

Department of Health & Human Services
Centers for Medicare & Medicaid Services
61 Forsyth St., Suite 4T20
Atlanta, Georgia 30303-8909



July 2, 2007

Mr. Glenn Jennings
Commissioner
Department for Medicaid Services
Sixth Floor
275 East Main Street
Frankfort, Kentucky 40621-0001

Attention: Kevin Skeeters

RE: Kentucky Title XIX State Plan Amendment, Transmittal #06-016

Dear Mr. Jennings:

This is a follow up to the approval letter that your office should have received from Ms. Deirdre Duzor, Director, Division of Pharmacy, Disabled & Elderly Health Programs Group, Centers for Medicare & Medicaid Services, dated June 20, 2007. Enclosed is a copy of the approval letter, the signed HCFA-179 and the approved plan pages.

The effective date of this amendment is October 1, 2006.

Sincerely,

A handwritten signature in black ink that reads "Renard L. Murray". The signature is written in a cursive style with a large, prominent "R" at the beginning.

Renard L. Murray, D.M.
Associate Regional Administrator
Division of Medicaid & Children's Health Operations

Enclosures

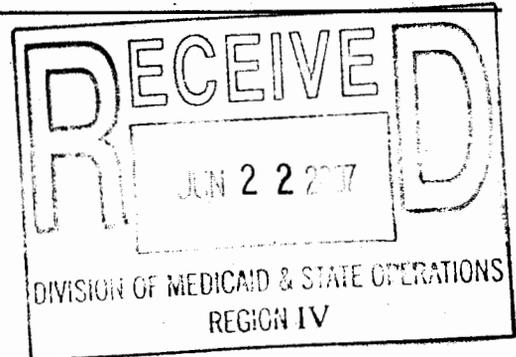
DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-16-26
Baltimore, Maryland 21244-1850



Centers for Medicaid & State Operations

JUN 20 2007

Glenn Jennings
Commissioner
Cabinet for Health and Family Services
275 East Main Street, 6W-A
Frankfort, Kentucky 40621-0001



Dear Mr. Jennings:

We have reviewed Kentucky's State Plan Amendment 06-016, including the additional information submitted by the state at the request of CMS. The amendment allows Kentucky to enter into a three-way agreement with Eli Lilly and Company and Comprehensive Neuroscience, Inc. for a Behavioral Pharmacy Management Program. We are pleased to inform you that the amendment is approved, effective October 1, 2006.

A copy of the CMS-179 form and the pages approved for incorporation into the Kentucky State plan will be forwarded by the Atlanta Regional Office. If you have any questions regarding this amendment, please contact Marge Watchorn at (410) 786-4361.

Sincerely,

A handwritten signature in cursive script, appearing to read "Deirdre Duzor".

Deirdre Duzor
Director
Division of Pharmacy

cc: Renard Murray, ARA, Atlanta Regional Office
Maria Donatto, Atlanta Regional Office
Darlene Noonan, Atlanta Regional Office

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:
06-016

2. STATE
Kentucky

FOR: HEALTH CARE FINANCING ADMINISTRATION

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
October 1, 2006

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:
Section 1927(c) of the Social Security Act

7. FEDERAL BUDGET IMPACT:
a. FFY 2007 - budget neutral
b. FFY 2008 - budget neutral

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Att. 3.1-A page 7.5.2(a)
Att. 3.1-B page 31.1(a)

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (*If Applicable*):

Same

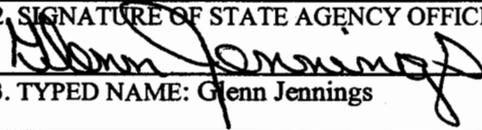
10. SUBJECT OF AMENDMENT:
Behavioral Pharmacy Management Program

11. 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: Review delegated
to Commissioner, Department for Medicaid
Services

12. SIGNATURE OF STATE AGENCY OFFICIAL:



13. TYPED NAME: Glenn Jennings

14. TITLE: Commissioner, Department for Medicaid Services

15. DATE SUBMITTED: December 27, 2006

16. RETURN TO:

Department for Medicaid Services
275 East Main Street 6W-A
Frankfort, Kentucky 40621

FOR REGIONAL OFFICE USE ONLY

-
- (b) CMS has authorized Kentucky's collection of supplemental rebates through the MMSPA.
 - (c) Supplemental rebates received by the State in excess of those required under the national drug rebate agreement will be shared with the Federal Government on the same percentage basis as applied under the national drug rebate agreement.
 - (d) All drugs covered by the program, irrespective of a supplemental rebate agreement, will comply with the provision of the national drug rebate agreement.
 - (e) Any contracts not authorized by CMS will be submitted for CMS approval in the future.
 - (f) As specified in Section 1927(b)(3)(D) of the Act, notwithstanding any other provisions of law, rebate information disclosed by a manufacturer shall not be disclosed by the state for purposes other than rebate invoicing and verification.
- (9) Behavioral Pharmacy Management Program
- (a) CMS has authorized the state of Kentucky to enter into a contract with Comprehensive NeuroScience, Inc. (CNS), and Eli Lilly and Company (Lilly). This contract, titled "Agreement By and Among Kentucky Department for Medicaid Services, Comprehensive NeuroScience, Inc., and Eli Lilly and Company," was submitted to CMS September 5, 2006.
 - (b) Under the Agreement, Lilly will forward funds to CNS to set up and conduct a two-year Behavioral Pharmacy Management Program for the Medicaid fee for service program. CNS will utilize data to identify use of behavioral drugs that are not in line with best practices and consult with the provider. This funding will be considered in lieu of a supplemental rate and be considered as such in Kentucky's economic evaluation of the atypical antipsychotic therapeutic class for Preferred Drug List consideration. Kentucky will accept CNS services in lieu of the supplemental rebate. Kentucky will also provide data to CNS only for the purposes of these services.
 - (c) All drugs covered by the program, irrespective of a supplemental rebate agreement, will comply with the provision of the national drug rebate agreement.
 - (d) Any contracts not authorized by CMS will be submitted for CMS approval in the future.
 - (e) As specified in section 1927(b)(3)(D) of the Act, notwithstanding any other provision of law, rebate information disclosed by a manufacturer shall not be disclosed by the State for purposes other than rebate invoicing and verification.

-
- (b) CMS has authorized Kentucky's collection of supplemental rebates through the MMSPA.
 - (c) Supplemental rebates received by the State in excess of those required under the national drug rebate agreement will be shared with the Federal Government on the same percentage basis as applied under the national drug rebate agreement.
 - (d) All drugs covered by the program, irrespective of a supplemental rebate agreement, will comply with the provision of the national drug rebate agreement.
 - (e) Any contracts not authorized by CMS will be submitted for CMS approval in the future.
 - (f) As specified in Section 1927(b)(3)(D) of the Act, notwithstanding any other provisions of law, rebate information disclosed by a manufacturer shall not be disclosed by the state for purposes other than rebate invoicing and verification.
- (9) Behavioral Pharmacy Management Program
- (a) CMS has authorized the state of Kentucky to enter into a contract with Comprehensive NeuroScience, Inc. (CNS), and Eli Lilly and Company (Lilly). This contract, titled "Agreement By and Among Kentucky Department for Medicaid Services, Comprehensive NeuroScience, Inc., and Eli Lilly and Company," was submitted to CMS September 5, 2006.
 - (b) Under the Agreement, Lilly will forward funds to CNS to set up and conduct a two-year Behavioral Pharmacy Management Program for the Medicaid fee for service program. CNS will utilize data to identify use of behavioral drugs that are not in line with best practices and consult with the provider. This funding will be considered in lieu of a supplemental rate and be considered as such in Kentucky's economic evaluation of the atypical antipsychotic therapeutic class for Preferred Drug List consideration. Kentucky will accept CNS services in lieu of the supplemental rebate. Kentucky will also provide data to CNS only for the purposes of these services.
 - (c) All drugs covered by the program, irrespective of a supplemental rebate agreement, will comply with the provision of the national drug rebate agreement.
 - (d) Any contracts not authorized by CMS will be submitted for CMS approval in the future.
 - (e) As specified in section 1927(b)(3)(D) of the Act, notwithstanding any other provision of law, rebate information disclosed by a manufacturer shall not be disclosed by the State for purposes other than rebate invoicing and verification.