

# **Table of Contents**

**State/Territory Name: New Mexico**

**State Plan Amendment (SPA) #: 21-0001**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary 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**

May 10, 2021

Ms. Nicole Comeaux  
Director  
Medical Assistance Division  
New Mexico Human Services Department  
2025 South Pacheco Drive  
P.O. Box 2348  
Santa Fe, New Mexico 87504-2348

Dear Ms. Comeaux:

The CMS Division of Pharmacy team has reviewed New Mexico's State Plan Amendment (SPA) 21-0001 received in the CMS Medicaid & CHIP Operations Group on February 23, 2021. This SPA proposes to implement a new reimbursement methodology for all Indian Health Services and Tribal 638 pharmacy facilities based on the All-Inclusive Rate (AIR).

Based on the information provided and consistent with the regulations at 42 CFR 430.20, we are pleased to inform you that SPA 21-0001 is approved with an effective date of March 1, 2021. We are attaching a copy of the signed CMS-179 form, as well as the pages approved for incorporation into New Mexico's state plan.

If you have any questions regarding this amendment, please contact Charlotte Amponsah at (410) 786-1092 or [charlotte.amponsah@cms.hhs.gov](mailto:charlotte.amponsah@cms.hhs.gov).

Sincerely,

John M. Coster, Ph.D., R.Ph.  
Director  
Division of Pharmacy

cc: Jennifer, Vigil, Officer Liaison, New Mexico Medical Assistance Division  
Lorelei Kellogg, HSD/MAD Deputy Director, New Mexico Medical Assistance Division  
Peter Banks, Centers for Medicare & Medicaid Services

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

1. TRANSMITTAL NUMBER <u>2 1 — 0 0 1</u>	2. STATE New Mexico
3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
4. PROPOSED EFFECTIVE DATE March 1, 2021	

TO: REGIONAL ADMINISTRATOR  
CENTERS FOR MEDICARE & MEDICAID SERVICES  
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 42 CFR 447 Subpart I	7. FEDERAL BUDGET IMPACT a. FFY <u>21</u> \$ <u>50,939,513</u> b. FFY <u>22</u> \$ <u>87,324,880</u>
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT  Attachment 4.19-B page 4	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT ( <i>If Applicable</i> )  Attachment 4.19-B page 4 (TN 17-0003)

10. SUBJECT OF AMENDMENT

Indian Health Service (IHS) and Tribal 638 Pharmacy Payment

11. GOVERNOR'S REVIEW (*Check One*)

- GOVERNOR'S OFFICE REPORTED NO COMMENT       OTHER, AS SPECIFIED  
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED  
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL 	16. RETURN TO  Nicole Comeaux, J.D., M.P.H., Director Medical Assistance Division P.O. Box 2348 Santa Fe, NM 87504-2348
13. TYPED NAME Nicole Comeaux	
14. TITLE Director, Medical Assistance Division	
15. DATE SUBMITTED February 23, 2021	

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED 2/23/2021	18. DATE APPROVED 5/10/2021
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**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL	20. SIGNATURE OF REGIONAL OFFICIAL
21. TYPED NAME	22. TITLE

23. REMARKS

## II. Payment for Prescribed Drugs.

For the New Mexico Medicaid Fee-for-Service program,

### I. Payment:

Reimbursement for the drug ingredient cost shall be the lowest of:

- a. The Affordable Care Act Federal Upper Limit (FUL) plus the professional dispensing fee (PDF);
- b. The National Average Drug Acquisition Cost (NADAC) plus the PDF;
- c. The Wholesaler's Average Cost (WAC)+ 6% plus the PDF;
- d. The pharmacy's reported ingredient cost plus the PDF; or
- e. The usual and customary charge (U&C).

The PDF is \$10.30.

When the drug item is for a brand name drug that is also a multi-source drug, the Actual Acquisition Cost, (AAC) will be calculated using the generic equivalent of the brand name drug unless the prescriber has written in his or her own hand "brand medically necessary" on the prescription in which case reimbursement will be at the AAC of the NADAC for the brand name drug item plus a \$10.30 PDF, not to exceed the pharmacy's U&C.

### 2. Allowed Fees in Addition to the Professional Dispensing Fee (PDF)

Reimbursement for compounding fees is limited to the provider's usual additional charge for compounding not to exceed \$12.00.

### 3. Payment Provisions for Blood Clotting Factors

Reimbursement for clotting factors will be at the lower of the submitted ingredient cost or WAC plus 6%, plus a \$10.30 PDF, not to exceed the pharmacy's U&C.

### 4. Payment Provisions for 340B Drugs

Payment to 340B covered entities for drugs purchased at 340B prices authorized under Section 340B of the Public Health Services Act will be at the 340B actual acquisition cost plus a \$10.30 PDF, not to exceed the pharmacy's U&C.

### 5. Payment Provisions for Drugs Acquired under Federal Supply Schedule (FSS) Pricing

Payment for drugs purchased at FSS prices will be at the FSS actual acquisition cost of the drug plus a \$10.30 PDF, not to exceed the pharmacy's U&C.

### 6. Payment to Indian Health Service Pharmacies and Tribal 638 Healthcare Pharmacies Payment to all Indian Health Service and Tribal 638 pharmacies shall be at the All-Inclusive Rate (AIR) published annually in the Federal Register. One AIR reimbursement shall be made for each pharmacy claim and is not limited to a certain number of prescriptions per day. Submission of a pharmacy claim means that the Medicaid recipient received at least one drug item dispensed from the pharmacy, whether a new item or a refill.

The applicable AIR shall be determined by the date of service submitted on the pharmacy claim. Pharmacies reimbursed using the AIR will not be eligible for a professional dispensing fee.

The AIR for pharmacy services may be billed in addition to the AIR for other outpatient facility medical or behavioral health services that are provided on the same day.