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State/Territory Name: Washington

State Plan Amendment (SPA)#: WA-24-0020

This file contains the following document 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

Medical Benefits Health Programs Group

July 15, 2024

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 State Plan Amendment (SPA) 24-0020 received in the CMS Medicaid Services OneMAC application on May 20, 2024. This SPA proposes to add coverage of prescribed drugs that are not covered outpatient drugs in cases of a drug shortage, as well as describe the reimbursement for prescribed drugs that are not covered outpatient drugs.

Based on the information provided and consistent with the regulations at 42 CFR 430.20, we are pleased to inform you that SPA 24-0020 is approved with an effective date of April 1, 2024. Our review was limited to the materials necessary to evaluate the SPA under applicable federal laws and regulations.

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 amendment, please contact Lisa Shochet at (410) 786-5445 or lisa.shochet@cms.hhs.gov.

Sincerely,

Cynthia R. Denemark, R.Ph.
Director
Division of Pharmacy

cc: Ann Myers, Section Manager & State Plan Coordinator, WA Health Care Authority
Donna L. Sullivan, PharmD, MS, Chief Pharmacy Officer, WA 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 4 — 0 0 2 0 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, 2024

5. FEDERAL STATUTE/REGULATION CITATION
Section 1902a of the Social Security Act

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2024 \$ 0
b. FFY 2025 \$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 3.1-A page 30
Attachment 3.1-B page 30
Supplement A to Attachment 4.19-B page 1

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)
Attachment 3.1-A page 30 (TN# 08-012)
Attachment 3.1-B page 30 (TN# 08-012)
Supplement A to Attachment 4.19-B page 1 (TN# 23-0050)

9. SUBJECT OF AMENDMENT
Pharmacy Update This State Plan Amendment proposes to add coverage of prescribed drugs that are not covered outpatient drugs in cases of a drug shortage, where the state determines coverage of the drug (including a drug authorized for import by the FDA) is medically necessary.

10. 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

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
May 20, 2024

15. RETURN TO
State Plan Coordinator
POB 42716
Olympia, WA 98504-2716

FOR CMS USE ONLY

16. DATE RECEIVED
May 20, 2024

17. DATE APPROVED
July 15, 2022

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
April 1, 2024

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL
Cynthia R. Denmark, R.Ph.

21. TITLE OF APPROVING OFFICIAL
Director, Division of Pharmacy

22. REMARKS
Pen and Ink change authorized by the state on 7/11/2024 to update the language in Box 9.

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 are designated in Attachment 3.1-A and 3.1-B, pages 32a and 32b of this plan. Experimental drugs are excluded from coverage.
- (4) Drug shortages. Prescribed drugs that are not covered outpatient drugs (including drugs authorized for import by the Food and Drug Administration) are covered when medically necessary during drug shortages identified by Food and Drug Administration (FDA).

Prior Authorization

- (5) Prescription drugs may be subject to prior authorization by the agency to ensure that drugs are prescribed and dispensed appropriately.
- (6) The agency 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
- (7) Prior authorization programs for covered outpatient drugs provide for a response within 24 hours of a request for prior authorization and provides for the dispersing of at least a 72-hours supply of medications in emergency situations.

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- (3) Drugs excluded from coverage as provided by Section 1927(d)(2) of the Act are designated in Attachment 3.1-A and 3.1-B, pages 32a and 32b of this plan. Experimental drugs are excluded from coverage.
- (4) Drug shortages. Prescribed drugs that are not covered outpatient drugs (including drugs authorized for import by the Food and Drug Administration) are covered when medically necessary during drug shortages identified by at least one of the following:
 - The United States Food and Drug Administration (US FDA)
 - The American Society of Health-System Pharmacists (ASHP)

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 - High cost when less expensive alternatives are available
- (7) 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.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State: WASHINGTON

REIMBURSEMENT FOR PHARMACY SERVICES

I. General Information

1. Prescription drug reimbursement through Point-of-Sale (POS) is based on:
 - a. The standard 11-digit National Drug Code (NDC) (5-4-2 format); and
 - b. The quantity filled.
2. 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. The provider's submitted ingredient cost.

Where NADAC does not exist, Wholesale Acquisition Cost (WAC) is used as the basis for the reimbursement.

3. The Agency reimburses prescribed drugs that are not covered outpatient drugs and specialty drugs in accordance with the methodology listed in Section 2 above.
4. The Agency reimburses nominally priced drugs at the provider's actual acquisition cost (AAC), plus a professional dispensing fee.
5. The Agency reimburses for 340B discounted drugs at the provider's 340B actual acquisition cost and only when the billing provider is a federally qualified PHS-entity billing with an NPI or NABP number listed on the Office of Pharmacy Affairs national Medicaid exclusion file.
6. The Agency does not cover 340B discounted drugs dispensed by contract pharmacies.
7. The Agency does not cover investigational drugs. Investigational drugs are not a covered service under Washington's Medicaid pharmacy program.
8. The Agency reimburses drugs purchased through the Federal Supply Schedule (FSS) at the provider's actual acquisition cost, plus a professional dispensing fee.
9. The Agency reimburses drugs purchased through the Indian Health Services (IHS) in accordance with Section 2 above, plus a professional dispensing fee.