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State/Territory Name: DC

State Plan Amendment (SPA) #: 25-0008

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services
Center for Medicaid & CHIP Services
230 South Dearborn
Chicago, Illinois 60604



Financial Management Group

January 23, 2026

Melisa Byrd
Senior Deputy Director/Medicaid Director
441 4th Street, NW, 9th Floor, South
Washington, DC 20001

RE: TN 25-0008

Dear Byrd:

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed DC state plan amendment (SPA) to Attachment 4.19-B, 25-0008 which was submitted to CMS on October 27, 2025. This plan amendment is amending Enhanced Ambulatory Patient Grouping (EAPG) carve out drugs.

We reviewed your SPA submission for compliance with statutory requirements including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), and 1903 as it relates to the identification of an adequate source for the non-federal share of expenditures under the plan, as required by 1902(a)(2), of the Social Security Act and the applicable implementing Federal regulations.

Based upon the information provided by the State, we have approved the amendment with an effective date of January 1, 2026. We are enclosing the approved CMS-179 and a copy of the new state plan page.

If you have any additional questions or need further assistance, please contact Lindsay Michael at 410-786-7197 or Lindsay.michael@cms.hhs.gov.

Sincerely,

Todd McMillion, Director
Division of Reimbursement Review

Enclosures

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

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

5. FEDERAL STATUTE/REGULATION CITATION
Social Security Act § 1903(a)

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19B, Part I, Page 6a-3
Attachment 4.19B, Part I, Page 3c

9. SUBJECT OF AMENDMENT

EAPG Carve Out, Drugs Carve Out

1. TRANSMITTAL NUMBER
2 5 — 0 0 0 8 DC

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

4. PROPOSED EFFECTIVE DATE
Jan. 1, 2026

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2026 \$ 0
b. FFY _____ \$ _____

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable)
Attachment 4.19B, Part I, Page 6a-3
Attachment 4.19B, Part I, Page 3c

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:
D.C. Act: 22-434

11. SIGNATURE OF STATE AGENCY OFFICIAL
[REDACTED]

12. TYPED NAME
Melisa Byrd

13. TITLE
Senior Deputy Director/Medicaid Director

14. DATE SUBMITTED
10/27/2025

15. RETURN TO

Melisa Byrd
Senior Deputy Director/Medicaid Director
Department of Health Care Finance
441 4th Street, NW, 9th Floor, South
Washington, DC 20001

FOR CMS USE ONLY

16. DATE RECEIVED
10/27/25

17. DATE APPROVED
January 23, 2026

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
1/1/26

19. SIGNATURE OF APPROVING OFFICIAL
[REDACTED]

20. TYPED NAME OF APPROVING OFFICIAL
Todd McMillion

21. TITLE OF APPROVING OFFICIAL
Director, DRR

22. REMARKS

- 2) EAPG relative weights and conversion factors that apply to out-of-District hospitals shall be the same relative weights and conversion factors utilized for in-District hospitals.

d. **Coverage and Payment for Specific Services under the EAPG Reimbursement System**

- 1) Laboratory and radiology shall be processed and paid by EAPG, subject to consolidation, packaging, or discounting.
- 2) Physical therapy, occupational therapy, speech therapy, and hospital dental services shall be processed and paid by EAPG, subject to consolidation, packaging, or discounting.
- 3) Services with an observation status may be paid under the EAPG payment method. In order to receive reimbursement under the EAPG, claims must include at least eight (8) consecutive hours (billed as units of service). Observation hours in excess of forty-eight (48) shall not be covered.

e. **Prior Authorizations**

DHCF policies for services requiring prior authorization shall apply under the EAPG classification system reimbursement methodology.

f. **Exceptions in Reimbursement Under the EAPG Classification System**

- 1) Vaccines for children shall not be payable under EAPG if they are currently paid under the federal government's Vaccine for Children (VFC) program. Vaccines for adults shall be covered and paid under the EAPG pricing.
- 2) Professional services provided by physicians are not included in the EAPG payment method and shall be billed separately. Payment for physicians' services shall be made in accordance with the DHCF's Medicaid fee schedule.
- 3) Claims originating from Maryland hospitals, St. Elizabeths Hospitals, and managed care organizations shall be excluded from EAPG pricing.
- 4) Effective January 1, 2026, select carve-out drugs found on the state's website at <https://dhcf.dc.gov/service/cell-and-gene-therapy-carve-out> are excluded from the EAPG classification system payment and will be paid at 100% of the Actual Acquisition Cost (AAC) in accordance with the requirements described under Part I, Attachment 3.1-F of the State Plan.

- i. Effective May 1, 2016, physician-administered drugs shall be reimbursed at eighty percent (80%) of the Medicare fee schedule, with the exception of physician-administered chemotherapy drugs which shall be reimbursed at one hundred percent (100%) of the Medicare fee schedule. Rates will be updated annually pursuant to the Medicare fee schedule, and will be published on DHCF's website at www.dc-medicaid.com.
- j. For physician administered drugs purchased through the Federal Public Health Service's 340B Drug Pricing Program, reimbursement shall be the 340B actual acquisition cost, but no more than the 340B ceiling price.
- k. Investigational drugs shall not be Medicaid-reimbursable.
- l. Effective January 1, 2026, select inpatient and outpatient drugs found on the state's website at <https://dhcf.dc.gov/service/cell-and-gene-therapy-carve-out> will be paid at 100% of the Actual Acquisition Cost (AAC) in accordance with the requirements described under Part I, Attachment 3.1-F of the State Plan.

DEFINITIONS

For the purposes of Section 3 in this State Plan Amendment, the following terms and phrases shall have the meanings ascribed:

Brand - any registered trade name commonly used to identify a drug.

Container - A light resistant receptacle designed to hold a specific dosage form which is or maybe in direct contact with the item and does not interact physically or chemically with the item or adversely affect the strength, quality, or purity of the item.

Department of Health Care Finance (DHCF) - The executive department responsible for administering the Medicaid program within the District of Columbia.

Federal Supply Schedule (FSS) - a multiple award, multi-year federal contract for medical equipment, supplies, pharmaceutical, or service programs that is available for use by federal government agencies that complies with all federal contract laws and regulations. Pricing is negotiated based on how vendors do business with their commercial customers.