

## **Table of Contents**

**State/Territory Name: Washington**

**State Plan Amendment (SPA)#: WA-23-0050**

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**

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November 13, 2023

Susan Birch, Director  
Dr. Charissa Fotinos, Medicaid Director  
Health Care Authority  
PO Box 45502  
Olympia, WA 98504-5010

Dear Susan Birch and Dr. Fotinos,

The CMS Division of Pharmacy team has reviewed Washington's State Plan Amendment (SPA) 23-0050 received in the CMS Medicaid & CHIP Operations Group on September 27, 2023. This SPA proposes to bring Washington into compliance with the reimbursement requirements in the Covered Outpatient Drug final rule with comment period (CMS-2345-FC).

SPA 23-0050 establishes reimbursement for covered outpatient drugs using an actual acquisition cost methodology and with a tiered professional dispensing fee based on the annual volume of the enrolled pharmacy. Pharmacies with less than 30,000 claims per year will have a \$14.30 professional dispensing fee. Pharmacies with between 30,000 and 69,999 claims per year will have a \$11.91 professional dispensing fee. Finally, pharmacies with 70,000 or more claims per year will have a \$9.80 professional dispensing fee. This SPA also includes reimbursement for 340B drugs, federal supply schedule, and drugs purchased at nominal price. The state provided data to demonstrate that the acquisition cost methodology and professional dispensing fees being paid are sufficient to assure that Washington's beneficiaries will have access to pharmacy services at least to the extent as the general population.

Based on the information provided and consistent with the regulations at 42 CFR 430.20, we are pleased to inform you that WA-23-0050 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 pages approved for incorporation into Washington's state plan.

If you have any questions regarding this request, 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: Ann Myers, Section Manager & State Plan Coordinator, Health Care Authority  
Edwin Walaszek, Washington State Lead, Division of Program Operations, CMS

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

1. TRANSMITTAL NUMBER 2 3 — 0 0 5 0 2. STATE WA

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  
July 1, 2023

5. FEDERAL STATUTE/REGULATION CITATION  
1902(a) of the Act

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)  
a. FFY 2023 \$ 1,392,732  
b. FFY 2024 \$ 3,981,795

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT  
Supplement A to Attachment 4.19-B pages 1, 2, 3

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)  
Supplement A to Attachment 4.19-B pages:  
1 (TN#15-0023)  
2 (TN#15-0023)  
3 (TN#09-005)  
4 (TN#23-0002) (Remove)

9. SUBJECT OF AMENDMENT  
Pharmacy Professional Dispensing Fees

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:

[Redacted]  
Charissa Fotinos, MD MSc  
13. TITLE  
Medicaid and Behavioral Health Medical Director  
14. DATE SUBMITTED  
September 27, 2023

15. RETURN TO  
State Plan Coordinator  
POB 42716  
Olympia, WA 98504

**FOR CMS USE ONLY**

16. DATE RECEIVED  
9/27/2023

17. DATE APPROVED  
11/13/2023

**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL  
7/01/2023

19. SIGNATURE OF APPROVING OFFICIAL  
[Redacted]

20. TYPED NAME OF APPROVING OFFICIAL  
Mickey Morgan

21. TITLE OF APPROVING OFFICIAL  
Deputy Director, Division of Pharmacy

22. REMARKS

## STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: WASHINGTON

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**REIMBURSEMENT FOR PHARMACY SERVICES**

## I. General Information

1. Prescription drug reimbursement through Point-of-Sale (POS) is based on:
  - a. The standard 11-digit National Drug Code (NDC) (5-4-2 format); and
  - b. The quantity filled.
  
2. Total reimbursement for a covered outpatient drug does not exceed the lesser of actual acquisition cost (AAC), plus a professional dispensing fee or the provider's usual and customary charge. The AAC is calculated as the lowest of:
  - a. National Average Drug Acquisition Cost (NADAC);
  - b. Maximum allowable cost (MAC);
  - c. Federal Upper Limit (FUL); or
  - d. The provider's usual and customary (U&C) charge to the non-Medicaid population.
  - e. The provider's submitted ingredient cost.

Where NADAC does not exist, Wholesale Acquisition Cost (WAC) is used as the basis for the reimbursement.
  
3. The Agency reimburses specialty drugs in accordance with the methodology listed in Section 2 above.
  
4. The Agency reimburses nominally priced drugs at the provider's actual acquisition cost (AAC), plus a professional dispensing fee.
  
5. The Agency reimburses for 340B discounted drugs at the provider's 340B actual acquisition cost and only when the billing provider is a federally qualified PHS-entity billing with an NPI or NABP number listed on the Office of Pharmacy Affairs national Medicaid exclusion file.
  
6. The Agency does not cover 340B discounted drugs dispensed by contract pharmacies.
  
7. The Agency does not cover investigational drugs. Investigational drugs are not a covered service under Washington's Medicaid pharmacy program.
  
8. The Agency reimburses drugs purchased through the Federal Supply Schedule (FSS) at the provider's actual acquisition cost, plus a professional dispensing fee.
  
9. The Agency reimburses drugs purchased through the Indian Health Services (IHS) in accordance with Section 2 above , plus a professional dispensing fee.

## STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: WASHINGTON

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REIMBURSEMENT FOR PHARMACY SERVICES (Cont.)

## II. Physician-administered drugs

The Agency reimburses drugs administered in the provider's office and billed using the drug-specific HCPCS code and the product-specific NDC at the rates showing on Medicare's drug pricing files. Exceptions to this methodology:

1. Drugs without published ASP rates are paid at a fee equal to the POS rate at the beginning of the most recent calendar quarter. The POS rate is calculated by the methodology using the lower of NADAC, MSC, FUL, U&C rates.
2. Drugs without assigned HCPCS are paid at the POS rate or based on submitted invoice cost, whichever is less.
3. Anti-hemophilia drugs are paid based on Medicare drug pricing file without the clotting factor furnishing fee or based on submitted invoice cost.
4. Contraceptive drugs dispensed from family planning clinics are paid at an Agency researched MAC rate.
5. Contraceptive drugs dispensed from family planning clinics participating with Medicaid in the 340B drug program are reimbursed at 340B AAC.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: WASHINGTON

REIMBURSEMENT FOR PHARMACY SERVICES (Cont.)

III. Professional Dispensing Fees

A. A three-tier professional dispensing fee structure is used, with an adjusted fee allowed for pharmacies that participate in the Modified Unit Dose and/or True Unit Dose programs.

B. Listed below are the professional dispensing fee allowances for each drug ingredient in compounded and non-compounded prescriptions for pharmacies:

High-volume pharmacies (70,000 or more Rxs/yr)	\$ 9.80/Rx
Mid-volume pharmacies (30,000 – 69,999 Rxs/yr)	\$ 11.91/Rx
Low volume pharmacies (less than 30,000 Rxs/yr )	\$ 14.30/Rx
Unit Dose Systems	\$ 14.30/Rx

C. A provider's professional dispensing fee is determined by the volume of prescriptions the pharmacy fills for medical assistance clients and the general public, as indicated on the annual prescription count survey distributed to pharmacies.

D. A 340B professional dispensing fee is paid according to B above.