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State/Territory Name: North Carolina

State Plan Amendment (SPA) #: 11-054

This file contains the following documents in the order listed:

- 1) RO Follow-Up Approval Letter
- 2) Pharmacy Approval Letter
- 3) CMS 179 Form
- 4) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Atlanta Regional Office
61 Forsyth Street, Suite 4T20
Atlanta, Georgia 30303



DIVISION OF MEDICAID & CHILDREN'S HEALTH OPERATIONS

August 6, 2012

Michael Watson, Director
Division of Medical Assistance
NC Department of Health & Human Services
1985 Umstead Drive (ZIP 27603)
2501 Mail Service Center
Raleigh, NC 27699-2501

Re: North Carolina Title XIX State Plan Amendment, Transmittal #11-054

Dear Mr. Watson:

This is to affirm approval of the above referenced State Plan Amendment which was submitted to the Regional Office on December 21, 2011. The State's requested effective date of February 1, 2012 has been accepted.

Enclosed for your records are:

1. a copy of the approval letter dated August 2, 2012 that was submitted to the State by Larry Reed, Director, Division of Pharmacy;
2. the original signed 179; and
3. the approved plan pages.

If you have any additional questions regarding this amendment, please contact Elaine Elmore, State Coordinator for North Carolina, 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 S2-26-12
Baltimore, Maryland 21244-1850



Center for Medicaid and CHIP Services
Disabled and Elderly Health Programs Group

August 2, 2012

Michael Watson
Director
Division of Medical Assistance
North Carolina Department of Health and Human Services
2501 Mail Service Center
Raleigh, North Carolina 27699-2501

Dear Mr. Watson:

We have reviewed North Carolina State Plan Amendment (SPA) 11-054 received in the Atlanta Regional Office on December 21, 2011. This amendment proposes to clarify the description of prescribed drugs, revise the reimbursement methodology for North Carolina Estimated Acquisition Cost (NCEAC) for prescribed drugs and establish a 4 rate tier generic dispensing fee structure for reimbursement. The reimbursement methodology is being revised from wholesale acquisition price plus 7 percent to wholesale acquisition cost plus 6 percent and from average wholesale price less 14.5 percent to average wholesale price less 11.67 percent. The state also proposes that the generic dispensing fee will be one of 4 rates tiers which will be based upon previous quarterly generic volume of generic dispensing rates:

- 80% or more claims per quarter = \$9.00
- Between 75% and 79.9% claims per quarter = \$6.50
- Between 70% and 74.9% claims per quarter = \$4.40
- 69.9% and below claims per quarter = \$4.00

We are pleased to inform you that the amendment is approved, effective February 1, 2012.

A copy of the pages approved for incorporation into the Michigan 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

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION		1. TRANSMITTAL NUMBER: 11-054	2. STATE NC
		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 February 1, 2012	
5. TYPE OF PLAN MATERIAL (<i>Check One</i>): <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 (<i>Separate Transmittal for each amendment</i>)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 440.120		7. FEDERAL BUDGET IMPACT: a. FFY 2012 (\$83,077,724) b. FFY 2013 (\$133,398,895)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-B, Section 12, Page 1 and Attachment 4.19-B, Section 12, Page 1a		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>): Attachment 4.19-B, Section 12, Page 1 and Attachment 4.19-B, Section 12, Page 1a	
10. SUBJECT OF AMENDMENT: Prescribed Drugs/Dispensing Fees			
11. GOVERNOR'S REVIEW (<i>Check One</i>): <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, North Carolina 27699-2001	
13. TYPED NAME: Lanier M. Cansler			
14. TITLE: Secretary			
15. DATE SUBMITTED: 15/15/11			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: 12/21/11		18. DATE APPROVED: 08/02/12	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 02/01/12		20. SIGNATURE OF REGIONAL OFFICIAL: //s//	
21. TYPED NAME: Jackie Glaze		22. TITLE: 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 diseases of the eye or by an optometrist.
- a. Prescribed Drugs

Reimbursement for multiple source and other drugs shall not exceed the lowest of:

The Estimated Acquisition Cost (EAC) as described below plus a reasonable dispensing fee;

1. The provider's usual and customary charge to the general public;
2. The amount established by the North Carolina State determined upper payment limit plus a reasonable dispensing fee (this provision does not apply when there is only one enrolled pharmacy provider in the county); or
3. The Federal upper limit plus a reasonable dispensing fee.

A dispensing fee will not be paid for prescriptions refilled in the same month, whether it is the same drug or generic equivalent drug.

Multiple Source Drugs – North Carolina has implemented the list of drugs and their prices as published by the CMS and a State determined list of multiple source drugs. All drugs on this list are reimbursed at limits set by CMS or the State unless the provider writes in their own handwriting, brand name drug is “medically necessary”.

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.

b. 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 6 percent or if WAC cannot be determined, the average wholesale price (AWP) less 11.67 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.

c. 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-\$4.00 for brand name drugs.

The generic dispensing fee structure will be one of 4 rate tiers. An enrolled pharmacy's generic dispensing fee is based on the percentage of generic prescriptions dispensed in the previous quarter, as documented in the Medicaid Management Information System (MMIS). Based upon the previous quarterly volume of the enrolled pharmacy, as documented in MMIS, the total number of generics dispensed is divided by the total number of prescriptions billed. The dispensing fee will be as follows:

- 80% or more claims per quarter = \$9.00
- Between 75% and 79.9% claims per quarter = \$6.50
- Between 70% and 74.9% claims per quarter = \$4.40
- Less than or equal to 69.9% claims per quarter = \$4.00

TN No.: 11-054
Supersedes
TN No.: 09-022

Approval Date:08-02-12

Effective Date: 2/01/2012