

## **Table of Contents**

**State/Territory Name:**                **Michigan**

**State Plan Amendment (SPA)#:** **20-0007**

This file contains the following documents 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**

**Disabled and Elderly Health Programs Group**

September 28, 2020

Ms. Kate Massey  
Medicaid Director  
Medical Services Administration  
400 S Pine St 7<sup>th</sup> Fl  
Lansing, MI 48933-2250

Dear Ms. Massey:

We have reviewed Michigan State Plan Amendment (SPA) 20-0007 received in the Centers for Medicare & Medicaid Services (CMS) Division of Program Operations East Branch on September 3, 2020. This SPA proposes to update the contract template used by MDHHS to enter into outcomes-based contract arrangements with drug manufacturers.

Based on the information provided and consistent with the regulations at 42 CFR 430.20, we are pleased to inform you that SPA 20-0007 is approved with an effective date of July 31, 2020. 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 Division of Program Operations East Branch.

If you have any questions regarding this request, please contact Justin Aplin at (410) 786-6901 or [Justin.Aplin@cms.hhs.gov](mailto:Justin.Aplin@cms.hhs.gov).

Sincerely,

A black rectangular box redacting the signature of Cynthia R. Denemark.

Cynthia R. Denemark, R.Ph.  
Deputy Director  
Division of Pharmacy  
DEHPG/CMCS/CMS

cc: James G. Scott, Director  
Keri Toback  
Erin Black

Division of Program Operations  
Division of Program Operations East Branch  
Michigan Department of Health and Human Services



**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL  
FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:

20 - 0007

2. STATE:

Michigan

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

4. PROPOSED EFFECTIVE DATE  
July 31, 2020

TO: REGIONAL ADMINISTRATOR  
HEALTH FINANCING ADMINISTRATION  
DEPARTMENT OF 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:  
Sections 1902 and 1903 of the Social Security Act

7. FEDERAL BUDGET IMPACT:

a. FFY 2020 \$0

b. FFY 2021 \$0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  
Supplement to Attachment 3.1-A Page 24.1

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  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

Supplement to Attachment 3.1-A Page 24.1

10. SUBJECT OF AMENDMENT:

The purpose of this SPA is to update the contract template used by MDHHS to enter into outcomes-based contract arrangements with drug manufacturers.

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:

Kate Massey, Director

Medical Services Administration

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Kate Massey

14. TITLE:

Director, Medical Services Administration

15. DATE SUBMITTED:

September 3, 2020

16. RETURN TO:

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

Attn: Erin Black

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

9/3/2020

18. DATE APPROVED:

9/28/2020

**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL:

7/31/2020

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPE NAME:

Cynthia Denemark

22. TITLE:

Deputy Director, Division of Pharmacy, DEHPG/CMCS/CMS

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 and Medically Needy***

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12. Drug Products, Dentures, Prosthetic and Orthotic Devices, Eyeglasses (continued)
- a. Drug Products (continued)
7. A drug use review program, including prospective and retrospective drug utilization review, has been implemented in compliance with federal law.
  8. Claims management is electronic, in compliance with federal law.
  9. The State is in compliance with Section 1927 of the Social Security Act Based on the requirements for Section 1927 of the Act, the state has the following policies for the supplemental rebate program for the Medicaid population:
    - (A)
      - (I) CMS has authorized the State of Michigan to enter into the Michigan multi-state pooling agreement (MMSPA) also referred to as the National Medicaid Pooling Initiative (NMPI) for drugs provided to Medicaid beneficiaries. The NMPI Supplemental Rebate Agreement (SRA) and the Amendment to the SRA submitted to CMS on February 1, 2008, have been authorized for pharmaceutical manufacturers' existing agreements through their current expiration dates. The updated NMPI SRA submitted to CMS on September 25, 2013, has been authorized for renewal and new agreements with pharmaceutical manufacturers for drugs provided to Medicaid beneficiaries.
      - (II) CMS has authorized the State of Michigan to enter into outcomes-based contract arrangements with drug manufacturers for drugs provided to Medicaid beneficiaries. These contracts will be executed on the contract template titled "Outcomes-Based Supplemental Rebate Agreement" submitted to CMS and authorized for use beginning July 31, 2020.
    - (B) New contracts will be submitted to CMS for prior approval.
    - (C) Supplemental rebates received by the State 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 drug rebate agreement.
    - (D) All drugs covered by the program, irrespective of a prior authorization requirement, will comply with provisions of the national drug rebate agreement.
  10. Coverage of selected active pharmaceutical ingredients (APIs) and excipients that are essential to the health of the beneficiary when billed as part of a compounded drug claim.
- b. Dentures
- Dentures are a covered benefit for recipients under the EPSDT program if determined necessary by a licensed dentist (Item 10 of this attachment) to correct masticatory deficiencies likely to impair general health. Prior authorization is required. If the client has an existing denture, replacement is permissible only if the existing denture cannot be relined or rebased, whether or not the existing denture was obtained through the Michigan Medical Assistance Program.
- Reimbursement for complete or partial dentures includes the costs of any necessary adjustments within six months of insertion. Dentures will be replaced when medically necessary. Prior authorization is required.
- c. Prosthetic and Orthotic Devices
- Such devices are provided under the following conditions only:
1. when provided to a hospital inpatient, upon a physician's order indicating that the device is essential to the client's medical treatment plan; or,
  2. when prior authorized as medically necessary and provided on an outpatient basis or for a recipient in a long-term care facility.