

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



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April 28, 2011

Craigian 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 # 10-030

Dear Dr. Gray:

This is to affirm approval of the above referenced State Plan Amendment which was submitted to the Regional Office on October 12, 2010. The requested date of approval as of October 1, 2010 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 page.

If you have any additional questions regarding this amendment, please contact Elaine Elmore, your State Coordinator at 404-562-7408.

Sincerely,

//s//

Jackie Glaze  
Associate Regional Administrator  
Division of Medicaid & Children's Health Operations

Enclosure(s)

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**

Disabled and Elderly Health Programs Group

April 26, 2011

Craigian Gray, M.D., M.B.A., J.D.  
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

Dear Dr. Gray:

We have reviewed North Carolina State Plan Amendment (SPA) 10-030 received in the Atlanta Regional Office on October 12, 2010. This amendment implements a recipient lock-in program for those that over-utilize Medicaid services. The State will lock-in Medicaid enrollees into a single pharmacy and prescriber when the Medicaid enrollee's utilization of selected controlled substances meets the lock-in criteria approved by the North Carolina Physicians Advisory Group. We are pleased to inform you that the amendment is approved, effective October 1, 2010.



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

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>		1. TRANSMITTAL NUMBER: <b>10-030</b>	2. STATE <b>NC</b>
<b>FOR: HEALTH CARE FINANCING ADMINISTRATION</b>		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 <b>October 1, 2010</b>	
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 431.54		7. FEDERAL BUDGET IMPACT: a. FFY 2011      (\$ 393,803) b. FFY 2012      (\$1,084,750)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  <b>Attachment 3.1-A.1, Page 14d</b>		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  <b>Attachment 3.1-A.1, Page 14d</b>	
10. SUBJECT OF AMENDMENT:  <b>Recipient Management Lock-In Program</b>			
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: 		16. RETURN TO:  Office of the Secretary Department of Health and Human Services 2001 Mail Service Center Raleigh, North Carolina 27699-2001	
13. TYPED NAME: <b>Lanier M. Cansler</b>		17. DATE RECEIVED: <b>10-12-10</b>	
14. TITLE: Secretary		18. DATE APPROVED:      04/26/11	
15. DATE SUBMITTED: <b>10-6-10</b>		<b>FOR REGIONAL OFFICE USE ONLY</b>	
<b>PLAN APPROVED - ONE COPY ATTACHED</b>			
19. EFFECTIVE DATE OF APPROVED MATERIAL:  10/01/10		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME:  Jackie Glaze		22. TITLE: Associate Regional Administrator Division of Medicaid & Children's Health Opns	
23. REMARKS:			

12.a. Prescribed Drugs (continued)

- (7) Drugs of manufacturers who do not participate in the supplemental rebate program will be made available to Medicaid recipients through prior authorization (PA). Payment of supplemental rebates results in a drug being included on the PDL and/or the recommended drug list.

Certain products may be limited by on-line clinical or fiscal edits to monitor appropriate utilization and secure cost savings.

North Carolina is establishing a Preferred Drug List (PDL) with PA for drugs not included on the PDL pursuant to 42 USC § 1396r-8. PA is established for certain drug classes, particular drugs or medically accepted indication for uses and doses.

The State will appoint a Pharmacy and Therapeutics Committee or utilize the drug utilization review committee in accordance with Federal law.

The State ensures that the PDL is consistent with Medicaid goals and objectives. The State will seek continuity of care of patients who were stabilized on previously prescribed, non-preferred medications. The PDL will address needs of recipients with special and complex medical conditions.

The Program complies with PA requirements set forth in Section 1927(d)(5) of the Social Security Act pertaining to PA programs.

The State ensures that during the contracting process all payments, the methodology for determining payments, and any other information regarding costs and incentives and the PDL development are disclosed by the vendor. Information includes any and all payment from manufacturers, distributors and other entities involved in the sale of pharmaceuticals.

The State will conduct an annual evaluation with a public report of any multi-state or state-specific PDL, PA or supplemental rebate agreement regarding the cost savings associated with the State participation and impact on related services such as hospitalizations.

- (8) In accordance with 42 CFR 431.54 and the Medicaid State Plan section 4.10, the State has the authority to lock-in recipients who over-utilize Medicaid services. The State will lock Medicaid enrollees into a single pharmacy and prescriber when the Medicaid enrollee's utilization of selected medications meets the lock-in criteria approved by the North Carolina Physicians Advisory Group.