Table of Contents

State/Territory Name: Arkansas

State Plan Amendment (SPA) #: 22-0022

This file contains the following documents in the order listed:

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 20, 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) 22-0022 received in the CMS Medicaid & CHIP Operations Group on October 7, 2022. This SPA proposes to update language and the reimbursement methodology for 340B Antihemophilic Factor products and Physician Administered Drugs.

Based on the information provided and consistent with the regulations at 42 CFR 430.20, we are pleased to inform you that SPA 22-0022 is approved with an effective date of April 1, 2023. 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, revised 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,

[redacted]

Mickey Morgan
Acting Deputy 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, CMS

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB No. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: 22-0022

2. STATE: AR

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

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
~~10-1-2022~~ 4/1/2023

5. FEDERAL STATUTE/REGULATION CITATION
1905(a)(12)

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2023 $ (1,532,048)
b. FFY 2024 $ (1,532,048)

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
4.19-B pg. 4a, 4.19-B pg. 4aa

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
4.19-B, pg. 4a: TN: 16-03, Approved 3-16-2017
4.19-B, pg. 4aa: TN: 16-03, Approved 3-16-2017

9. SUBJECT OF AMENDMENT
~~340B Modifiers on Physician Administered Drugs~~ 340B and Physician Administered Drugs Reimbursement

10. 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
- [ ] OTHER, AS SPECIFIED:

11. SIGNATURE OF STATE AGENCY OFFICIAL
[redacted]

12. TYPED NAME
ElizabethPitma

13. TITLE
Director, Division of Medical Services

14. DATE SUBMITTED
10/07/2022

15. RETURN TO
Office of Rules Promulgation
PO Box 1437, Slot S295
Little Rock, AR 72203-1437

Attn: Mac Golden

FOR CMS USE ONLY

16. DATE RECEIVED
October 7, 2022

17. DATE APPROVED
December 20, 2022

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
April 1, 2023

19. SIGNATURE OF APPROVING OFFICIAL
[redacted]

20. TYPED NAME OF APPROVING OFFICIAL
Mickey Morgan

21. TITLE OF APPROVING OFFICIAL
Acting Deputy Director

22. REMARKS

Box 4: State authorized pen and ink change on 11/15/22.

Box 9: State authorized pen and ink change on 12/1/22.

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

a. Prescribed Drugs (Continued)

iv. Limited Access and Specialty Drugs

Limited Access Drugs are defined as drugs not available for dispensing in all retail pharmacies based on price or separate agreements between manufacturer and pharmacy. Limited Access Drugs and Specialty Drugs will be reimbursed at the Lesser of Methodology plus the established professional dispensing fee. If NADAC is not available, then the Backup Ingredient Cost Benchmark will apply which will use the lesser of Wholesale Acquisition Cost (WAC) plus zero percent (+0%) or State Actual Acquisition Cost (SAAC).

v. 340B Drug Pricing Program

a. Covered Legend and non-legend drugs, including specialty drugs, purchased through the Federal Public Health Service's 340B Drug Pricing Program (340B) by pharmacies that carve Medicaid into the 340B Drug Pricing Program, shall be reimbursed the lesser of the 340B actual invoice price or the 340B ceiling price [provided or calculated by Average Manufacturer Price (AMP) minus Unit Rebate Amount (URA)] plus the established professional dispensing fee. The 340B actual invoice price for each drug reimbursement covered under this program must be submitted to the Department prior to any claims being processed. Drugs acquired through the federal 340B drug pricing program and dispensed by 340B contract pharmacies are not covered.

b. Physician administered drugs, including specialty drugs, purchased through the 340B Program, will be reimbursed the lesser of the 340B actual invoice price or the 340B ceiling price [provided or calculated by Average Manufacturer Price (AMP) minus Unit Rebate Amount (URA)]. The 340B actual invoice price for each drug reimbursement covered under this program must be submitted to the Department prior to any claims being processed.

vi. Federal Supply Schedule (FSS) and FQHC

Facilities purchasing drugs, specialty drugs, and physician administered 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, shall be reimbursed no more than the Federal Supply Schedule price. The addition of the established professional dispensing fee for pharmacies will apply, except in the cases of physician administered drugs. Federally Qualified Health Centers (FQHC) that purchase drugs through the 340B program and carve in Medicaid will be reimbursed by the encounter rate, except in the case of Implantable Contraceptive Capsules, Intrauterine Devices, and Contraceptive Injections, in which case reimbursement will be no more than the 340B ceiling price. Federally Qualified Health Centers (FQHC) that do not participate in the 340B program, or carve out Medicaid, will be reimbursed by the encounter rate, except in the case of Implantable Contraceptive Capsules, Intrauterine Devices, and Contraceptive Injections, in which case reimbursement will be at the actual acquisition cost.

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

a. Prescribed Drugs (Continued)

vii. Clotting Factor

a. Pharmacies dispensing Antihemophilic Factor products will be reimbursed at the lesser of methodology plus the established professional dispensing fee. The lesser of methodology for the allowed ingredient cost shall be the Wholesale Acquisition Cost (WAC**)** plus zero percent (+0%) or State Actual Acquisition Cost (SAAC).

b. Pharmacies dispensing Antihemophilic Factor products purchased through the Federal Public Health Service's 340B Drug Pricing Program (340B) by pharmacies that carve Medicaid into the 340B Drug Pricing Program shall be reimbursed the lesser of methodology for the allowed ingredient cost shall be the 340B actual invoice price, Wholesale Acquisition Cost (WAC) plus zero percent (+0%) or State Actual Acquisition Cost (SAAC). The 340B actual invoice price for each drug reimbursement covered under this program must be submitted to the Department prior to any claims being processed.

viii. Drugs Purchased at Nominal Price

Facilities purchasing drugs at Nominal Price (outside of 340B or FSS) shall be reimbursed by their actual acquisition cost.

ix. Physician Administered Drugs

Reimbursement rates for Physician Administered Drugs are a "fee schedule" as determined by the Medicare fee schedule**.** If the Medicare rate is not available**,** then other published pricing Average Wholesale Price (AWP) less five percent (-5%) shall be used to determine reimbursement. Under the fee schedule methodology, reimbursement is based on the lesser of the billed charge for each procedure or the maximum allowable for each procedure.

B. State Upper Limit (SUL) shall apply to certain drugs identified administratively, judicially, or by a federal agency as having a published price exceeding the ingredient cost. The calculated SAAC shall be obtained from actual acquisition costs from multiple resources, if available. Depending on the variance, either the highest acquisition cost, an average of the acquisition costs, or invoice price shall be used in determining a SAAC. When Brand and Generic drugs are available for the same ingredient, reimbursement will be based on the Generic State Actual Acquisition Cost (SAAC).