

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT**STATE/TERRITORY: XXXXXXXX**

- A. In accordance with section 1916A of the Social Security Act (the Act), alternative cost sharing will be implemented for non-preferred drugs to encourage the use of less costly effective drugs. For individuals otherwise not subject to cost sharing as a result of section 1916A(b)(3)(B) of the Act, the cost sharing charge for non-preferred drugs will not exceed a nominal amount as specified under section 1916. For individuals whose family income is at or below 150 percent of the Federal poverty level (FPL), cost sharing may not exceed a nominal amount as defined in section 1916. For individuals whose family income is above 150 percent of the FPL, cost sharing charges may not exceed 20 percent of the cost of the drug. Cost sharing for non-preferred drugs counts toward the 5 percent aggregate cap.
- B. In the case of a drug that is not a preferred drug, the cost sharing amount for the preferred drug will be charged for a non-preferred drug if the prescribing physician determines that the preferred drug would be less effective or would have adverse effects for the individual or both. These overrides will meet the State criteria for prior authorization and will be approved through the State prior authorization process before the preferred drug cost sharing is applied to the non-preferred drug.
- C. States may exclude specified drugs or classes of drugs from the non-preferred or preferred drug class.
- D. Cost sharing is implemented for non-preferred drugs for the following groups of beneficiaries as indicated below:

<u>Income Group</u>	<u>Pharmacy Cost Share</u>	<u>Determining Method of Family Income (including monthly or quarterly period)</u>
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Individuals with family income at or below 150 percent of the FPL (must be nominal)

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Individuals with family
income above 150 percent
of the FPL (must not exceed
20 percent of the cost of the drug)

E. Cost sharing for non-preferred drugs may be waived or reduced below nominal for the following populations or services:

- Individuals under 18 years of age with mandatory coverage and Title IV-B and Title IV-E children;
- Preventive services;
- Pregnant women;
- Terminally ill individuals receiving hospice care;
- Individuals who are inpatients in a hospital, nursing facility, intermediate care facility for the mentally retarded, or other medical institution, if such individual is required, as a condition of receiving services in such institution under the State plan, to spend for costs of medical care all but a minimal amount of the individual's income required for personal needs;
- Emergency services;
- Family planning services and supplies; and,
- Services under the breast and cervical cancer program.

Provide a chart indicating the populations for which cost sharing will be waived and/or reduced.

F. Cost sharing for preferred drugs may not be charged for the following populations or services:

- Individuals under 18 years of age with mandatory coverage and Title IV-B and Title IV-E children;
- Preventive services;
- Pregnant women;
- Terminally ill individuals receiving hospice care;
- Individuals who are inpatients in a hospital, nursing facility, intermediate care facility for the mentally retarded, or other medical institution, if such individual is required, as a condition of receiving services in such institution under the State plan, to spend for costs of medical care all but a minimal amount of the individual's income required for personal needs;

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- Emergency services;
- Family planning services and supplies; and,
- Services under the breast and cervical cancer program.

G. Cost sharing payment requirements:

___/ Providers are permitted to require, as a condition for the provision of prescriptions, the payment of cost sharing.

H. Availability of Information

___/ States must make available to the public and to beneficiaries the schedule of the cost sharing/premium amounts for specific items and the various eligibility groups.

I. State Plan Preprints

It should be noted that States using a prior authorization program for preferred drug lists without tiered cost sharing are not required to change their programs to comply with this provision.

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