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State/Territory Name: MI

State Plan Amendment (SPA) #: 17-0005

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 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



Disabled & Elderly Health Programs Group

September 20, 2017

Chris Priest
Director, Medical Services Administration
Actuarial Division – Federal Liaison
Capitol Commons Center – 7th Floor
400 South Pine
Lansing, Michigan 48933

Dear Mr. Priest:

We have reviewed Michigan's State Plan Amendment (SPA) 17-0005 received in the Chicago Regional Office on June 29, 2017. This SPA proposes to bring Michigan into compliance with the reimbursement requirements in the Covered Outpatient Drug final rule with comment period (CMS-2345-FC) and establishes methodologies and requirements for the reimbursement of Medication Therapy Management (MTM) Services.

SPA 17-0005 pertains to reimbursement for covered outpatient drugs using actual acquisition cost methodologies and implements professional dispensing fees of \$10.64 for drugs not on the preferred drug list (PDL), \$10.80 for drugs indicated as preferred on the PDL, \$9.00 for drugs indicated as non-preferred on the PDL, and \$20.02 for specialty drugs. The SPA also includes reimbursement methodologies for specialty drugs, drugs not dispensed by retail community pharmacies, clotting factors, 340B drugs, physician-administered drugs, Federal Supply Schedule drugs, and drugs purchased at the nominal price. The state provided data and studies to demonstrate that the acquisition cost methodologies and pharmacy dispensing fees being paid are sufficient to ensure the program's beneficiaries will have access to pharmacy services at least to the extent as the general population.

Based on the information provided and consistent with the regulations at 42 CFR 430.20, we are pleased to inform you that SPA 17-0005 is approved with an effective date of April 1, 2017. A copy of the signed CMS-179 form, as well as the pages approved for incorporation into Michigan's state plan will be forwarded by the Chicago Regional Office. If you have any questions regarding this amendment, please contact Emeka Egwim, Pharm.D, RPh at (410) 786-1092.

Sincerely,

/s/

Meagan T. Khau
Deputy Director
Division of Pharmacy

cc: Erin Black, Federal Liaison, Michigan Department of Health and Human Services
Rita Subhedar, JD, Policy Specialist, Michigan Department of Health and Human Services
Ruth Hughes, Associate Regional Administrator, CMS Chicago Regional Office
Keri Toback, Analyst, CMS Chicago Regional Office
Kyle Straley, Analyst, CMS Chicago Regional Office

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

17 – 0005

2. STATE:

Michigan

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH FINANCING ADMINISTRATION
DEPARTMENT OF HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

April 1, 2017

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:

CMS-2345-FC, 81 Fed. Reg. 5169

7. FEDERAL BUDGET IMPACT:

a. FFY 2017 \$0

b. FFY 2018 \$0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Supplement to Attachment 3.1-A, Page 17a.1

Supplement to Attachment 3.1-A, Page 17a.2

Attachment 4.19-B, Page 1c

Attachment 4.19-B, Page 1d

Attachment 4.19-B, Page 5a

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (*If Applicable*):

Supplement to Attachment 3.1-A, Page 17a.1

Attachment 4.19-B, Page 1c

Attachment 4.19-B, Page 5a

10. SUBJECT OF AMENDMENT:

Recognizes revised pharmacy claim reimbursement rates as required under the Federal Covered Outpatient Drugs Rule (CMS-2345-FC) and includes coverage of Medication Therapy Management services. Corresponding ABP changes will be submitted as well.

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:

Chris Priest, Director

Medical Services Administration

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Chris Priest

14. TITLE:

Director, Medical Services Administration

15. DATE SUBMITTED:

June 29, 2017

16. RETURN TO:

Medical Services Administration
Actuarial Division - Federal Liaison
Capitol Commons Center - 7th Floor
400 South Pine
Lansing, Michigan 48933

Attn: Erin Black

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

June 29, 2017

18. DATE APPROVED:

September 20, 2017

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

April 1, 2017

20. SIGNATURE OF REGIONAL OFFICIAL:

/s/

21. TYPE NAME:

Ruth A. Hughes

22. TITLE:

Associate Regional Administrator

23. REMARKS:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Amount, Duration and Scope of Medical and Remedial Care
Services Provided to the Categorically Needy***

6. Medical Care Furnished by Practitioners within the Scope of their Practice as Defined by State Law
(continued)

d. Other Practitioner Services (continued)

Pharmacists –

- 1) Effective June 1, 2015, the administration of vaccines is covered when provided by a licensed pharmacist as authorized by the State within their scope of practice. Limited to administration of vaccines and toxoids as allowed by applicable state authority. Prior authorization is generally not required.
- 2) Effective April 1, 2017, Medication Therapy Management Services are provided by qualified, licensed pharmacists to recipients taking a prescription drug to treat or prevent one or more chronic conditions as identified in the list of chronic conditions for medication therapy management eligibility located at www.Michigan.gov/medicaidproviders. Pharmacists must have completed a Medication Therapy Management Program approved by the American Council of Pharmaceutical Education.

A qualified pharmacist may provide MTM services via telepractice. Services are subject to the same provision of services that are provided to a recipient in person. Providers must ensure the privacy of the recipient and secure any information shared via telepractice.

- 3) One initial and seven follow-up services are reimbursable per beneficiary per 365-day period unless additional visits are justified due to medical necessity.
- 4) Up to 75 minutes of time spent with the beneficiary per service is reimbursable.

TN NO.: 17-0005

Approval Date: 9/20/17

Effective Date: 04/01/2017

Supersedes

TN No.: 16-0003

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Amount, Duration and Scope of Medical and Remedial Care
Services Provided to the Categorically and Medically Needy***

6. Medical Care Furnished by Practitioners within the Scope of their Practice as Defined by State Law
(continued)

d. Other Practitioner Services (continued)

Psychologists – Effective September 1, 2015, limited licensed, Master’s level Psychologists and fully licensed, Doctoral level Psychologists will be enrolled to provide behavioral health services. Psychologist services limited to 20 visits per calendar year. Covered services are limited to those under the Psychologist’s scope of practice as defined by State law. Authorization required in excess of limitation.

Social Workers – Effective September 1, 2015, fully licensed, Master’s level Social Workers will be enrolled to provide behavioral health services. Social worker services limited to 20 visits per calendar year. Covered services are limited to those under the Social Worker’s scope of practice as defined by State law. Authorization required in excess of limitation.

Professional Counselors - Effective September 1, 2015, fully licensed, Master’s or Doctoral level Professional Counselors will be enrolled to provide behavioral health services. Professional counselor’s services limited to 20 visits per calendar year. Covered services are limited to those under the Professional Counselor’s scope of practice as defined by State law. Authorization required in excess of limitation.

Marriage and Family Therapists – Effective April 1, 2016, fully licensed, Master’s level Marriage and Family Therapists will be enrolled to provide behavioral health services. Marriage and Family Therapists services limited to 20 visits per calendar year. Covered services are limited to those under the Marriage and Family Therapist’s scope of practice as defined by State law. Marriage Counseling is not a Medicaid covered service. Authorization required in excess of limitation.

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Policy and Methods for Establishing Payment Rates
(Other than Inpatient Hospital and Long Term Care Facilities)***

2. Drug Product Reimbursement

- a) Outpatient drug ingredient Reimbursement shall be based upon the lower of: Actual Acquisition Cost (AAC) as defined in (A) I and II below plus the professional dispensing fee, Wholesale Acquisition Cost (WAC) plus the professional dispensing fee, Maximum Allowable Cost (MAC) plus the professional dispensing fee, or the provider's charge.
 - I. For drugs that are not purchased through the 340B program, Federal Supply Schedule, or at the Nominal Price, AAC is based on the National Average Drug Acquisition Cost (NADAC).
 - II. For drugs that are purchased through the 340B program, AAC is based on the actual invoice cost for a drug product to the pharmacy or company, organization, corporation, or affiliate with which it is associated. The provider must indicate the AAC as their ingredient cost charge included in their usual and customary charge.

- b) Outpatient drug ingredient reimbursement described in (2)(a) shall apply to the following:
 - I. Brand Drugs
 - II. Generic drugs
 - III. Clotting factor dispensed by specialty and non-specialty pharmacies
 - IV. Specialty drugs
 - V. Drugs not distributed by a retail community pharmacy (such as a long-term care facility)
 - VI. Drugs purchased through the federal supply schedule (FSS) shall be reimbursed at no more than the FSS price.
 - VII. Drugs purchased through the 340b program shall be reimbursed at no more than the 340b ceiling price.
 - VIII. Drugs purchased through the 340b program, and dispensed by 340b contract pharmacies will not be reimbursed by the state, unless the 340b covered entity, contract pharmacy and the department have established an arrangement to prevent duplicate discounts.
 - IX. Drugs purchased at nominal prices shall be reimbursed at no more than the nominal price.

TN NO.: 17-0005Approval Date: 9/20/17Effective Date: 04/01/2017

Supersedes

TN No.: 15-0011

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Policy and Methods for Establishing Payment Rates
(Other than Inpatient Hospital and Long Term Care Facilities)***

- c) The State has established professional dispensing fees. Effective April 1, 2017 professional dispensing fee reimbursement for pharmacies is the lesser of the standard professional dispensing fee included as a component of the pharmacy's usual and customary charge. The standard professional dispensing fee is the following:
- I. \$20.02 for specialty drugs
 - II. Non-specialty drugs
 1. \$10.64 for drugs not on the department's preferred drug list (PDL)
 2. \$9.00 for drugs indicated as non-preferred on the department's PDL
 3. \$10.80 For drugs indicated as preferred on the department's PDL
- d) Payments for multiple source drugs in the aggregate are equal to or less than Federal Upper Limits, in compliance with federal law.
- e) For non-pharmacy providers, physician-administered drugs and biologicals that are not paid on a cost or prospective payment basis will be reimbursed in accordance with Medicare Part B payment limits. The State's published fee schedule will be based upon average sales price (ASP) drug pricing files supplied by CMS with updates on a quarterly basis.
- f) Hemophilia drugs will be reimbursed in accordance with the rules of this section.
- g) Pharmacy claim payments are not included in the encounter rate for federally qualified health centers (FQHCs). Pharmacy claims from FQHCs will be reimbursed using the rates described in (2)(a).
- h) Drugs that are determined to be experimental or investigational are not covered benefits. Such determinations will be made by the Medical Services Administration, based on qualified medical advice that the drugs have not been generally accepted by the professional medical community as effective and proven treatments for the conditions for which they are being used or are to be used. This advice will originate from established sources such as Medicare, National Institutes of Health, Food and Drug Administration, American Medical Association, etc. The determinations are not judgments that a physician's choice is inappropriate or that a patient does not need treatment.

TN NO.: 17-0005Approval Date: 9/20/17Effective Date: 04/01/2017

Supersedes

TN No.: N/A–New Page

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

***Policy and Methods for Establishing Payment Rates
Other than Inpatient Hospital and Long-Term-Care Facilities***

12. Medical care furnished by practitioners within the scope of their practice as defined by state law.
- A. Certified Registered Nurse Anesthetists (CRNAs)
Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers of CRNA services. The Agency's fee schedule rate was set as of 7/1/2009 and is effective for services provided on or after that date. All rates are published on the Agency's website at www.michigan.gov/medicaidproviders.
 - B. Chiropractors
Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers of chiropractic services. The Agency's fee schedule rate was set as of 7/1/2009 and is effective for services provided on or after that date. All rates are published on the Agency's website at www.michigan.gov/medicaidproviders.
 - C. Podiatrists
Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers of podiatry services. The Agency's fee schedule rate was set as of 7/1/2009 and is effective for services provided on or after that date. All rates are published on the Agency's website at www.michigan.gov/medicaidproviders.
 - D. Optometrist
Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers of optometry services. The Agency's fee schedule rate was set as of 7/1/2009 and is effective for services provided on or after that date. All rates are published on the Agency's website at www.michigan.gov/medicaidproviders.
 - E. Pharmacists
Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers of pharmacy services. The agency's fee schedule rate was set as of 4/1/2017 and is effective for services provided on or after that date. All rates are published on the agency's website at www.michigan.gov/medicaidproviders.