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State Name: Delaware

State Plan Amendment (SPA) #17-002

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS-179
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
150 S. Independence Mall West
Suite 216, The Public Ledger Building
Philadelphia, Pennsylvania 19106-3499



Region III/Division of Medicaid and Children's Health Operations

SWIFT #033120174004

June 2, 2017

Mr. Stephen M. Groff, Director
Division of Medicaid and Medical Assistance
P.O. Box 906
New Castle, DE 19720-0906

Dear Mr. Groff:

We are pleased to inform you of the approval of Delaware State Plan Amendment (SPA) 17-002. This amendment clarifies the reimbursement methodology for covered outpatient drugs.

Enclosed is a copy of the approved SPA pages and the signed CMS-179 form. The effective date of this amendment is January 1, 2017.

If you have any questions, you may contact Michael Cleary at (215) 861-4282.

Sincerely,



Francis T. McCullough
Associate Regional Administrator

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:
SPA #17-002

2. STATE
DELAWARE

FOR: HEALTH CARE FINANCING ADMINISTRATION

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
January 1, 2017

5. TYPE OF PLAN MATERIAL (Check One):

NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

1927 of the Social Security Act
42 CFR §447.512
42 CFR §447.201
42 CFR §447.205

7. FEDERAL BUDGET IMPACT:

a. FFY 2017 \$ -0-
b. FFY 2018 \$ -0-

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

ATTACHMENT 4.19-B Page 14
ATTACHMENT 4.19-B Page 14a

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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

ATTACHMENT 4.19-B Page 14
ATTACHMENT 4.19-B Page 14a

10. SUBJECT OF AMENDMENT: PHARMACEUTICAL SERVICES REIMBURSEMENT – COVERED OUTPATIENT DRUGS

11. 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:
Governor's comments under separate
correspondence

12. SIGNATURE OF STATE AGENCY OFFICIAL:



16. RETURN TO:

Stephen M. Groff
Director
Division of Medicaid and Medical Assistance
P.O. Box 906
New Castle, Delaware 19720-0906

13. TYPED NAME:

Stephen M. Groff, Director, Division of Medicaid and Medical Assistance

14. TITLE: Designee for Kara Odom Walker, MD, MPH, MSHS,
Secretary, Delaware Health and Social Services

15. DATE SUBMITTED:

3/29/2017

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

March 27, 2017

18. DATE APPROVED:

June 2, 2017

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

January 1, 2017

20. SIGNATURE OF REGIONAL OFFICIAL:



21. TYPED NAME:

Francis McCullough

22. TITLE:

Associate Regional Administrator

23. REMARKS:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: DELAWARE

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES – OTHER TYPES OF CARE
REIMBURSEMENT FOR PHARMACEUTICALS

Overview

The Delaware Medical Assistance Program (DMAP) will reimburse pharmaceuticals using the lower of:

- The usual and customary (U & C) charge to the general public for the product,
- National Average Drug Acquisition Cost (NADAC),
- Wholesale Acquisition Cost (WAC),
 - WAC for legend
 - WAC minus 2% for non-legend
- Delaware Maximum Allowable Cost (DMAC), or
- Actual Acquisition Cost (AAC).

DMAP will meet the reimbursement of FUL defined drugs in the aggregate by reviewing that the NADAC does not exceed the FUL levels.

Methodology for establishing AAC is provided in the table on page Attachment 4.19-B Page 14a.

Entities that purchase Section 340B of the Public Health Service Act products must request to use these drugs for all DMAP patients, including Medicaid fee-for-service patients and for patients whose care is covered by Medicaid Managed Care Organizations.

Professional Dispensing Fee

There is one-time professional dispensing fee per thirty (30)-day period unless the class of drugs is routinely prescribed for a limited number of days.

Definitions

Delaware Maximum Allowable Cost (DMAC) - a maximum price set for reimbursement:

- When a single source product has Average Sales Prices provided by the manufacturer that indicates the WAC is exaggerated,
- When the NADAC does not reflect the most current cost of a multiple source drug, or
- If a single provider agrees to a special price.

Any willing provider can dispense the product.

TN No. SPA #17-002
Supersedes
TN No. SPA #16-001

Approval Date June 2, 2017

Effective Date January 1, 2017

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: DELAWARE

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES – OTHER TYPES OF CARE
REIMBURSEMENT FOR PHARMACEUTICALS

Reimbursement Policy:

The lower of Usual and Customary or Actual Acquisition Cost (AAC) for Drug Reimbursement is derived using the methodology in the table below.

Category	Ingredient Cost	Professional Dispensing Fee
Brand Drug	NADAC	\$10
Generic Drug	NADAC	\$10
Drugs Without NADAC	WAC for legend and WAC-2% for non-legend; or a Delaware Maximum Allowable Cost, whichever is lower.	\$10
340B Purchased Drug	AAC for dispensed drugs	\$10
	AAC for physician administered drugs	\$0
Contract 340B Pharmacy	Drugs acquired through the Federal 340B Drug Pricing Program and dispensed by 340B contract pharmacies are not covered.	N/A
Drugs purchased by 340B entities enrolled with DMMA as utilizing public health service products, which based on specific conditions, must purchase drugs outside of the 340B inventory when that drug is not available or eligible for 340B purchase.	NADAC	\$10
Federal Supply Schedule	AAC	\$10
Drugs Acquired at Nominal Price	AAC	\$10
Specialty Drugs-Mailed	AAC (Invoice price)	\$27
Drug Not Dispensed by Retail Pharmacy	NADAC or WAC, whichever is lower.	\$10
Physician Administered Drugs	AAC based on invoice price if maximum unit cost is greater than or equal to \$50. For drugs where the maximum cost is less than \$50, the cost will be based on direct price or Average Sales Price plus 6%.	N/A
Clotting Factor	AAC (Invoice Price)	\$27
Investigational Drugs (when prior authorized; as a general rule not covered products)	AAC	\$10

TN No. SPA #17-002
Supersedes
TN No. SP-397

Approval Date June 2, 2017

Effective Date January 1, 2017