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State/Territory Name: Ohio

State Plan Amendment (SPA) #: OH-23-0033

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

December 20, 2023

Maureen M. Corcoran, Director
Ohio Department of Medicaid
P.O. Box 182709
50 West Town Street, Suite 400
Columbus, Ohio 43218

Dear Maureen Corcoran,

The CMS Division of Pharmacy team has reviewed Ohio's State Plan Amendment (SPA) 23-0033 received in the CMS Medicaid & CHIP Operations Group on October 31, 2023. This SPA proposes to update the professional dispensing fees for pharmacies with less than 49,999 prescriptions per year to $15.47, and $11.40 for pharmacies that have between 50,000 and 74,999 prescriptions per year.

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 Ohio's pharmacy provider network at this time to approve SPA 23-0033. Specifically, Ohio has estimated that 1,998 of the state's 2,023 licensed in-state retail pharmacies are enrolled in Ohio's Medicaid program. With a 99 percent participation rate, we can infer that Ohio'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 23-0033 is approved with an effective date of January 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 signed CMS-179 form, as well as the page approved for incorporation into Ohio's state plan. If you have any questions regarding this amendment, please contact Omar Alemi at (720) 853-2724 or omar.alemi@cms.hhs.gov.

Sincerely,

[redacted]

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

cc: Rebecca Jackson, State Plan Team, Ohio Department of Medicaid
Gregory Niehoff, State Plan Team, Ohio Department of Medicaid
Tamara Edwards, State Plan Team, Ohio Department of Medicaid
Christine Davidson, Ohio Medicaid State Lead, CMS

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: 23-0033

2. STATE: OH

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, 2024

5. FEDERAL STATUTE/REGULATION CITATION
42 CFR 447.512

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2024 $ 1,200,000
b. FFY 2025 $ 1,600,000

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19-B, Item 12-a, page 1 of 4

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
Attachment 4.19-B, Item 12-a, page 1 of 4 (TN 17-023)

9. SUBJECT OF AMENDMENT

Payment for Services: Prescribed Drugs (Pharmacy Professional Dispensing Fee)

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:
The State Medicaid Director is the Governor's designee

11. SIGNATURE OF STATE AGENCY OFFICIAL
[redacted]

12. TYPED NAME: **MAUREEN M. CORCORAN**

13. TITLE: **STATE MEDICAID DIRECTOR**

14. DATE SUBMITTED
October 31, 2023

15. RETURN TO

Greg Niehoff
Ohio Department of Medicaid
P.O. BOX 182709
Columbus, Ohio 43218

FOR CMS USE ONLY

16. DATE RECEIVED
10/31/2023

17. DATE APPROVED
12/20/2023

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
1/1/2024

19. SIGNATURE OF APPROVING OFFICIAL
[redacted]

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

21. TITLE OF APPROVING OFFICIAL
Director, Division of Pharmacy

22. REMARKS

12. Prescribed drugs, dentures, and prosthetic devices; and eyeglasses prescribed by a physician skilled in diseases of the eye or by an optometrist.

a. Prescribed drugs

Payment for prescribed drugs meets all reporting requirements and provisions of section 1927 of the Social Security Act. Payment for prescribed drugs will be made based on the various categories as specified below. No supplemental allowance will be authorized for broken-lot charges, prescription delivery charges or state and local sales tax.

A. Payment for the following prescribed drugs will be in accordance with the Actual Acquisition Cost (AAC) definition at 42 CFR 447.512.
   1. Brand name and generic drugs and other drugs/products meeting the definition of covered outpatient drug in 42 CFR 447.502 including covered over-the-counter medications will be paid at ingredient cost based on AAC, plus professional dispensing fee.
      a. AAC is defined as the lesser of:
         - National Average Drug Acquisition Cost (NADAC) plus professional dispensing fee, or
         - The provider's usual and customary charge.
      b. If NADAC is unavailable, AAC is the lesser of:
         - Wholesale Acquisition Cost (WAC+0%) plus professional dispensing fee, or
         - State Maximum Allowable Cost (SMAC) plus professional dispensing fee, or
         - The provider's usual and customary charge

         SMAC means the maximum amount to be paid for an equivalent generic drug group based on an estimate of the statewide AAC.
      c. Professional Dispensing Fees are determined on the basis of surveys conducted of pharmacy operational and overhead costs. The fees are reviewed periodically for reasonableness. A survey of each Medicaid-enrolled pharmacy provider every other year documents prescription volume and determines the tier under which the pharmacy will be paid.
         i. The professional dispensing fee tiers including fees for compounded drugs that are not sterile compound or total parenteral nutrition compound claims are as follows:
            - Less than 49,999 prescriptions per year = $15.47
            - Between 50,000 and 74,999 prescriptions per year = $11.40
            - Between 75,000 and 99,999 prescriptions per year = $9.51
            - 100,000 or more prescriptions per year = $8.30
         ii. Sterile compound claims will receive a dispensing fee of $10 per day supplied, with a maximum dispensing fee of $70 per claim.
         iii. Total parenteral nutrition compound claims will receive a professional dispensing fee of $15 per day supplied, with a maximum dispensing fee of $150 per claim.