

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
JFK Federal Building, Government Center  
Room 2275  
Boston, Massachusetts 02203



**Division of Medicaid and Children's Health Operations / Boston Regional Office**

February 3, 2011

Michael P. Starkowski, Commissioner  
Department of Social Services  
25 Sigourney Street  
Hartford, Connecticut 06106

Dear Mr. Starkowski:

On February 1, 2011, our Central Office sent you a letter approving your proposed State Plan Amendment (SPA) No. 10-010 effective May 1, 2010. This letter transmits the Transmittal and Notice of Approval of State Plan Material (CMS-179) and the approved State Plan pages.

SPA 10-010 amends the State's approved Title XIX State Plan to reduce the Maximum Allowable Cost (MAC) paid for selected multi-source drugs from average wholesale price (AWP)-45% to AWP-50 %.

Changes are reflected in the following sections of your approved State Plan:

- Attachment 4.19-B, page 2

If you have any questions regarding this matter you may contact Julie McCarthy (617) 565-1244 or by e-mail at [Julie.McCarthy@cms.hhs.gov](mailto:Julie.McCarthy@cms.hhs.gov).

Sincerely,

/s/

Richard R. McGreal  
Associate Regional Administrator

cc: Mark Schaefer, Director, Medical Care Administration

Enclosure/s

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION</b>	1. TRANSMITTAL NUMBER: 10-010	2. STATE: CT
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE & MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE 5/01/2010	

5. TYPE OF STATE 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 of the Social Security Act and 42 C.F.R. 447.512, 42 C.F.R. 447.514 and 42 C.F.R. 447.518	7. FEDERAL BUDGET IMPACT: a. FFY 2010 (\$775,000) savings b. FFY 2011 (\$1.64 million) savings
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Attachment 4.19B, page 2	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If applicable)  Attachment 4.19B, page 2

SUBJECT OF AMENDMENT: Under state plan amendment 10-010, the Department of Social Services proposes to amend Attachment 4.19B of the Connecticut Medicaid State Plan. Effective May 1, 2010, the Medicaid agency is making a change to reduce maximum allowable cost paid for selected multi-source drugs from AWP-45% to AWP-50%.

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:  
 Comments, if any, to follow.

12. SIGNATURE OF STATE AGENCY OFFICIAL:  13. TYPED NAME: MICHAEL J. STANKOWSKI	16. RETURN TO:  State of Connecticut Department of Social Services 25 Sigoumey Street Hartford, CT 06106-5033 Attention: Ginny Mahoney
14. TITLE: Commissioner, Department of Social Services	
15. DATE SUBMITTED: June 22, 2010	

FOR REGIONAL OFFICE USE ONLY:

17. DATE RECEIVED: June 25, 2010	18. DATE APPROVED: February 1, 2011
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PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL: May 1, 2010	20. SIGNATURE OF REGIONAL OFFICIAL:
21. TYPED NAME: Richard R. McGreal	22. TITLE: Associate Regional Administrator, Division of Medicaid & Children's Health Operations, Boston, MA

23. REMARKS:

# OFFICIAL

Attachment 4.19B

Page 2

## STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

STATE CONNECTICUT

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### Methods and Standards for Establishing Payment Rates - Other Types of Care

- (a) Prescribed Drugs
1. With the exception of (a)2 and (a)3 below the cost of drugs is determined by the drug product allowance established by the HCFA Upper Payment Limits plus a reasonable professional Dispensing Fee; The State's estimated acquisition cost (E.A.C.) which is AWP -14% plus a reasonable professional Dispensing Fee; or the usual and customary charge to the general public, whichever is lower.
  2. The maximum allowable cost paid for selected multi-source brand and generic drugs meeting the following criteria shall be the Average Wholesale Price (AWP) minus 50% plus a reasonable professional Dispensing Fee:
    - at least two suppliers of the generic product are available,
    - drug is not on the Federal Upper Limit (FUL) list or the Department of Justice (DOJ) list, and
    - all dosage forms (including tablets, capsules, eye drops, inhalers, topicals and liquids).
  3. The maximum allowable cost paid for Factor VIII (Factorate, Antihemophilic Factor, AHF) pharmaceuticals shall be the Actual Acquisition Cost (AAC) plus eight per cent.
- (b) Prosthetic devices - Negotiated fixed fee schedule.
- (c) Eyeglasses -- Negotiated fixed fee schedule when provided by the optician or the actual wholesale cost when provided by the optometrist.
- (d) Hearing aid -The price allowed shall be the cost of the hearing aid to the provider, not to exceed \$ 160.00.
- (13) Other diagnostic, screening, preventive and rehabilitative services.
- (a) Durable Medical Equipment - Fixed negotiated fee schedules.
- (b) Rehabilitation Services
- (1) School Based Child Health Services -- Bundled Rate. Rates for rehabilitation services provided in accordance with an Individual Education Program (IEP) through the State Department of Education by or on behalf of Local Educational Agencies (LEAs) will be based upon annual audited cost and audited utilization filings made by LEAs. School Based Child Health (e.g. Special Education), rates for evaluation (including triennial reevaluations) will be on a cost per child per year basis by type of placement (in-district and out-of-district). Rates

TN # 10-010  
Supersedes  
TN # 09-022

Approval Date: 02/01/2011

Effective Date 05/01/2010