

DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

ACTION REFERRAL

TO <i>Singleton</i>	DATE <i>4-10-12</i>
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DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER <i>101394</i>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR <i>cc: Mr. Tect, Singleton, CWS file, Chavis</i>	<input type="checkbox"/> Prepare reply for appropriate signature DATE DUE _____
	<input type="checkbox"/> FOIA DATE DUE _____
	<input checked="" type="checkbox"/> Necessary Action

APPROVALS (Only when prepared for director's signature)	APPROVE	* DISAPPROVE (Note reason for disapproval and return to preparer.)	COMMENT
1.			
2.			
3.			
4.			

Department of Health & Human Services
Centers for Medicare & Medicaid Services
61 Forsyth St., Suite 4T20
Atlanta, Georgia 30303-8909



March 12, 2012

*Return to CMS
Mary Blair*

Mr. Anthony E. Keck, Director
South Carolina Department of Health and Human Services
Post Office Box 8206
Columbia, South Carolina 29202-8206

Re: South Carolina Title XIX State Plan Amendment, Transmittal #11-017

Dear Mr. Keck:

This is to affirm approval of the above referenced State Plan Amendment which was submitted to the Regional Office on September 28, 2011. The State's requested effective date of November 1, 2011 has been accepted.

Enclosed for your records are:

1. a copy of the approval letter dated March 5, 2012 that was submitted to the State by Larry Reed, Director, Division of Pharmacy;
2. the original signed 179; and
3. the approved plan pages.

If you have any additional questions regarding this amendment, please contact Tandra Hodges, State Coordinator for South Carolina, at 404-562-7409.

Sincerely,

Jackie Glaze
Jackie Glaze

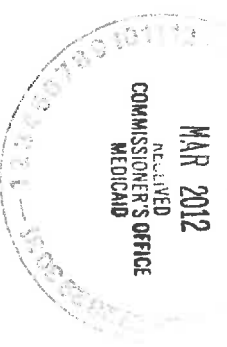
Associate Regional Administrator
Division of Medicaid & Children's Health Operations

Enclosure(s)

RECEIVED

APR 10 2012

Department of Health & Human Services
OFFICE OF THE DIRECTOR



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

FOR: HEALTH CARE FINANCING ADMINISTRATION

**TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES**

1. TRANSMITTAL NUMBER:
SC 11-017

2. STATE
South Carolina

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

4. PROPOSED EFFECTIVE DATE
November 1, 2011

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:
CFR 447.502

7. FEDERAL BUDGET IMPACT:
a. FFY October 1, 2011 0.00
b. FFY October 1, 2012 0.00

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

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

Attachment 4.19-B Pages 3b, 3c and 4a

Attachment 4.19-B Pages 3b, 3c and 4a

10. SUBJECT OF AMENDMENT:

Revised prescription drug reimbursement methodology.

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:

Mr. Keck was designated by the Governor
to review and approve all State Plans

12. SIGNATURE OF STATE AGENCY OFFICIAL:



16. RETURN TO:

13. TYPED NAME:
Anthony E. Keck
Director

14. TITLE:
Director
South Carolina Department of Health and Human Services
Post Office Box 8206
Columbia, South Carolina 29202-8206

15. DATE SUBMITTED:
September 28, 2011

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:
09/28/11

18. DATE APPROVED:

03/03/12

19. EFFECTIVE DATE OF APPROVED MATERIAL:
11/01/11
PLAN APPROVED - ONE COPY ATTACHED

20. SIGNATURE OF REGIONAL OFFICIAL:



21. TYPED NAME:

Jacque Clark

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

23. REMARKS:

Pregnant women, individuals participating in family planning services, infants and children up to age 19 will not be subject to co-pay.

11.a. Physical Therapy/Occupational Therapy:

- 11.b. Payment will be according to an established fee schedule as based on the methodology outlined in the Physician Section 5, Attachment 419-B, Page 2a.2. The Physician Services fee schedule rates are effective for services provided on or after the implementation date as outlined in the Physician Section 5, Attachment 419-B, Page 2a.2. Medicaid Bulletins informing the providers of the fee schedule rate changes, as well as the fee schedule itself, are available on the agency's web site at <http://www.scdhhs.gov/ServiceProviders/FeeSchedules.asp>.

The SCDHHS does not publish a fee schedule for Hospitals and Home Health services. The payment methodology for Hospital Services can be found at 4.19-B page 1a.1 and Home Health can be found at 4.19-B page 3.1.

11.c. Speech/Language and Audiological Services:

Payment will be according to an established fee schedule as based on the methodology outlined in the Physician Section 5, Attachment 419-B, Page 2a.2. The Physician Services fee schedule rates are effective for services provided on or after the implementation date as outlined in the Physician Section 5, Attachment 419-B, Page 2a.2. Medicaid Bulletins informing the providers of the fee schedule rate changes, as well as the fee schedule itself, are available on the agency's web site at <http://www.scdhhs.gov/ServiceProviders/FeeSchedules.asp>.

The SCDHHS does not have a published fee schedule for Hospitals and Home Health services. The payment methodology for Hospital Services can be found at 4.19-B page 1a.1 and Home Health can be found at 4.19-B page 3.1.

12.a. Prescribed Drugs:

Medicaid pays for FDA approved prescribed drugs with stated exceptions described in Attachment 3.1-A, Item 12-A, Limitation Supplement.

1. Basis for Payment:

A. MULTIPLE SOURCE DRUGS

Reimbursement for covered multiple-source drugs in the Medicaid program shall be limited to the lowest of:

- (1) The Federally-mandated upper limit of payment or South Carolina Maximum Allowable Costs (SCMAC), plus the current dispensing fee; or
- (2) The South Carolina Estimated Acquisition Cost (SCEAC) which is the average wholesale price (AWP) less the current discount rate (16%), plus the current dispensing fee; or
- (3) The South Carolina Estimated Acquisition Cost (SCEAC) which is the wholesale acquisition cost (WAC) plus (0.8%) plus the current dispensing fee; or
- (4) The provider's usual and customary charge to the public for the prescription as written for the brand actually dispensed.

SC: 11-017
EFFECTIVE DATE: 11/01/11
NO APPROVAL: 03/05/12
SUPERSEDES: SC 11-001

B. OTHER DRUGS

Reimbursement for covered drugs other than the multiple-source drugs with CMS upper limits shall not exceed the lower of:

- (1) The South Carolina Estimated Acquisition Cost (SCEAC), which is the average wholesale price (AWP), less the current discount rate (16%), plus the current dispensing fee; or
- (2) The South Carolina Estimated Acquisition Cost (SCEAC which is the wholesale acquisition cost (WAC) plus (0.8%) plus the current dispensing fee: or
- (3) The provider's usual and customary charge to the public for the prescription as written for the brand actually dispensed.

SC: 11-017
EFFECTIVE DATE: 11/01/11
RO APPROVAL: 03/05/12
SUPERSEDES: SC 10-011

B. SOUTH CAROLINA ESTIMATED ACQUISITION COST (SCEAC)

SCEAC is defined as the State's closest estimate to the price generally and currently paid by providers for specific drugs, based on the package size of drugs most frequently purchased by providers. EAC established by South Carolina is the AWP (Average Wholesale Price) minus 16%. The AWP used in calculating the SCEAC is furnished by a contracted pricing source.

3. MULTIPLE SOURCE DRUG REIMBURSEMENT LIMITATION/PHYSICIAN OVERRIDE

A physician may prescribe a brand name of a multiple source drug that bears a higher cost than the upper limit established by HCFA or South Carolina but reimbursement is available only if the prescription has the physician's certification (in his own handwriting) that the specific brand is medically necessary for a patient. The prescriber must also complete a South Carolina Medicaid MedWatch form documenting that the treatment failure is attributed to the generic product.

4. CO-PAYMENT FOR PRESCRIPTIONS:

Prescriptions filled by dispensing physicians are not subject to co-payment.

5. DISPENSING FEE:

Dispensing fees are determined on the basis of surveys that are conducted periodically and take into consideration pharmacy operational costs (overhead, professional services, and profit in different types of pharmacies).

The current dispensing fee is \$3.00 for independent pharmacy providers; \$3.00 for institutional pharmacy providers; no dispensing fee for dispensing physicians.

Dispensing fees are paid to the following type providers:

SC: 11-017
EFFECTIVE DATE: 11/01/11
RO APPROVAL: 03/05/12
SUPERSEDES: SC 11-001