
Table of Contents

State/Territory Name: Rhode Island

State Plan Amendment (SPA) #:19-013

This file contains the following documents in the order listed:

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

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

December 11, 2019

Ms. Womazetta Jones
Secretary
Executive Office of Health and Human Services
State of Rhode Island
3 West Road
Cranston, Rhode Island 02920

Dear Ms. Jones:

We have reviewed Rhode Island State Plan Amendment (SPA) 19-0013 received in the Centers for Medicare and Medicaid Services (CMS) Boston Regional Operations Group on October 29, 2019. This SPA proposes to reinsert covered outpatient drug reimbursement language that was inadvertently deleted in a prior amendment.

Based on the information provided and consistent with the regulations at 42 CFR 430.20, we are pleased to inform you that SPA 19-0013 is approved with an effective date of October 1, 2019. A copy of the signed CMS-179 form, as well as the pages approved for incorporation into Rhode Island's state plan will be forwarded by the Boston Regional Operations Group.

If you have any questions regarding this request, please contact Lisa Shochet at (410) 786-5445 or Lisa.Shochet@cms.hhs.gov.

Sincerely,

/s/

Cynthia R. Denemark, R.Ph.
Deputy Director
Division of Pharmacy

cc: Francis T. McCullough, Director, Boston Regional Operations Group
Lynn DelVecchio, Boston Regional Operations Group

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

1. TRANSMITTAL NUMBER:
19-013

2. STATE
RI

FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES

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

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE AND MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
October 1, 2019

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 447.518

7. FEDERAL BUDGET IMPACT:
a. FFY 2019 \$ 0
b. FFY 2020 \$ 0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:
page 2c of Attachment 4.19-B
page 2d of Attachment 4.19-B

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):
4.19-B page 2c
NEW (page 4.19-B page 2d)

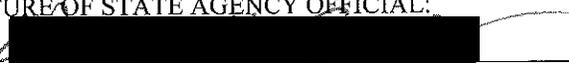
10. SUBJECT OF AMENDMENT:
Drug Reimbursement

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

XX OTHER, AS SPECIFIED:
See Attached Letter

12. SIGNATURE OF STATE AGENCY OFFICIAL:



13. TYPED NAME: Womazetta Jones

14. TITLE: Secretary

15. DATE SUBMITTED: October 29, 2019

16. RETURN TO:

EOHHS
3 West Rd, Virks Building
Cranston, RI 02920

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: October 29, 2019

18. DATE APPROVED: December 11, 2019

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: October 1, 2019

20. SIGNATURE OF REGIONAL OFFICIAL:



21. TYPED NAME: Francis T. McCullough

22. TITLE: Director, Regional Operations Group East
(Boston)

23. REMARKS:

This SPA restores drug reimbursement language that was previously approved in 17-011, but inadvertently deleted in 18-011.

STATE OF RHODE ISLAND

with a modifier. Note: Some claims may have two modifiers if the client meets the high acuity determination and the service is provided evenings, nights, weekends or holidays.

h. Dental services: on the basis of a negotiated fee schedule.

i. Prescribed drugs, dentures, prosthetic devices, and eyeglasses prescribed by a physician skilled in diseases of the eye or by the optometrist, whichever the individual may select.

(1) Outpatient and Specialty Drugs Dispensing Fee and Ingredient Cost

- a. Payment for covered outpatient and specialty drugs dispensed to beneficiaries residing in the community includes the drug's ingredient cost plus an \$8.96 professional dispensing fee. For drugs reimbursed at the providers' usual and customary charge to the public, there will be no professional dispensing fee added.
- b. Payment for outpatient and specialty drugs dispensed to beneficiaries residing in an institutional long-term care facility will include the drug ingredient cost plus a \$7.90 professional dispensing fee. For drugs reimbursed at the providers' usual and customary charge to the public, there will be no professional dispensing fee added.
- c. The drug ingredient cost reimbursement shall be the lowest of:
 - i. The National Average Drug Acquisition Cost (NADAC); or
 - ii. Wholesale Acquisition Cost (WAC) + 0%; or
 - iii. The Federal Upper Limit (FUL); or
 - iv. The State Maximum Allowed Cost (SMAC); or
 - v. First Data Bank Consolidated Price 2 (SWD) – 19%; or
 - vi. Submitted price; or
 - vii. The providers' usual and customary (U & C) charge to the public, as identified by the claim charge.

(2) Clotting factor from specialty pharmacies, hemophilia treatment centers (HTC) and Centers of Excellence.

- a. Payment for clotting factor from specialty pharmacies, hemophilia treatment centers (HTC) and Centers of Excellence will include the drug ingredient cost plus \$8.96 professional dispensing fee. For drugs reimbursed at the providers' usual and customary charge to the public, there will be no professional dispensing fee included.
- b. The drug ingredient cost reimbursement shall be the lowest of:
 - i. The National Average Drug Acquisition Cost (NADAC); or
 - ii. Wholesale Acquisition Cost (WAC) + 0%; or
 - iii. The State Maximum Allowed Cost (SMAC); or
 - iv. First Data Bank Consolidated Price 2 (SWD) – 19%; or
 - v. Submitted price; or
 - vi. The providers' usual and customary (U & C) charge to the public, as identified by the claim charge.

(3) 340B Covered Entities

340B covered entities that fill Medicaid beneficiaries' prescriptions with drugs purchased at the prices authorized under Section 340B of the Public Health Services Act will be reimbursed at the actual acquisition cost for the drug plus a \$8.96 professional dispensing fee. Drugs acquired by a covered entity under the 340B program and dispensed by the covered entity's contract pharmacy are not reimbursed.

Facilities purchasing drugs through the Federal Supply Schedule (FSS) or drug pricing program under 38 U.S.C. 1826, 42 U.S.C. 256b, or 42 U.S.C. 1396-8, other than the 340B drug pricing program will be reimbursed no more than the actual acquisition cost for the drug plus \$8.96 professional dispensing fee.

STATE OF RHODE ISLAND

- (4) Facilities purchasing drugs at Nominal Price (outside of 340B or FSS) will be reimbursed no more than the actual acquisition cost (as defined in defined in §447.502) for the drug plus a \$8.96 professional dispensing fee. Nominal Price as defined in §447.502 of the Code of Federal Regulations, Part 42 means a price that is less than 10 percent of the average manufacturer price (AMP) in the same quarter for which the AMP is computed.
- (5) Physician administered drugs (PADs) submitted under the medical benefit will be reimbursed at 106 percent of the Average Sales Price (ASP). PADs without an ASP on the CMS reference file will be reimbursed at the provider's acquisition cost. Covered entities using drugs purchased at the prices authorized under Section 340B of the Public Health Services Act for Medicaid members must bill Medicaid their actual acquisition cost (as defined in defined in §447.502).
- (6) All Indian Health Service, tribal, and urban Indian pharmacies are paid at the encounter rate (also known as the "OMB Rate" or "IHS All-Inclusive Rate").
- (7) Investigational drugs are not a covered service.
- (8) Dentures: on the basis of a negotiated fee schedule.
- (9) Surgical and prosthetic devices: all payments are made for covered

*The output for First Data Bank's Consolidated Price 2 (SWD) is based on the application of the following criteria:

1. If Suggested Wholesale Price (SWP) is available, SWP will be output.
2. If SWP is not available, WAC will be output.
3. If neither SWP nor WAC are available, Direct Price will be output.