

ITEM 12. PRESCRIBED DRUGS, DENTURES, AND PROSTHETIC DEVICES; EYEGLASSES PRESCRIBED BY A PHYSICIAN SKILLED IN DISEASES OF THE EYE OR BY AN OPTOMETRIST (Continued)

A. Prescribed Drugs (Continued)

10. Supplemental Rebate Agreements: Certain covered products in accordance with Section 1927 of the Social Security Act may not be among the baseline preferred drugs identified by the State of Vermont's Drug Utilization Review (DUR) Board for various therapeutic classes. The state may negotiate supplemental rebate agreements that would reclassify any drug not designated as preferred in the baseline listing for as long as the agreement is in effect.

In addition the State has the following policies for the supplemental rebate program for the Medicaid population:

- Supplemental rebate agreements are unique to each state. The supplemental rebate agreement submitted to CMS in November 2019 amends the "VT 2016 Supplemental Drug Rebate Agreement" authorized by CMS effective July 30, 2015. The November 2019 supplemental rebate agreement applies to drugs dispensed beginning November 15, 2019.
- Funds received from supplemental rebate agreements will be reported to CMS. The state will remit the federal portion of any supplemental rebates collected.
- Manufacturers with supplemental rebate agreements are allowed to audit utilization data. Such data will be retained for 10 years.
- The unit rebate amount is confidential and cannot be disclosed in accordance with Section 1927(b)(3)(D) of the Social Security Act.
- The Department of Vermont Health Access (DVHA) may require prior authorization for covered outpatient drugs. Non-preferred drugs are available with prior authorization.
- The prior authorization process for covered outpatient drugs will conform to the provisions of section 1927(d)(5) of the Social Security Act.
- The State may enter into value/outcomes-based contracts with manufacturers. The contracts will be executed on the model agreement or contract titled "Value-Based Supplemental Rebate Agreement" approved by the Centers for Medicaid and Medicare Services (CMS).

11. DVHA covers select active pharmaceutical ingredients (API) and excipients used in extemporaneously compounded prescriptions when dispensed by a participating pharmacy provider and issued by a licensed prescriber following state and federal laws. Select APIs are published on the DVHA website.

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

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