

Department of Health & Human Services
Centers for Medicare & Medicaid Services
61 Forsyth St., Suite 4T20
Atlanta, Georgia 30303-8909



October 11, 2011

Darin Gordon, Director
Bureau of TennCare
Department of Finance and Administration
310 Great Circle Road
Nashville, TN 37243

Re: Tennessee Title XIX State Plan Amendment, Transmittal #11-005

Dear Mr. Gordon:

This is to affirm approval of the above referenced State Plan Amendment which was submitted to the Regional Office on July 13, 2011. The State's requested effective date of August 1, 2011 has been accepted.

Enclosed for your records are:

1. a copy of the approval letter dated October 11, 2011 that was submitted to the State by Larry Reed, Director, Division of Pharmacy;
2. the original signed 179; and
3. the approved plan pages.

If you have any additional questions regarding this amendment, please contact Kenni Howard, State Coordinator for Tennessee, at 404-562-7413.

Sincerely,

//s//

Jackie Glaze
Associate Regional Administrator
Division of Medicaid & Children's Health Operations

Enclosure(s)

Department of Health & Human Services
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-26-12
Baltimore, Maryland 21244-1850



Center for Medicaid, CHIP and Survey & Certification
Disabled and Elderly Health Programs Group

October 11, 2011

Darin J. Gordon
Director
Bureau of TennCare
310 Great Circle Road
Nashville, Tennessee 37243

Dear Mr. Gordon:

We have reviewed the Tennessee State Plan Amendment (SPA) 11-005 received in the Atlanta Regional Office on July 13, 2011. Under this SPA, the State proposes to eliminate the Prescriptions Benefits Manager (PBM) National Network from the State's TennCare network of pharmacy providers and only permit the State's TennCare Pharmacy Network providers to participate in the TennCare program. Consistent with this amendment, the State is removing the reimbursement methodology and dispensing fee from the State plan that were specified for the PBM National Network participating pharmacy providers who do not have signed agreements with the State's TennCare Pharmacy Network. We are pleased to inform you that the Tennessee SPA 11-005 is approved, effective August 1, 2011.



The Atlanta Regional Office will forward to you a copy of the CMS-179 form, as well as the pages approved for incorporation into the Tennessee Medicaid State Plan. If you have any questions regarding this amendment, please contact Bernadette Leeds at (410) 786-9463.

Sincerely,

/s/

Larry Reed
Director
Division of Pharmacy

cc: Jackie Glaze, ARA, Atlanta Regional Office
Kenni Howard, Atlanta Regional Office
Susie Baird, Bureau of TennCare

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 11-005	2. STATE TENNESSEE
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES		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 August 1, 2011	
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: 42 CFR, Part 447.		7. FEDERAL BUDGET IMPACT: a. FFY 2011 \$ 0 b. FFY 2012 \$ 0	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT Attachment 4.19B, Item 12.a., pages 1-4.		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable) Attachment 4.19B, Item 12.a., pages 1-3.	
10. SUBJECT OF AMENDMENT: Methods and Standards for Establishing Payment Rates - Other Types of Care - Prescribed Drugs			
11. GOVERNOR'S REVIEW (Check One):			
<input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: Tennessee Department of Finance and Administration Bureau of TennCare 310 Great Circle Road Nashville, Tennessee 37243 Attention: George Woods	
13. TYPED NAME: Darin J. Gordon			
14. TITLE: Director, Bureau of TennCare			
15. DATE SUBMITTED: 7/13/11			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED 7/13/2011		18. DATE APPROVED 10/11/2011	
19. EFFECTIVE DATE OF APPROVED MATERIAL 8/1/2011		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: Jackie Glaze		22. TITLE: Associate Regional Administrator Division of Medicaid & Children's Health Opns.	

Approved with the following changes to items 6, 8 and 9 as authorized by State Agency via email on 9/30/11.

Block 8 deletes pages. 1-4 and changed to include pages 2 Of 3 and 3 of 3
Block 6 changed to add sections 502 and 447.512
Block 9 deletes pages 1-3 and adds pages 2 of 3 and 3 of 3

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE TENNESSEE

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

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- (b) Pharmacies outside the TennCare Pharmacy Network – Claims for prescriptions from pharmacies not in the TennCare Pharmacy Network will be denied, except in the event of an emergency or with prior approval from the Bureau of TennCare or its agent.
- (2) The dispensing fee in the TennCare Pharmacy Network is established at \$2.50 for brand name medications and \$3.00 for generic medications, except for long term care pharmacy claims when the prescription is written for a minimum twenty eight (28) day supply. In such situation, the provider will receive \$5.00 for brand name medications and \$6.00 for generic medications. Generic and brand name medications will be defined by an industry-recognized resource, such as Medi-Span or FDB, with exceptions made by TennCare based on pharmacy reimbursement amounts. Dispensing fee for compounded prescriptions is established at \$25.00.
- (2)(a) For dates of service between October 8, 2009 and April 1, 2010, pharmacists are reimbursed vaccine administration fee established at \$10.25 for the novel influenza A (H1N1) vaccine.
- (3) Long term care pharmacy claims must be dispensed in a manner that enables the return to stock of unused portions of medications dispensed. Unused portions are required to be returned to stock with a credit to TennCare for the unused portion.
- (4) All pharmacy providers must bill all appropriate pharmacy claims to the designated TennCare point-of-sale (POS) pharmacy claims processor or pharmacy benefits manager (PBM) or pharmacy benefits administrator (PBA) online using the actual National Drug Code (NDC) for the actual package size of the drug dispensed to the member. In the event that a drug manufacturer disputes a rebate payment to the state because a pharmacy billed the wrong NDC number, that claim may be voided and any payments to that pharmacy will be recouped so that the claim may be re-billed appropriately.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE TENNESSEEMETHODS AND STANDARDS FOR ESTABLISHING PAYMENT
RATES –OTHER TYPES OF CARE

- (5) A maximum of thirty-one (31) days' supply will be allowed for any single fill of a prescription, except long-term care prescriptions which have a maximum of thirty-five (35) days. If a prescription is packaged in such a manner that precludes it from being lower than the allowed days supply then the prescription can be dispensed with the days' supply as defined by the package size. Prescriptions and refills are subject to, and covered by, the rules and laws set by the Tennessee Board of Pharmacy. The online, point of sale (POS) pharmacy claims processing system will deny any refills (or new prescription for the same drug) if submitted before a time period whereby eighty-five (85) percent of the original days' supply could be consumed by the enrollee.

TN No. 11-005

Supersedes

TN No. 08-007Approval Date: 10-11-11Effective Date 08-01-11