

## **Table of Contents**

**State/Territory Name: North Carolina**

**State Plan Amendment (SPA) #: 12-018**

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 Page



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November 30, 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 #12-018

Dear Mr. Watson:

This is to affirm approval of the above referenced State Plan Amendment which was submitted to the Regional Office on September 14, 2012. The State's requested effective date of October 1, 2012 has been accepted.

Enclosed for your records are:

1. a copy of the approval letter dated November 21, 2012 that was submitted to the State by Larry Reed, Director, Division of Pharmacy;
2. the original signed 179; and
3. the approved plan page.

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 S2-14-26  
Baltimore, Maryland 21244-1850



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

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November 21, 2012

Albert A Delia  
Office of the Secretary  
Department of Health and Human Services  
2001 Mail Service Center  
Raleigh, NC 27699-2001

Dear Mr. Delia:

We have reviewed North Carolina's State Plan Amendment (SPA) 12-018, Prescribed Drugs, received in the Regional Office on September 14, 2012. This amendment revises the dispensing fee for brands, and the generic dispensing fee 4 rate tier structure. We are pleased to inform you that the amendment is approved, effective October 1, 2012.

A copy of the HCFA-179 form, as well as 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 amendment, please contact Delaine Deardorff-Beck at (410) 786-2991.

Sincerely,

/s/

Larry Reed  
Director  
Division of Pharmacy

cc: Elaine Elmore, Atlanta Regional Office  
Michael Watson, Director – Division of Medical Assistance  
Jackie Glaze, ARA, Atlanta Regional Office

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>  <b>FOR: HEALTH CARE FINANCING ADMINISTRATION</b>		1. TRANSMITTAL NUMBER:  <b>12-018</b>	2. STATE  <b>NC</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, 2012</b>	
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:  <b>42 CFR 440.120</b>		7. FEDERAL BUDGET IMPACT: a. <b>FFY 2012 – 2013 (\$5,392,876.00)</b> b. <b>FFY 2013 – 2014 (\$2,113,480.00)</b>	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  <b>Attachment 4.19-B Section 12 Page 1a</b>		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT ( <i>If Applicable</i> ):	
10. SUBJECT OF AMENDMENT: <b>Pharmacy Dispensing Fee</b>			
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: Albert A. Delia			
14. TITLE: Secretary			
15. DATE SUBMITTED: 09-14-12			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED: 09-14-12		18. DATE APPROVED: 11/21/12	
<b>PLAN APPROVED – ONE COPY ATTACHED</b>			
19. EFFECTIVE DATE OF APPROVED MATERIAL: 10/01/12		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

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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 \$3.00 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:

Effective October 1, 2012:

- Greater than 82% claims per quarter = \$7.75
- Between 77.1% and 82% claims per quarter = \$6.50
- Between 72.1% and 77% claims per quarter = \$4.00
- Less than or equal to 72% claims per quarter = \$3.00

Effective July 1, 2013:

- 80% or more claims per quarter = \$7.75
- Between 75% and 79.9 % claims per quarter = \$6.50
- Between 70% and 74.9% claims per quarter = \$4.00
- Less than or equal to 69.9% claims per quarter = \$3.00