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State/Territory Name: New York

State Plan Amendment (SPA) #: 24-0074

This file contains the following documents in the order listed below:

- 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



Medicaid Benefits and Health Programs Group

March 25, 2025

Michael Ogborn
New York State Department of Health
Division of Finance and Rate Setting
99 Washington Ave – One Commerce Plaza
Suite 1432
Albany, NY 12210

Dear Michael Ogborn:

We have reviewed New York's State Plan Amendment (SPA) 24-0074 received in the Centers for Medicare and Medicaid Services (CMS) OneMAC application on December 31, 2024. This SPA updates the reimbursement methodology of covered outpatient and prescribed drugs as well as physician administered drugs.

Based on the information provided and consistent with the regulations at 42 CFR 430.20, we are pleased to inform you that NY-24-0074 is approved with an effective date of October 1, 2024.

We are attaching a copy of the signed CMS-179 form, as well as the pages approved for incorporation into New York's state plan. If you have any questions regarding this amendment, please contact Whitney Swears at 410-786-6543 or via email at Whitney.Swears@cms.hhs.gov.

Sincerely,

A black rectangular box redacting the signature of Mickey D. Morgan.

Mickey D. Morgan
Deputy Director
Division of Pharmacy

cc:

A large black rectangular box redacting the list of recipients for the email.

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

1. TRANSMITTAL NUMBER

2 4 — 0 0 7 4

2. STATE

N Y3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL
SECURITY ACT

XIX



XXI

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

October 1, 2024

5. FEDERAL STATUTE/REGULATION CITATION

§ 1905(a)(12) Prescribed Drugs, Dentures, and Prosthetic Devices; a

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 10/01/24-09/30/25 \$ 0b. FFY 10/01/25-09/30/26 \$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-B Pages: 4(d), 4(d)(1), 4(d)(2)

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable)

Attachment 4.19-B Pages: 4(d), 4(d)(1), 4(d)(2)

9. SUBJECT OF AMENDMENT

Drug Reimbursement

10. 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:

11. SIGNATURE OF STATE AGENCY OFFICIAL

12. TYPED NAME

Michael Ogborn

13. TITLE

Deputy Medicaid Director

14. DATE SUBMITTED

December 31, 2024

15. RETURN TO

New York State Department of Health
Division of Finance and Rate Setting
99 Washington Ave – One Commerce Plaza
Suite 1432
Albany, NY 12210**FOR CMS USE ONLY**

16. DATE RECEIVED

December 31, 2024

17. DATE APPROVED

March 25, 2025

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

October 1, 2024

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

Mickey D. Morgan

21. TITLE OF APPROVING OFFICIAL

Deputy Director, Division of Pharmacy

22. REMARKS

New York
4(d)

1905(a)(12) Prescribed Drugs, Dentures, and Prosthetic Devices; and Eyeglasses
Outpatient Drug Reimbursement

1. Reimbursement for Covered Outpatient and Prescribed Drugs (including specialty drugs) as outlined on the New York State Medicaid Pharmacy List of Reimbursable Drugs found on the state's website, dispensed by a retail pharmacy; an institutional or long term care pharmacy; an Indian Health Service, tribal or urban Indian pharmacy; or any other pharmacy enrolled in the NYS Medicaid FFS Program is as follows:
 - a. Reimbursement for Brand Name Drugs is the lower of:
 - i. National Average Drug Acquisition Cost (NADAC) or, in the event of no NADAC pricing available, Wholesale Acquisition Cost (WAC); plus, the professional dispensing fee in Section 2; or
 - ii. the billing pharmacy's usual and customary price charged to the general public.
 - b. Reimbursement for Generic Drugs is the lower of:
 - i. NADAC or, in the event of no NADAC pricing available, WAC less 17.5%; plus, a professional dispensing fee; or
 - ii. the Federal Upper Limit (FUL) plus the professional dispensing fee in Section 2; or
 - iii. the State Maximum Acquisition Cost (SMAC) plus the professional dispensing fee in Section 2; or
 - iv. the billing pharmacy's usual and customary price charged to the general public.
 - c. Reimbursement for Nonprescription Drugs is the lower of:
 - i. NADAC or, in the event of no NADAC pricing available, WAC; plus, if a covered prescribed drug, the professional dispensing fee in Section 2;
 - ii. the FUL plus, if a covered prescribed drug, the professional dispensing fee in Section 2; or
 - iii. the SMAC plus, if a covered prescribed drug, the professional dispensing fee in Section 2; or
 - iv. the billing pharmacy's usual and customary price charged to the general public.
2. The professional dispensing fee for covered prescribed drugs, including 340B-purchased drugs, when dispensed by a retail pharmacy; an institutional or long term care pharmacy; an Indian Health Service, tribal or urban Indian pharmacy; or any other pharmacy enrolled in the NYS Medicaid FFS Program, is \$10.18.
3. Payment for drugs dispensed by pharmacies that are acquired at a nominal price as referenced in 42 CFR § 447.502 is at actual acquisition cost plus the professional dispensing fee in Section 2.
4. Payment for drugs dispensed by pharmacies that are acquired via the Federal Supply Schedule is at actual acquisition cost plus the professional dispensing fee in Section 2.

TN **#24-0074**

Approval Date **March 25, 2025**

Supersedes TN **#22-0083**

Effective Date **October 1, 2024**

New York

4(d)(1)

1905(a)(12) Prescribed Drugs, Dentures, and Prosthetic Devices; and Eyeglasses

5. Payment for drugs dispensed by the pharmacy of a 340B covered entity as described in section 1927(a)(5)(B) of the Act, or a contract pharmacy under contract with a 340B covered entity as described in section 1927(a)(5)(B) of the Act, will be as follows:
 - a. 340B purchased drugs – actual acquisition cost not to exceed the 340B ceiling price, plus the professional dispensing fee in Section 2;
 - b. Non-340B purchased drugs – in accordance with lower of logic in section 1 plus the professional dispensing fee in Section 2.
6. Payment for clotting factor dispensed by a pharmacy enrolled in the NYS Medicaid FFS Program is at the lower of: SMAC, as described below, not to exceed WAC, plus the professional dispensing fee in Section 2; or the billing pharmacy's usual and customary price charged to the general public.

SMAC is established for clotting factor products using multiple clotting factor pricing resources including but not limited to wholesalers, drug file vendors such as First Data Bank, pharmaceutical manufacturers, and the Hemophilia Services Consortium, Inc. pricing. The Hemophilia Services Consortium, Inc. subcontracts with the New York Blood Center (both not-for-profit corporations) to negotiate with manufacturers and distributors to obtain the best volume discount for the Consortium's safety net hospital.

The SMAC file is stored in a database where valid statistical calculations are used to evaluate and compare the various pricing benchmarks to develop the SMAC price. The SMAC file is updated monthly and applied to all clotting factor products.

Payment for 340B-purchased clotting factor dispensed by a Hemophilia Treatment Center, whether the pharmacy is owned by the covered entity or has a contract pharmacy arrangement, will be in accordance with Section 5.a.

TN #24-0074 Approval Date March 25, 2025 Supersedes TN #17-0005 Effective Date October 1, 2024

**New York
4(d)(2)**

1905(a)(12) Prescribed Drugs, Dentures, and Prosthetic Devices; and Eyeglasses

7. Practitioner administered or provided drugs billed separately under the medical benefit are reimbursed as follows:

- a. When administered or provided during an office visit, facility setting, or ordered ambulatory setting, drugs will be reimbursed at the lower of:
 - i. National Average Drug Acquisition Cost (NADAC) or, in the event of no NADAC pricing available, Wholesale Acquisition Cost (WAC); or
 - ii. the Federal Upper Limit (FUL); or
 - iii. the State Maximum Acquisition Cost (SMAC); or
 - iv. the actual cost of the drug to the practitioner.

No professional dispensing fee is paid.

Drugs purchased by covered entities at the prices authorized under Section 340B of the Public Health Services Act must be billed at their actual acquisition cost.

- b. When administered in an outpatient setting to a patient of a disproportionate share hospital, clinic, or emergency department, payment may be made through either the Ambulatory Patient Group (APG) classification and reimbursement system, as referenced in this Attachment, or, if carved out of the APG system, in accordance with Section 7.a.

Reimbursement for drugs in the APG reimbursement are paid as follows:

1. Practitioner-administered drugs assigned to an APG and paid through the APG drug band are reimbursed based on the weighted average, using Medicaid paid claims data. Payment for drugs purchased by covered entities at the prices authorized under Section 340B of the Public Health Services Act and paid through the APG drug band are paid at 75% of the drug's APG band payment amount.
2. Practitioner-administered drugs assigned to an APG and paid through the APG Fee Schedule are paid in accordance with Section 7.a.

No professional dispensing fee is paid.

- c. Federally Qualified Health Centers (FQHC) and Indian Health Services/Tribal/Urban Indian Clinic Facilities have the option of receiving their payment through the Federal Prospective (PPS) rate, or through the APG reimbursement methodology as an "alternative rate setting methodology". In the event the facility chooses to be reimbursed through the Federal PPS Rate, the rate is considered inclusive of any practitioner administered drugs. In the event the facility has opted for the APG reimbursement methodology, payment for drugs administered by a practitioner during a visit to the facility will be in accordance with Section 7.b. If a facility's Medicaid reimbursement under APGs is lower than what their payment would have been under the Federal PPS rate, the facility is entitled to receive a supplemental payment reflecting the difference between what they were paid under APGs and what they would have been paid using the PPS rate. No professional dispensing fee is paid.

8. Reimbursement for Investigational Drugs is not a covered service. The Department may consider Medicaid coverage on a case by case basis for life-threatening medical illnesses when no other treatment options are available. If/when approved by a Medical Director, reimbursement is at actual acquisition cost. When dispensed by a pharmacy enrolled in the NYS Medicaid FFS Program, reimbursement includes the professional dispensing fee in Section 2.

TN #24-0074

Approval Date March 25, 2025

Supersedes TN #17-0005

Effective Date October 1, 2024