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**State/Territory Name:** Utah

**State Plan Amendment (SPA) #:** UT-10-015

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) 179
- 3) Approved SPA Pages

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



**Center for Medicaid, CHIP, and Survey & Certification**

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Disabled and Elderly Health Programs Group

May 23, 2011

Michael Hales  
Director, Medicaid and Health Financing  
Utah Department of Health  
PO Box 141000  
Salt Lake City, UT 84114-1000

Dear Mr. Hales:

We have reviewed Utah's State Plan Amendment (SPA) 10-015 submitted to the Denver Regional Office on September 30, 2010. This amendment proposes to decrease the estimated acquisition cost (EAC) from average wholesale price (AWP) minus 15 percent to AWP minus 17.4 percent. Based on the information provided, we are pleased to inform you that SPA 10-015 is approved with an effective date of July 1, 2010.

A copy of the CMS-179 form, as well as the page approved for incorporation into Utah's state plan, will be forwarded by the Denver Regional Office. If you have any questions regarding this amendment, please contact Madlyn Kruh at (410) 786-3239.

Sincerely,

Larry Reed  
Director  
Division of Pharmacy

cc: Richard C. Allen, ARA, Denver Regional Office  
Diane Dunstan-Murphy, Denver Regional Office  
Craig Devashrayee, Utah Medicaid Health Financing, Technical Writing Unit

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

1. TRANSMITTAL NUMBER:  
10-015-UT

2. STATE:  
Utah

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

4. PROPOSED EFFECTIVE DATE  
July 1, 2010

TO: REGIONAL ADMINISTRATOR  
HEALTHCARE 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:

a. FFY 2010 \$[673,000]

b. FFY 2011 \$[2,692,000]

*Bma*

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Page 19a of Attachment 4.19-B

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

Page 19a of Attachment 4.19-B

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:

13. TYPED NAME:

David N. Sundwall, MD

14. TITLE:

Executive Director, Utah Department of Health

15. DATE SUBMITTED:

September 30, 2010

16.

17. DATE RECEIVED:

9/30/10

16. RETURN TO:

Craig Devashrayee, Manager  
Technical Writing Unit  
Utah Department of Health  
PO Box 143102  
Salt Lake City, UT 84114-3102

18. DATE APPROVED:

5/23/11

FOR REGIONAL USE ONLY

19. EFFECTIVE DATE OF APPROVED MATERIAL:

7/1/10

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

22. TITLE:

Acting ARA, DMCCHO

3. REMARKS

PLAN APPROVED - ONE COPY ATTACHED

S. PRESCRIBED DRUGS (Continued)

Utah EAC

Effective July 1, 2010, the EAC is AWP minus 17.4 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. # 10-015

Approval Date 5/23/11

Supersedes T.N. # 09-001

Effective Date 7-1-10