

State of Hawaii
Department of Human Services
MED-QUEST DIVISION

MEDICAID STATE PLAN

SPA MEMO NO.: 25-03

DATE: 03/31/25

ORIGINATOR: POLICY AND PROGRAM DEVELOPMENT OFFICE

TO: Custodian of Med-QUEST Division Medicaid State Plan

FROM: Judy Mohr Peterson, PhD *JMP*
Med-QUEST Division Administrator

SUBJECT: APPROVAL OF AMENDMENT UNDER THE MEDICAID STATE PLAN

EXPLANATION:

The State of Hawaii received approval from the Centers for Medicare & Medicaid Services (CMS) for State Plan Amendment (SPA) Number 25-0003 "Payment Methodology for Covered Outpatient Drugs" approved on March 18, 2025, effective January 1, 2025.

Hawaii added "Prescribed Drugs" to the "Outpatient Drugs" section in Supplement to Attachment 3.1-A and 3.1-B pg. 3.2 of the Hawaii Medicaid State Plan. The approval of this SPA allows specific medications currently permitted under Emergency Use Authorization (EUA) such as (Paxlovid and Lagevrio) to be included under the Medicaid State Plan starting January 1, 2025. Select prescribed drugs that are not covered outpatient drugs (including drugs authorized for import by the Food and Drug Administration) are also covered when medically necessary during drug shortages identified by the Food and Drug Administration.

In addition, the payment methodology for "select prescribed drugs that do not meet the definition of covered outpatient drugs payment methodology" was added in Attachment 4.19-B pg. 7.

FILING INSTRUCTIONS:

Review and file the revised Medicaid State Plan pages in your Medicaid State Plan Manual as follows:

Supplement to Attachment 3.1-A and 3.1-B pg. 3.2 and Attachment 4.19-B pg. 6-7

Remove OLD Supplement to Attachment 3.1-A and 3.1-B pg. 3.2 and replace with AMENDED Supplement to Attachment 3.1-A and 3.1-B pg. 3.2.

Remove OLD Attachment 4.19-B pg. 6-7 and replace with AMENDED Attachment 4.19-B pg. 6-7.

Please keep approved SPA 25-0003 package and supporting documentation for your records.

The Med-QUEST Division amendment described above has been incorporated into the electronic version of the Medicaid State Plan located at the Department of Human Services website link for public transparency below:

<http://humanservices.hawaii.gov/reports/hawaii-medicaid-state-plan/>

Attachments

C: Attorney General's Office
Audit, Quality Control & Research Office/Quality Control Staff
Clinical Standards Office
Department of Health/Child & Adolescent Mental Health Division
Department of Health/State Planning Council Developmental Disabilities
Department of Health/Developmental Disabilities Division
Department of Human Services /Adult Protective and Community Services Branch
Department of Human Services/Policy and Program Development Office
Eligibility System Project (KOLEA)
Finance Office
Hawaii Document Center/HI State Library
Hawaii Legislative Reference Bureau Library
Health Care Services Branch
Legal Aid Society of Hawaii

Table of Contents

State/Territory Name: Hawaii

State Plan Amendment (SPA) #: 25-0003

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 18, 2025

Judy Mohr Peterson, PhD
State of Hawaii
Department of Human Services
Office of the Director
P.O. Box 339
Honolulu, Hawaii 96809-0339

Dear Judy Mohr Peterson,

We have reviewed Hawaii's State Plan Amendment (SPA) 25-0003 received in the Centers for Medicare and Medicaid Services (CMS) OneMAC application on December 27, 2024. This SPA updates the payment methodology for prescribed drugs and allows for coverage of drugs authorized for import by the Food and Drug Administration to mitigate the effects of a drug shortage.

Based on the information provided and consistent with the regulations at 42 CFR 430.20, we are pleased to inform you that HI-25-0003 is approved with an effective date of January 1, 2025.

We are attaching a copy of the signed CMS-179 form, as well as the pages approved for incorporation into Hawaii'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,

Cynthia R. Denemark -S

Digitally signed by
Cynthia R. Denemark -S
Date: 2025.03.18
13:25:36 -04'00'

Cynthia R. Denemark
Director
Division of Pharmacy

cc: Brian Zolynas, CMS, Medicaid and CHIP Operations Group
Jodeen Wai, State of Hawaii, Department of Human Services
Ranjani Starr, Ph.D., State of Hawaii, Department of Human Services

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

1. TRANSMITTAL NUMBER

2 5 — 0 0 0 3

2. STATE

HI

3. 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

01/01/2025

5. FEDERAL STATUTE/REGULATION CITATION

1902 (a)(10), 1927

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2024

\$ 0

b. FFY 2025

\$ 0

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Supplement to Attachment 3.1-A and 3.1-B pg 3.2
Attachment 4.19-B pg. 6-7

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

Supplement to Attachment 3.1-A and 3.1-B pg 3.2
Attachment 4.19-B pg. 6-7

9. SUBJECT OF AMENDMENT

Payment Methodology for Covered Outpatient Drugs

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

Judy Mohr Peterson, PhD

13. TITLE

Med-QUEST Division Administrator

14. DATE SUBMITTED

12/27/24

15. RETURN TO

State of Hawaii

Department of Human Services

Office of the Director

P.O. Box 339

Honolulu, Hawaii 96809-0339

FOR CMS USE ONLY

16. DATE RECEIVED

12/27/2025

17. DATE APPROVED

03/18/2025

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

01/01/2025

19. SIGNATURE OF APPROVING OFFICIAL

Cynthia R. Denmark -S
Date: 2025.03.18
13:26:01 -04'00'

20. TYPED NAME OF APPROVING OFFICIAL

Cynthia R. Denmark

21. TITLE OF APPROVING OFFICIAL

Director, Division of Pharmacy

22. REMARKS

- 12a. Effective January 1, 2006, the Medicaid agency will not cover any Part D drug for full-benefit dual eligible individuals who are entitled to receive Medicare benefits under Part A and Part B.

Prescribed drugs must be listed in the Hawaii Medicaid Drug Formulary. All other prescribed drugs require prior authorization.

Select prescribed drugs when medically necessary: Select prescribed drugs that are not covered outpatient drugs (including drugs authorized for import by the Food and Drug Administration) are also covered when medically necessary during drug shortages identified by the Food and Drug Administration.

- (1) Those drug products produced by manufacturers who have entered into and comply with an agreement under Section 1927(a) of the Act may be considered for payment by being listed in the Hawaii Medicaid Drug Formulary or may require prior authorization approval. Pursuant to 42 U.S.C. section 1396r-8(d)(5), certain medications may require prior authorization.

The Medicaid agency does not provide coverage for the following excluded or otherwise restricted drugs or classes of drugs or their medical uses, subject to restriction under 1927, to all Medicaid beneficiaries, including full benefit dual eligible beneficiaries under the Medicare Prescription Drug Benefit-Part D.

The following excluded drugs are not covered:

- a. Used for cosmetic purposes of hair growth;
- b. With associated tests or monitoring purchased exclusively from the manufacturer or designee as a condition of sale;
- c. Which classes as "less than effective" as described in Section 107(c)(3) of the Drug Amendments of 1962 or are identical, similar or related; and
- d. Agents used to promote fertility.

- (2) The Medicaid agency provides coverage for the following excluded or otherwise restricted drugs or classes of drugs, or their medical uses to all Medicaid beneficiaries, including under the Medicare Prescription Drug Benefit- Part D.

The payment to an emergency room physician for the screening and assessment of a patient who receives non-emergency care in the emergency room shall not exceed the payment for a problem focused history, examination, and straight forward medical decision making.

- r. The upper limits on payments for non-institutional items and services shall be established by the department in accordance with the section 346-59, Hawaii Revised Statute (HRS), and other applicable state statutes.
- s. Medicaid reimbursement for behavioral services provided by the Child and Adolescent Mental Health Division (CAMHD) under Department of Health (DOH) shall be reimbursed in accordance with the fee schedule described in Supplement 3 to Attachment 4.19-B.

If there are services provided by CAMHD that are not listed on the CAMHD Fee Schedule in Supplement 3 to Attachment 4.19-B, reimbursement rates are located on the Medicaid Fee Schedule at <https://medquest.hawaii.gov/en/plans-providers/fee-for-service/fee-schedules.html> in accordance to agreements between CAMHD and MQD.

3. PAYMENT FOR COVERED OUTPATIENT DRUGS, PRESCRIBED DRUGS AND PROFESSIONAL DISPENSING FEES.

a. Payment for Covered Outpatient Drugs and Prescribed Drugs:

1. Payment for ingredient cost of covered outpatient drugs and prescribed drugs:

A. For single source drugs, reimbursement shall be the lowest of:

- i. The submitted ingredient cost, plus a professional dispensing fee;
- ii. The provider's usual and customary charge to the general public;
- iii. The Wholesale Acquisition Cost (WAC), plus a professional dispensing fee; or
- iv. The National Average Drug Acquisition Cost (NADAC), plus a professional dispensing fee.

B. For multiple source drugs, reimbursement shall be the lowest of:

- i. The submitted ingredient cost, plus a professional dispensing fee;
- ii. The provider's usual and customary charge to the general public;
- iii. WAC, plus a professional dispensing fee;
- iv. Federal Upper Limit (FUL) price, plus a professional dispensing fee;
- v. The State Maximum Allowable Cost (SMAC), plus a professional dispensing fee; or
- vi. The NADAC, plus a professional dispensing fee.

C. 340B-purchased drugs shall be reimbursed at the 340B submitted ingredient cost but no more than the 340B Ceiling Price, plus a professional dispensing fee.

- i. Drugs acquired through the federal 340B drug pricing program and dispensed by 340B contract pharmacies are not covered unless the 340B contract pharmacy requests in writing and receives approval from the state to use these drugs for Medicaid beneficiaries.

- E. For physician administered drugs, reimbursement shall be the lowest of:
 - i. The submitted ingredient cost;
 - ii. The provider's usual and customary charge to the general public;
 - iii. WAC;
 - iv. FUL price;
 - v. SMAC; or
 - vi. The NADAC.

- F. For drugs not dispensed by a retail community pharmacy (Such as specialty drugs, primarily through the mail, or in a long-term care facility), reimbursement shall be the lowest of:
 - i. The submitted ingredient cost, plus a professional dispensing fee;
 - ii. The provider's usual and customary charge to the general public;
 - iii. WAC, plus a professional dispensing fee;
 - iv. FUL price, plus a professional dispensing fee;
 - v. SMAC, plus a professional dispensing fee; or
 - vi. The NADAC, plus a professional dispensing fee.

- G. Federal Supply Schedule (FSS) purchased drugs will be reimbursed at their actual acquisition cost, plus a professional dispensing fee.

- H. Drugs acquired at nominal price (outside of 340B or FSS) will be reimbursed at their actual acquisition cost, plus a professional dispensing fee.

- I. Experimental drugs and drugs not approved by the United States Food and Drug Administration are not covered.

- J. Select prescribed drugs that do not meet the definition of covered outpatient drugs will be reimbursed at the same rate as covered outpatient drugs.