

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Center for Medicaid and CHIP Services
801 Market Street, Suite 9400
Philadelphia, Pennsylvania 19107



Medicaid and CHIP Operations Group

SWIFT # 093020194043

December 3, 2019

Teresa Miller
Secretary
Pennsylvania Department of Human Services
625 Forster Street
Room 333, Health & Welfare Building
Harrisburg, Pennsylvania 17120

Dear Secretary Miller:

The Centers for Medicare & Medicaid Services (CMS) has completed its review of Pennsylvania's State Plan Amendment (SPA) Transmittal Number 19-0014, "Preferred Drug List," which makes changes to the State's supplemental rebate agreement to support the transition to a statewide preferred drug list (PDL) that applies to both the fee-for-service and managed care delivery systems. The SPA is also intended to simplify physicians' reference to one PDL and one set of prior authorization guidelines and to provide uniformity and consistency to both Medicaid beneficiaries and providers.

This SPA was approved on November 21, 2019 with an effective date of January 1, 2020. Enclosed are:

1. The CMS Summary Page (CMS-179 form);
2. The Approval Letter from the CMS Division of Pharmacy; and
3. The approved State Plan pages for PA-19-0014.

If you have any questions concerning this SPA, please contact Mary McKeon at 215-861-4181.

Sincerely,

Francis T. McCullough,
Deputy Director
Financial Management Group

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER 19-0014	2. STATE Pennsylvania
3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	

TO: REGIONAL ADMINISTRATOR
CENTERS FOR MEDICARE & MEDICAID SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
January 1, 2020

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
Section 1927 of the Social Security Act

7. FEDERAL BUDGET IMPACT
a. FFY 2019 \$0
b. FFY 2020 \$13,148,085


8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Attachment 3.1A/3.1B pp 5b-5bb

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (*If Applicable*)
Attachment 3.1A/3.1B pp 5b-5bb

10. SUBJECT OF AMENDMENT
Preferred Drug List

11. GOVERNOR'S REVIEW (*Check One*)

GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED Review and approval authority
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL has been delegated to the Department of Human Services

12. SIGNATURE OF STATE AGENCY OFFICIAL


13. TYPED NAME
Teresa D. Miller

14. TITLE
Secretary of Human Services

15. DATE SUBMITTED SEP 20 2019

16. RETURN TO
Commonwealth of Pennsylvania
Department of Human Services
Office of Medical Assistance Programs
Bureau of Policy, Analysis and Planning
P.O. Box 2675
Harrisburg, Pennsylvania 17105-2675


FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED
September 25, 2019

18. DATE APPROVED
November 21, 2019

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL
January 20, 2020

20. SIGNATURE OF REGIONAL OFFICIAL


21. TYPED NAME
Francis McCullough

22. TITLE
Financial Management Group, Deputy Director

23. REMARKS

SERVICES

12. Prescribed Drugs, Dentures, Prosthetic Devices and Eyeglasses

12a. Prescribed Drugs (42 CFR 440.120(a)) (continued)

1. Drug Rebate Agreements

- a. The Commonwealth is in compliance with section 1927 of the Social Security Act. The state will cover drugs of federal rebate participating manufacturers. The state is in compliance with reporting requirements for utilization and restrictions to coverage. Pharmaceutical manufacturers can audit utilization data. The unit rebate amount is confidential and cannot be disclosed for purposes other than rebate invoicing and verification.
- b. The Commonwealth will be negotiating supplemental rebates in addition to the federal rebates provided for in Title XIX. Rebate agreements between the Commonwealth and a pharmaceutical manufacturer will be separate from the federal rebates.
- c. CMS authorized a rebate agreement between the Commonwealth and a drug manufacturer for drugs provided to Medicaid beneficiaries, the Pennsylvania Medicaid Supplemental Rebate Agreement.
- d. The Commonwealth will continue single state-specific supplemental rebates in addition to federal rebates provided for in Title XIX. The single state rebate agreements will be separate from the federal rebates. Supplemental rebates received by the Commonwealth 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.
- e. CMS has authorized the Commonwealth of Pennsylvania to enter into the Pennsylvania Medicaid Supplemental Rebate Agreement effective January 1, 2020 for the Commonwealth of Pennsylvania.
- f. Supplemental rebates received by the Commonwealth in excess of those required under the national drug rebate agreement will be shared with the Federal government on the same percentage basis as applied under the national rebate agreement.
- g. All drugs covered by the program, irrespective of a prior authorization requirement, will comply with provisions of the national drug rebate agreement.

SERVICES

12. Prescribed Drugs, Dentures, Prosthetic Devices and Eyeglasses

12a. Prescribed Drugs (42 CFR 440.120(a)) (continued)

5. Preferred Drug List and Prior Authorization

- a. The state established a preferred drug list with prior authorization for drugs not designated as preferred pursuant to 42 U.S.C. section 1396r-8. Prior authorization will be provided with a 24-hour turn-around from receipt of request and a 72-hour supply of drugs in emergency situations.
- b. Prior authorization is also required for certain drug classes, particular drugs or medically accepted indication for uses and doses in compliance with Federal law.
- c. The state will utilize the Pharmacy and Therapeutics Committee or utilize the drug utilization review committee in accordance with Federal law.
- d. The Preferred Drug List is for all Pennsylvania State Medicaid beneficiaries receiving pharmacy benefits.

6. [RESERVED].