

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop S2-26-12  
Baltimore, Maryland 21244-1850



**Center for Medicaid and State Operations**

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December 8, 2011

Jason A. Helgeson  
State Medicaid Director  
Office of Health Insurance Programs  
NYS Department of Health  
Empire State Plaza  
Corning Tower, Room 1466  
Albany, NY 12237

Dear Mr. Helgeson:

We have completed our review of New York State Plan Amendment (SPA) submittal 11-72, "ATB Reduction - Non-Institutional" (Attachment 4.19-B: pages A(4), A(5), A(6), A(7) and 4(d)), and find it acceptable for incorporation into New York's Medicaid Plan, effective April 1, 2011. Enclosed please find copies of State Plan Amendment 11-72 and Form CMS-179.

Please note that we have substituted the originally submitted Attachment 4.19-B page A(7) with the revised A(7) page the New York transmitted to our office via e-mail on September 28, 2011. Revised Attachment 4.19-B pages A(5), A(6) and 4(d) transmitted to our office via e-mail on November 3, 2011 were also substituted for the originally submitted A(5), A(6) and 4(d) pages. Attachment 4.19-B page A(4) is from the original June 30, 2011 SPA submission.

This amendment satisfies all of the statutory requirements at Sections 1902(a)(13) and (a)(30) of the Social Security Act, and implementing regulations at 42 CFR 447.250 and 447.272

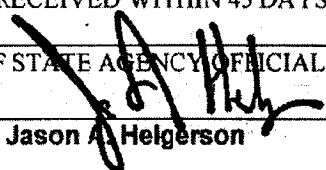
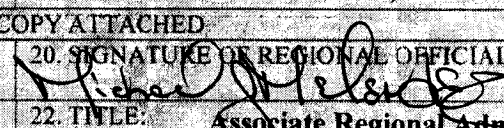
We would like to take this opportunity to thank you for the courtesies and assistance provided to our office by State staff during the approval process for this State Plan Amendment. If you have any questions, please contact Suzanne Gallagher at 212-616-2482.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Melendez". The signature is stylized and cursive, with a long horizontal flourish extending to the right.

Michael Melendez  
Associate Regional Administrator  
Division of Medicaid and Children's Health

Enclosures

<b>TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL</b>  <b>FOR: HEALTH CARE FINANCING ADMINISTRATION</b>		1. TRANSMITTAL NUMBER: <b>#11-72</b>	2. STATE <b>New York</b>
		3. PROGRAM IDENTIFICATION: <b>TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)</b>	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES		4. PROPOSED EFFECTIVE DATE <b>April 1, 2011</b>	
5. TYPE OF PLAN MATERIAL ( <i>Check One</i> ):  <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT ( <i>Separate Transmittal for each amendment</i> )			
6. FEDERAL STATUTE/REGULATION CITATION: <b>Section 1902(a) of the Social Security Act, and 42 CFR 447</b>		7. FEDERAL BUDGET IMPACT: a. FFY 04/1/11-9/30/11 (\$47.5 million) b. FFY 10/1/11-9/30/12 (\$88.9 million)	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:  <b>Attachment 4.19-B: Pages A(4), A(5), A(6), A(7), 4(d)</b>  <b>** SEE REMARKS</b>		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT ( <i>If Applicable</i> ):  <b>Attachment 4.19-B: Page A(4), 4(d)</b>	
10. SUBJECT OF AMENDMENT: <b>ATB Reduction – Non-Institutional (FMAP = 56.88% 4/1/11-6/30/11; 50% 7/1/11 forward)</b>			
11. GOVERNOR'S REVIEW ( <i>Check One</i> ): <input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: <b>New York State Department of Health Corning Tower Empire State Plaza Albany, New York 12237</b>	
13. TYPED NAME: <b>Jason A. Helgerson</b>			
14. TITLE: <b>Medicaid Director &amp; Deputy Commissioner Department of Health</b>			
15. DATE SUBMITTED: <b>NOV 02 2011</b>			
<b>FOR REGIONAL OFFICE USE ONLY</b>			
17. DATE RECEIVED:		18. DATE APPROVED: <b>December 8, 2011</b>	
<b>PLAN APPROVED – ONE COPY ATTACHED</b>			
19. EFFECTIVE DATE OF APPROVED MATERIAL: <b>April 1, 2011</b>		20. SIGNATURE OF REGIONAL OFFICIAL: 	
21. TYPED NAME: <b>Michael Melendez</b>		22. TITLE: <b>Associate Regional Administrator Division of Medicaid and State Operations</b>	
23. REMARKS:  <b>Across the Board Reduction – Non-Institutional</b>			

**OFFICIAL**

**New York  
A (4)**

**Attachment 4.19-B  
(04/11)**

- xx) Health Maintenance Organization Obstetrical and Pediatric Services. Page 12(6)-12(7)
- yy) Emergency services for illegal aliens. Page 13
- zz) Primary Care Case Management. Page 16
- aaa) Program of All-Inclusive Care for the Elderly (PACE). Page 17
- bbb) Early and Periodic Screening, Diagnostic and Treatment Services (EPSDT). Pages 17(d)-17(i)

**2% Across the Board Payment Reduction- Effective 4/1/2011-3/31/2013**

- (1) For dates of service on and after April 1, 2011 and ending on March 31, 2013, payments for services as specified in paragraph (2) of this Attachment will be reduced by 2%.
- (2) Payments in this Attachment subject to the reduction in paragraph (1) include the following:

- a) Physician Services, except for those physician services provided in an office based setting. Page 1
- b) Statewide Patient Centered Medical Home and the Adirondack Medical Home Multipayor Program for physicians, hospital based clinics and freestanding clinics. Pages 1(A)-1(A)(iii);  
1(c)(i)(A) -1(c)(i)(B)  
1(c)(i)(G)-1(c)(H)
- c) E-prescription financial incentive payments to dentists, podiatrists, optometrists, nurse midwives, and nurse practitioners. Page 1(A)(iv)-  
1(A)(viii)
- d) Reimbursement for dental services, podiatrists, optometrists, chiropractic services, nurse midwives, nurse practitioners, and clinical psychologists; except for those services provided in an office based setting. Page 1(a)
- e) Methadone Maintenance Treatment Program (MMTP) services. Page 1(b)
- f) Outpatient reimbursement for Acute Care Children's Hospitals. Page 1(b)(ii)
- g) Ordered Ambulatory Services. Pages 1(c)-1(c)(i)
- h) Methadone maintenance Treatment Program (MMTP) services and day health care services rendered to patients with HIV/AIDS which are provided in Freestanding Clinics certified under Article 28 of the State Public Health Law. Page 1(c)-1(d)

TN #11-72  
Supersedes TN #10-38

Approval Date DEC 08 2011  
Effective Date APR 01 2011

**OFFICIAL**

**New York  
A (5)**

**Attachment 4.19-B  
(04/11)**

- i) Ambulatory Patient Group (APG) reimbursement for hospital outpatient departments, emergency departments, and ambulatory surgery services. Page 1(f)-1(p)
- j) Ordered Ambulatory Services performed by a freestanding clinic on an ambulatory basis. Page 2
- k) Services to AIDS/HIV positive patients provided in Hospital Outpatient Departments and Freestanding clinics. Pages 2(b)
- l) Laboratory services. Page 4
- m) Home health services provided by Certified Home Health Agencies (CHHA), including services to patients diagnosed with AIDS. Pages 4-4(a)(i)(2);  
4(a)(ii)-4(b)
- n) Personal Emergency Response Services (PERS). Page 4(a)(i)(3)
- o) Services provided to Medically Fragile Children. Page 4(a)(i)(3)
- p) Home Telehealth Services provided by CHAAs including those that provide AIDS home care services. Pages 4(a)(i)(4) –  
4(a)(i)(5)
- q) Private Duty Nursing; including nursing services provided to medically fragile children and services provided to eligible residents of an adult home or enriched housing program that is issued a limited license by the Department of Health. Pages 5-5(a)(i)
- r) Physical Therapy, except for those services provided in an office based setting. Page 5(a)(i)
- s) Occupational Therapy, except for those services provided in an office based setting. Page 5(a)(i)
- t) Eye glasses and Other Visual Services. Page 5(b)
- u) Hearing Aid Supplies and Services. Page 5(b)
- v) Prosthetic and Orthotic Appliances. Page 5(b)
- w) Comprehensive Psychiatric Emergency programs. Page 5(b)
- x) Durable Medical Equipment. Page 6

TN #11-72  
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**Now**

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**OFFICIAL**

**New York  
A (6)**

**Attachment 4.19-B  
(04/11)**

y) <u>Medical/Surgical Supplies.</u>	<u>Page 6</u>
z) <u>Enteral Formula.</u>	<u>Page 6</u>
aa) <u>Transportation.</u>	<u>Page 6</u>
bb) <u>Out of State Services for fee based providers.</u>	<u>Page 6(a)</u>
cc) <u>Personal Care Services.</u>	<u>Pages 6(a)-6(a)(iv)</u>
dd) <u>Case Management Services to Target Group F; Target Group G; Target Group A and E; Target Group C; Target Group I; and Target Group M.</u>	<u>Pages 10(2)-11(g)</u>
ee) <u>Preferred Physician and Children's Program.</u>	<u>Page 12(2)-12(3)</u>
ff) <u>Medicaid Obstetrical and Maternal Services (MOMS).</u>	<u>Page 12(4)</u>
gg) <u>Child Teen Health Program.</u>	<u>Page 12(5)</u>
hh) <u>Health Maintenance Organization Obstetrical and Pediatric Services.</u>	<u>Page 12(6)-12(7)</u>
ii) <u>Emergency services for illegal aliens.</u>	<u>Page 13</u>
jj) <u>Primary Care Case Management.</u>	<u>Page 16</u>
kk) <u>Program of All-Inclusive Care for the Elderly (PACE).</u>	<u>Page 17</u>
ll) <u>Early and Periodic Screening, Diagnostic and Treatment Services (EPSDT).</u>	<u>Pages 17(d)-17(i)</u>

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**New**

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**OFFICIAL**

New York  
A (7)

Attachment 4.19-B  
(04/11)

**2% Base Rate Reduction**

The reduction for Ambulatory Patient Group (APG) reimbursement of freestanding clinic and ambulatory surgery center services will be effected through a 2% reduction in the base rates, which will be effective April 1, 2011 through March 31, 2013.

Page 2(h)-2(t)

TN #11-72  
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**NEW**

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**OFFICIAL**

**New York  
4(d)**

**Attachment 4.19-B  
(04/11)**

For dates of service on and after April 1, 2011 and ending on March 31, 2013, payments for pharmacy services, which includes payments made to pharmacy providers for all pharmacy services and products, including supply and drug costs, dispensing fees, e-prescription reimbursement, medication therapy management, and immunization services, will be reduced by 0.33%.

**Prescribed Drugs**

Reimbursement is the lower of:

- 1) the upper limit if established by the Federal Government for specific multiple source drugs, plus a dispensing fee, or
  - 2) the billing pharmacy's usual and customary price charged to the general public, or
  - 3) the state maximum acquisition cost (SMAC) plus dispensing fee, or
  - 4) the Estimated Acquisition Cost (EAC) established by State Department of Health, plus dispensing fee.
- (a) For sole source drugs and multi-source brand name drugs, the EAC is defined as average wholesale price (AWP) less seventeen percent or the wholesale acquisition cost of a prescription drug based on package size dispensed from, as reported by the prescription drug pricing service used by the department, minus zero and forty-one hundredths percent.
- (b) For multi-source generic drugs, the EAC is defined as the lower of AWP less twenty-five percent, or the maximum acquisition cost.

The dispensing fee for generic and brand name prescription drugs will be \$3.50.

A SMAC may be established for any drug, including brand name multi-source drugs, for which two or more A-rated therapeutically equivalent, multi-source drugs where a significant cost difference exists. The drugs used for the SMAC price calculation formula will be active (non-obsolete) drugs eligible for rebates under the Federal Medicaid Drug Rebate Program authorized by Section 1927 of the Social Security Act and which are available in sufficient quantities in the marketplace. The source of comparable drug prices will be nationally recognized comprehensive data files maintained by a vendor under contract with the State. While the final SMAC pricing methodology is proprietary, multiple drug pricing resources are utilized to determine the preliminary acquisition cost for generic drugs. These resources include pharmacy providers, wholesalers, drug file vendors such as First Data Bank, and pharmaceutical manufacturers. The preliminary acquisition cost for each product is maintained in a SMAC pricing file database. Products are then sorted into drug groups by GSN (Generic Code Number Sequence Number) which denotes the same generic name, strength, and dosage form. The vendor will apply the proprietary formula to the estimated acquisition costs in each GSN giving due consideration to the lower cost products. Multipliers are used to increase the applicable lowest price by a percentage. The resulting price becomes the SMAC price which is then applied to all drug products in that specific GSN. The SMAC file is updated monthly. New York's SMAC list is available from a vendor under contract with the Department.

TN     #11-72    

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Supersedes TN     #11-61    

Effective Date   APR 01 2011