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## **Table of Contents**

**State/Territory Name: Washington**

**State Plan Amendment (SPA) #: 19-0008**

This file contains the following documents in the order listed:

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

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
Seattle Regional Office  
701 Fifth Avenue, Suite 1600, MS/RX-200  
Seattle, WA 98104



Division of Medicaid & Children's Health Operations

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June 12, 2019

Susan Birch, Director  
MaryAnne Lindeblad, Medicaid Director  
Health Care Authority  
P O Box 42716  
Olympia, WA 98504-2716

RE: Washington State Plan Amendment (SPA) Transmittal Number 19-0008

Dear Ms. Birch & Ms. Lindeblad:

The Centers for Medicare & Medicaid Services (CMS), Pharmacy Team, recently approved State Plan Amendment (SPA) 19-0008, effective January 1, 2019. This amendment incorporates language that authorizes the state to enter into value-based arrangements with drug manufacturers through supplemental rebate agreements.

Enclosed you will find a copy of the official CMS Form 179, amended state plan pages, and copy of the June 12, 2019, approval letter from the CMS Pharmacy Team for your records.

If you have any questions, please contact me, or your staff may contact Maria Garza at [maria.garza@cms.hhs.gov](mailto:maria.garza@cms.hhs.gov) or (206) 615-2542.

Sincerely,

Digitally signed by David L. Meacham -  
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David L. Meacham  
Deputy Director

Enclosure

cc:  
MaryAnne Lindeblad, Medicaid Director  
Ann Myers, HCA

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**

**Disabled and Elderly Health Programs Group**

June 12, 2019

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

Dear Ms. Birch and Ms. Lindeblad:

We have reviewed Washington's State Plan Amendment (SPA) 19-0008 received in the Seattle Regional Operations Group on March 14, 2019. This amendment proposes to revise the Washington state plan to incorporate language that authorizes the state to enter into value-based arrangements with drug manufacturers through supplemental rebate agreements.

Based on the information provided and consistent with the regulations at 42 CFR 430.20, we are pleased to inform you that SPA 19-0008 is approved with an effective date of January 1, 2019. A copy of the signed CMS-179 form, as well as the pages approved for incorporation into Washington's state plan will be forwarded by the Seattle Regional Operations Group.

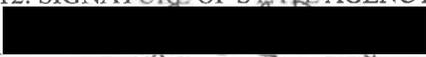
If you have any questions regarding this amendment, please contact Terry Simananda at (410) 786-8144 or [Terry.Simananda@cms.hhs.gov](mailto:Terry.Simananda@cms.hhs.gov).

Sincerely,

/s/

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

CC: David Meacham, Deputy Director, CMS, Seattle Regional Operations Group  
Maria Garza, CMS, Seattle Regional Operations Group  
Ann Myers, State of Washington

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>		1. TRANSMITTAL NUMBER: <b>19-0008</b>	2. STATE Washington
<b>FOR: HEALTH CARE FINANCING ADMINISTRATION</b>		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, 2019	
5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: Section 1905(a) of the Social Security Act		7. FEDERAL BUDGET IMPACT: a. FFY 2019 \$ <del>unknown</del> 0 (P&I) b. FFY 2020 \$ <del>unknown</del> 0 (P&I)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Attachment 3.1-A page 31 Attachment 3.1-B page 31 SRA Associated with Supplement A to Attachment 4.19-B		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)  Attachment 3.1-A page 31 Attachment 3.1-B page 31 SRA Associated with Supplement A to Attachment 4.19-B	
10. SUBJECT OF AMENDMENT  Supplemental Rebate Agreement Template			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: Exempt <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: Ann Myers Office of 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: MEDICAID DIRECTOR			
15. DATE SUBMITTED: 3-14-19			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED: 3/14/19		18. DATE APPROVED: 6/12/19	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 1/1/19		20. SIGNATURE: 	
21. TYPED NAME: David L. Meacham		22. TITLE: Deputy Director	
23. REMARKS:  5/20/19-State authorized a P&I change to block #7			

Digitally signed by David L. Meacham -S  
DN: c=US, o=U.S. Government, ou=HHS

Date: 2019.06.10 15:26:08 -07'00'

## 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)

**Supplemental Rebate Program**

- (7) The state is in compliance with Section 1927 of the Act. Based on the requirements for Section 1927 of the Act, the state has the following policies for the supplemental rebate program for Medicaid recipients:
- a) All covered drugs of federal participating manufacturers remain available to the Medicaid program but may require prior authorization.
  - b) The current state supplemental rebate agreement between the state and a drug manufacturer for drugs provided to Medicaid recipients, submitted to CMS on July 15, 2008, and entitled "State of Washington Supplemental Rebate Contract" has been authorized by CMS remains in effect.
  - c) The state will continue the ability to have state-specific supplemental rebates and will also participate in a multi-state pooling program that will negotiate supplemental rebates in addition to federal rebates provided for in Title XIX. This multi-state pooling program is known as TOP\$<sup>sm</sup> The Optimal PDL \$olution (TOP\$). TOP\$ rebates will be separate from federal rebates.
  - d) A TOP\$ rebate agreement, submitted to CMS on December 13, 2017, for drugs provided to the Medicaid program has been authorized by CMS.
  - e) TOP\$ supplemental rebate agreements would apply to the drug benefit, both fee-for-service and those paid by contracted managed care organizations (MCOs), under prescribed conditions in Attachment A-2 to the TOP\$ Supplemental Rebate Agreement.
  - f) Supplemental rebates received by the state in excess of those required under the federal drug rebate agreement will be shared with the federal government on the same percentage basis as applied under the federal rebate agreement. The non-federal share of supplemental rebates received by the state will not be subject to the increased offset described in the Affordable Care Act.
  - g) 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).
  - h) Rebates paid under the CMS-authorized TOP\$<sup>sm</sup> agreement for Washington State Medicaid population do not affect AMP or best price under the Medicaid program.
  - i) The CMS-authorized TOP\$<sup>sm</sup> agreement for the Washington State Medicaid population only provides supplemental rebates for Medicaid programs eligible for federal rebates. It does not cover non-Medicaid programs.
  - j) Pharmaceutical manufacturers are allowed to audit utilization rates.
  - k) The state may enter into value-based contracts with manufacturers on a voluntary basis. The contracts will be executed on the model agreement entitled "Value-Based Supplemental Rebate Agreement" submitted to CMS on March 14, 2019, and authorized for use beginning January 1, 2019.

## 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 (cont.)

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