

DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF DIRECTOR

ACTION REFERRAL

Relogged from Hess to Giese per Jeff Seyon on 1/9/12

TO <i>Giese</i>	DATE <i>1-4-12</i>
--------------------	-----------------------

DIRECTOR'S USE ONLY		ACTION REQUESTED	
1. LOG NUMBER <i>101242</i>	<input type="checkbox"/> Prepare reply for the Director's signature DATE DUE _____		
2. DATE SIGNED BY DIRECTOR <i>CC: Mr. Keck, Deps, CILS file</i>	<input checked="" type="checkbox"/> Prepare reply for appropriate signature DATE DUE <i>1-13-12</i> DATE DUE _____ <input type="checkbox"/> FOIA DATE DUE _____ <input type="checkbox"/> Necessary Action		
<i>* See attached e-mail.</i>			

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

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OFFICE OF DIRECTOR

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Department of Health & Human Services
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-14-26
Baltimore, Maryland 21244-1850

Center for Medicaid and CHIP Services
Disabled and Elderly Health Programs Group

DEC 16 2011

RECEIVED

Anthony E. Keck
Director

South Carolina Department of Health and Human Services
P.O. Box 8206
Columbia, South Carolina 29202-8206

Department of Health & Human Services
OFFICE OF THE DIRECTOR

JAN 03 2012

Dear Mr. Keck:

We have reviewed South Carolina Amendment (SPA) 11-017 received in the Atlanta Regional Office on September 28, 2011. Under this SPA, the State proposes to change the Medicaid reimbursement for covered outpatient prescriptions to average wholesale price (AWP) minus 16 percent and the dispensing fee to \$3.00. The effective date for this SPA is November 1, 2011.

After review of the information and documents received, further clarification and additional information is needed before we can continue processing this SPA. Therefore, we are formally requesting additional information (RAI) pursuant to Section 1915(f) of the Social Security Act. We are requesting additional information as follows:

1. The South Carolina SPA 11-017 proposes to reduce the Medicaid pharmacy reimbursement to average whole price (AWP) minus 16%. In accordance with 42 CFR 447.502 which specifies that "the agency's best estimate of the price generally and currently paid by providers for a drug marketed or sold by a particular manufacturer or labeler in the package size of drug most frequently purchased by providers and 42 CFR 447.512 which provide that payments for drugs are to be based on the ingredient cost of the drug and a reasonable dispensing fee. Please describe the State's rationale and provide the documentation for determining that the proposed reimbursement change to AWP minus 16% for the ingredient cost and \$3.00 for the dispensing fee comply with these requirements.
2. Under this SPA, the State continues to specify the current dispensing fee as \$4.05 on Attachment 4.19-B page 4a. If the State intends to revise the dispensing fee from \$4.05 to \$3.00, please specify the \$3.00 dispensing fee on this SPA page.

This request for additional information is made pursuant to Section 1915(f) of the Social Security Act and will stop the 90-day period for CMS' review and approval of a SPA. Upon receipt of your additional information, a new 90-day period will begin. In accordance with our guidelines to all State

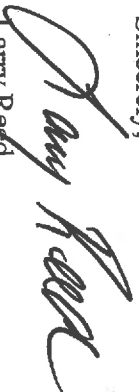
Medicaid Directors, dated January 2, 2001, we request that you provide a formal response to this request for additional information no later than 90-days from the date of this letter. If you do not provide us with a formal response by that date, we may conclude that the State has not established that the proposed SPA is consistent with all statutory and regulatory requirements and initiate disapproval action on the amendment.

Because this Amendment was submitted after January 2, 2001 and is effective on or after January 1, 2001, please be advised that we will defer Federal Financial Participation (FFP) for State payments made in accordance with this Amendment until it is approved. If approved, FFP will be available for the period beginning with the effective date through the date of actual approval.

To be considered a formal response, please respond to this RAI via the Atlanta Regional Office SPA/Waiver mailbox at SPA Waivers Atlanta R04@cms.hhs.gov with a copy to me at larry.reed@cms.hhs.gov, Bernadette Leeds of the Division of Pharmacy at bernadette.leeds@cms.hhs.gov and Tandra Hodges of the Atlanta Regional Office at tandra.hodges@cms.hhs.gov.

If you have any questions regarding this request, please contact Bernadette Leeds at (410) 786-9463.

Sincerely,

A handwritten signature in dark ink, appearing to read "Larry Reed", is written over the printed name.

Larry Reed
Director
Division of Pharmacy

cc: Jackie Glaze, ARA, Atlanta Regional Office
Tandra Hodges, Atlanta Regional Office
Valeria Williams, South Carolina Department of Health and Human Services



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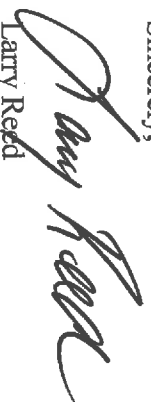
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Sincerely,



Larry Reed
Director
Division of Pharmacy

cc: Jackie Glaze, ARA, Atlanta Regional Office
Tandra Hodges, Atlanta Regional Office
Valeria Williams, South Carolina Department of Health and Human Services

Janet Bell - Re: Log letter 000242

From: Jeff Saxon
To: Janet Bell
Date: 1/9/2012 7:43 AM
Subject: Re: Log letter 000242
CC: Elizabeth Hutto; Roy Hess

Janet:

This log letter should be reassigned to Bz and Val for a response.

Please let me know if you have any questions.

Jeff

Jeff Saxon
Bureau Chief
Bureau of Reimbursement Methodology & Policy
SCDHHS
Phone: 803.898.1040
Fax: 803.255.8228

>>> Janet Bell 1/6/2012 5:06 PM >>>

Hi Jeff,
Attached please find a copy of log letter 000242. Please note the January 13, 2012, due date. Upon completion, please provide me with a copy of your response so that Roy may review it and I can clear this letter from Brenda's log and my records. Thank you!

Janet R. Bell

Administrative Coordinator
Finance and Administration
SC Department of Health and Human Services
PO Box 8206
Columbia, SC 29202
(803) 898-3202
Fax: (803) 255-8235