



DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services

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

AUG 24 2007

RECEIVED

SEP 20 2007

Robin Arnold-Williams, Secretary
Department of Social & Health Services
Post Office Box 45010
Olympia, Washington 98504-5010

Rules and Publications

RE: Washington State Plan Amendment 07-011

Dear Ms. Arnold-Williams:

The Centers for Medicare & Medicaid Services (CMS) Pharmacy Team recently approved Washington State Plan Amendment (SPA) 07-011.

Although the Pharmacy Team has already sent the State a copy of the approval for this State Plan Amendment (SPA), the Seattle Regional office is following up with an additional copy for the reason that we were in receipt of the original, signed amendment request.

Therefore, enclosed you will find a copy of the official CMS form 179, amended page(s), and copy of the approval letter from the Pharmacy Team for your records.

If you have any questions concerning the Seattle Regional office role in the processing of this SPA, please contact Maria Garza at (206) 615-2542 or maria.garza@cms.hhs.gov.

Sincerely,

Karen S. O'Connor
Associate Regional Administrator
Division of Medicaid and Children's Health
Operations

Enclosure

cc:

Douglas Porter, Assistant Secretary, HRSA
Ann Myers, State Plan Coordinator, HRSA

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

1. TRANSMITTAL NUMBER:
07-011

2. STATE
Washington

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
July 1, 2007

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:

- a. FFY 2007 \$<294,000>
b. FFY 2008 \$<1,176,000>

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 3.1-A, pages 30 - 32
Attachment 3.1-B, pages 30 - 32

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION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

Attachment 3.1-A, pages 30 - 32
Attachment 3.1-B, pages 30 - 32

10. SUBJECT OF AMENDMENT:

Remove TCS

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: Exempt

12. SIGNATURE OF STATE AGENCY OFFICIAL:

Robin Arnold Williams

13. TYPED NAME:
ROBIN ARNOLD WILLIAMS

14. TITLE:
Secretary

15. DATE SUBMITTED:

July 1, 2007

16. RETURN TO:

Ann Myers
Department of Social and Health Services
Health and Recovery Services Administration
626 Sth Ave SE MS: 45504
Olympia, WA 98504-5504

17. DATE RECEIVED:

JUL - 9 2007

FOR REGIONAL OFFICE USE ONLY

18. DATE APPROVED:

AUG 24 2007

19. EFFECTIVE DATE OF APPROVED MATERIAL:

JUL - 1 2007

PLAN APPROVED - ONE COPY ATTACHED

20. SIGNATURE OF REGIONAL OFFICIAL:

Karen S. O'Connor

21. TYPED NAME:

KAREN S. O'CONNOR

22. TITLE:

Associate Regional Administrator
Division of Medicaid &
Children's Health

23. REMARKS:

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

Drug Coverage

- (1) Covered outpatient drugs as defined in Section 1927 (k)(2) of the Act are those which are prescribed for a medically accepted indication and produced by any manufacturer, which has entered into and complies with an agreement under Section 1927(a) of the Act.
- (2) Prescriptions written as a result of an EPSDT visit will be approved as ordered by the prescriber.
- (3) Drugs excluded from coverage as provided by Section 1927(d) (2) of the Act, include: DESI drugs, experimental drugs; weight loss drugs (unless prescribed for an indication other than obesity), drugs for cosmetic purposes, drugs for fertility and drugs for smoking cessation (except that Zyban is covered for pregnant or post-partum women according to Washington Administrative Code).

Prior Authorization

- (4) Prescription drugs may be subject to prior authorization by the agency to ensure that drugs are prescribed and dispensed appropriately.
- (5) HRSA determines which prescription drugs may require prior authorization by reviewing the drug(s) for the following:
 - Safety
 - Potential for abuse or misuse
 - Narrow therapeutic index
 - High cost when less expensive alternatives are available

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)

- (6) 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.

Supplemental Rebate Agreement

- (7) The state is in compliance with Section 1927 of the Act. The state will cover drugs of manufacturers participating in the Medicaid Drug Rebate Program. Based on the requirements for Section 1927 of the Act, the state has the following policies for drug rebate agreements:

- Manufacturers are allowed to audit utilization rates.
- The unit rebate amount is confidential and cannot be disclosed for purposes other than rebate invoicing and verification, in accordance with Section 1927 (b)(3)(D).
- A rebate agreement between the state and a drug manufacturer for drugs provided to the Washington Medicaid population, submitted to CMS on January 14, 2002, entitled "State of Washington Supplemental Rebate Contract," has been authorized by CMS.
- A rebate agreement between the state and a drug manufacturer for drugs provided to the Washington Medicaid population, submitted to CMS on January 16, 2004, entitled "State of Washington Supplemental Rebate Contract," has been authorized by CMS.
- The state reports rebates from separate agreements to the Secretary for Health and Human Services. The state will remit the federal portion of any cash state supplemental rebates collected on the same percentage basis applied under the national rebate agreement.
- All drugs covered by the program, irrespective of a prior authorization agreement, will comply with provisions of the national drug rebate agreement.

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.

Mail Order Delivery Service for Prescription Drugs

- (8) The state contracts for a mail-order delivery service for prescription drugs using a competitive bid process. This service is available to all fee-for-service Medicaid clients statewide. Clients have the option of having prescriptions filled at either a local retail outlet of their choice or by the mail-order contractor.

All policies and procedures that apply to retail pharmacies also apply to the mail-order contractor, except for the following:

- (a) The mail-order contractor is reimbursed at a mutually agreed upon level that is less than reimbursement provided to local retail pharmacies; and
- (b) If authorized by the prescriber, the mail-order contractor may dispense the following drugs in up to a ninety-day supply:
 - (i) Preferred drugs identified by the state;
 - (ii) Generic drugs; and
 - (iii) Drugs that do not require prior authorization or expedited prior authorization.

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

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MEDICALLY NEEDY GROUP(S): ALL

12. a. Prescribed drugs (cont.)

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