

## **Table of Contents**

**State/Territory Name: Washington**

**State Plan Amendment (SPA) #: WA-17-0002**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 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**

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**Disabled and Elderly Health Programs Group**

January 19, 2021

Susan Birch, Director  
MaryAnne Lindeblad, Medicaid Director  
Health Care Authority  
PO Box 45502  
Olympia, WA 98504-5010

Dear Ms. Birch and Ms. Lindeblad:

The Centers for Medicare & Medicaid Services (CMS) has completed its review of State Plan Amendment (SPA), Transmittal Number WA-17-0002. This SPA is approved effective April 1, 2017.

Attached is a copy of the CMS-179 summary form, as well as the approved pages for incorporation into the Washington State Plan.

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

Sincerely,

John M. Coster, Ph.D., R.Ph.  
Director  
Division of Pharmacy

cc: Ann Myers, HCA  
Abigail Cole, HCA

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>	1. TRANSMITTAL NUMBER: <b>17-002</b>	2. STATE Washington
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
FOR: HEALTH CARE FINANCING ADMINISTRATION		4. PROPOSED EFFECTIVE DATE April 1, 2017
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION 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: 1902(a) of the Social Security Act	7. FEDERAL BUDGET IMPACT: a. FFY 2017 \$184,621,733 \$812,236 (P&I) b. FFY <sup>MS</sup> 2018 \$369,243,466 \$1,249,734 (P&I)
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Attachment 4.19-B, pages 9 – 11 <del>Supplemental A to Attachment 4.19-B, pages 1 - 2 (P&amp;I)</del>	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  Attachment 4.19-B, pages 9 – 11 <del>Supplemental A to Attachment 4.19-B, pages 1 - 2 (P&amp;I)</del> Supplemental A to Attachment 4.19-B, pages 1-3 (remove)(P&I)

10. SUBJECT OF AMENDMENT:

Pharmacy Reimbursement under the Covered Outpatient Drug Rule

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: 	16. RETURN TO: Ann Myers Rules and Publications Division of Legal Services Health Care Authority 626 8 <sup>th</sup> Ave SE MS: 42716 Olympia, WA 98504-2716
13. TYPED NAME: MaryAnne Lindeblad	
14. TITLE: Director	
15. DATE SUBMITTED: <u>6-26-17</u>	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 6/26/17	18. DATE APPROVED: January 19, 2021
PLAN APPROVED – ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: April 1, 2017	20. SIGNATURE OF REGIONAL OFFICIAL:
21. TYPED NAME: John M. Coster, PhD, RPh	22. TITLE: Director, Division of Pharmacy, DEHPG/CMCS/CMS
23. REMARKS: 6/26/17: State authorized a P&I change to box 7 9/8/17: State authorized P&I change to boxes 8 and 9 12/20/17: State authorized P&I change to box 8	

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

State WASHINGTON

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IV. Pharmacy Services (cont.)

## B. General Information

1. 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. Where NADAC does not exist, Wholesale Acquisition Cost (WAC) or an established MAC will be used as the basis for the reimbursement.
  - f. When requested by a provider, and with submittal of proof of invoice cost, the Agency may adjust a provider claim in order to cover the provider's actual acquisition cost (AAC). The provider is requested to contact the NADAC Help Desk to contribute their cost information to the NADAC survey.
2. The Agency reimburses specialty drugs in accordance with the methodology listed in Section (B)(1).
3. The Agency reimburses nominally priced drugs at the provider's actual acquisition cost (AAC), plus a professional dispensing fee.
4. The Agency reimburses drugs dispensed by the Indian Health Services (IHS), which includes, at the option of the tribe, facilities operated by a tribe or tribal organization and funded by Title I or III of the Indian Self Determination and Education Assistance Act, to an IHS-eligible Medicaid beneficiary at the outpatient per visit encounter rate published in the Federal Register, plus a professional dispensing fee.
5. The Agency reimburses drugs purchased through the Federal Supply Schedule (FSS) at the provider's actual acquisition cost, plus a professional dispensing fee, unless the provider is paid via an encounter rate.
6. The Agency reimburses for 340B discounted drugs at the provider's 340B actual acquisition cost, plus a professional dispensing fee, and only when the billing provider is a federally qualified PHS-entity billing with an National Provider Identifier (NPI) or National Council for Prescription Drug Programs (NCPDP) number listed on the Office of Pharmacy Affairs national Medicaid exclusion file.
7. The Agency does not cover 340B discounted drugs dispensed by contract pharmacies.
8. The Agency does not cover investigational drugs. Investigational drugs are not a covered service under Washington's Medicaid pharmacy program.

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

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## IV. Pharmacy Services (cont.)

## C. Professional Dispensing Fees

1. The Agency sets pharmacy professional dispensing fees based on periodic review and examination of market research and other reliable data. The research and data must be sufficient to establish the adequacy of ingredient cost reimbursement and professional dispensing fees, independently and in the aggregate.
2. The current professional dispensing fee payment system is multi-tiered. The professional dispensing fee paid to a pharmacy depends upon that pharmacy's total annual prescription volume (both Medicaid and non-Medicaid), as reported to the Agency on the annual prescription count survey distributed to pharmacies.
3. Pharmacies providing unit dose delivery service are paid the Agency's highest allowable professional dispensing fee for unit dose prescriptions dispensed. All other prescriptions filled by these pharmacies are paid at the professional dispensing fee level applicable to their annual prescription volume.
4. A professional dispensing fee is paid for each ingredient in a compound prescription.
5. Listed below are the professional dispensing fees paid to pharmacies for each drug ingredient in compounded and non-compounded prescriptions.
  - High-volume pharmacies (over 35,000 Rxs/yr) \$4.24/Rx
  - Mid-volume pharmacies (15,001-35,000 Rxs/yr) \$4.56/Rx
  - Low volume pharmacies (15,000 Rxs/yr and under) \$5.25/Rx
  - Unit Dose Systems \$5.25/Rx

## D. Reimbursement for Other Pharmacy Services

1. 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 (ASP plus 6 percent). Exceptions to this methodology:
  - a. 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 listed under A above (NADAC, MAC, FUL, U&C).
  - b. Drugs without assigned HCPCS are paid at the POS rate or based on submitted invoice cost; whichever is less.
  - c. Anti-hemophilia drugs are paid based on Medicare's drug pricing file without the clotting factor furnishing fee or based on submitted invoice cost.
  - d. Contraceptive drugs dispensed from family planning clinics are paid at an Agency researched MAC rate.
  - e. Contraceptive drugs dispensed from family planning clinics participating with Medicaid in the 340B drug program are reimbursed at 340B AAC. A 340B family planning dispensing fee, based on a 340B shared-savings model, is paid when contraceptive pills, patches, rings or emergency contraception products are dispensed from the participating 340B family planning clinics.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

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