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State/Territory Name: Montana

State Plan Amendment (SPA)#:MT-23-0016

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

Medical Benefits and Health Programs Group

October 12, 2023

Mike Randol
State Medicaid Director
Montana Department of Public Health and Human Services
P.O. Box 4210
Helena, MT 59620

Dear Mike Randol:

The CMS Division of Pharmacy has reviewed Montana's State Plan Amendment (SPA) 23-0016 received in the CMS Medicaid & CHIP Operations Group on July 21, 2023. This SPA proposes to increase the professional dispensing fee to $16.36 for pharmacies with an annual prescription volume between 0 and 39,999 prescriptions; $14.16 for pharmacies with an annual prescription volume between 40,000 and 69,999; or $11.98 for pharmacies with an annual prescription volume greater than or equal to 70,000.

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 Montana's pharmacy provider network at this time to approve SPA 23-0016. Specifically, Montana has reported to CMS that 274 of the state's 345 licensed in-state retail pharmacies are enrolled in Montana's Medicaid program. With a 79 percent participation rate, we can infer that Montana'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 23-0016 is approved with an effective date of July 1, 2023.

We are attaching a copy of the signed CMS-179 form, as well as the page approved for incorporation into Montana's state plan. If you have any questions regarding this amendment, please contact Charlotte Hammond at (410) 786-1092 or charlotte.hammond@cms.hhs.gov.

Sincerely,

[redacted]

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

cc: Mary Eve Kulawik, SPA Coordinator, State of Montana
Barbara Prehmus, CMS Division of Program Operations - West Branch

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 **23-0016**	2. STATE **Montana**
	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 **07/01/2023**	
5. FEDERAL STATUTE/REGULATION CITATION **Section 1902(a)(30)(A)**	6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars) a. **FFY 2023 $ 278,695** b. **FFY 2024 $ 1,125,309**	
7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT **Attachment 4.19B Methods and Standards for Establishing Payment Rates, Service 12 a, Outpatient Drug Services, Pages 1-3 of 3**	8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)* **Attachment 4.19B Methods and Standards for Establishing Payment Rates, Service 12 a, Outpatient Drug Services, Pages 1-3 of 3**	

9. SUBJECT OF AMENDMENT

Change the maximum dispensing fee for each tier amount, to accurately reflect the provider rate increase appropriated by the Montana Legislature.

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:
X Single Agency Review

11. SIGNATURE OF STATE AGENCY OFFICIAL [redacted]	15. RETURN TO: **Montana Department of Public Health and Human Services** **Mike Randol** **Attn: Mary Eve Kulawik** **PO Box 4210** **Helena MT 59620**
12. TYPED NAME: **Mike Randol**	
13. TITLE **Medicaid and Health Services Executive Director/State Medicaid Director**	
14. DATE SUBMITTED **7/21/2023**	

FOR CMS USE ONLY

16. DATE RECEIVED JULY 21, 2023	17. DATE APPROVED OCTOBER 12, 2023

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL JULY 1, 2023	19. SIGNATURE OF APPROVING OFFICIAL [redacted]
20. TYPED NAME OF APPROVING OFFICIAL CYNTHIA R. DENEMARK	21. TITLE OF APPROVING OFFICIAL DIRECTOR, DIVISION OF PHARMACY

22. REMARKS

FORM CMS-179 (09/24)

MONTANA

DEFINITIONS

Average Acquisition Cost (AAC) is defined as the calculated average drug ingredient cost per drug determined by direct pharmacy survey, wholesale survey, and other relevant cost information.

Submitted ingredient cost is defined as a pharmacy's actual ingredient cost. For drugs purchased under the 340B Drug Pricing Program, submitted ingredient cost means the actual 340B purchase price. For drugs purchased under the Federal Supply Schedule (FSS) submitted ingredient cost means the FSS purchase price.

REIMBURSEMENT METHODOLOGY

A. Reimbursement for brand and generic prescribed drugs shall not exceed the lowest of:
    a. The provider's usual and customary charge of the drug to the general public; or
    b. The allowed ingredient cost plus a professional dispensing fee. Where allowed ingredient cost is defined as the lower of:
        1. The AAC; or
        2. Submitted ingredient cost.
            i. If AAC is not available, drug reimbursement will be determined at the lower of:
                a. Wholesale Acquisition Cost (WAC);
                b. Affordable Care Act Federal Upper Limit (ACA FUL); or
                c. Submitted Ingredient Cost.

B. For 340B purchased drugs, specialty or non-specialty, will be reimbursed utilizing the logic outlined in subsection A. 340B providers are required to bill no more than their acquisition cost as their submitted ingredient amount, and will be reimbursed no more than the 340B ceiling price.

C. All Indian Health Service, tribal, and urban Indian pharmacies are paid under the methodology outlined in subsection A.

D. For drug purchased under the FSS, providers will be required to bill their actual acquisition cost as their submitted ingredient amount, and will be reimbursed no more than the FSS price.

E. Clotting factors from Specialty Pharmacies, Hemophilia Treatment Centers (HTC), or Centers of Excellence:
    a. not purchased through the 340B program will be reimbursed the lesser of the Usual and Customary (U&C), Submitted Ingredient Cost or WAC plus the professional dispensing fee; and
    b. when purchased through the 340B program, will be reimbursed the lesser of the U &C or WAC plus the professional dispensing fee.

F. Drugs acquired at a Nominal Price (outside of 340B or FSS) will be reimbursed at no more than the actual acquisition cost plus the professional dispensing fee, through use of the methodology outlined in Subsection A.

G. Montana Medicaid does not pay for investigational drugs.

MONTANA

H. For specialty and non-specialty, physician administered drugs reimbursement is as follows:

a. The Department requires that National Drug Codes (NDC) must be submitted for all physician administered drugs. Montana Medicaid will cover only those physician administered drugs manufactured by companies that have a signed rebate agreement with CMS. Reimbursement for physician-administered drugs is made according to the department's fee schedule or the provider's usual and customary charge, whichever is lower. The physician administered drug fee schedule is updated effective the 1st day of each quarter as determined by:

1. The Medicare Average Sales Price (ASP) methodology if there is an ASP fee; or
2. The logic outlined in Subsection A, with the exception of the professional dispensing fee. No professional dispensing fee will be paid for physician administered drugs.

b. Providers participating in the 340B Drug Pricing Program are required to bill Montana Medicaid their actual acquisition cost, and these drugs will be reimbursed at no more than the 340B ceiling price.

EXCEPTION:

For outpatient drugs provided to Medicaid participants in state institutions, reimbursement will conform to the state contract for pharmacy services; or for institutions not participating in the state contract for pharmacy services, reimbursement will be the actual cost of the drug and professional dispensing fee. In either case, reimbursement will not exceed, in the aggregate, the AAC plus the professional dispensing fee.

PROFESSIONAL DISPENSING FEE

a. The professional dispensing fees assigned will be the calculated cost to dispense not to exceed the specified tier amount:
   1. $16.36 for pharmacies with an annual prescription volume between 0 and 39,999 prescriptions;
   2. $14.16 for pharmacies with an annual prescription volume between 40,000 and 69,999; or
   3. $11.98 for pharmacies with an annual prescription volume greater than or equal to 70,000.

Pharmacy providers that are new to the Montana Medicaid program will be assigned the maximum dispensing fee in (1)(a) until a dispensing fee questionnaire can be completed for six months of operation. At that time, a new dispensing fee will be assigned which will be the lower of the dispensing fee calculated for the pharmacy or the maximum allowed dispensing fee provided in (1).

If a pharmacy does not return the annual dispensing fee questionnaire, they will be assigned a dispensing fee based on the lowest calculated cost to dispense from the annual dispensing fee questionnaire. Once returned, the pharmacy’s calculated cost to dispense will be updated. This assignment will not be retroactive.

An additional professional dispensing fee of $0.75 will be paid for “unit dose” prescriptions. This “unit dose” professional dispensing fee will offset the additional cost of packaging supplies and materials which are directly related to filling “unit dose” prescriptions by the individual pharmacy and is in addition to the regular professional dispensing fee allowed. Only one unit dose professional dispensing fee will be allowed each month for each prescribed medication. A professional dispensing fee will not be paid for a unit dose prescription packaged by the drug manufacturer.

MONTANA

A compounding fee based on level of effort will be paid for compounded prescriptions in lieu of a professional dispensing fee. Montana Medicaid shall reimburse pharmacies for compounding drugs only if the client's drug therapy needs cannot be met by commercially available dosage strengths and/or forms of the therapy. Reimbursement for each drug component shall be determined in accordance with "lower of" pricing methodology. The compounding fee for each compounded drug shall be based on the level of effort required by the pharmacist. The levels of effort compounding fees payable are level 1: $12.50, level 2: $17.50, and level 3: $22.50.