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State/Territory Name: North Carolina

State Plan Amendment (SPA) #: 24-0012

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form
- 3) Approved SPA Pages

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

Medical Benefits Health Programs Group

March 28, 2024

Jay Ludlam
Office of the Deputy Secretary
Department of Health and Human Services
2001 Mail Service Center
Raleigh, NC 27699-20014

Dear Jay Ludlam,

The CMS Division of Pharmacy team has reviewed North Carolina's State Plan Amendment (SPA) 24-0012 received in the CMS Medicaid & CHIP Operations Group January 30, 2024. This SPA proposes to remove language that set Physician Administered Drug Program (PADP) fee schedule rates as of January 1, 2015 and allow for rates to be updated.

In keeping with the requirements of section 1902 (a)(30)(A) of the Social Security Act, we believe the state has demonstrated that their reimbursement is consistent with efficiency, economy, and quality of care, and are sufficient to ensure that care and services are available to Medicaid beneficiaries at least to the extent they are available to the general population in the geographic area. We believe that there is evidence regarding the sufficiency of North Carolina's pharmacy provider network at this time to approve SPA 24-0012. Specifically, North Carolina has reported to CMS that 1964 of the state's 2239 licensed in-state retail pharmacies are enrolled in North Carolina's Medicaid program. With a 87 percent participation rate, we can infer that North Carolina's beneficiaries will have access to pharmacy services at least to the extent available to the general population since Medicaid requires that beneficiaries be provided access to all covered outpatient drugs of participating drug manufacturers with a rebate agreement through a broad pharmacy network. In contrast, commercial insurers often have more limited drug formularies and a more limited pharmacy network.

Based on the information provided and consistent with the regulations at 42 CFR 430.20, we are pleased to inform you that SPA 24-0012 is approved with an effective date of February 1, 2024. Our review was limited to the materials necessary to evaluate the SPA under applicable federal laws and regulations.

We are attaching a copy of the signed CMS-179 form, as well as the page approved for incorporation into North Carolina's state plan. If you have any questions regarding this amendment, please contact Charlotte Hammond at (410) 786-1092 or charlotte.hammond@cms.hhs.gov.


Mickey Morgan
Deputy Director
Division of Pharmacy

cc: Betty Staton, North Carolina State Plan and Amendments Manager
Morlan Lannaman, CMS, Medicaid and CHIP Operations Group

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

2 4 — 0 0 1 2

2. STATE

NC

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT



XIX



XXI

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

February 01, 2024

5. FEDERAL STATUTE/REGULATION CITATION

42 C.F.R. §447.502

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 24 \$ 568,781
b. FFY 25 \$ 834,905

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19-B, Section 12, Page 2

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

Attachment 4.19-B, Section 12, Page 2

9. SUBJECT OF AMENDMENT

PHYSICIAN ADMINISTERED DRUG PROGRAM (PADP) RATE REVISION

10. GOVERNOR'S REVIEW (Check One)



GOVERNOR'S OFFICE REPORTED NO COMMENT



OTHER, AS SPECIFIED: Secretary



COMMENTS OF GOVERNOR'S OFFICE ENCLOSED



NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

11. AGENCY OFFICIAL

15. RETURN TO

Office of the Deputy Secretary
Department of Health and Human Services
2001 Mail Service Center
Raleigh, NC 27699-20014

12. TYPED NAME

Jay Ludlam

13. TITLE

Deputy Secretary

14. DATE SUBMITTED 01/19/24 | 10:58 AM EST

FOR CMS USE ONLY

16. DATE RECEIVED January 30, 2024

17. DATE APPROVED
March 28, 2024

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

February 01, 2024

19.

20. TYPED NAME OF APPROVING OFFICIAL

Mickey Morgan

21. TITLE OF APPROVING OFFICIAL

DEPUTY DIRECTOR, DIVISION OF PHARMACY

22. REMARKS

Federal (\$568,781) (\$834,905) - unable to show it represents a savings in Box 6

MEDICAL ASSISTANCE

State: NORTH CAROLINA

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICE

12. Physician Administered Drug Program (PADP):

New physician administered drugs are reimbursed at the Average Sales Price (ASP) to follow Medicare pricing. If there is no ASP value available from Medicare, fees shall be established based on the lower of vendor specific National Drug Code (NDC) Average Wholesale Price (AWP) less ten percent (10%) pricing as determined using lowest generic product NDC, lowest brand product NDC or a reasonable value compared to other physician drugs currently on North Carolina's physician drug program list.

Per approved Section 12, page 1a.1 d. effective April 1, 2017, procedure coded professional or medical drug claims for blood clotting factor / hemophilia drugs shall be reimbursed based on the lesser of the State Maximum Allowable Cost (SMAC) or the billed amount.

Effective July 1, 2017, physician administered Long-Acting Reversible Contraceptive (LARC) non-340B drugs are reimbursed based on the lesser of the Wholesale Acquisition Cost (WAC) plus six percent (6%) or the billed amount.

Effective December 1st, 2022, physician administered LARCs, acquired utilizing the 340B program, will be calculated based on 340B ceiling price plus six percent (6%) and will be reimbursed based on the lesser of 106% 340B ceiling price or the billed amount. If 340B ceiling price is not available, then 340B LARC shall be reimbursed based on the 340B Actual Acquisition Cost plus six percent (6%).

Except as otherwise noted in the plan, State developed fee schedule rates are the same for both governmental and private providers of the physician drug program and the fee schedule and any annual/periodic adjustments to the fee schedules are published on the NC Division of Health Benefits Website.