

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

Toby Douglas, Chief Deputy Director
California Department of Health Care Services
PO Box 997413, MS 0000
1501 Capitol Avenue
Sacramento, CA 95814


OCT 27 2011

Dear Mr. Douglas:

We have reviewed California State Plan Amendment (SPA) 10-024, Reimbursement for Drugs received in the Regional Office on December 10, 2010. This amendment proposes to reduce reimbursement for prescription drugs by five percent for products dispensed on or after March 1, 2011. Based on information provided by your staff, we do not believe access to prescription drugs will be impaired by this payment reduction. In addition, per an email sent by your staff dated September 29, 2011, we made the requested change to block four on the CMS 179 form. We are pleased to inform you that the amendment is approved, effective March 1, 2011.

A copy of the CMS-179 form, as well as the page approved for incorporation into the California State plan will be forwarded by the San Francisco Regional Office. If you have any questions regarding this approval, please contact Steven Johnson at (410) 786-3332.

Sincerely,


Larry Reed
Director
Division of Pharmacy

cc: Vanessa Baird, Deputy Director
Pilar Williams, Chief
Gloria Nagle, PhD, MPA, ARA San Francisco Regional Office
Beverly Binkier, San Francisco Regional Office
Rodd Mas, San Francisco Regional Office

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL	1. TRANSMITTAL NUMBER: 10-024	2. STATE California
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
FOR: HEALTH CARE FINANCING ADMINISTRATION	4. PROPOSED EFFECTIVE DATE October 1, 2010 - March 1, 2011	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		

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:	7. FEDERAL BUDGET IMPACT: a. FFY 10-11 -\$74.28 million (9 months) b. FFY 11-12 -\$63.38 million
---	--


8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Supplement 2 to Attachment 4.19-B: amend pages 1 and 2 Supplement 2 to Attachment 4.19-B: added page 9	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Supplement 2 to Attachment 4.19-B: amend pages 1 and 2
--	--

10. SUBJECT OF AMENDMENT:
IMPLEMENT 5% REDUCTION IN FEE-FOR-SERVICE PAYMENTS TO PHARMACIES FOR MEDICAL DRUG PRODUCTS

11. 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:
The Governor's Office does not wish to review the State Plan Amendment.

12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO: Department of Health Care Services Attn: State Plan Coordinator 1501 Capitol Avenue, Suite 71.3.26 P.O. Box 997417 Sacramento, CA 95899-7417
13. TYPED NAME: Toby Douglas	
14. TITLE: Chief Deputy Director	
15. DATE SUBMITTED: December 10, 2010	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: December 10, 2010	18. DATE APPROVED: OCT 27 2011
---	-----------------------------------

PLAN APPROVED - DISCOUNT ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: March 1, 2011	20. SIGNATURE OF REGIONAL OFFICIAL: 
21. TYPED NAME: Gloria Magie, Ph.D., MPA	22. TITLE: Associate Regional Administrator

23. REMARKS:
Pen and ink changes approved in response to RAI dated September 28, 2011.
Pen and ink changes approved via email dated September 29, 2011.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT STATE: California
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES -PRESCRIBED DRUGS

- I. The Medicaid program restricts coverage of certain covered outpatient drugs through the operation of a prior authorization program. The prior authorization process provides for a turn-around response by telephone, fax, or other telecommunications device within twenty-four hours of receipt of a prior authorization request. In emergency situations, providers may dispense at least a 72-hour supply of medications in accordance with the provisions of Section 1927(d)(5) of the Social Security Act.

- J. The State Agency believes reimbursement to long-term pharmacy providers to be consistent and reasonable with costs reimbursed to other providers. The State Agency maintains an advisory committee known as the Medi-Cal Contract Drug Advisory Committee in accordance with Federal law.

- K. The payment for drug products, including the drug product payment and the dispensing fee, as described in paragraph A and paragraph B, for drug products dispensed on or after March 1, 2011, will be reduced by five percent.

TN No. 10-024
Supersedes
TN No. None

OCT 27 2011

Approval Date _____ Effective Date: March 1, 2011

ENCLOSURE

**FOR STAKEHOLDERS ONLY

Revised Pages for:
CALIFORNIA MEDICAID STATE PLAN
Under Transmittal of
STATE PLAN AMENDMENT (SPA)
10-024 *

All new pages will have this SPA* number identified as the new TN No., so it will not be repeated for each new insert pages.

Remove Page(s)	Insert Page(s)
None	Supplement 2 to Attachment 4.19-B, page 9