



DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services

Region 10  
2201 Sixth Avenue, MS/RX-43  
Seattle, Washington 98121

March 6, 2008

Robin Arnold-Williams, Secretary  
Department of Social & Health Services  
Health & Recovery Services Administration  
PO Box 45010  
Olympia, Washington 98504-5010

RE: Washington State Plan Amendment 07-017

Dear Ms. Arnold-Williams:

The Centers for Medicare & Medicaid Services (CMS) Pharmacy Team approved Washington State Plan Amendment (SPA) 07-017 on February 22, 2008.

The Pharmacy Team typically sends the signed approval letter directly to the state. However, enclosed you will find a copy of the official CMS form 179, and amended page(s), from my office for the reason that we were in receipt of the original, signed amendment request.

If you have any questions concerning the Seattle Regional office role in the processing of this state plan amendment, please contact Jan Mertel at (206) 615-2317 or [Jan.mertel@cms.hhs.gov](mailto:Jan.mertel@cms.hhs.gov).

Sincerely,

Arthur W. Pagan  
Acting Associate Regional Administrator  
Division of Medicaid and Children's Health  
Operations

Enclosure(s)

Cc: Doug Porter, Assistant Secretary  
Ann Myers, State Plan Coordinator

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



**Centers for Medicaid & State Operations**

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**FEB 22 2008**

Ms. Ann Myers  
Department of Social and Health Services  
Health and Recovery Services Administration  
626 8<sup>th</sup> Ave SE MS 45504  
Olympia, WA 98504-5504

Dear Ms. Myers:

We have reviewed Washington State Plan Amendment (SPA) 07-017, Prescribed Drugs, received in the Regional Office on December 4, 2007. This amendment proposes to eliminate the voluntary mail-order pharmacy services for prescription drugs. We are pleased to inform you that the amendment is approved, effective February 7, 2008. In addition, we made the requested changes to the CMS-179 as agreed upon on February 20, 2008.

A copy of the CMS-179 form, as well as the pages approved for incorporation into the Washington state plan will be forwarded by the Seattle Regional Office. If you have any questions regarding this amendment, please contact Kim Howell at (410) 786-6762.

Sincerely,

Deirdre Duzor  
Director  
Division of Pharmacy

cc: Barbara Richards, Acting ARA Seattle Regional Office  
Maria Garza, Seattle Regional Office

|   |   |                        |
|---|---|------------------------|
| <b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>  | 1. TRANSMITTAL NUMBER:<br><b>07-017</b>   | 2. STATE<br>Washington |
|   | 3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)                              |                        |
| FOR: HEALTH CARE FINANCING ADMINISTRATION   | 4. PROPOSED EFFECTIVE DATE<br>Sept. 1, 2007 <del>February 6, 2008 (PTI)</del><br>February 7, 2008 (PTI) |                        |
| TO: REGIONAL ADMINISTRATOR<br>HEALTH CARE FINANCING ADMINISTRATION<br>DEPARTMENT OF HEALTH AND HUMAN SERVICES |   |                        |

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:  | 7. FEDERAL BUDGET IMPACT:<br>a. FFY 2007 \$0 <del>(12,000) (PTI)</del><br>b. FFY 2008 \$0   |
| 8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:<br><br>Attachment 3.1-A, page 32<br>Attachment 3.1-B, page 32<br>Attachment 4.19-B, page 12<br>Supplement A to Attachment 4.19-B, page 2 (PTI) | 9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):<br><br>Attachment 3.1-A, page 32<br>Attachment 3.1-B, page 32<br>Attachment 4.19-B, page 12<br>Supplement A to Attachment 4.19-B, page 2 (PTI) |

10. SUBJECT OF AMENDMENT:  
Mail Order Delivery Service of Prescription Drugs

11. GOVERNOR'S REVIEW (Check One):

GOVERNOR'S OFFICE REPORTED NO COMMENT       OTHER, AS SPECIFIED: Exempt  
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED  
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

|   |  |
|---|--|
| 12. SIGNATURE OF STATE AGENCY OFFICIAL:<br><i>Robin Arnold-Williams</i> | 16. RETURN TO:<br>Ann Myers<br>Department of Social and Health Services<br>Health and Recovery Services Administration<br>626 8 <sup>th</sup> Ave SE MS: 45504<br>Olympia, WA 98504-5504 |
| 13. TYPED NAME:<br>ROBIN ARNOLD-WILLIAMS                                |  |
| 14. TITLE:<br>Secretary   |  |
| 15. DATE SUBMITTED:<br>Dec. 3, 2007                                     |  |

**FOR REGIONAL OFFICE USE ONLY**

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| 17. DATE RECEIVED:<br><b>DEC -4 2007</b> | 18. DATE APPROVED:<br><b>FEB 22 2008</b> |
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**PLAN APPROVED - ONE COPY ATTACHED**

|  |   |
|--|---|
| 19. EFFECTIVE DATE OF APPROVED MATERIAL:<br><b>FEB -7 2008</b> | 20. SIGNATURE OF REGIONAL OFFICIAL:<br><i>Arthur W. Pagan</i> |
| 21. TYPED NAME:<br><b>Arthur W. Pagan</b>                      | 22. TITLE:<br><b>Acting Associate Regional Administrator</b>  |

23. REMARKS:  
PTI changes authorized by the state on 2/15/08  
PTI changes authorized by the state on 2/19/08

**Division of Medicaid & Children's Health**

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

State WASHINGTONAMOUNT, DURATION, AND SCOPE OF MEDICAL AND REMEDIAL  
CARE AND SERVICES PROVIDED TO THE CATEGORICALLY NEEDY

## 12. a. Prescribed drugs (continued)

**Preferred Drug List**

- Pursuant to 42 U.S.C. section 1396r-8, the State is establishing a preferred drug list with prior authorization for drugs not included on the preferred drug list. Prior authorization programs for covered outpatient drugs provide for a response within 24 hours of a request for prior authorization, and provides for the dispensing of at least a 72-hour supply of medications in emergency situations, in accordance with provisions of section 1927(d)(5) of the Social Security Act. The prior authorization process is described in chapter 388-530 WAC.
- Prior authorization will be established for certain drug classes or particular drugs in accordance with Federal law. All drugs covered by the program, irrespective of a prior authorization requirement, will comply with the provisions of the national drug rebate agreement.
- A preferred drug list does not prevent Medicaid beneficiaries from obtaining access to medically necessary drugs of manufacturers that participate in the national drug rebate program.
- The State will utilize the Drug Utilization Review board to assure, that in addition to pricing consideration, preferred drugs are clinically appropriate.

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

State WASHINGTONAMOUNT, DURATION, AND SCOPE OF SERVICES PROVIDED TO THE  
MEDICALLY NEEDY GROUP(S): ALL

12. a. Prescribed drugs (cont.)

**Preferred Drug List**

- Pursuant to 42 U.S.C. section 1396r-8, the State is establishing a preferred drug list with prior authorization for drugs not included on the preferred drug list. Prior authorization programs for covered outpatient drugs provide for a response within 24 hours of a request for prior authorization, and provides for the dispensing of at least a 72-hour supply of medications in emergency situations, in accordance with provisions of section 1927(d)(5) of the Social Security Act. The prior authorization process is described in chapter 388-530 WAC.
- Prior authorization will be established for certain drug classes or particular drugs in accordance with Federal law. All drugs covered by the program, irrespective of a prior authorization requirement, will comply with the provisions of the national drug rebate agreement.
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- The State will utilize the Drug Utilization Review Board to assure, that in addition to pricing consideration, preferred drugs are clinically appropriate.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE: WASHINGTON

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

State: WASHINGTON

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REIMBURSEMENT FOR PHARMACY SERVICES (Cont.)

- III. Estimated Acquisition Cost (EAC)
- a. First DataBank derives the Average Wholesale Price (AWP) of each product based on information they receive directly from each manufacturer or labeler. The appropriate percentage of the AWP that represents the Estimated Acquisition Cost (EAC) is determined.
- B. Currently applied EAC percentages, effective for dates of service on and after 8/1/02, are:
- AWP-14% for single source drugs;
  - AWP-14% for multisource drugs with four or fewer manufacturers/labelers;
  - AWP-50% for multisource drugs with five or more manufacturers/labelers and no MAC or FUL; and
  - 100% of certified AWP for infusion, injectable, and inhalation drugs with certified AWP's.