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**State/Territory Name: South Carolina**

**State Plan Amendment (SPA) #: 11-017**

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  
61 Forsyth St., Suite 4T20  
Atlanta, Georgia 30303-8909



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March 12, 2012

Mr. Anthony E. Keck, Director  
South Carolina Department of Health and Human Services  
Post Office Box 8206  
Columbia, South Carolina 29202-8206

Re: South Carolina Title XIX State Plan Amendment, Transmittal #11-017

Dear Mr. Keck:

This is to affirm approval of the above referenced State Plan Amendment which was submitted to the Regional Office on September 28, 2011. The State's requested effective date of November 1, 2011 has been accepted.

Enclosed for your records are:

1. a copy of the approval letter dated March 5, 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 Tandra Hodges, State Coordinator for North Carolina, at 404-562-7409.

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

March 5, 2012

Anthony E. Keck  
Director  
South Carolina Department of Health and Human Services  
P.O. Box 8206  
Columbia, South Carolina 29202-8206

Dear Mr. Keck:

We have reviewed South Carolina State Plan Amendment (SPA) 11-017 received in the Atlanta Regional Office on September 28, 2011. Under this SPA, the State proposes to change the Medicaid reimbursement for covered outpatient prescriptions to average wholesale price (AWP) minus 16 percent and the dispensing fee to \$3.00 in the Prescribed Drug section of the State plan to be consistent with the same reimbursement methodology and dispensing fee recently approved under South Carolina Frontis SPA 11-011. In addition, the State proposes to include wholesale acquisition cost 0.8 percent as a pharmacy reimbursement methodology which is comparable to AWP minus 16 percent. We are pleased to inform you that South Carolina SPA 11-017 is approved, effective November 1, 2011.

The Atlanta Regional Office will forward to you a copy of the CMS-179 form, as well as the pages approved for incorporation into the South Carolina Medicaid State Plan. If you have any questions regarding this amendment, please contact Bernadette Leeds at (410) 786-9463.

Sincerely,

/s/

Larry Reed  
Director  
Division of Pharmacy

cc: Jackie Glaze, ARA, Atlanta Regional Office  
Tandra Hodges, Atlanta Regional Office  
Elizabeth Hutto, South Carolina Department of Health and Human Services  
Valeria Williams, South Carolina Department of Health and Human Services

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

1. TRANSMITTAL NUMBER:  
SC 11-017

2. STATE  
South Carolina

**FOR: HEALTH CARE FINANCING ADMINISTRATION**

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  
November 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:  
CFR 447.502

7. FEDERAL BUDGET IMPACT:  
a. FFY      October 1, 2011    0.00  
b. FFY      October 1, 2012    0.00

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  
  
Attachment 4.19-B Pages 3b, 3c and 4a

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (*If Applicable*):  
  
Attachment 4.19-B Pages 3b, 3c and 4a

10. SUBJECT OF AMENDMENT:  
Revised prescription drug reimbursement methodology.

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:  
Mr. Keck was designated by the Governor  
to review and approve all State Plans

12. SIGNATURE OF STATE AGENCY OFFICIAL:  
//s//

16. RETURN TO:

13. TYPED NAME:  
Anthony E. Keck

14. TITLE:  
Director

15. DATE SUBMITTED:  
September 28, 2011

South Carolina Department of Health and Human Services  
Post Office Box 8206  
Columbia, South Carolina 29202-8206

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:  
09/28/11

18. DATE APPROVED: 03/05/12

**PLAN APPROVED – ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL:  
11/01/11

20. SIGNATURE OF REGIONAL OFFICIAL:  
//s//

21. TYPED NAME: Jackie Glaze

22. TITLE: Associate Regional Administrator  
Division of Medicaid & Children Health Opns

23. REMARKS:

Pregnant women, individuals participating in family planning services, infants and children up to age 19 will not be subject to co-pay.

11.a. Physical Therapy/Occupational Therapy:

- &  
11.b. Payment will be according to an established fee schedule as based on the methodology outlined in the Physician Section 5, Attachment 419-B, Page 2a.2. The Physician Services fee schedule rates are effective for services provided on or after the implementation date as outlined in the Physician Section 5, Attachment 419-B, Page 2a.2. Medicaid Bulletins informing the providers of the fee schedule rate changes, as well as the fee schedule itself, are available on the agency's web site at <http://www.scdhhs.gov/ServiceProviders/FeeSchedules.asp>.

The SCDHHS does not publish a fee schedule for Hospitals and Home Health services. The payment methodology for Hospital Services can be found at 4.19-B page 1a.1 and Home Health can be found at 4.19-B page 3.1.

11.c. Speech/Language and Audiological Services:

Payment will be according to an established fee schedule as based on the methodology outlined in the Physician Section 5, Attachment 419-B, Page 2a.2. The Physician Services fee schedule rates are effective for services provided on or after the implementation date as outlined in the Physician Section 5, Attachment 419-B, Page 2a.2. Medicaid Bulletins informing the providers of the fee schedule rate changes, as well as the fee schedule itself, are available on the agency's web site at <http://www.scdhhs.gov/ServiceProviders/FeeSchedules.asp>.

The SCDHHS does not have a published fee schedule for Hospitals and Home Health services. The payment methodology for Hospital Services can be found at 4.19-B page 1a.1 and Home Health can be found at 4.19-B page 3.1.

12.a. Prescribed Drugs:

Medicaid pays for FDA approved prescribed drugs with stated exceptions described in Attachment 3.1-A, Item 12-A, Limitation Supplement.

1. Basis for Payment:

A. MULTIPLE SOURCE DRUGS

Reimbursement for covered multiple-source drugs in the Medicaid program shall be limited to the lowest of:

- (1) The Federally-mandated upper limit of payment or South Carolina Maximum Allowable Costs (SCMAC), plus the current dispensing fee; or
- (2) The South Carolina Estimated Acquisition Cost (SCEAC) which is the average wholesale price (AWP) less the current discount rate (16%), plus the current dispensing fee; or
- (3) The South Carolina Estimated Acquisition Cost (SCEAC which is the wholesale acquisition cost (WAC) plus (0.8%) plus the current dispensing fee: or
- (4) The provider's usual and customary charge to the public for the prescription as written for the brand actually dispensed.

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SUPERSEDES: SC 11-001

B. OTHER DRUGS

Reimbursement for covered drugs other than the multiple-source drugs with CMS upper limits shall not exceed the lower of:

- (1) The South Carolina Estimated Acquisition Cost (SCEAC), which is the average wholesale price (AWP), less the current discount rate (16%), plus the current dispensing fee; or
- (2) The South Carolina Estimated Acquisition Cost (SCEAC which is the wholesale acquisition cost (WAC) plus (0.8%) plus the current dispensing fee; or
- (3) The provider's usual and customary charge to the public for the prescription as written for the brand actually dispensed.

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**SUPERSEDES: SC 10-011**

## B. SOUTH CAROLINA ESTIMATED ACQUISITION COST (SCEAC)

SCEAC is defined as the State's closest estimate to the price generally and currently paid by providers for specific drugs, based on the package size of drugs most frequently purchased by providers. EAC established by South Carolina is the AWP (Average Wholesale Price) minus 16%. The AWP used in calculating the SCEAC is furnished by a contracted pricing source.

## 3. MULTIPLE SOURCE DRUG REIMBURSEMENT LIMITATION/PHYSICIAN OVERRIDE

A physician may prescribe a brand name of a multiple source drug that bears a higher cost than the upper limit established by HCFA or South Carolina but reimbursement is available only if the prescription has the physician's certification (in his own handwriting) that the specific brand is medically necessary for a patient. The prescriber must also complete a South Carolina Medicaid MedWatch form documenting that the treatment failure is attributed to the generic product.

## 4. CO-PAYMENT FOR PRESCRIPTIONS:

Prescriptions filled by dispensing physicians are not subject to co-payment.

## 5. DISPENSING FEE:

Dispensing fees are determined on the basis of surveys that are conducted periodically and take into consideration pharmacy operational costs (overhead, professional services, and profit in different types of pharmacies).

The current dispensing fee is \$3.00 for independent pharmacy providers; \$3.00 for institutional pharmacy providers; no dispensing fee for dispensing physicians.

Dispensing fees are paid to the following type providers:

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**RO APPROVAL: 03/05/12**

**SUPERSEDES: SC 11-001**