



North Carolina Department of Health and Human Services

Pat McCrory
Governor

Aldona Z. Wos, M.D.
Ambassador (Ret.)
Secretary DHHS

March 21, 2013

Art Pope, State Budget Director
Office of State Budget and Management
Room 5200, Administration Building
Raleigh, NC 27603-8005

Dear Mr. Pope:

Session Law 2011-145, Section 10.31. (b)(4), NC Medical Policy requires the Department of Health and Human Services to provide a quarterly report to the Office of State Budget and Management and the Fiscal Research Division that itemizes all medical policy changes with total requirements of less than three million dollars. It is my pleasure to submit the SFY 2012-2013 third quarter report.

For the third quarter of SFY 2012-2013, there were some NC Medical Policy changes with less than three million dollars total requirements approved. Altogether, we project these changes will result in roughly \$50 million in savings this fiscal year and increasing savings over the next several years. Please reference the attached third quarter financial documentation.

If you have questions or would like additional information, please contact Steve Owen, Chief Business Operating Officer for Division of Medical Assistance at (919) 855-4100.

Sincerely,

A handwritten signature in dark ink, appearing to read "Aldona Wos".

Aldona Wos, M.D.
Secretary

Cc: Susan Jacobs
Patricia Porter
Sarah Riser
Kristi Huff
Pam Kilpatrick

Carol Steckel
Jim Slate
Adam Sholar

Representative Nelson Dollar
Representative Justin Burr
Senator Louis Pate
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March 21, 2013

Mark Trogdon, Director
Fiscal Research Division
N.C. General Assembly
300 N. Salisbury Street
Suite 619, Legislative Office Building
Raleigh, N.C. 27603

Dear Mr. Trogdon:

Session Law 2011-145, Section 10.31. (b)(4), NC Medical Policy requires the Department of Health and Human Services to provide a quarterly report to the Office of State Budget and Management and the Fiscal Research Division that itemizes all medical policy changes with total requirements of less than three million dollars. It is my pleasure to submit the SFY 2012-2013 third quarter report.

For the third quarter of SFY 2012-2013, there were six NC Medical Policy changes with less than three million dollars total requirements approved. Altogether, we project these changes will result in roughly \$50 million in savings this fiscal year and increasing savings over the next several years. Please reference the attached third quarter financial documentation.

If you have questions or would like additional information, please contact Steve Owen, Chief Business Operating Officer for Division of Medical Assistance at (919) 855-4100.

Sincerely,

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DIVISION OF MEDICAL ASSISTANCE					
PROJECTED ANNUAL IMPACT OF CLINICAL POLICY PROGRAM CHANGES					
Legislative Report < \$3M					
3rd Quarter SFY 2012-2013 Report					
CLINICAL POLICY DESCRIPTION	FISCAL YR 13	FISCAL YR 14	FISCAL YR 15	FISCAL YR 16	FISCAL YR 17
Bioengineered Skin Clinical Coverage Policy 1G-2 (CT#2013.80) Adds new coverage for Theraskin, which has a lower treatment cost per wound than other bioengineered skin substitutes. Fiscal Impact: The fiscal impact analysis indicates there will be a reduction in expenditures.	(\$10,111)	(\$41,682)	(\$42,930)	(\$44,188)	(\$45,456)
Bone Anchored Hearing Aid Parts/Repair (Soft Band & Implantable Bone Conduction Hearing Aid) CP 2008.23 Compliments the Bone Anchored Hearing clinical Coverage Policy which has been approved. It ensures that Medicaid beneficiaries who are wearing an implanted BAHA continue to hear. Fiscal Impact: The fiscal impact analysis indicates additional funds will be required. Approved by DHHS Budget Office on 12/20/2012.	\$5,261	\$5,696	\$6,142	\$6,601	\$7,073
Hemophilia Specialty Pharmacy Program Establishes standards of care for pharmacies that provide Hemophilia drugs to Medicaid and health Choices Beneficiaries. There will be also a Legislative budget savings of \$1,391,906. Fiscal Impact: The fiscal impact analysis indicates there will be reduction in expenditures.	(\$3,888,392)	(\$9,798,748)	(\$9,414,226)	(\$9,884,938)	(\$10,379,184)
Personal Care Services Consolidates Personal Care Services (PCS) for individuals who have a medical condition, disability, or cognitive impairment and/or demonstrates unmet needs for at least three of the five qualified daily living activities (eating, dressing, bathing, toileting and mobility). Fiscal Impact: The fiscal impact analysis indicates there will be reduction in requirements.	(\$47,571,291)	(\$98,310,829)	(\$101,466,608)	(\$104,723,686)	(\$108,085,316)

DIVISION OF MEDICAL ASSISTANCE					
PROJECTED ANNUAL IMPACT OF CLINICAL POLICY PROGRAM CHANGES					
Legislative Report < \$3M					
3rd Quarter SFY 2012-2013 Report					
CLINICAL POLICY DESCRIPTION	FISCAL YR 13	FISCAL YR 14	FISCAL YR 15	FISCAL YR 16	FISCAL YR 17
Outpatient Pharmacy Program (Opt-In and Prescription Limits) Removes the pharmacy opt-in program and to remove the monthly prescription limit. Fiscal Impact: The fiscal impact analysis of this policy information presented above has been determined to be zero.	\$0	\$0	\$0	\$0	\$0
Special Ophthalmological Services This policy addresses the special Ophthalmological Services that evaluates the part of visual system which goes beyond the normal services (the scanning of laser glaucoma test) such as Diabetic eye Screening. Fiscal Impact: The fiscal impact analysis indicates additional funds will be required. Approved by DHHS Budget Office on 05/22/2012; however due to HP system requirements the promulgation of the policy was delayed.	\$173,583	\$182,262	\$191,375	\$200,943	\$210,991
Grand Total (savings)	(\$51,280,839)	(\$107,921,619)	(\$110,683,317)	(\$114,401,080)	(\$118,246,436)