

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



October 4, 2010

Craigan Gray, MD, MBA, JD
Director
Division of Medical Assistance
North Carolina Department of Health and Human Services
2501 Mail Service Center
Raleigh, North Carolina 27699-2501

Attention: Teresa Smith

RE: North Carolina Title XIX State Plan Amendment, Transmittal #09-022

Dear Dr. Gray:

This is to affirm approval of the above referenced State Plan Amendment which was submitted to the Regional Office on September 29, 2009. The requested date of approval as October 1, 2009 has been accepted.

Enclosed for your records is a copy of the letter submitted to the State by Larry Reed, Director, Division of Pharmacy informing North Carolina of the approval, the original signed 179 and a copy of the approved plan pages.

If you have any additional question regarding this amendment, please contact Elaine Elmore at 404-562-7408 or Yvette Moore at 404-562-7327.

Sincerely,

//s//

Jackie L Glaze
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 S2-14-26
Baltimore, Maryland 21244-1850



Center for Medicaid, CHIP and Survey & Certification

September 29, 2010

Craig L. Gray, MD, MBA, JD, Director
North Carolina Department of Health and Human Services
Division of Medical Assistance
2001 Mail Service Center
Raleigh, NC 27699-2501

Dear Dr. Gray:

We have reviewed North Carolina State Plan Amendment (SPA) 09-022 received in the Regional Office on September 29, 2009. This amendment changes the North Carolina Estimated Acquisition Cost (NCEAC) for prescribed drugs from average wholesale price (AWP) less 10 percent to wholesale acquisition cost (WAC) plus 7 percent or AWP less 14.5 percent if the WAC is not available. In addition, it changes the reimbursement for physician administered drugs from average sales price (ASP) plus 6 percent to ASP plus 2.39 percent and AWP less 10 percent to AWP less 13.61 percent when there is no ASP value available. This amendment also changes the orthotics and prosthetics program's fee schedule based on a reduction of 4.15 percent. We are pleased to inform you that the amendment is approved, effective October 1, 2009.

A copy of the pages approved for incorporation into the North Carolina's State Plan will be forwarded by the Atlanta Regional Office. If you have any questions regarding this request, please contact Angel Davis at (410) 786-4693.

Sincerely,

/s/

Larry Reed
Director
Division of Pharmacy

cc: Jackie Glaze, Acting ARA Atlanta Regional Office
Elaine Elmore, Atlanta Regional Office
Sherri Gaskins, Atlanta Regional Office
Yvette Moore, Atlanta Regional Office

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 09-022	2. STATE NC
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, 2009	
5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input checked="" type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input type="checkbox"/> AMENDMENT COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 447.120		7. FEDERAL BUDGET IMPACT: a. FFY 2010 (\$80,512,023) b. FFY 2011 (\$73,598,599)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-B Section 12, Page 1a, Attachment 4.19-B Section 12, Page 1b, Attachment 4.19-B, Section 12, Page 1c, Attachment 4.19-B, Section 12, Page 2-4, Attachment 4.19-B Supplement 3, Page 2 and Attachment 4.19-B, Supplement 4, Page 1.		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19-B Section 12, Page 1a, Attachment 4.19-B Section 12, Page 1b, Attachment 4.19-B, Section 12, Page 1c, Attachment 4.19-B, Section 12, Page 2-4, Attachment 4.19-B Supplement 3, Page 2	
10. SUBJECT OF AMENDMENT: Physician Drug Program, Orthotics and Prosthetics, and Pharmacy Pricing			
11. GOVERNOR'S REVIEW (Check One): <input type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input checked="" type="checkbox"/> OTHER, AS SPECIFIED: SECRETARY <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: //s//		16. RETURN TO: Office of the Secretary Department of Health and Human Services 2001 Mail Service Center Raleigh, NC 27699-20014	
13. TYPED NAME: Lanier M. Cansler			
14. TITLE: Secretary			
15. DATE SUBMITTED: 09-29-09			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: 09-29-09		18. DATE APPROVED: 09-23-10	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 10-01-09		20. SIGNATURE OF REGIONAL OFFICIAL: //s//	
21. TYPED NAME: Jackie Glaze		22. TITLE: Acting Associate Regional Administrator Division of Medicaid & Children Health Opns	
23. REMARKS:			

MEDICAL ASSISTANCE
State: NORTH CAROLINA

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICE

12. Prescribed drugs, dentures, and prosthetic devices; and eyeglasses prescribed by a physician skilled in disease of the eye or by an optometrist.

North Carolina Estimated Acquisition Cost (NCEAC) For Prescribed Drugs

NCEAC is defined as the reasonable and best estimate of the price paid by providers for a drug as obtained from a manufacturer or other legal distributor. As determined by the Division, the reasonable and best estimate is based on the wholesale acquisition cost (WAC) plus 7% or if WAC cannot be determined, then average wholesale price (AWP) less 14.5 percent. For the AWP and WAC information the Division uses the First Databank Price Update Service, manufacturer's price list, or other nationally published sources. Telephone contact with manufacturer or distributors may be utilized when a published source is not available.

Dispensing Fee

The dispensing fee for drugs is determined by the North Carolina General Assembly. The dispensing fee is paid to all providers for the initial dispensing and excludes refills within the same month for the same drug or generic equivalent. The dispensing fee is \$5.60 for generic drugs and \$4.00 for brand name drugs.

MEDICAL ASSISTANCE
State: NORTH CAROLINA

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICE

12. Prescribed drugs, dentures, and prosthetic devices; and eyeglasses prescribed by a physician skilled in disease of the eye or by an optometrist.

Physician Drug Program

Effective October 1, 2009, the physician drug program will be reimbursed at the Average Selling Price plus 2.39% to follow Medicare pricing. If there is no ASP value available from Medicare, fees shall be established based on the lower of vendor specific National Drug Code (NDC) Average Wholesale Price (AWP) – 13.61% pricing as determined using lowest generic product NDC, lowest brand product NDC or a reasonable value compared to other physician drugs currently on North Carolina's physician drug program list.

All rates are published on the website at <http://www.ncdhhs.gov/dma/fee/index.htm>. Except as otherwise noted in the plan, State developed fee schedule rates are the same for both government and private providers.

TN No.: 09-022
Supersedes
TN No.: 06-007B

Approval Date: _____ - Effective Date: 10/01/09

MEDICAL ASSISTANCE
State: NORTH CAROLINA

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICE

12. Prescribed drugs, dentures, and prosthetic devices; and eyeglasses prescribed by a physician skilled in disease of the eye or by an optometrist.

Professional Services Fee for Focused Risk Management (FORM) Program

A fee for service payment will be made to qualified pharmacists upon completion of the comprehensive review plan required under the FORM program for each identified Medicaid recipient.

Except as otherwise noted in the plan, state-developed rates are the same for both governmental and private providers of Focused Risk Management (FORM). The agency's rate was set as of August 1, 2007 and is effective for services provided on or after that date. All rates are published <http://www.ncdhhs.gov/dma/fee/index.htm>.

The fee may be increased annually based on the lower of the inflationary medical Consumer Price Index (CPI) or the inflationary amount established by the North Carolina General Assembly.

Pharmacy providers will be subject to recoupment of the quarterly comprehensive review plan professional services fee if documentation does not show that reviews actually occurred.

TN No.: 09-022
Supersedes
TN No.: 06-007B

Approval Date: SEP 23 2010 - Effective Date: 10/01/09

MEDICAL ASSISTANCE
State: NORTH CAROLINA

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICE

12. Prescribed drugs, dentures, and prosthetic devices; and eyeglasses prescribed by a physician skilled in disease of the eye or by an optometrist.

c. ORTHOTIC AND PROSTHETIC DEVICES

Payment for each claim for prosthetic/orthotic devices will be equal to the lower of the supplier's usual and customary billed charges or the maximum fee established for each item. The maximum fees are set at 100 percent of the Medicare Part B fees as of January 1 of each year. If a Medicare fee cannot be obtained for a particular item, the fee will be based on estimates of reasonable costs and updated each January 1 by the forecasted percentage increase in prices for the devices. Notwithstanding any other provision, if specified these rates will be adjusted as shown on Supplement 4 to the Attachment 4.19-B section of the state plan. There will be no retroactive payment adjustments for fee changes.

When devices are provided by state or local government agencies, reimbursement will not exceed the cost of the device.

All rates are published on the agency's website. Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers of Orthotic and Prosthetic Devices the fee schedule and any annual/periodic adjustments to the fee schedule are published in <http://www.ncdhhs.gov/dma/fee/index.htm>. The agency's fee schedule rate was set as of the January 1 of each year and is effective for services provided on or after that date. All rates are published on the agency's website.

TN. No. 09-022
Supersedes
TN. No. 03-011

Approval Date SEP 23 2009

Effective Date -10/01/09

State Plan Under Title XIX of the Social Security Act
Medical Assistance Program
State: North Carolina

Payments for Medical and Remedial Care and Services

12. Prescribed drugs, dentures, and prosthetic devices; and eyeglasses prescribed by a physician skilled in diseases of the eye or by an optometrist.

d. Eyeglasses.

Fees paid to dispensing providers are negotiated fees established by the State agency based on industry charges. Notwithstanding any other provision, if specified, these rates will be adjusted as shown on Attachment 4.19-B, Supplement 3, Page 1c of the State Plan.

All rates are published on the agency's website. Except as otherwise noted in the plan, state developed fee schedule rates are the same for both governmental and private providers of Orthotic and Prosthetic Devices the fee schedule and any annual/periodic adjustments to the fee schedule are published in <http://www.ncdhhs.gov/dma/fcc/fcc/htm>. The agency's fee schedule rate was set as of the October 1, 2009 and is effective for services provided on or after that date. All rates are published on the agency's website.

Payment for materials is made to a contractor(s) in accordance with 42 CFR 431.54(d).

TN. No. 09-022
Supersedes
TN. No. 05-012

Approval Date: SEP 23 2010 Eff. Date: 10/01/09