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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

HEALTH CARE FINANCING ADMINISTRATION	_	OMB NO. 0938-0193
TRANSMITTAL AND NOTICE OF APPROVAL OF	1. TRANSMITTAL NUMBER:	2. STATE
STATE PLAN MATERIAL	14-008	NC
FOR: HEALTH CARE FINANCING ADMINISTRATION	3. PROGRAM IDENTIFICATION:	
	TITLE XIX OF THE SOCIAL SECUR	ITY ACT (MEDICAID)
TO: REGIONAL ADMINISTRATOR	4. PROPOSED EFFECTIVE DATE	
HEALTH CARE FINANCING ADMINISTRATION	January 1, 2014	
DEPARTMENT OF HEALTH AND HUMAN SERVICES	Junuary 1, 2 01	
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:	7. FEDERAL BUDGET IMPACT:	
o. TEDERAL STATE STEPRES CENTROIN CHARACTER.		
1927 [42 U.S.C. 1396r-8]	a. FFY 2014 (\$42,755,333	
	b. FFY 2015 (\$59,276,019	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):	
Attachment 4 10 D. Section 12 Dags 1s	Attachment 4.19-B, Section 12, Page 1a	
Attachment 4.19-B, Section 12, Page 1a	Attachment 4.19-B, Section 12, Page 13	a
10. SUBJECT OF AMENDMENT:	_L	
10. Sebile 1 of Thirling METAT.		
Pharmacy Services-WAC		
•		
11. GOVERNOR'S REVIEW (Check One):		
☐ GOVERNOR'S OFFICE REPORTED NO COMMENT	☐ OTHER, AS SPEC	IFIED: Secretary
COMMENTS OF GOVERNOR'S OFFICE ENCLOSED		•
☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL		
12. SIGNATURE OF STATE AGENCY OFFICIAL:	16. RETURN TO:	
//s//		
13. TYPED NAME:	Office of the Secretary	
Aldona Z. Wos, M.D.	Department of Health and Human Services	
14. TITLE:	2001 Mail Service Center	
Secretary	Raleigh, NC 27699-20014	
15. DATE SUBMITTED:		
FOR REGIONAL OFFICE USE ONLY		
17. DATE RECEIVED:	18. DATE APPROVED: 11/06/14	
03/31/14	E CODY A FET A CLIED	
PLAN APPROVED - ON		PICIAI
19. EFFECTIVE DATE OF APPROVED MATERIAL: 01/01/14	20. SIGNATURE OF REGIONAL OFFICIAL:	
21. TYPED NAME:	22. TITLE: Associate Regional Administrator	
Jackie Glaze	Division of Medicaid & Children Health Opns	
23. REMARKS: Approved with the following changes to block 7 as auth		*
11		
Block #7 changed to read: FFY 2014 (\$17,546,606) and FFY 2015 (\$24,197,714)		

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 Appro TN No.: 12-018

Approval Date: 11/06/14 Effective Date: 01/01/14