

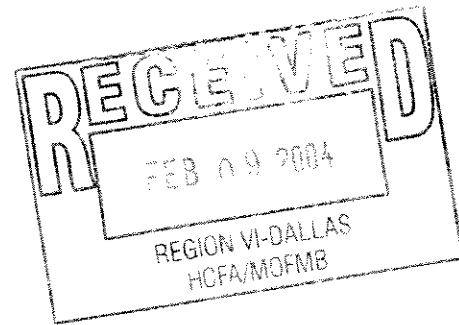
Department of Health & Human Services
Centers for Medicare & Medicaid Services
Center for Medicaid and State Operations
7500 Security Boulevard
Baltimore, MD 21244-1850

CMS

CENTERS for MEDICARE & MEDICAID SERVICES

FEB - 3 2004

Mr. Mike Fogarty, CEO
Oklahoma Health Care Authority
Attn: Jim Hancock
4545 N. Lincoln, Suite 124
Oklahoma City, OK 73105



Dear Mr. Fogarty:

We have reviewed Oklahoma's State Plan Amendment (SPA) 03-016 received in the Dallas Regional Office on November 12, 2003. This amendment provides for the use of a new Medicaid supplemental rebate agreement (SRA) and prior authorization process. The SPA also states that federally covered drugs for which a supplemental rebate agreement is signed shall receive preferred status reflected by the products' placement in Tier One of the Tiered Drug List, inclusion on a Preferred Drug List, or by removing prior authorization requirements from the products. We have determined that the SPA, prior authorization program and SRA are consistent with the objectives of the Medicaid program. Both the prior authorization program and SRA are designed to increase the efficiency and economy of Medicaid operations and benefit the Medicaid population. Based on the information provided, we are pleased to inform you that the amendment is approved, effective October 1, 2003.

Approval of SPA 03-016 extends only to the SRA that was submitted to CMS on January 2, 2004, which is specifically referenced in the SPA. If significant changes are subsequently made to that drug rebate agreement, a new SPA and the revised agreement should be submitted to CMS for review and approval.

Approval of SPA 03-016 does not constitute the approval of State funding sources. Sources of State funding are reviewed independent of the methodologies proposed under the State's Medicaid plan. The Dallas Regional Office will forward a copy of the CMS-179 form, as well as the approved pages for incorporation into the Oklahoma State Plan. If you have any questions regarding this amendment or require additional information, please contact Cindy Pelter at (410) 786-1176

Sincerely,

Larry Reed
Co-Director
Pharmacy Team