

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**

March 21, 2016

Ms. Nancy Smith-Leslie, Director  
Medical Assistance Division  
P.O. Box 2348  
Santa Fe, NM 87504-2348

Attention: Jennifer Mondragon, Health Care Operations Manager

Dear Ms. Smith-Leslie:

We have reviewed New Mexico (NM) State Plan Amendment (SPA) NM-0001, submitted to the Dallas Regional Office on January 29, 2016. Under this SPA, the state proposes to remove the lower, \$2.50 dispensing fee, and apply a \$3.65 dispensing fee to all Medicaid fee-for-service pharmacy claims without regard to product selection.

We are pleased to inform you that the amendment is approved, effective February 1, 2016.

A copy of the signed CMS-179 form, as well as the page approved for incorporation into the New Mexico state plan, will be forwarded by the Dallas Regional Office.



If you have any questions regarding this amendment, please contact Ruth Blatt at (410) 786-1767.

Sincerely,

/s/

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

Cc: Bill Brooks, Associate Regional Administrator, Dallas Regional Office  
Stacey Shuman, Dallas Regional Office  
Robert Stevens, MAD Chief, Program Policy & Integrity Bureau  
Jennifer Mondragon, MAD, Health Care Operations Manager

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>		16-01	2. STATE New Mexico
<b>FOR: HEALTH CARE FINANCING ADMINISTRATION</b>		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE February 1, 2016	
5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> 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:  for FFY 2016: \$183,250 for FFY 2017: \$366,500	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Attachment 4.19B page 5		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  Attachment 4.19B page 5	
10. SUBJECT OF AMENDMENT: Pharmacy Dispensing Fee			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL		X OTHER, AS SPECIFIED: Authority Delegated to the Medicaid Director.	
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: Nancy Smith-Leslie, Director Medical Assistance Division P.O. Box 2348 Santa Fe, NM 87504 - 2348	
13. TYPED NAME: Nancy Smith-Leslie			
14. TITLE: Director, Medical Assistance Division			
15. DATE SUBMITTED: January 29, 2016			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED: 29 January, 2016		18. DATE APPROVED: 21 March, 2016	
<b>PLAN APPROVED - ONE COPY ATTACHED</b>			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 1 February, 2016		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: BILL BROOKS		22. TITLE: Associate Regional Administrator Division of Medicaid & Children's Health	
23. REMARKS:			

- b. Usual and Customary Charge – The usual and customary charge is defined as the charge made to a non-Medicaid patient for the same drug item. Usual and customary charges specifically must consider the following:
1. Discounts given to non-Medicaid patients for criteria such as age or being in a nursing home when the Medicaid patient meets the criteria for the discount.
  2. Discounts for paying cash. If any patient group gets discounts for paying cash, those discounts must be reflected in the usual and customary charge.
  3. Medicaid is to be given the advantage of discounts that the general public receives.

- c. Prescription Refills – There are limitations on the frequency for which it will reimburse the same pharmacy for dispensing the same drug to the same recipient. The limitation is established individually for each drug. Most drugs are subject to a maximum of three (3) times in ninety (90) days, with grace days as needed to account for necessary early refills, lost medications, dosage changes, etc. Controlled drugs and certain other drugs may require special consideration, as necessary, due to their specific indication, dosage form, or packaging, and are subject to limitations as may be appropriate. Refills must be consistent with the dosage schedule prescribed and all existing federal and state laws.

The maximum quantity that may be dispensed at one time is a thirty-four (34) day supply, except for oral contraceptives that may be dispensed in greater quantities if the proper agent for the patient is established, and for maintenance medications which may be dispensed up to a ninety (90) day supply.

- d. Dispensing Fee – The dispensing fee for pharmacies is \$3.65. The Department establishes the dispensing fee by taking into account such factors as the cost studies on pharmacy operations; the amount pharmacists have agreed to accept for providing similar services for Medicare part D and other contracts; dispensing fees paid by other common insurers, health maintenance organizations, and managed care organizations; and payments made by other state Medicaid programs that are similar to that of New Mexico.

- e. Reimbursement Limitations

1. Payment will not be made for drug items for which the manufacturer has not entered into a rebate agreement with the federal government except as specified in the provisions of section 1902(a)(54) and 1927 of the Social Security Act.
2. Payment will not be made to physicians for oral medication or medications that can be appropriately self-administered by the recipient. Payment to physicians for drugs will be limited to injectable and other medications administered by the physician or under his direction.

State: New Mexico  
Date Received: 29 Jan, 2016  
Date Effective: 1 Feb, 2016  
Date Approved: 21 Mar, 2016  
Transmittal Number: NM 16-0001