

Department of Health & Human Services
Centers for Medicare & Medicaid Services
233 North Michigan Avenue, Suite 600
Chicago, Illinois 60601-5519



Refer to:

NOV 16 2005

Paul Reinhart, Director
Medical Services Administration
Federal Liaison Unit
Michigan Department of Community Health
400 South Pine Street
P.O. Box 30479
Lansing, Michigan 48909

ATTN: Nancy Bishop

Dear Mr. Reinhart:

Enclosed for your records are documents related to State Plan Amendment 05-008, which was approved in an October 27, 2005 letter to you from Deirdre Duzor of our Central Office. The enclosure includes a signed copy of the CMS-179 and copies of the approved pages.

If you have any additional questions, please have a member of your staff contact Cynthia Garraway at (312) 353-8583.

Sincerely,

A handwritten signature in black ink that reads "Verlon Johnson". The signature is written in a cursive style with a horizontal line extending to the right.

Verlon Johnson
Associate Regional Administrator
Division of Medicaid & Children's Health

Enclosure

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL HEALTH CARE FINANCING ADMINISTRATION	1. TRANSMITTAL NUMBER: 05 - 08	2. STATE: Michigan
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
4. REGIONAL ADMINISTRATOR HEALTH FINANCING ADMINISTRATION DEPARTMENT OF HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE January 1, 2005	

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: 2 CFR 440.120(a)	7. FEDERAL BUDGET IMPACT: a. FFY 05 \$ -0- b. FFY 06 \$ -0-
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-B page 1c	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19-B page 1c

10. SUBJECT OF AMENDMENT:
Expand providers eligible to receive reimbursement for Synagis to include enrolled pharmacies

11. GOVERNOR'S REVIEW (Check One):

GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED:
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED Paul Reinhart, Director
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL Medical Services Administration

12. SIGNATURE OF STATE AGENCY OFFICIAL: <i>Paul Reinhart</i>	16. RETURN TO: Medical Services Administration Program/Eligibility Policy Division - Federal Liaison Unit Capitol Commons Center - 7 th Floor 400 South Pine Lansing, Michigan 48933
13. TYPED NAME: Paul Reinhart	Attn: Nancy Bishop
14. TITLE: Director, Medical Services Administration	
15. DATE SUBMITTED: March 30, 2005	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: 3/31/05	18. DATE APPROVED: MAY 2 2005
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PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:	20. SIGNATURE OF REGIONAL OFFICIAL: <i>Cheryl A. Harris</i>
21. TYPE NAME: Cheryl A. Harris	22. TITLE: Associate Regional Administrator Division of Medicaid and Children's Health
23. REMARKS:	

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

Policy and Methods for Establishing Payment Rates (Other than Inpatient Hospital and Long Term Care Facilities)

1. Drug Product Reimbursement

- a) Reimbursement for drug products is the lower of an Average Wholesale Price (AWP) minus discounts, a Maximum Allowable Cost (MAC), or the provider's charge. The discount from AWP for chain pharmacies and pharmacies with no retail customers serving long term beneficiaries is 15.1% and the discount from AWP for independent pharmacies, including chains of fewer than five stores, is 13.5%
- b) The State has established dispensing fees. Program reimbursement for long-term care pharmacies is the lesser of the standard dispensing fee (\$2.75) or the long-term care pharmacy's usual and customary fee. Program reimbursement for all other pharmacies (non long-term care) is the lesser of the standard dispensing fee (\$2.50) or the pharmacy's usual and customary fee. A dispensing fee of \$6.00 will be reimbursed to a pharmacy if the final dosage form is a cream, emulsion, nasal drops, ointments, or optic drugs. A dispensing fee of \$10.00 will be reimbursed to a pharmacy for compounded capsules, powders or suppositories. Long-term care pharmacies are paid 3 cents per capsule or tablet for unit dose repackaging.
- c) MAC Limits set by the State in aggregate are equal to or less than Federal Upper Limits, in compliance with federal law.
- d) Prior authorization is required for exception to MAC Limits.
- e) The optional Mail Order Pharmacy program reimburses a zero dollar (\$0.00) amount for the dispensing fee. Brand name drugs are reimbursed AWP minus 21%; generic drugs are reimbursed at the MAC Limits; and, non-MAC generic drugs are reimbursed AWP minus 52%.
- F) MEDICAID ENROLLED PHARMACY PROVIDERS MAY BILL FOR THE INJECTABLE DRUG SYNAGIS DISPENSED ON OR AFTER JANUARY 1, 2005.

TN NO.: 05 -- 08

Approval Date: _____

Effective Date: 03-01-2005

Supersedes

TN No.: 05 03