
Table of Contents

State/Territory Name: South Dakota

State Plan Amendment (SPA) #: SD-10-006

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) 179
- 3) Approved SPA Pages

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

November 22, 2010

Deborah K. Bowman
Department Secretary
Department of Social Services
Division of Medical Services
700 Governors Drive
Pierre, SD 57501-2291

Dear Ms. Bowman:

We have reviewed South Dakota State Plan Amendment (SPA) 10-006 received in the Denver Regional Office on June 24, 2010. This amendment changes the reimbursement methodology for the estimated acquisition cost (EAC) from average wholesale price (AWP) less 10.5 percent to AWP less 13 percent. We are pleased to inform you that the amendment is approved, effective July 1, 2010.

A copy of the pages approved for incorporation into the South Dakota's State Plan will be forwarded by the Denver 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: Larry Iversen, State Medicaid Director
Richard Allen, ARA DMCHO Denver Regional Office
Diane Dunstan-Murphy, Denver Regional Office

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:

10-6

SOUTH DAKOTA

FOR: HEALTH CARE FINANCING ADMINISTRATION

3. PROGRAM IDENTIFICATION (TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID))

10. REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

July 1, 2010

5. TYPE OF PLAN MATERIAL (*check One*)

NEW STATE PLAN

AMENDMENT TO BE CONSIDERED AS NEW PLAN

AMENDMENT

COMPLETE BLOCKS 6 THROUGH 10 IF THIS IS AN AMENDMENT (*Separate Transmittal for each amendment*)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447.300-447.334

7. FEDERAL BUDGET IMPACT

a. FFY10—(\$212,500)

b. FFY11—(\$850,000)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-B, Page 20

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (*if Applicable*)

Attachment 4.19-B, Page 20

10. SUBJECT OF AMENDMENT:

This is a State Plan Amendment to update reimbursement methodology for prescription drugs.

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:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

[Redacted Signature]

13. TYPED NAME:

Deborah K. Bowman

14. TITLE:

Department Secretary

15. DATE SUBMITTED:

6/24/10

17. DATE RECEIVED:

6/24/10

FOR REGIONAL OFFICE USE ONLY

16. RETURN TO:

**Department of Social Services
Division of Medical Services
700 Governors Drive
Pierre SD 57501-2291**

18. DATE APPROVED:

11/22/10

19. EFFECTIVE DATE OF APPROVED MATERIAL:

7/1/10

PLAN APPROVED (ONE)

20. SIGNATURE OF REGIONAL OFFICIAL:

[Redacted Signature]

21. TYPED NAME:

Richard C. Allen

22. TITLE:

ARA, DMCHO

23. REMARKS:

ATTACHMENT 4.19-B
PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES12a. Prescription Drugs

Payment will be the lower of the usual and customary charge to the general public and the upper limit for multiple source drugs as listed in Part 6 of the State Medicaid Manual plus a dispensing fee, or the estimated acquisition cost (EAC) plus a dispensing fee. In addition, the State agency will maintain a list of drugs for which payment will be limited to the lower of a state maximum allowable cost (SMAC) plus a dispensing fee or the pharmacy's usual and customary charge for the product.

The agency establishes the EAC first utilizing the monthly First DataBank listing or, for items not in the First DataBank list, the Redbook and:

1. Using the average wholesale price (AWP) less 13% for all other substances except for items listed under the SMAC; or
2. Using the average of the AWP less 13% for all generic products available for a specific drug listed on the SMAC.

The dispensing fee of \$4.75 was established using information received from participating pharmacies relative to their costs of operating the prescription department within the store and the volume of prescriptions dispensed. An additional \$.80 is added to the dispensing fee for unit dose dispensing.

TN # 10-6
SUPERSEDES
TN # 05-15

Approval Date 11/22/10

Effective Date 7/01/10