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**State/Territory Name: North Carolina**

**State Plan Amendment (SPA) #: 14-0021**

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**

December 18, 2014

Dr. Robin Cummings, Director  
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 #14-021

Dear Ms. Terrell:

This is to affirm approval of the above referenced State Plan Amendment which was submitted to the Regional Office on September 22, 2014. The State's requested effective date of July 1, 2014 has been accepted.

Enclosed for your records are:

1. a copy of the approval letter dated December 12, 2014 that was submitted to the State by John M. Coster, 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**

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December 12, 2014

Dr. Robin Cummings, Director  
Division of Medical Assistance  
Department of Health and Human Services  
2501 Mail Service Center  
Raleigh, NC 27699-2501

Attention: Teresa Smith

Dear Dr. Cummings:

We have reviewed North Carolina's State Plan Amendment (SPA) 14-021 received in the Centers for Medicare & Medicaid Services (CMS) Atlanta Regional Office on September 22, 2014. This amendment proposes to revise the reimbursement of drugs reimbursed through the Physician Drug Program (PDP).

We are pleased to inform you that SPA 14-021 is approved with the following effective dates: Effective July 1, 2014, physician administered contraceptive drugs are to be reimbursed at the Wholesale Acquisition Cost plus 6 percent. Effective October 1, 2014, the rate for Botox, when prescribed for medical use, is to equal the rate established for pharmacy as a covered outpatient drug. Effective January 1, 2015, the state will adjust all rates in the PDP such that they will equal 99 percent of the rate in effect on December 31, 2014.

A copy of the signed CMS-179 form, with an authorized pen and ink change, 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

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

1. TRANSMITTAL NUMBER:  
14-021

2. STATE  
NC

**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  
July 1 2014

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 447.362

7. FEDERAL BUDGET IMPACT:

a. FFY 2014 \$ 45,458  
b. FFY 2015 (\$192,554)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-B Section 12, Page 1b and Attachment 4.19-B  
Supplement 3, Page 2

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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  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

Attachment 4.19-B Section 12, Page 1b and Attachment 4.19-B  
Supplement 3, Page 2

10. SUBJECT OF AMENDMENT:

Physician Drug Program

11. 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

12. SIGNATURE OF STATE AGENCY OFFICIAL:

//s//

13. TYPED NAME:

Aldona Z. Wos, M.D.

14. TITLE:

Secretary

15. DATE SUBMITTED: 09/22/14

16. RETURN TO:

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

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED: 09/22/14

18. DATE APPROVED: 12/12/14

**PLAN APPROVED – ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL:

07/01/14

20. SIGNATURE OF REGIONAL OFFICIAL:

//s//

21. TYPED NAME: Jackie Glaze

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

23. REMARKS:

MEDICAL ASSISTANCE  
State: NORTH CAROLINA

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICE

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Payment for Physician Drug Program:

SFY 2010 – The rates for SFY 2010 are frozen as of the rates in effect at July 1, 2009. Effective October 1, 2009, a negative inflationary adjustment of 3.61% was applied to the existing rates. There will be no further annual adjustment.

SFY 2011 – As of July 1, 2010 rates will be frozen except Medicaid rates may be adjusted downward in accordance with the current years downward adjustments to the Medicare fee schedule.

SFY 2012 - The rates for SFY 2012 are frozen as of the rates in effect at July 1, 2011 except Medicaid rates may be adjusted downward in accordance with the current years downward adjustments to the Medicare fee schedule.

SFY 2014 – Effective August 1, 2013, the rates will be frozen at the rate in effect on June 30, 2013. There will be no further annual adjustments except that Medicaid rates may be adjusted downward in accordance with the applicable years downward adjustments to the Medicare fee schedule.

SFY 2015 - Effective July 1, 2014, the rates will be frozen at the rate in effect on June 30, 2014. Effective January 1, 2015, the rates will be adjusted such that they will equal 99% of the rate in effect December 31, 2014. There will be no further annual adjustments except that Medicaid rates may be adjusted downward in accordance with the applicable years downward adjustments to the Medicare fee schedule.

Reference: Attachment 4.19-B, Section 12

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TN No.: 14-021  
Supersedes  
TN No.: 13-026

Approval Date: 12-12-14      Effective Date: 07/01/14

MEDICAL ASSISTANCE  
State: NORTH CAROLINA

PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICE

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12. Prescribed drugs, dentures, and prosthetic devices; and eyeglasses prescribed by a physician skilled in disease of the eye or by an optometrist.

Physician Drug Program:

The physician drug program is reimbursed at the Average Sales Price plus 6% 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 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.

Physician administered contraceptive drugs are reimbursed at the Wholesale Acquisition Cost (WAC) plus 6%.

Effective October 1, 2014, the rate for Botox when prescribed for medical use is equal to the rate established for pharmacy, which is set in accordance with Section 12, Page 1a.

Notwithstanding any other provision, if specified, these rates will be adjusted as shown on Attachment 4.19-B, Supplement 3, Page 2 of the State Plan.

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 Medical Assistance Web site <http://www.ncdhhs.gov/dma/fee/fee.htm>.

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TN No.: 14-021  
Supersedes  
TN No.: 11-047

Approval Date: 12-12-14

Effective Date: 07/01/2014