

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION	1. TRANSMITTAL NUMBER: <u>09 - 05</u>	2. STATE: Michigan
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	

TO: REGIONAL ADMINISTRATOR HEALTH FINANCING ADMINISTRATION DEPARTMENT OF HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE April 1, 2009
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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: 42 CFR 430.12	7. FEDERAL BUDGET IMPACT: a. FFY 09 \$ 459,287.00 <u>484,302.09</u> <i>inc</i> b. FFY 10 \$ 910,574.00 <u>0</u>
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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 PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Attachment 4.19-B, page 1c
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10. SUBJECT OF AMENDMENT:
Pharmacy dispensing fee increase

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:
Paul Reinhart, Director
Medical Services Administration

12. SIGNATURE OF STATE AGENCY OFFICIAL: <i>Stephen Fitton</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 Attn: Nancy Bishop
13. TYPED NAME: Stephen Fitton	
14. TITLE: Acting Director, Medical Services Administration	
15. DATE SUBMITTED: March 24, 2009	
FOR REGIONAL OFFICE USE ONLY	

17. DATE RECEIVED: March 24, 2009	18. DATE APPROVED: November 30, 2009
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PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: April 1, 2009	20. SIGNATURE OF REGIONAL OFFICIAL: <i>Verlon Johnson</i>
21. TYPE NAME: Verlon Johnson	22. TITLE: Associate Regional Administrator

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)*

2. 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 serving nursing facility 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 (\$3.00) 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 (\$2.75) 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.
- 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.: 09-05

Approval Date: NOV 30 2009

Effective Date: 04/01/2009

Supersedes
TN No.: 07-14