-around from receipt of request and a 72-hour supply of drugs in emergency situations.
- b. Prior authorization is also required for certain drug classes, particular drugs or medically accepted indication for uses and doses in compliance with Federal law.
- c. The state will utilize the Pharmacy and Therapeutics Committee or utilize the drug utilization review committee in accordance with Federal law.
- d. The Preferred Drug List is for all Pennsylvania State Medicaid beneficiaries receiving pharmacy benefits.

6. [RESERVED].