



North Carolina Department of Health and Human Services

Pat McCrory
Governor

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

March 5, 2013

The Honorable Louis Pate, Chair
Appropriations on Health and
Human Services
Room 1028, Legislative Building
Raleigh, North Carolina 27601-2808

The Honorable Ralph Hise, Chair
Appropriations on Health and
Human Services
Room 1026, Legislative Building
Raleigh, North Carolina 27601-2808

Dear Senators Pate and Hise:

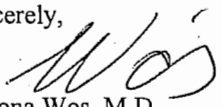
Session Law 2012-142, Section 10.8, requires the Department of Health and Human Services (Department) to lower its pharmacy dispensing fees, expand pharmacy prior authorization requirements and implement a specialty pharmacy program for hemophilia drugs with savings achieved primarily through the use of 340B prices for hemophilia drugs. This is the second quarterly report on the progress of the savings for these programs.

The Department has made several changes designed to produce savings. On November 30, 2012, the Department received approval from the Centers for Medicare and Medicaid Services (CMS) for the dispensing fee state plan amendment and implemented the new fees on February 1, 2013. Also, the Department implemented prior authorization requirements for three new-to-market high cost specialty medications called Victrelis, Kalydeco and Incivek on November 15, 2012. We are, however unable to implement additional prior authorization programs this State Fiscal Year due to a freeze of our legacy Medicaid Management Information System (MMIS) in preparation for the transition to the new MMIS. Finally, the Department removed coverage for benzodiazepines and barbiturates for dual eligible beneficiaries on January 1, 2013 as required under the Affordable Care Act. The savings is estimated to be \$4,895,913 for State Fiscal Year 2013.

The Department implemented the hemophilia specialty pharmacy program on January 31, 2013. The Integrated Change Control (ICC) Board granted approval for the system changes needed to support this program just prior to the 2012 holiday period so the system changes could not be completed prior to the January 31, 2013 date. Due to the delay in the implementation date, the estimated savings for this program for State Fiscal Year 2013 is now estimated to be \$1,341,106 instead of the budgeted savings of \$1,391,906.

Please direct questions concerning this report to Dr. Lisa Weeks, Chief of Pharmacy Services, at the Division of Medical Assistance, at 919-855-4305 or Lisa.Weeks@dhhs.nc.gov.

Sincerely,


Aldona Wos, M.D.
Secretary

cc: Pam Kilpatrick
Susan Jacobs
Denise Thomas
Donnie Charleston
Kristi Huff

Carol Steckel
Jim Slate
Adam Sholar
Sandra Trivett
Matthew McKillip
Tom Adams

Legislative Library (one hard copy)
Representative Justin Burr
Representative Nelson Dollar
Sarah Riser
Patricia Porter

www.ncdhhs.gov

Telephone 919-855-4800 • Fax 919-715-4645

Location: 101 Blair Drive • Adams Building • Raleigh, NC 27603

Mailing Address: 2001 Mail Service Center • Raleigh, NC 27699-2001

An Equal Opportunity / Affirmative Action Employer



North Carolina Department of Health and Human Services

Pat McCrory
Governor

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

March 5, 2013

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

Dear Mr. Trogon:

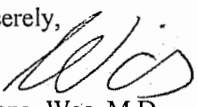
Session Law 2012-142, Section 10.8, requires the Department of Health and Human Services (Department) to lower its pharmacy dispensing fees, expand pharmacy prior authorization requirements and implement a specialty pharmacy program for hemophilia drugs with savings achieved primarily through the use of 340B prices for hemophilia drugs. This is the second quarterly report on the progress of the savings for these programs.

The Department has made several changes designed to produce savings. On November 30, 2012, the Department received approval from the Centers for Medicare and Medicaid Services (CMS) for the dispensing fee state plan amendment and implemented the new fees on February 1, 2013. Also, the Department implemented prior authorization requirements for three new-to-market high cost specialty medications called Victrelis, Kalydeco and Incivek on November 15, 2012. We are, however unable to implement additional prior authorization programs this State Fiscal Year due to a freeze of our legacy Medicaid Management Information System (MMIS) in preparation for the transition to the new MMIS. Finally, the Department removed coverage for benzodiazepines and barbiturates for dual eligible beneficiaries on January 1, 2013 as required under the Affordable Care Act. The savings is estimated to be \$4,895,913 for State Fiscal Year 2013.

The Department implemented the hemophilia specialty pharmacy program on January 31, 2013. The Integrated Change Control (ICC) Board granted approval for the system changes needed to support this program just prior to the 2012 holiday period so the system changes could not be completed prior to the January 31, 2013 date. Due to the delay in the implementation date, the estimated savings for this program for State Fiscal Year 2013 is now estimated to be \$1,341,106 instead of the budgeted savings of \$1,391,906.

Please direct questions concerning this report to Dr. Lisa Weeks, Chief of Pharmacy Services, at the Division of Medical Assistance, at 919-855-4305 or Lisa.Weeks@dhhs.nc.gov.

Sincerely,


Aldona Wos, M.D.
Secretary

cc: Pam Kilpatrick
Susan Jacobs
Denise Thomas
Donnie Charleston
Kristi Huff

Carol Steckel
Jim Slate
Adam Sholar
Sandra Trivett
Matthew McKillip
Tom Adams

Legislative Library (one hard copy)
Representative Justin Burr
Representative Nelson Dollar
Sarah Riser
Patricia Porter

www.ncdhhs.gov

Telephone 919-855-4800 • Fax 919-715-4645

Location: 101 Blair Drive • Adams Building • Raleigh, NC 27603

Mailing Address: 2001 Mail Service Center • Raleigh, NC 27699-2001

An Equal Opportunity / Affirmative Action Employer



North Carolina Department of Health and Human Services

Pat McCrory
Governor

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

March 5, 2013

The Honorable Marilyn Avila, Chair
Appropriations Subcommittee on Health
and Human Services
Room 2217, Legislative Building
Raleigh, North Carolina 27601-1096

The Honorable William Brisson, Chair
Appropriations Subcommittee on Health
and Human Services
Room 405, Legislative Office Building
Raleigh, North Carolina 27603-5925

The Honorable Mark Hollo, Chair
Appropriations Subcommittee on Health
and Human Services
Room 639, Legislative Office Building
Raleigh, North Carolina 27603-5925

Dear Representatives Avila, Brisson and Hollo:

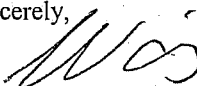
Session Law 2012-142, Section 10.8, requires the Department of Health and Human Services (Department) to lower its pharmacy dispensing fees, expand pharmacy prior authorization requirements and implement a specialty pharmacy program for hemophilia drugs with savings achieved primarily through the use of 340B prices for hemophilia drugs. This is the second quarterly report on the progress of the savings for these programs.

The Department has made several changes designed to produce savings. On November 30, 2012, the Department received approval from the Centers for Medicare and Medicaid Services (CMS) for the dispensing fee state plan amendment and implemented the new fees on February 1, 2013. Also, the Department implemented prior authorization requirements for three new-to-market high cost specialty medications called Victrelis, Kalydeco and Incivek on November 15, 2012. We are, however unable to implement additional prior authorization programs this State Fiscal Year due to a freeze of our legacy Medicaid Management Information System (MMIS) in preparation for the transition to the new MMIS. Finally, the Department removed coverage for benzodiazepines and barbiturates for dual eligible beneficiaries on January 1, 2013 as required under the Affordable Care Act. The savings is estimated to be \$4,895,913 for State Fiscal Year 2013.

The Department implemented the hemophilia specialty pharmacy program on January 31, 2013. The Integrated Change Control (ICC) Board granted approval for the system changes needed to support this program just prior to the 2012 holiday period so the system changes could not be completed prior to the January 31, 2013 date. Due to the delay in the implementation date, the estimated savings for this program for State Fiscal Year 2013 is now estimated to be \$1,341,106 instead of the budgeted savings of \$1,391,906.

Please direct questions concerning this report to Dr. Lisa Weeks, Chief of Pharmacy Services, at the Division of Medical Assistance, at 919-855-4305 or Lisa.Weeks@dhhs.nc.gov.

Sincerely,


Aldona Wos, M.D.
Secretary

www.ncdhhs.gov

Telephone 919-855-4800 • Fax 919-715-4645

Location: 101 Blair Drive • Adams Building • Raleigh, NC 27603

Mailing Address: 2001 Mail Service Center • Raleigh, NC 27699-2001

An Equal Opportunity / Affirmative Action Employer

Page 2
March 5, 2013

cc: Pam Kilpatrick
Susan Jacobs
Denise Thomas
Donnie Charleston
Kristi Huff

Carol Steckel
Jim Slate
Adam Sholar
Sandra Trivett
Matthew McKillip
Tom Adams

Legislative Library (one hard copy)
Representative Justin Burr
Representative Nelson Dollar
Sarah Riser
Patricia Porter