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State/Territory Name: Washington

State Plan Amendment (SPA)#: WA-23-0002

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

September 19, 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) 23-0002 received in the CMS Medicaid & CHIP Operations Group on June 27, 2023. This SPA proposes a reimbursement methodology for physician administered drugs and updates references to the ASP (Average Sales Price) rate.

In keeping with the requirements of section 1902 (a)(30)(A) of the Social Security Act, we believe the state has demonstrated that their reimbursement is consistent with efficiency, economy, and quality of care, and are sufficient to ensure that care and services are available to Medicaid beneficiaries at least to the extent they are available to the general population in the geographic area. We believe that there is evidence regarding the sufficiency of Washington's pharmacy provider network at this time to approve SPA 23-0002. Specifically, Washington has reported to CMS that 1,344 of the state's 1,443 licensed in-state retail pharmacies are enrolled in Washington's Medicaid program. With a 93 percent participation rate, we can infer that Washington's beneficiaries will have access to pharmacy services at least to the extent available to the general population since Medicaid requires that beneficiaries be provided access to all covered outpatient drugs of participating drug manufacturers with a rebate agreement through a broad pharmacy network. In contrast, commercial insurers often have more limited drug formularies and a more limited pharmacy network.

Based on the information provided and consistent with the regulations at 42 CFR 430.20, we are pleased to inform you that WA-23-0002 is approved with an effective date of April 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.

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 0 2

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
April 1, 2023

5. FEDERAL STATUTE/REGULATION CITATION
Section 1927 of the Social Security Act

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2023 \$ 96,703
b. FFY 2024 \$ 193,407

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 4.19-B pages 6, 10, 10a (new), 53
Attachment 4.19-B pages 6 and 53, Supplement A to Attachment 4.19-B page 4

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)
Attachment 4.19-B pages 6, 10, 53
Attachment 4.19-B pages 6 and 53

9. SUBJECT OF AMENDMENT
Remove Average Sales Price Percentage

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:

11. SIGNATURE OF STATE AGENCY OFFICIAL
Charissa Fotinos MD, MSc

12. TYPED NAME
Charissa Fotinos, MD, MSc

13. TITLE
Medicaid and Behavioral Health Medical Director

14. DATE SUBMITTED
~~September 12, 2023~~ **June 27, 2023**

15. RETURN TO

FOR CMS USE ONLY

16. DATE RECEIVED

17. DATE APPROVED

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL
Mickey Morgan

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

22. REMARKS

Pen & Ink changes authorized by the state on 9/15/2023:
Box 5 - Added "Section 1927 of the Social Security Act"
Box 7 – Changed from "Attachment 4.19-B pages 6, 10, 10a (new), 53" to "Attachment 4.19-B pages 6 and 53, Supplement A to Attachment 4.19-B page 4"
Box 8 – Change "Attachment 4.19-B pages 6, 10, 53" to "Attachment 4.19-B pages 6 and 53"
Box 14 – Change "September 12, 2023" to the date of submission "June 27, 2023"

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
STATE: WASHINGTON

III. Physician Services

- A. Maximum allowable fees are established and updated using the Resource Based Relative Value Scale (RBRVS) methodology as adopted in the Medicare Fee Schedule Data Base (MFSDDB). In this methodology, under WAC 182-531-1850, the agency uses CMS-established relative value units (RVU) multiplied by both the Geographic Practice Cost Indices (GPCI) for Washington State (supplied by the Federal Register) and the conversion factors specific to Washington. The agency's conversion factor that is annually adjusted based on utilization and budget neutrality from year-to-year. For the current conversion factor, and further description, see Supplement 3 to Attachment 4.19-B.
- B. When no MFSDDB RVU exists, some of the codes are reimbursed using flat fee (based upon market value, other state's fees, budget impacts, etc.), acquisition cost (the cost of the actual item being billed), Medicare Laboratory Fee Schedule, CMS ASP file, and/or Point of Sale (POS) actual acquisition cost (AAC).

Except as otherwise noted in the plan, fee schedule rates are the same for both governmental and private providers of physician services. See 4.19-B I, General, #G for the agency's website where the fee schedules are published.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
STATE: WASHINGTON

POLICY AND METHODS USED IN ESTABLISHING PAYMENT RATES FOR EACH OF THE OTHER TYPES OF CARE OR SERVICE LISTED IN SECTION 1905(A) OF THE ACT THAT IS INCLUDED IN THE PROGRAM UNDER THE PLAN.

XXIV. Payment for items and services furnished in connection with client participation in qualifying clinical trials

- A. Maximum allowable fees are established and updated using the Resource Based Relative Value Scale (RBRVS) methodology as adopted in the Medicare Fee Schedule Data Base (MFSDB). In this methodology, under WAC 182-531-1850, the agency uses CMS-established relative value units (RVU) multiplied by both the Geographic Practice Cost Indices (GPCI) for Washington State (supplied by the Federal Register) and the conversion factors specific to Washington. The agency's conversion factor that is annually adjusted based on utilization and budget neutrality from year-to-year. For the current conversion factor, and further description, see Supplement 3 to Attachment 4.19-B.
- B. When no MFSDB RVU exists, some of the codes are reimbursed using flat fee (based upon market value, other state's fees, budget impacts, etc.), acquisition cost (the cost of the actual item being billed), Medicare Laboratory Fee Schedule, CMS ASP file, and/or Point of Sale (POS) actual acquisition cost (AAC).

Except as otherwise noted in the plan, fee schedule rates are the same for both governmental and private providers of items and services furnished in connection with participation in a qualified clinical trial. See 4.19-B I, General, #G for the agency's website where the fee schedules are published.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: WASHINGTON

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.