

Department of Health & Human Services
Centers for Medicare & Medicaid Services
61 Forsyth St., Suite 4T20
Atlanta, Georgia 30303-8909



April 28, 2011

Mr. Neville Wise, Acting Commissioner
Cabinet for Health and Family Services
Department for Medicaid Services
275 E. Main Street, 6W-A
Frankfort, KY 40621

Re: Kentucky Title XIX State Plan Amendment, Transmittal #11-002

Dear Mr. Wise:

We have reviewed Kentucky State Plan Amendment (SPA) 11-002, which was submitted to the Atlanta Regional Office on February 7, 2011. This amendment was submitted to comply with 42 CFR 447.57 in the application of copayment offsetting to pharmacy provider reimbursement. Specifically, the State Plan provides for three tiers of copayments ranging from \$1.00 to \$3.00, the State offsets pharmacy provider reimbursement by \$1.00 per prescription regardless of the applicable copay amount, effectively increasing pharmacy provider reimbursement in those instances.

CMS has determined that the State first implemented this practice with the approval of SPA KY 05-009, effective August 1, 2005, resulting in an overpayment to pharmacy providers in excess of \$6,500,000.00 Federal Financial Participation to date. The State was notified of its noncompliance by CMS in June 2010.

Based on the information provided, we are now ready to approve Kentucky SPA 11-002 as of April 26, 2011. The effective date is January 1, 2011. The signed CMS-179 and the approved plan pages are enclosed. If you have any questions regarding this amendment, please contact Maria Drake at (404) 562-3697.

Sincerely,

A handwritten signature in black ink that reads "Jackie Glaze". The signature is written in a cursive, flowing style.

Jackie Glaze
Associate Regional Administrator
Division of Medicaid & Children's Health Operations

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:
11-002

2. STATE
Kentucky

FOR: HEALTH CARE FINANCING ADMINISTRATION

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE
SOCIAL SECURITY ACT (MEDICAID)

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
01/01/2011

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 C.F.R. 447.57

7. FEDERAL BUDGET IMPACT:
a. FFY 2011 - (\$1 million savings)
b. FFY 2012 - (\$1.4 million savings)

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Att 4.18-A, Page 1
Att 4.18-C – Page 1

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (*If Applicable*):
Same
Same

10. SUBJECT OF AMENDMENT

This State Plan Amendment removes references to the State offsetting pharmacy provider reimbursement by \$1.00 per prescription and confirms the State is in compliance with 42 C.F.R 447.57, per the noncompliance letter received from Jackie Glaze dated 12/6/2010.

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: Review delegated
to Commissioner, Department for Medicaid
Services

12. SIGNATURE OF STATE AGENCY OFFICIAL:



13. TYPED NAME: Neville Wise

14. TITLE: Acting Commissioner, Department for Medicaid Services

15. DATE SUBMITTED: February 2, 2011

16. RETURN TO:

Department for Medicaid Services
275 East Main Street 6W-A
Frankfort, Kentucky 40621

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:

2-7-11

18. DATE APPROVED:

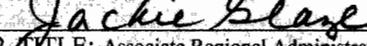
04/26/11

PLAN APPROVED – ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

01/01/11

20. SIGNATURE OF REGIONAL OFFICIAL:



21. TYPED NAME:

Jackie Glaze

22. TITLE: Associate Regional Administrator

Division of Medicaid & Children's Health Opns

23. REMARKS:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
STATE: KENTUCKY

A. Cost Sharing Provisions Under the Commonwealth Global Choices Benefit Plan: The following charges are imposed on the medically needy for services. Cost sharing is being imposed under 1916 of the Social Security Act:

Service	Type of Charge			Amount and Basis for Determination
	Deduct.	Coins	Co-pay	
Prescription Drugs		X	X	\$1 for each generic drug or atypical antipsychotic drug that does not have a generic equivalent; \$2 for each preferred brand name drug that does not have a generic equivalent and is available under the supplemental rebate program; or 5% co-insurance or not to exceed \$20 for each non-preferred brand name drug. The Department for Medicaid Services (DMS) shall reduce a pharmacy provider's reimbursement by the applicable co-pay/co-insurance outlined above. A cap of \$225 per calendar year (January 1 -- December 31) per recipient will apply to prescription drug co-payments. Additionally, the maximum amount of cost sharing shall not exceed 5% of a family's total income for a quarter. The average payment per prescription drug is \$51.88 for FY 2005.
Audiology				\$0.00
Chiropractor			X	\$2.00 for each visit. DMS shall reduce a provider's reimbursement by \$2.00. The average payment for a chiropractic service is \$39.60 in FY 2005. Coverage of chiropractic services shall be limited to twenty-six (26) visits per recipient per twelve (12) month period.
Dental			X	\$2.00 for each visit. DMS shall reduce a provider's reimbursement by \$2.00. The average payment for a dental service is \$128.27 in FY 2005.
Hearing Aid Dealer				A co-payment will not be imposed on hearing aids. However, members will be limited to \$800 maximum per ear every 36 months; 1 hearing aid evaluation per year (by audiologist); 1 complete hearing evaluation per year (by audiologist); 3 follow-up visits within 6 months following 1 additional follow up at least 6 months following fitting of hearing aid. Hearing coverage is limited to an individual under age twenty-one (21);
Podiatry			X	\$2.00 for each visit. DMS shall reduce a provider's reimbursement by \$2.00. The average payment for a podiatry service is \$61.02 in FY 2005.
Optometry*			X	\$2.00 for each visit. DMS shall reduce a provider's reimbursement by \$2.00. The average payment to an optometrist for a general ophthalmological service is \$44.02 in FY 2005.
General ophthalmological services*			X	\$2.00 for each visit. DMS shall reduce a provider's reimbursement by \$2.00. The average payment for an ophthalmological service is \$29.84 in FY 2005.
Eyewear				A co-payment will not be imposed on eyewear. However, members will be responsible for any eyewear charges over \$200 per year. Eyewear coverage is limited to an individual under age twenty-one(21).

*CPT codes 92002, 92004, 92012, and 92014.

**CPT codes 99201, 99202, 99203, 99204, 99211, 99212, 99213, and 99214

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
STATE: KENTUCKY

- A. Cost Sharing Provisions Under the Commonwealth Global Choices Benefit Plan: The following charges are imposed on the categorically needy for services other than those provided under section 1905(a)(1) through (5) and (7) of the Act. Cost sharing is being imposed under 1916 of the Social Security Act

Service	Type of Charge			Amount and Basis for Determination
	Deduct.	Coins	Co-pay	
Prescription Drugs		X	X	\$1 for each generic drug or atypical antipsychotic drug that does not have a generic equivalent; \$2 for each preferred brand name drug that does not have a generic equivalent and is available under the supplemental rebate program; or 5% co-insurance or not to exceed \$20 for each non-preferred brand name drug. The Department for Medicaid Services (DMS) shall reduce a pharmacy provider's reimbursement by the applicable co-pay/co-insurance outlined above. A cap of \$225 per calendar year (January 1 – December 31) per recipient will apply to prescription drug co-payments. Additionally, the maximum amount of cost sharing shall not exceed 5% of a family's total income for a quarter. The average payment per prescription drug is \$51.88 for FY 2005.
Audiology				\$0.00
Chiropractor			X	\$2.00 for each visit. DMS shall reduce a provider's reimbursement by \$2.00. The average payment for a chiropractic service is \$39.60 in FY 2005. Coverage of chiropractic services shall be limited to twenty-six (26) visits per recipient per twelve (12) month period.
Dental			X	\$2.00 for each visit. DMS shall reduce a provider's reimbursement by \$2.00. The average payment for a dental service is \$128.27 in FY 2005.
Hearing Aid Dealer				A co-payment will not be imposed on hearing aids. However, members will be limited to \$800 maximum per ear every 36 months; 1 hearing aid evaluation per year (by audiologist); 1 complete hearing evaluation per year (by audiologist); 3 follow-up visits within 6 months following 1 additional follow up at least 6 months following fitting of hearing aid. Hearing coverage is limited to an individual under age twenty-one (21).
Podiatry			X	\$2.00 for each visit. DMS shall reduce a provider's reimbursement by \$2.00. The average payment for a podiatry service is \$61.02 in FY 2005.
Optometry*			X	\$2.00 for each visit. DMS shall reduce a provider's reimbursement by \$2.00. The average payment to an optometrist for a general ophthalmological service is \$44.02 in FY 2005.
General ophthalmological services*			X	\$2.00 for each visit. DMS shall reduce a provider's reimbursement by \$2.00. The average payment for an ophthalmological service is \$29.84 in FY 2005.
Eyewear				A co-payment will not be imposed on eyewear. However, members will be responsible for any eyewear charges over \$200 per year. Eyewear coverage is limited to an individual under age twenty-one (21).
Office visit for care by a physician,** physician's assistant, advanced registered nurse practitioner, certified pediatric and family nurse practitioner, or nurse midwife			X	\$2.00 per each visit. The average payment for this service is \$37.12 in FY 2005. DMS shall reduce a provider's reimbursement by \$2.00.
Physician Service			X	\$2.00 per each service. DMS shall reduce a provider's reimbursement by \$2.00. The average payment for this service is \$37.12 in FY 2005.

*CPT codes 92002, 92004, 92012, and 92014.

**CPT codes 99201, 99202, 99203, 99204, 99211, 99212, 99213, and 99214