

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL****FOR: HEALTH CARE FINANCING ADMINISTRATION**

1. TRANSMITTAL NUMBER:

0 9 0 0 1

2. STATE:

Utah

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL  
SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE

March 1, 2009

TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

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:

42 CFR 440.120

7. FEDERAL BUDGET IMPACT: (\$1963330) mk

a. FFY 2009 \$No Cost

b. FFY 2010 \$No Cost

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Page 19a of Attachment 4.19-B

PAGE 19a(2) of Attachment 4.19-B mk

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable):

Page 19a of Attachment 4.19-B

Page 19a(2) of Attachment 4.19-B mk

10. SUBJECT OF AMENDMENT:

Estimated Acquisition Cost

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:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

David N. Sundwall mk

13. TYPED NAME:

David N. Sundwall, MD

14. TITLE:

Executive Director, Utah Department of Health

15. DATE SUBMITTED:

March 31, 2009

16. RETURN TO:

Craig Devashrayee, Manager  
Technical Writing Unit  
Department of Health  
PO Box 143102  
Salt Lake City UT 84114-3102**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

3/31/09

18. DATE APPROVED:

10/1/09

**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL:

3/1/09

20. SIGNATURE OF REGIONAL OFFICIAL:

[Signature]

21. TYPED NAME:

Richard C. Allen

22. TITLE:

Associate Regional Adminis

23. REMARKS:

S. PRESCRIBED DRUGS (Continued)

Utah EAC

The Utah Estimated Acquisition Cost (EAC) is currently AWP minus 17 percent. This estimate has been established using information provided by a survey conducted by the Utah Department of Health. Effective July 1, 2009, the AWP will be AWP minus 15 percent.

Dispensing Fee

In setting the basic dispensing fee, the state will give consideration to costs shown on periodic operation surveys, in-house studies of dispensing costs, national and regional data, and economic trends and conditions. The Utah base dispensing fee is \$3.90.

Special Category Fees

1. Payment for insulin, birth control pills, and non-legend (OTC) drugs will be the lowest of:
  - a. Billed charge;
  - b. EAC + special category fee C;
  - c. Utah MAC + special category fee C; or
  - d. AWP + special category fee not to exceed the maximum on the Federal upper limits list.
  - e. Special Category fee C = \$1.00
2. Payment for non-legend OTC antacid liquids will be the lowest of:
  - a. Billed charge;
  - b. EAC + special category fee F;
  - c. Utah MAC + special category fee F; or
  - d. AWP + special category fee not to exceed the maximum on the Federal upper limit list.

Category fee F is calculated as follows: drug quantity ÷ package size x \$0.50
3. Differential fee payment for select drugs reconstituted for Home I.V. infusion as typically prepared by a specialty pharmacy. Specialty pharmacies have low volume but high overhead expenses. The Department of Justice (DOJ) in year 2000 re-priced the AWP for 437 NDC specific products. The re-priced products necessitated four new dispensing fees. The four fees are defined as category J, category K, category L, and category M.

T.N. # 09-001

Approval Date 10/1/09

Supersedes T.N. # 03-005

Effective Date 3-1-09

S. PRESCRIBED DRUGS (Continued)

Special Category Fees (Continued)

Table 1 shows unit values assigned for each category to establish the fee. An asterisk (\*) equals one unit value. Items with two or more asterisks have a higher value.

Table 1  
Home Infusion Drug Categories

Category 'B' or 'C'	Category 'J'	Category 'K'	Category 'L'	Category 'M'
Traditional: technician input Point-of-Sale Pharmacist input Fixed overhead costs	Category B or C plus: *Labor II factor *clinical monitoring *prefilled syringes/PB *horizontal hood *technical input	Category J plus: ****clinical monitoring *** quality assurance *** labor factor	Category K plus: *Replacement into individual doses such as a syringe *recalculations from vial to syringe to bag *large bulk inventory costs *peer review	Category L plus: *Double gloves **Gown **Vertical Hood *labor factor V *OSHA documentation *Special handling *special storage *clean room *hazardous waste
dispensing fee B or C B=\$3.90; C=\$1.00	dispensing fee J \$8.90	dispensing fee K \$18.90	dispensing fee L \$22.90	dispensing fee M \$33.90

The special category fee is a negotiated fee initially developed in cooperation with the Utah pharmaceutical Association and other key pharmacists to apply to specific drugs historically advertised and dispensed to the general public at minimal prices. This fee may be periodically changed to reflect changing market forces.

T.N. # 09-001

Approval Date 10/1/09

Supersedes T.N. # 01-004

Effective Date 3-1-09

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-14-26  
Baltimore, Maryland 21244-1850

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Center for Medicaid and State Operations  
Disabled and Elderly Health Programs Group (DEHPG)

OCT 1 2009

David N. Sundwall, MD  
Utah Department of Health  
P.O. Box 141000  
Salt Lake City, UT 84114-1000

Dear Dr. Sundwall:

We are pleased to inform you that Utah's State plan amendment (SPA) UT 09-001, Estimated Acquisition Cost (EAC), is approved with an effective date of March 1, 2009. This SPA reduced the drug ingredient cost to average wholesale price (AWP) minus 17 percent and effective July 1, 2009 restored this rate to AWP minus 15 percent. In addition, dispensing fees were included in the SPA. We have also made your requested changes on the CMS-179 form at block seven by inserting the federal budget impact figure for FFY 2009 of \$1,963,330 in savings and have entered the additional plan page of "Page 19a(2) of Attachment 4.19-B" at blocks eight and nine.

A copy of the revised CMS179 as well as the pages approved for incorporation into the Utah state plan will be forwarded by the Denver Regional Office. If you have any questions regarding this amendment, please call Madlyn Kruh at (410)-786-3239.

Sincerely,

Larry Reed  
Director, Division of Pharmacy

cc: Richard C. Allen, ARA Denver Regional Office  
Diane Dunstan, Denver Regional Office