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**State/Territory Name: Utah**

**State Plan Amendment (SPA)#: UT-26-0003**

This file contains the following documents in the order listed

- 1) Approval Letter
- 2) CMS 179 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**

**Medicaid Benefits and Health Programs Group**

April 3, 2026

Julie Ewing, Director  
Division of Integrated Healthcare  
Utah Department of Health and Human Services  
PO Box 143101  
Salt Lake City, UT 84114-3101

re: Utah State Plan Amendment (SPA) 26-0003

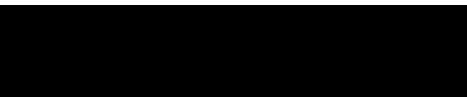
Dear Director Ewing:

The CMS Division of Pharmacy team has reviewed Utah's SPA 26-0003, received in the CMS Medicaid Services OneMAC application on February 5, 2026. This amendment proposed to clarify the state's pharmacy billing policy regarding maximum allowable cost and 340B pricing.

Based on the information provided and consistent with the regulations at 42 CFR 447.20, we are pleased to inform you that UT-26-0003 is approved with an effective date of January 1, 2026. We are attaching a copy of the signed CMS-179 form, as well as the pages approved for incorporation into Utah's state plan.

If you have any questions regarding this state plan amendment, please contact Lisa Shochet at 410-786-5445 or [lisa.shochet@cms.hhs.gov](mailto:lisa.shochet@cms.hhs.gov).

Sincerely,



Mickey Morgan  
Deputy Director  
Division of Pharmacy

cc: Craig Devashrayee, Utah Department of Health and Human Services  
Brian Roach, Utah Department of Health and Human Services  
Jason Stewart, Utah Department of Health and Human Services  
Ronak Iqbal, MD, Utah Department of Health and Human Services  
John Curless, Utah Department of Health and Human Services  
Sandra Porter, CMS, Medicaid and CHIP Operations Group  
Tyler Deines, CMS, Medicaid and CHIP Operations Group

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

1. TRANSMITTAL NUMBER

2 6 — 0 0 0 3

2. STATE

UT

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, 2026

5. FEDERAL STATUTE/REGULATION CITATION

42 CFR 440.120

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2026 \$ 0  
b. FFY 2027 \$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Pages 19 and 19(a)(2) of Attachment 4.19-B

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

Pages 19 and 19(a)(2) of Attachment 4.19-B

9. SUBJECT OF AMENDMENT

Maximum Allowable Cost and 340B Pricing - This amendment clarifies current pharmacy policy regarding maximum allowable cost and 340B Pricing to remove misunderstanding or subjective interpretation.

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

Tracy S. Gruber

13. TITLE

Executive Director, Utah Dept of Health & Human Services

14. DATE SUBMITTED

February 5, 2026

15. RETURN TO

**FOR CMS USE ONLY**

16. DATE RECEIVED

February 5, 2026

17. DATE APPROVED

April 3, 2026

**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL

January 1, 2026

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

Mickey Morgan

21. TITLE OF APPROVING OFFICIAL

Deputy Director, Division of Pharmacy

22. REMARKS

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S. PRESCRIBED DRUGS

Covered outpatient drugs will be reimbursed based on an established product cost plus a professional dispensing fee. The payment for individual prescriptions shall not exceed the amount billed. The amount billed must be no more than the usual and customary charge (U&C) to the private pay patient. The following methodology is used to establish Medicaid payments:

Effective for claims adjudicated on or after April 1, 2017, except as otherwise stated in this section and in addition to a reasonable professional dispensing fee as applicable, reimbursement for brand and generic covered outpatient drugs will be as follows:

The lesser of the Wholesale Acquisition Cost (WAC), Federal Upper Limit, National Average Drug Acquisition Cost (NADAC), Utah Maximum Allowable Cost (UMAC), or the Ingredient Cost Submitted.

Federal Upper Limit

The federal upper limit is the maximum allowable ingredient cost reimbursement established by the Federal government (e.g., Centers for Medicare and Medicaid Services (CMS) for selected multiple-source drugs. The aggregate cost of product payment for the drugs on the federal upper limit list will not exceed the aggregate established by the Federal government.

Ingredient Cost Submitted

Ingredient Cost Submitted is the actual acquisition cost. The actual acquisition cost must be net of any discounts the provider may receive to offset its acquisition cost (i.e., rebates to the provider, negotiated discounts, etc.).

Utah MAC

Utah MAC is the Maximum Allowable Cost reimbursement established by the State for selected drugs.

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T.N. # 26-0003

Approval Date 4-3-2026

Supersedes T.N. # 22-0007

Effective Date 1-1-26

S. PRESCRIBED DRUGS (Continued)

Covered Outpatient Drugs Purchased Through the 340B Program

Covered entities that purchase covered outpatient drugs through the 340B program and used the 340B covered outpatient drugs to bill Utah Medicaid are required to submit the 340B acquisition cost on the claim and identify the medications as being purchased through the 340B program.

The 340B actual acquisition cost is net of any discounts the provider may receive to offset its acquisition cost.

Payment for covered outpatient drugs purchased through the 340B program will be the lesser of the 340B acquisition cost plus a professional dispensing fee, as applicable, or the billed charges.

- Covered entities as described in Section 1927(a)(5)(B) of the Social Security are required to bill no more than their actual acquisition cost plus the professional dispensing fee.

Payment for covered outpatient drugs not purchased through the 340B program are to be submitted, and reimbursed, in accordance with the reimbursement rules under this section.

340B covered entities may not utilize contract pharmacies to bill Utah Medicaid unless the covered entity, contract pharmacy, and State Medicaid agency have a written agreement in place to prevent duplicate discounts.

Federal Supply Schedule

Providers that purchase covered outpatient drugs through the Federal Supply Schedule (FSS) and use the covered outpatient drugs to bill Utah Medicaid are required to submit the FSS acquisition cost on the claim, unless the reimbursement is made through a bundled charge or all-inclusive encounter rate.

Payment for covered outpatient drugs purchased through the FSS will be the lesser of the FSS acquisition cost plus a professional dispensing fee, as applicable, or the billed charges.

Payment for covered outpatient drugs not purchased through the FSS are to be submitted, and reimbursed, in accordance with the reimbursement rules of this section.

Nominal Price

Providers that purchase covered outpatient drugs at Nominal Price and use the covered outpatient drug to bill Utah Medicaid are required to submit the acquisition cost on the claim.

Payment for covered outpatient drugs purchased at Nominal Price will be the lesser of the Nominal Price acquisition cost plus a professional dispensing fee, as applicable, or the billed charges.

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T.N. # 26-0003

Approval Date 4-3-2026

Supersedes T.N. # 24-0021

Effective Date 1-1-26