

**DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR**

ACTION REFERRAL

TO <i>Myers</i>	DATE <i>1-10-08</i>
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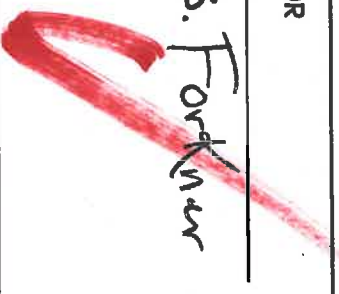
DIRECTOR'S USE ONLY		ACTION REQUESTED	
1. LOG NUMBER <i>000348</i>	<input type="checkbox"/> I Prepare reply for the Director's signature DATE DUE _____ <input type="checkbox"/> I Prepare reply for appropriate signature DATE DUE _____ <input type="checkbox"/> I FOIA DATE DUE _____ <input checked="" type="checkbox"/> Necessary Action		
2. DATE SIGNED BY DIRECTOR <i>CC: Deps, Ms. Forkner</i> <i>copy to Kevin Rogers</i>			

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 AND HUMAN SERVICES
OFFICE OF DIRECTOR

ACTION REFERRAL

TO <i>Miguel</i>	DATE <i>1-10-08</i>
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DIRECTOR'S USE ONLY	ACTION REQUESTED
1. LOG NUMBER <i>000348</i>	<input type="checkbox"/> I Prepare reply for the Director's signature DATE DUE _____
2. DATE SIGNED BY DIRECTOR <i>cc: Deps, Ms. Fortner</i> 	<input type="checkbox"/> I 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
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DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop 52-14-26
Baltimore, Maryland 21244-1850



Center for Medicaid and State Operations

Disabled and Elderly Health Programs Group (DEHDPG)

RECEIVED

JAN 03 2008

Emma Forkner, Director
State of South Carolina
Department of Health and Human Services
PO Box 8206
Columbia, SC 29202-8206

*Log: Myers
cc: Deps
N/A*

Department of Health & Human Services
OFFICE OF THE DIRECTOR

JAN 10 2008

Dear Ms. Forkner:

This letter is in response to your request for an extension to meet the requirements of section 6002 of the Deficit Reduction Act of 2005 (DRA) relating to the availability of Federal financial participation (FFP) for physician-administered drugs. Federal regulations at 42 CFR section 447.520(c) allow a State to apply to the Secretary for an extension when the State requires additional time to comply with this requirement of the law.

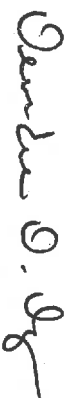
As you are aware, on July 11, 2006, a State Medicaid Directors Letter (SMDL 06-016) was issued explaining this new provision of the DRA. We believe that the SMDL letter generally provided States sufficient time to accomplish the tasks necessary to comply with the statute. Therefore, the Centers for Medicare & Medicaid Services (CMS) will grant extensions only when a State demonstrates that it took timely and adequate steps to meet the requirements and has made sufficient progress so that it will be fully compliant in one year or less.

Based on the information in your letter, South Carolina has made the necessary data processing changes to accept National Drug Codes (NDCs) through the CMS 1500 and 837 professional claim formats for single source and all multi-source drugs and are well on your way to being fully compliant. You requested an extension due to demands the National Provider Identifier implementation has placed on system changes and staff resources, and for the system modifications necessary for the State and the providers to capture NDCs on the UB 04 hospital outpatient department claim form.

Because of the progress you have made to date and the limited number of claims for which you request an extension, CMS grants you the requested five-month extension for hospital claims. FFP will remain available to you for these claims until May 31, 2008.

If you have any questions regarding this letter, you may contact Joseph Fine, Division of Pharmacy, at (410) 786-2128.

Sincerely,

A handwritten signature in dark ink, appearing to read "Deirdre D. Duzor". The signature is fluid and cursive, with a long horizontal stroke at the end.

Deirdre D. Duzor
Director, Pharmacy Division

cc: Jay Gavens, Acting ARA, CMS Region IV
Elaine Elmore, CMS Region IV