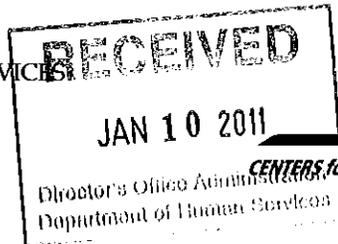


DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop S2-14-26
Baltimore, Maryland 21244-1850



Center for Medicaid, CHIP, and Survey & Certification

Disabled and Elderly Health Programs Group

JAN 06 2011

Bruce Goldberg, MD, Director
Department of Human Services
Human Services Building
500 Summer Street Northeast E-15
Salem, OR 97301-1097

Dear Dr. Goldberg:

We have reviewed Oregon State Plan Amendment (SPA) 10-13, Prescribed Drugs, received in the Regional Office on August 5, 2010. We are pleased to inform you that the amendment is approved, effective January 1, 2011.

This amendment changes the ingredient cost reimbursement from the Average Wholesale Price (AWP) to the Average Acquisition Cost (AAC) or the Wholesale Acquisition Cost (WAC) for those drugs for which an AAC cannot be calculated. This amendment also, proposes to change the dispensing fee from one based on the type of pharmacy, to one based on a three tiered structure based on the annual volume of prescriptions a pharmacy fills. Additionally, the SPA revised the collection of supplemental rebates for individuals enrolled with a Medicaid managed care organization (MCO). In addition, per our discussion with your staff on December 6, 2010, we made the requested change to CMS-179, Block 10.

A copy of the CMS-179 form, as well as the pages approved for incorporation into the Oregon's state plan will be forwarded by the Seattle Regional Office. If you have any questions regarding this approval, please contact Steven Johnson at (410) 786-3332.

Sincerely,

A handwritten signature in cursive script that reads "Larry Reed".

Larry Reed
Director
Division of Pharmacy

cc: Judy Mohr Peterson, Administrator
Jesse Anderson, State Plan Coordinator
Barbara Richards, ARA Seattle Regional Office
Maria Garza, Seattle Regional Office