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State/Territory Name: South Dakota

State Plan Amendment (SPA) #: SD-11-007

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 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

September 20, 2011

Larry Iversen
Division Director
Department of Social Services
Division of Medical Services
700 Governors Drive
Pierre, SD 57501-2291

Dear Mr. Iversen:

We have reviewed South Dakota State Plan Amendment (SPA) 11-007 received in the Denver Regional Office on June 29, 2011. This amendment changes the reimbursement methodology for the estimated acquisition cost (EAC) from average wholesale price (AWP) less 13 percent to AWP less 15 percent. It also reduces the dispensing fee from \$4.75 to \$4.30. We are pleased to inform you that the amendment is approved, effective July 1, 2011.

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: Richard Allen, ARA DMCHO Denver Regional Office
Diane Dunstan-Murphy, Denver Regional Office

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES	1. TRANSMITTAL NUMBER: 11-7	2. STATE: South Dakota
	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: July 1, 2011	

5. TYPE OF 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: 1902(a)(30)(A) of the Act	7. FEDERAL BUDGET IMPACT: a. F.Y. 2011: (\$200,685) b. F.Y. 2012: (\$602,054)
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4-19-B p. 20	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4-19-B p. 20

10. SUBJECT OF AMENDMENT:


This State Plan Amendment implements the necessary changes to State Plan prescription drugs payment methodology to comply with the Legislature's appropriated budget according to House Bill 1251 and the Joint Committee on Appropriations' Letter of Intent.

11. GOVERNOR'S REVIEW (Check One):

GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED:
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO: DEPARTMENT OF SOCIAL SERVICES DIVISION OF MEDICAL SERVICES 700 GOVERNORS DRIVE PIERRE, SD 57501-2291
13. TYPED NAME: KIM MALSAM-RYSDON	
14. TITLE: Department Secretary	
15. DATE SUBMITTED: 6/29/11	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 6/29/11	18. DATE APPROVED: 9/22/11
PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: 7/1/11	20. SIGNATURE OF REGIONAL OFFICIAL: 
21. TYPED NAME: RICHARD C. ALLEN	22. TITLE: ARA, DMCHO

23. REMARKS:

FORM CMS-179 (07-92)

ATTACHMENT 4.19-B
PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES

12a. 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. SMAC drugs are widely and consistently available to South Dakota pharmacies at a price that is less than average wholesale price (AWP).

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 AWP less 15% for all other substances except for items listed under the SMAC;
or
2. Using the average of the AWP less 15% for all generic products available for a specific drug listed on the SMAC.

The dispensing fee of \$4.30 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 # 11-7
SUPERSEDES
TN # 10-6

Approval Date 9/22/11

Effective Date 7/01/11