

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 05-003, which was approved in an October 25, 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, appearing to read 'Verlon Johnson', is written over a horizontal line.

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 - 03	2. STATE: Michigan
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
REGIONAL ADMINISTRATOR HEALTH FINANCING ADMINISTRATION DEPARTMENT OF HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE March 1, 2005	

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)

FEDERAL STATUTE/REGULATION CITATION: CFR 447.333(a)	7. FEDERAL BUDGET IMPACT: a. FFY 05 _____ \$ (4 million) _____ b. FFY 06 _____ \$ (1.5 million) _____
PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.18-A, page 1 and Attachment 4.19-B page 1c	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.18-A, page 1 and Attachment 4.19-B page 1c

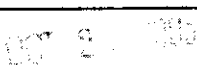
10. SUBJECT OF AMENDMENT:
mail order pharmacy reimbursement

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

SIGNATURE OF STATE AGENCY OFFICIAL: 	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
TYPED NAME: Paul Reinhart	Attn: Nancy Bishop
TITLE: Director, Medical Services Administration	
DATE SUBMITTED: February 23, 2005	

FOR REGIONAL OFFICE USE ONLY

DATE RECEIVED:	18 DATE APPROVED: 
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PLAN APPROVED - ONE COPY ATTACHED

EFFECTIVE DATE OF APPROVED MATERIAL: 3/1/2005	20. SIGNATURE OF REGIONAL OFFICIAL: 
TYPED NAME: Verlon Johnson	22. TITLE: Associate Regional Administrator Division of Medicaid and Children's Health

REMARKS:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State of MICHIGAN

Cost Sharing and Similar Charges

A. The following charges are imposed on the categorically and medically needy for services other than those provided under section 1905 (a)(1) through (5) and (7) of the Act.

Service	Type Charge		Amount
	Deductible	Co-insurance	
Vision services provided to beneficiaries age 21 and over		X	\$2.00 per each reimbursable visit (average payment \$27.00).
Dental services provided to beneficiaries age 21 and over		X	\$3.00 per each reimbursable visit (average payment \$110.00).
Podiatric services provided to beneficiaries age 21 and over		X	\$2.00 per each reimbursable visit (average payment \$32.00).
Hearing aids provided to beneficiaries age 21 and over		X	\$3.00 on each hearing aid (average payment \$340.00).
Pharmacy services specified by the department for certain ambulatory beneficiaries age 21 and over		X	\$1.00 for each generic drug (average payment \$15.00) and \$3.00 for each brand drug (average payment \$105.00) dispensed. There is no co-pay for either generic or brand drugs obtained through a mail-order pharmacy.
Chiropractic services provided to beneficiaries age 21 and over		X	\$1.00 for each reimbursable visit (average payment \$11.00).

TN NO.: 05-03

Approval Date: 03/01/2005

Effective Date: 03/01/2005

Supersedes TN No.: 04-14

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. The dispensing fee for standard compounds is \$6.00 and \$10.00 for compounding capsules, creams and suppositories, etc. 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%.

TN NO.: 05 - 03

Approval Date: _____

Effective Date: 03/01/2005

Supersedes

TN No.: 04 - 13