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State/Territory Name: Arkansas

State Plan Amendment (SPA) #: 22-0006

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary 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

June 28, 2022

Dawn Stehle
Deputy Director for Health and Medicaid Director
Arkansas Department of Human Services
112 West 8th Street, Slot S401
Little Rock, AR 72201-4608

Dear Dawn Stehle,

The CMS Division of Pharmacy team has reviewed Arkansas' State Plan Amendment (SPA) 22-0006 received in the CMS Medicaid & CHIP Operations Group on February 8, 2022. This SPA proposes to authorize the state to enter in Value-Based Purchasing (VBP) rebate agreements with drug manufacturers for drugs provided under the Medicaid program. This SPA also requests to allow the state to join a multi-state Preferred Drug List pool.

Based on the information provided and consistent with the regulations at 42 CFR 430.20, we are pleased to inform you that SPA 22-0006 is approved with an effective date of May 1, 2022. Our review was limited to the materials necessary to evaluate the SPA under applicable federal laws and regulations.

We are attaching a copy of the signed CMS-179 form, as well as the pages approved for incorporation into Arkansas' state plan. If you have any questions regarding this amendment, please contact Terry Simananda at (410) 786-8144 or terry.simananda@cms.hhs.gov.

Sincerely,

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

cc: Elizabeth Pitman, Director, Division of Medical Services, AR Dept of Human Services
Mac Golden, Office of Rules Promulgation, AR Dept of Human Services,
Michala Walker, Arkansas Medicaid State Lead, CMS

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES		1. TRANSMITTAL NUMBER <u>2</u> <u>2</u> — <u>0</u> <u>0</u> <u>0</u> <u>6</u>	2. STATE Arkansas
		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 May 1, 2022	
5. TYPE OF PLAN MATERIAL (<i>Check One</i>) <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 (<i>Separate transmittal for each amendment</i>)			
6. FEDERAL STATUTE/REGULATION CITATION Section 1902		7. FEDERAL BUDGET IMPACT a. FFY <u>2022</u> \$ <u>(358,100)</u> b. FFY <u>2023</u> \$ <u>(1,432,400)</u>	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT 3.1-A, page 5aa 3.1-B, page 4h		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>) 3.1-A, page 5aa - Supersedes TN:AR-18-12 3.1-B, page 4h - Supersedes TN:AR-18-12	
10. SUBJECT OF AMENDMENT The Division of Medical Services Pharmacy Section is seeking application for State Plan Amendment to allow for joining a multi-state Preferred Drug List pool and for contracting for Value Based Pricing.			
11. GOVERNOR'S REVIEW (<i>Check One</i>) <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		16. RETURN TO	
13. TYPED NAME Elizabeth Pitman		Office of Rules Promulgation PO Box 1437, Slot S295 Little Rock, AR 72203-1437	
14. TITLE Director, Division of Medical Services		Attn: Mac Golden	
15. DATE SUBMITTED February 8, 2022			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED February 8, 2022		18. DATE APPROVED June 28, 2022	
PLAN APPROVED - ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL May 1, 2022		20.	
21. TYPED NAME John M. Coster, Ph.D., R.Ph.		22. TITLE Director, Division of Pharmacy	
23. REMARKS			

AMOUNT, DURATION AND SCOPE OF
SERVICES PROVIDED

Revised: May 1, 2022

CATEGORICALLY NEEDY

12. Prescribed drugs, dentures and prosthetic devices; and eyeglasses prescribed by a physician skilled in diseases of the eye or by an optometrist (Continued)

a. Prescribed Drugs (continued)

(4) The state 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 state will be negotiating supplemental rebates in the Medicaid program in addition to the Federal rebates provided for in Title XIX. Rebate agreements between the state and pharmaceutical manufacturer(s) will be separate from the Federal rebates.

Effective May 1, 2022, CMS has authorized the state of Arkansas to enter into a multi-state supplemental rebate pool, using a Preferred Drug List (PDL) to maximize state supplemental rebates. The state will continue to select products participating in the federal rebate program that will be in its Preferred Drug List Program and will only receive state supplemental rebates for manufacturer's supplemental covered products included on the PDL.

A rebate agreement between the state and a participating drug manufacturer for drugs provided to the Medicaid program, submitted to CMS on May 24, 2016, and entitled, State of Arkansas Supplemental Rebate Agreement, has been authorized by CMS. Any additional versions of rebate agreements negotiated between the state and manufacturer(s) after May 24, 2016, will be submitted to CMS for authorization.

The state supplemental rebate agreements would apply to the drug benefit, both fee-for-service and those paid by contracted Medicaid managed care organizations (MCOs), under prescribed conditions in Attachment C of the State of Arkansas Supplemental Rebate Agreement. State supplemental rebate agreements would apply to beneficiaries, including those made eligible under the Affordable Care Act receiving fee-for-service benefits and those that are enrolled under a Medicaid managed care organization agreement.

Supplemental rebates received by the State 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.

All drugs covered by the program, irrespective of a supplemental rebate agreement, will comply with the provisions of the national drug rebate agreement.

The supplemental rebate program does not establish a drug formulary within the meaning of 1927(d)(4) of the Social Security Act.

Effective May 1, 2022, CMS has authorized the state of Arkansas to enter into value/outcomes-based contracts with manufacturers on a voluntary basis. The conditions of the value/outcomes-based contract would be agreed upon by both the state and manufacturer.

The unit rebate amount is confidential and cannot be disclosed for purposes other than rebate invoicing and verification, in accordance with Section 1927(b)(3)(D) of the Social Security Act.

(5) Pursuant to 42 U.S.C. Section 1396r-8 the state is establishing a preferred drug list with prior authorization for drugs not included on the preferred drug list. Prior authorization will be provided within a 24-hour turn-around from receipt of request and a 72-hour supply of drugs in emergency situations.

AMOUNT, DURATION AND SCOPE OF
SERVICES PROVIDED

Revised: May 1, 2022

MEDICALLY NEEDY

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