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State/Territory Name: North Carolina

State Plan Amendment (SPA) #: 11-047

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

Mr. 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 #11-047

Dear Mr. Watson:

This is to affirm approval of the above referenced State Plan Amendment which was submitted to the Regional Office on December 7, 2011. The State's requested effective date of December 1, 2011 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

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) 11-047 received in the Atlanta Regional Office on December 7, 2011. This amendment proposes to revise the reimbursement methodologies for physician drugs to Average Sales Price (ASP) plus 6% or where there is no ASP, to Average Wholesale Price (AWP) less 10 percent and for the contraceptive drugs Implanon and Mirena, to Wholesale Acquisition Cost (WAC) plus 6 percent. The state also proposes to freeze reimbursement rates for the Physician Drug Program effective for state fiscal years 2010 - 2012 as indicated in the SPA. We are pleased to inform you that the amendment is approved, effective December 1, 2011.

A copy of the pages approved for incorporation into the North Carolina 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: 11-047	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 December 1, 2011	
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 \$1,327,654.00 b. FFY 2013 \$1,593,185.00	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-B, Section 12, Page 1b		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>): Attachment 4.19-B, Section 12, Page 1b	
10. SUBJECT OF AMENDMENT: Pharmacy and Physician Drug Programs			
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: 12-01-11			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: 12-07-11		18. DATE APPROVED: 08-02-12	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 12-01-11		20. SIGNATURE OF REGIONAL OFFICIAL: //s//	
21. TYPED NAME: Jackie Glaze		22. TITLE: Associate Regional Administrator Division of Medicaid & Children Health Opns	
23. REMARKS:			

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

Payments for Medical and Remedial Care and Services

Payment for Physician Drug Program:

SFY 2010 – The rates for SFY 2010 are frozen as of the rates in effect at July 1, 2009. Effective October 1, 2009, a negative inflationary adjustment of 3.61% was applied to the existing rates. There will be no further annual adjustment.

SFY 2011 – As of July 1, 2010 rates will be frozen except Medicaid rates may be adjusted downward in accordance with the current years downward adjustments to the Medicare fee schedule.

SFY 2012 - The rates for SFY 2012 are frozen as of the rates in effect at July 1, 2011 except Medicaid rates may be adjusted downward in accordance with the current years downward adjustments to the Medicare fee schedule.

Reference: Attachment 4.19-B, Section 12

TN No. 11.047
Supersedes
TN No. NEW

Approval Date: 08-02-12

Eff. Date 12/01/2012

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:

The physician drug program is reimbursed at the Average Sales Price plus 6% 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) less 10% 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.

Contraceptive methods Implanon and Mirena are reimbursed at the Wholesale Acquisition Cost (WAC) plus 6%.

Notwithstanding any other provision, if specified, these rates will be adjusted as shown on Attachment 4.19-B, Supplement 3, Page 2 of the State Plan.

Except as otherwise noted in the plan, State developed fee schedule rates are the same for both governmental and private providers of the physician drug program and the fee schedule and any annual/periodic adjustments to the fee schedules are published on the NC Division of Medical Assistance Web site <http://www.ncdhhs.gov/dma/fee/fee.htm>.

TN No.: 11.047
Supersedes
TN No.: 09-022

Approval Date: 08-02-12

Effective Date: 12/01/11