

Table of Contents

State/Territory Name: Minnesota

State Plan Amendment (SPA) #: 24-0034

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

Medical Benefits Health Programs Group

November 18, 2024

John Connolly
Assistant Commissioner and State Medicaid Director
Minnesota Department of Human Services
540 Cedar Street
St. Paul, MN 55164-0983

Dear John Connolly,

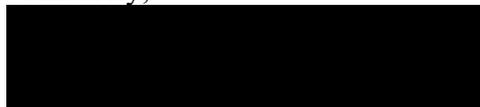
The CMS Division of Pharmacy team has reviewed Minnesota State Plan Amendment (SPA) 24-0034 received in the CMS Medicaid Services OneMAC application on October 11, 2024. This SPA proposes to increase the state's professional dispensing fee to \$11.55 per prescription.

In keeping with the requirements of section 1902 (a)(30)(A) of the Social Security Act, we believe the state has demonstrated that their reimbursement is consistent with efficiency, economy, and quality of care, and are sufficient to ensure that care and services are available to Medicaid beneficiaries at least to the extent they are available to the general population in the geographic area. We believe that there is evidence regarding the sufficiency of Minnesota's pharmacy provider network at this time to approve SPA 24-0034. With the state's pharmacy participation rates, we can infer that Minnesota's beneficiaries will have access to pharmacy services at least to the extent available to the general population since Medicaid requires that beneficiaries be provided access to all covered outpatient drugs of participating drug manufacturers with a rebate agreement through a broad pharmacy network. In contrast, commercial insurers often have more limited drug formularies and a more limited pharmacy network.

Based on the information provided and consistent with the regulations at 42 CFR 430.20, we are pleased to inform you that SPA 24-0034 is approved with an effective date of October 1, 2024. 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 updated, signed CMS-179 form, as well as the pages approved for incorporation into Minnesota's state plan. If you have any questions regarding this amendment, please contact Lisa Shochet at (410) 786-5445 or lisa.shochet@cms.hhs.gov.

Sincerely,



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

cc: Julie Marquardt, Deputy Assistant Commissioner of Healthcare Admin, MN Dept of Human Services
Patrick Hultman, Deputy Medicaid Director, MN Dept of Human Services
Sandra Porter, Minnesota State Lead, Medicaid and CHIP Operations Group, CMS

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

1. TRANSMITTAL NUMBER

2 4 — 0 0 3 4

2. STATE

MN

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

October 1, 2024

5. FEDERAL STATUTE/REGULATION CITATION

42 C.F.R. § 447.512

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2025 \$ 606,015
b. FFY 2026 \$ 822,816

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-B, page 37a
Attachment 4.19-B, page 37d

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

same

9. SUBJECT OF AMENDMENT

Increase pharmacy dispensing fees.

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 Signature]

12. TYPED NAME
Patrick Hultman

13. TITLE
Deputy Medicaid Director

14. DATE SUBMITTED
October 11, 2024

15. RETURN TO

Patrick Hultman
Minnesota Department of Human Services
Federal Relations Unit
540 Cedar Street
PO Box 64983
Saint Paul, MN 55164

FOR CMS USE ONLY

16. DATE RECEIVED
October 11, 2024

17. DATE APPROVED
November 18, 2024

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
October 1, 2024

19. SIGNATURE OF APPROVING OFFICIAL

[Redacted Signature]

20. TYPED NAME OF APPROVING OFFICIAL
Cynthia R. Denemark, R.Ph.

21. TITLE OF APPROVING OFFICIAL
Director, Division of Pharmacy

22. REMARKS

STATE: MINNESOTA
Effective: October 1, 2024
TN: 24-34

ATTACHMENT 4.19-B
Page 37a

Approved: November 18, 2024

Supersedes: 23-13 (19,06, 11-16, 10-01, 08-13, 07-12, 07-04, 05-09/04-15(a)/03-29)

The Department will calculate the actual acquisition cost of multiple course source drugs in conformity with the upper payment limits established under 42 C.F.R. § 447.512.

The State agency establishes the acquisition cost of drugs acquired through the federal 340B drug pricing program at the 340B ceiling price.

For drugs administered in an outpatient setting, payment for prescription drugs is the lower of the provider's usual and customary charge to the general public, 106% of the average sales price, or the maximum allowable cost set by the State Agency. If the average sales price is not available, payment will be the lower of the provider's usual and customary charge to the general public, the wholesale acquisition cost, or the maximum allowable cost set by the State Agency. For drugs acquired through the federal 340B drug pricing program, payment is equal to 71.4% of the payment amount calculated using the methodology described in this paragraph.

The rate for specialty pharmacy products is the maximum allowable cost set by the State Agency plus a professional dispensing fee of ~~\$10.77~~ \$11.55 per prescription. The rate used is dependent upon the actual acquisition cost for the product. Specialty pharmacy products are those used by a small number of recipients or recipients with complex and chronic diseases that require expensive and challenging drug regimens.

Effective: October 1, 2024

Page 37d

TN: 24-34

Approved: November 18, 2024

Supersedes: 23-13 (19-12, 19-06, 16-01, 12-25, 08-13, 07-12, 07-04, 05-09, 04-15(a), 03-29)

12a. Prescribed Drugs (continued):

With the following exceptions, the professional dispensing fee is ~~\$10.77~~ \$11.55 per prescription, for prescriptions filled using drugs that meet the definition of "covered outpatient drugs" according to 42 U.S.C. § 1396r-8(k)(2).

1) The professional dispensing fee for intravenous drugs that require mixing by the pharmacist is ~~\$10.77~~ \$11.55 per bag.

2) The professional dispensing fee for over-the-counter drugs is ~~\$10.77~~ \$11.55 for "outpatient prescription drugs" when dispensed in quantities equal to or greater than the manufacturer's package size. The dispensing fee is prorated based on the percent of the package dispensed when the pharmacy dispenses a quantity less than the manufacturer's package size.

3) The professional dispensing fee for prescribed over-the-counter drugs that are not "covered outpatient drugs" shall be \$3.65. The dispensing fee is prorated based on the percent of the package dispensed when the pharmacy dispenses a quantity less than the manufacturer's package size.

In addition, the State agency will receive a rebate for prescribed drugs in accordance with the manufacturer's contract with the Centers for Medicare & Medicaid Services.

The base rates as described in this item are adjusted by the following paragraph(s) of Supplement 2:

- cc. Supplemental payment for medical education
- d. MinnesotaCare Tax Adjustment (ingredient cost only)