

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-26-12  
Baltimore, Maryland 21244-1850



**Center for Medicaid and State Operations**

---

SMDL #05-006

DEC 29 2005

Dear State Medicaid Director:

Section 1903(i) of the Social Security Act (the Act), as amended by section 104 of the Public Law No. 109-91, the QI, TMA, and Abstinence Programs Extension and Hurricane Katrina Unemployment Relief Act of 2005, prohibits Medicaid Federal financial participation (FFP) for drugs used for the treatment of sexual or erectile dysfunction, effective with respect to drugs dispensed on or after January 1, 2006.

With respect to drugs dispensed on or after January 1, 2006, the law eliminates Medicaid coverage of drugs used to treat sexual or erectile dysfunction, as set forth in section 1927(d)(2)(K) of the Act, unless such drugs are used to treat conditions other than sexual or erectile dysfunction and these uses have been approved by the Food and Drug Administration. Section 1903(i)(21) of the Act specifically precludes Medicaid FFP with respect to amounts expended for covered outpatient drugs after January 1, 2006, when used for the treatment of sexual or erectile dysfunction.

States should review their Medicaid State plans to determine whether they reference this category of drugs and submit a State Plan amendment if necessary, to be effective January 1, 2006.

If you have any questions regarding this letter, please contact Deirdre Duzor, Director of CMSO's Division of Pharmacy, at 410-786-4626.

Sincerely,

Dennis G. Smith

**Page 2 – State Medicaid Director**

**cc:**

**CMS Regional Administrators**

**CMS Associate Regional Administrators  
for Medicaid and State Operations**

**Martha Roherty  
Director, Health Policy Unit  
American Public Human Services Association**

**Joy Wilson  
Director, Health Committee  
National Conference of State Legislatures**

**Matt Salo  
Director of Health Legislation  
National Governors Association**

**Jacalyn Bryan Carden  
Director of Policy and Programs  
Association of State and Territorial Health Officials**

**Sandy Bourne  
Legislative Director  
American Legislative Exchange Council**

**Lynne Flynn  
Director for Health Policy  
Council of State Governments**