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State/Territory Name: Vermont

State Plan Amendment (SPA) #: 19-0005

This file contains the following documents in the order listed:

- 1) Approval Letters
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Page

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

December 13, 2019

Michael K. Smith, Secretary
Vermont Agency of Human Services
280 State Drive - Center Building
Waterbury, Vermont 05671-1000

Dear Mr. Smith,

We have reviewed Vermont State Plan Amendment (SPA) 19-0005 received in the Centers for Medicare and Medicaid Services (CMS) Boston Regional Operations Group on November 5, 2019. This SPA proposes to update the Vermont's Supplemental Rebate Agreement to reflect the state's current operations and requirements.

Based on the information provided and consistent with the regulations at 42 CFR 430.20, we are pleased to inform you that SPA 19-0005 is approved with an effective date of November 15, 2019. A copy of the signed CMS-179 form, as well as the pages approved for incorporation into Vermont's state plan will be forwarded by the Boston Regional Operations Group.

If you have any questions regarding this request, please contact Réna McClain at (410) 786-3975 or Rena.McClain1@cms.hhs.gov.

Sincerely,

/s/

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

cc: Francis T. McCullough, Director, Boston Regional Operations Group
Dylan Frazer, State of Vermont, Medicaid Policy Unit



Center for Medicaid & CHIP Services

December 18, 2019

VIA E-MAIL

Michael K. Smith, Secretary
Vermont Agency of Human Services
280 State Drive - Center Building
Waterbury, VT

Dear Secretary Smith:

On December 13, 2019, the Division of Pharmacy at CMS Baltimore sent a letter to your office approving State Plan Amendment (SPA) 19-0005. This letter contains the Transmittal and Notice of Approval of State Plan Material (CMS 179) and the approved State Plan page.

SPA 19-0005, received on November 5, 2019, proposed to update the supplemental rebate agreement. The effective date for this SPA is November 15, 2019, as requested by your agency.



If you have questions concerning this letter, please feel free to contact Gilson DaSilva at (617) 565-1227 or by e-mail at gilson.dasilva@cms.hhs.gov.

Sincerely,

/s/

Francis T. McCullough, Deputy Director
Financial Management Group

Cc: Dylan Frazer, Medicaid Policy Unit

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|---|--|--|--------------------------|
| TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE AND MEDICAID SERVICES | | 1. TRANSMITTAL NUMBER: 19-0005 | 2. STATE: VERMONT |
| | | 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(S) 11/15/2019 | |
| 5. TYPE OF PLAN MATERIAL (<i>CHECK ONE</i>): | | | |
| <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 (<i>Separate Transmittal for each amendment</i>) | | | |
| 6. FEDERAL STATUTE/REGULATION CITATION: Sec. 1927 of the Social Security Act | | 7. FEDERAL BUDGET IMPACT: a. FFY <u>2020</u> \$ <u>0.00</u> b. FFY <u>2021</u> \$ <u>0.00</u> | |
| 8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Att. 3.1-A page 5b | | 9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>) Att. 3.1-A page 5b | |
| 10. SUBJECT OF AMENDMENT: Supplemental Rebate Agreement Update | | | |
| 11. GOVERNOR'S REVIEW (<i>Check One</i>): | | <input checked="" type="checkbox"/> OTHER, AS SPECIFIED SIGNATURE OF SECRETARY OF ADMINISTRATION | |
| <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <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: DYLAN FRAZER | |
| 13. TYPED NAME: Martha Maksym | | AGENCY OF HUMAN SERVICES 280 STATE DRIVE, CENTER BUILDING WATERBURY, VT 05671-1000 | |
| 14. TITLE: SECRETARY, AGENCY OF HUMAN SERVICES | | | |
| 15. DATE SUBMITTED: 11/05/19 | | | |
| FOR REGIONAL OFFICE USE ONLY | | | |
| 17. DATE RECEIVED: 11/05/19 | | 18. DATE APPROVED: 12/13/19 | |
| PLAN APPROVED - ONE COPY ATTACHED | | | |
| 19. EFFECTIVE DATE OF APPROVED MATERIAL: 11/15/19 | | 20. SIGNATURE OF REGIONAL OFFICIAL: <i>/s/</i> | |
| 21. TYPED NAME: Francis T. McCullough | | 22. TITLE Deputy Director, Financial Management Group | |
| 23. REMARKS | | | |

ITEM 12. PRESCRIBED DRUGS, DENTURES, AND PROSTHETIC DEVICES; EYEGLASSES
PRESCRIBED BY A PHYSICIAN SKILLED IN DISEASES OF THE EYE OR BY AN
OPTOMETRIST (Continued)

A. Prescribed Drugs (Continued)

10. Supplemental Rebate Agreements: Certain covered products in accordance with Section 1927 of the Social Security Act may not be among the baseline preferred drugs identified by the State of Vermont's Drug Utilization Review (DUR) Board and/or the Pharmacy and Therapeutics (P & T) Committee for various therapeutic classes. The state may negotiate supplemental rebate agreements that would reclassify any drug not designated as preferred in the baseline listing for as long as the agreement is in effect.

In addition the State has the following policies for the supplemental rebate program for the Medicaid population:

- Supplemental rebate agreements are unique to each state. The supplemental rebate agreement submitted to CMS in November 2019 amends the "VT 2016 Supplemental Drug Rebate Agreement" authorized by CMS effective July 30, 2015. The addendum to this agreement, approved by CMS, entitled "Sovereign States Drug Consortium, Addendum to Member States Agreements" is not changed by this amendment. The November 2019 supplemental rebate agreement and the approved SSDC Addendum apply to drugs dispensed beginning November 15, 2019.
- Funds received from supplemental rebate agreements will be reported to CMS. The state will remit the federal portion of any supplemental rebates collected.
- Manufacturers with supplemental rebate agreements are allowed to audit utilization data.
- The unit rebate amount is confidential and cannot be disclosed in accordance with Section 1927(b)(3)(D) of the Social Security Act.
- The Department of Vermont Health Access (DVHA) may require prior authorization for covered outpatient drugs. Non-preferred drugs are available with prior authorization.
- The prior authorization process for covered outpatient drugs will conform to the provisions of section 1927(d)(5) of the Social Security Act.

11. The DVHA covers select active pharmaceutical ingredients (API) and excipients used in extemporaneously compounded prescriptions when dispensed by a participating pharmacy provider and issued by a licensed prescriber following state and federal laws. Select APIs are published at <http://dvha.vermont.gov/for-providers>.