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State/Territory Name: North Dakota

State Plan Amendment (SPA) #: ND-25-0007

This file contains the following documents in the order listed:

Janu
DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-14-26
Baltimore, Maryland 21244-1850

CENTERS FOR MEDICARE & MEDICAID SERVICES
CENTER FOR MEDICAID & CHIP SERVICES

Medicaid Benefits and Health Programs Group

July 23, 2026

Krista Fremming, Acting Director
Medical Services Division
ND Department of Health and Human Services
600 East Boulevard Avenue, Dept. 325
Bismarck, ND 58505-0250

Dear Krista Fremming,

We have reviewed North Dakota's State Plan Amendment (SPA) 25-0007 received in the Centers for Medicare and Medicaid Services (CMS) OneMAC application on March 27, 2025. This SPA amends the State Plan to update reimbursement methodologies for prescribed drugs.

Based on the information provided and consistent with the regulations at 42 CFR 430.20, we are pleased to inform you that ND-25-0007 is approved with an effective date of January 1, 2025.

We are attaching a copy of the signed CMS-179 form, as well as the pages approved for incorporation into North Dakota's State Plan. If you have any questions regarding this amendment, please contact Whitney Swears at 410-786-6543 or via email at Whitney.Swears@cms.hhs.gov.

Sincerely,

[redacted]

Mickey D. Morgan
Director
Division of Pharmacy

cc: Brendan Joyce, ND Department of Health and Human Services
LeeAnn Thiel, ND Department of Health and Human Services
Tyson Christensen, CMS, Medicaid and CHIP Operations Group

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: 25-0007

2. STATE: ND

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
January 1, 2025

5. FEDERAL STATUTE/REGULATION CITATION
1927 of the Social Security Act

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2025 $ 0
b. FFY 2026 $ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19-B, pages 6 and 6a

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
Attachment 4.19-B, pages 6 and 6a (TN 24-0018)

9. SUBJECT OF AMENDMENT

Amends the State Plan to clarify reimbursement for prescribed drugs for certain provider types.

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. AGENCY OFFICIAL
[redacted]

12. Sarah Aker

13. TITLE
Medical Services Director

14. DATE SUBMITTED
March 27, 2025

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
March 27, 2025

17. DATE APPROVED
July 23, 2026

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
January 1, 2025

19. [redacted]

20. TYPED NAME OF APPROVING OFFICIAL
Mickey Morgan

21. Director, Division of Pharmacy

22. REMARKS

FORM CMS-179 (09/24)

Instructions on Back

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.
15. For Federally Qualified Health Centers, physician administered drugs are reimbursed as part of the Alternate Payment Methodology (APM) rate.
16. Select carve-out physician administered drugs will be covered as listed on the state's website and will be reimbursed as outlined in item 11 above.
17. For out-of-state hospitals, physician administered drugs are reimbursed as outlined in item 11 above unless there is an approved arrangement for reimbursement for the percentage of charges specific to an individual hospital.