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## **Table of Contents**

**State/Territory Name:** South Dakota

**State Plan Amendment (SPA) #:** SD-13-007

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 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



**Disabled & Elderly Health Programs Group**

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October 18, 2013

Kim Malsam-Rysdon  
Department Secretary  
Department of Social Services  
Division of medical Services  
700 Governors Drive  
Pierre, SD, 57501-2291

Dear Ms. Malsam-Rysdon,

We have reviewed South Dakota State Plan Amendment (SPA) TN. 13-007 received in the Denver regional office on July 27, 2013. This amendment proposed a 2.1% increase in the dispensing fee to \$4.40 plus an additional \$0.80 for unit dose dispensing. In addition, the SPA proposed the replacement of Average Wholesale Price (AWP) with Consolidated Price which is calculated as Wholesale Acquisition Cost (WAC) multiplied by 1.2.

We are pleased to inform you that the amendment is approved with an effective date of July 1, 2013. A copy of the CMS-179 form, as well as the pages approved for incorporation into the South Dakota state plan, will be forwarded by the Denver Regional Office. If you have any questions regarding this amendment, please contact Emeka Egwim at (410) 786-1092.

Sincerely,

/s/

Larry Reed  
Director  
Division of Pharmacy

cc: Richard D. Allen, ARA, Denver Regional Office  
Rebecca M. Burch Mack, Denver Regional Office  
Ann Schwartz, Deputy Director, Division of Medical Services, South Dakota Department of Social Services  
Kirby L. Stone, State Medicaid Director  
Brenda Tidball-Zeltinger, Chief Financial Officer

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

1. TRANSMITTAL NUMBER: SD-13-7	2. STATE: South Dakota
3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
4. PROPOSED EFFECTIVE DATE July 1, 2013	

TO: REGIONAL ADMINISTRATOR  
CENTERS FOR MEDICARE & MEDICAID SERVICES  
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:  1902(a)(13)(A), 1902(a)(30), and 1923 of the Act, and 42 CFR 447 Subpart C	7. FEDERAL BUDGET IMPACT: a. FFY 2013: \$13,877 b. FFY 2014: \$41,630
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  Attachment 4.19-B, Page 20	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable):  Attachment 4.19-B, Page 20

10. SUBJECT OF AMENDMENT:  
  
This State Plan Amendment implements an inflationary increase of 2.1% to the dispensing fee for pharmacies.

11. GOVERNOR'S REVIEW (Check One):

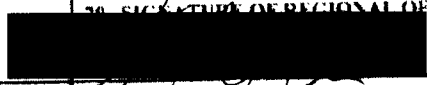
GOVERNOR'S OFFICE REPORTED NO COMMENT       OTHER, AS SPECIFIED:  
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED  
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL: 	16. RETURN TO:  DEPARTMENT OF SOCIAL SERVICES DIVISION OF MEDICAL SERVICES 700 GOVERNORS DRIVE PIERRE, SD 57501-2291
13. TYPED NAME:  KIM MALSAM-RYSDON	
14. TITLE: Department Secretary	
15. DATE SUBMITTED: July 27, 2013	

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED: 7/27/13	18. DATE APPROVED: 10/18/13
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**PLAN APPROVED - ONE COPY ATTACHED**

19. EFFECTIVE DATE OF APPROVED MATERIAL: 7/1/13	20. SIGNATURE OF REGIONAL OFFICIAL: 
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21. TYPED NAME: RICHARD C. ALLEN	22. TITLE: ARA, IMCHO
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23. REMARKS:

FORM CMS-179 (07-92)

ATTACHMENT 4.19-B  
PAYMENTS FOR MEDICAL AND REMEDIAL CARE AND SERVICES

12a. Prescription Drugs

The State agency will reimburse prescription drugs at the lowest of the following:

1. The pharmacy's usual and customary charge to the general public for the drug;
2. The Federal upper limit for the drug;
3. The Consolidated Price for the drug, less 13 percent. Consolidated Price is a replacement for Average Wholesale Price and is calculated as follows: Wholesale Acquisition Cost (WAC) multiplied by 1.2, if no WAC then Direct Price multiplied by 1.2 ; or
4. The price for the drug as shown on the agency's published list of drugs with a State Maximum Allowable Cost (SMAC). SMAC items are those drugs widely and consistently available to South Dakota pharmacies at a price that is significantly less than Consolidated Price. The agency employs a third party contractor whose proprietary research determines prices for drugs from multiple sources. The vendor posts the prices to the website <https://sd.providerportal.sxc.com/providerportal/faces/PreLogin.jsp>, and updates the list monthly.
5. Calculation of items 2, 3, and 4 also includes a dispensing fee when applicable. The dispensing fee is \$4.40 plus an additional \$.80 for unit dose dispensing. The methodology used to develop the dispensing fee utilized information from participating pharmacies relative to their operating costs and the volume of prescriptions dispensed.

TN# 13-7  
SUPERSEDES  
TN# 12-6

Approval Date 10/18/13

Effective Date 7/01/13