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State/Territory Name: North Carolina

State Plan Amendment (SPA) #: 14-008

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

November 12, 2014

Sandra D. Terrell, M.S., R.N.
Chief Operating Officer
Division of Medical Assistance
North Carolina Department of Health and Human Services
2501 Mail Service Center
Raleigh, NC 27699-2501

Attention: Teresa Smith

RE: North Carolina State Plan Amendment, Transmittal #14-008

Dear Ms. Terrell:

This is to affirm approval of the above referenced State Plan Amendment which was submitted to the Regional Office on March 31, 2014. The state's requested effective date of January 1, 2014 has been accepted.

Enclosed for your records are:

1. a copy of the approval letter dated November 6, 2014 that was submitted to the state by John M. Coster Fine, 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



Disabled & Elderly Health Programs Group

November 6, 2014

Aldona Z. Wos, MD
Secretary
Office of the Secretary
Department of Health and Human Services
2001 Mail Service Center
Raleigh, NC 27699

Dear Dr. Wos:

We have reviewed North Carolina State Plan Amendment (SPA) 14-008, Prescribed Drugs, received in the Atlanta Regional Office on March 24, 2014. The amendment proposes that the state decrease the reimbursement rates for prescribed drugs based on a 3 percent reduction of the dispensing fee for brand and generic drugs. The effective date for this proposed change is January 1, 2014. This SPA also proposes to reimburse pharmacies at the wholesale acquisition cost (WAC) plus 2.7 percent, or if WAC cannot be determined, the average wholesale price (AWP) less 14.42 percent. The effective date for this proposed change is February 27, 2014.

Based on the information provided, we are pleased to inform you that SPA 14-008 is approved, effective January 1, 2014. A copy of the signed CMS-179 form, as revised, 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 SPA, please contact Jessica Walker at (410) 786-2457.

Sincerely,

/s/

John M. Coster, Ph.D., R.Ph.
Director
Division of Pharmacy

cc: Jackie Glaze, ARA, Atlanta Regional Office
Elaine Elmore, Atlanta Regional Office

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 North Carolina General Assembly, effective February 27, 2014, the reasonable and best estimate is based on the wholesale acquisition cost (WAC) plus 2.7 percent or if WAC cannot be determined, the average wholesale price (AWP) less 14.42 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 \$2.00 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

Effective January 1, 2014:

- Greater than or equal to 80%= \$7.75
- Greater than or equal to 75% and less than 80% =\$5.50
- Greater than or equal to 70% and less than 75% =\$2.00
- Less than 70% =\$1.00

TN No.: 14.008

Supersedes

TN No.: 12-018

Approval Date: 11/06/14

Effective Date: 01/01/14