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State/Territory Name: North Dakota

State Plan Amendment (SPA) #: 24-0018

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
7500 Security Boulevard, Mail Stop S3-14-28
Baltimore, Maryland 21244-1850



Financial Management Group

October 30, 2025

Sarah Aker, Executive Director
Medical Services Division
ND Department of Health and Human Services
600 East Boulevard Avenue Dept 325
Bismarck ND 58505-0250

RE: TN-24-0018

Dear Director Aker,

The Centers for Medicare & Medicaid Services (CMS) has reviewed the proposed North Dakota state plan amendment (SPA) to Attachment 4.19-A ND-24-0018, which was submitted to CMS on September 27th, 2024. This plan amendment amends the State Plan to reimburse a Long-Acting Reversible Contraceptive Device outside of a DRG payment.

We reviewed your SPA submission for compliance with statutory requirements, including in sections 1902(a)(2), 1902(a)(13), 1902(a)(30), 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 October 1, 2024. We are enclosing the approved CMS-179 and a copy of the new state plan pages.

If you have any additional questions or need further assistance, please contact Sudev Varma at via email at sudev.varma@cms.hhs.gov or by phone at 301-448-3916, and/or Matthew Klein via email at matthew.klein@cms.hhs.gov or by phone at 214-767-4625.

Sincerely

A solid black rectangular box used to redact the signature of the sender.

Rory Howe
Director
Financial Management Group

Enclosures

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

1. TRANSMITTAL NUMBER

2 4 — 0 0 1 8

2. STATE

ND3. 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 CFR 440.10

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2025 \$ 76,455b. FFY 2026 \$ 75,000

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-A, page 1 and Attachment 4.19-B pages 6 and 6a

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable)Attachment 4.19-A, page 1 (TN 24-0009) and Attachment
4.19-B pages 6 (TN 21-0018) and 6a (TN 22-0006)

9. SUBJECT OF AMENDMENT

Amends the State Plan to reimburse a Long-Acting Reversible Contraceptive Device outside of a DRG payment.

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

12. TYPED NAME
Sarah Aker13. TITLE
Medical Services Director14. DATE SUBMITTED
September 27, 2024

15. RETURN TO

Sarah Aker, Executive Director
Medical Services Division
ND Department of Health and Human Services
600 East Boulevard Avenue Dept 325
Bismarck ND 58505-0250**FOR CMS USE ONLY**16. DATE RECEIVED
September 27, 202417. DATE APPROVED
October 30, 2025**PLAN APPROVED - ONE COPY ATTACHED**18. EFFECTIVE DATE OF APPROVED MATERIAL
October 1, 2024

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL
Rory Howe21. TITLE OF APPROVING OFFICIAL
Director of Financial Management Group

22. REMARKS

METHOD FOR REIMBURSING INPATIENT HOSPITAL SERVICES

1. Hospitals paid using Prospective Payment System (PPS).
 - a. In-state hospital service reimbursement paid to all hospitals and distinct part units, except those hospitals and distinct part units specifically identified in Section 2, will be made on the basis of a Prospective Payment System (PPS). The system generally follows the Medicare PPS in terms of the application of the system. PPS uses diagnostic related groups (DRG) to pay for services upon discharge. Medical education costs are excluded from the PPS.
 - b. The base year used for the calculation of the base rate is the years ending December 31, 2019 and December 31, 2020. The base year used for the calculation of the capital rate is the year ending June 30, 2007. The base rate established for hospitals paid by PPS is effective July 1, 2022. The capital rate established for hospitals paid by PPS is effective July 1, 2009. The base rate and capital rate shall be increased by two percent effective July 1, 2024.
 - c. Vacated.
 - d. Effective July 1, 2022 the DRG classification and grouper system is the All Patient Refined Diagnosis Related Grouper version 39.
 - e. Vacated
 - f. Vacated.
 - g. A capital payment will be included in the PPS payment for all discharges. Capital payments may not be paid to a transferring hospital.
 - h. Outlier Payments.
 - (1) A cost outlier payment is made when costs exceed a threshold of two times the DRG rate or \$60,000, whichever is greater. Costs above the threshold will be paid at 60 percent of billed charges.
 - (2) For DRG's 580-640 relating to neonates the cost outlier thresholds are the greater of 1.5 times the DRG rate or \$57,000. Costs above the threshold will be paid at 80 percent of billed charges.
 - i. Effective for discharges on or after October 1, 2024, long-acting reversible contraceptive (LARC) covered outpatient drugs are excluded from the DRG reimbursement. LARCs will be reimbursed as outlined in Attachment 4.19-B #34.14 Prescribed Drugs, Physician Administered Drugs.

34. For prescribed drugs, including specific North Dakota Medicaid covered non-legend drugs that are prescribed by an authorized prescriber and legend drugs prescribed by an authorized prescriber, North Dakota Medicaid will reimburse at the following lesser of methodology (in all instances, the professional dispensing fee will be \$12.46):
1. The usual and customary charge to the public, or
 2. North Dakota Medicaid's established Maximum Allowable Cost (MAC) for that drug plus the professional dispensing fee (ND Medicaid's MAC is acquisition cost based and includes all types of medications, including specialty and hemophilia products), or
 3. The current National Average Drug Acquisition Cost (NADAC) for that drug plus the professional dispensing fee, or if there is no NADAC for a drug, the current wholesale acquisition cost (WAC) of that drug plus the professional dispensing fee; In compliance with 42 Code of Federal Regulations (C.F.R.) 447.512 and 447.514, reimbursement for drugs subject to Federal Upper Limits (FULs) may not exceed FULs in the aggregate.
 4. For 340B purchased drugs, the lesser of logic will include the 340B MAC pricing (ceiling price) plus the professional dispensing fee.
 - a. Covered entities as described in section 1927 (a)(5)(B) of the Social Security Act are required to bill no more than their actual acquisition cost plus the professional dispensing fee.
 - b. Drugs acquired through the federal 340B drug pricing program and dispensed by 340B contract pharmacies are not covered, unless the State approves an exception.
 5. All Indian Health Service, tribal and urban Indian pharmacies are paid the encounter rate by ND Medicaid regardless of their method of purchasing.
 6. For Federal Supply Schedule purchased drugs, their provider agreements will require them to bill at no more than their actual acquisition cost plus the professional dispensing fee.
 7. Drugs not distributed by a retail community pharmacy (such as a long-term care facility) will be reimbursed as outlined in items 1-6 above and 8-13 below in this section.
 8. Drugs not distributed by a retail community pharmacy and distributed primarily through the mail (such as specialty drugs) will be reimbursed as outlined in items 1-7 above and 9-13 below in this section since ND Medicaid's MAC is acquisition cost based and includes all types of drugs.
 9. Clotting factors from Specialty Pharmacy, Hemophilia Treatment Centers (HTC), Center of Excellence will be reimbursed as outlined in items 1-8 above and 10-13 below in this section since ND Medicaid's MAC is acquisition cost based and includes all types of drugs.

10. Drugs acquired at Nominal Price (outside of 340B or FSS) will be reimbursed at no more than the actual acquisition plus the professional dispensing fee while also using the logic as outlined in items 1-9 above and 11-13 below in this section.
11. For Physician Administered Drugs, reimbursement will be the lesser of the Medicare Fee Schedule and all of the logic as outlined in items 1-10 above in this section (with the exception of the professional dispensing fee being included in the calculations). No professional dispensing fee will be paid for Physician Administered Drugs.
12. In accordance with 12a.2. of Attachment to Page 5 of Attachment 3.1-A and 12a.2. of Attachment to Page 4 of Attachment 3.1-B investigational drugs will not be allowed for payment.
13. A fee of fifteen cents per pill will be added to the dispensing fee for the service of pill splitting. Pill splitting is entirely voluntary for the patient and the pharmacist. Pill splitting will only be permitted under the following circumstances: when Medical Services determines it is cost effective, the pill is scored for ease of splitting, and the pharmacy staff splits the pill. This fee will only be allowed for medications that have been evaluated by the state for cost-effectiveness and entered into the Point-of-Sale system.
14. Effective October 1, 2024 in-state prospective payment system hospitals will be reimbursed for Physician Administered Drugs according to Enhanced Ambulatory Patient Group (EAPG) payment system methodology, as outlined in Attachment 4.19-B page 1, item 1.b. EAPG methodology for Physician Administered Drugs will include the lesser of methodology in item 11 above for outpatient 340B supply.