



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #389

Prescription Drug Reimbursement Rates (DHFS -- Health Care Financing -- Payments, Services, and Eligibility)

[LFB 2003-05 Budget Summary: Page 215, #4 (part) and #5]

CURRENT LAW

Medical Assistance (MA) Reimbursement Rate. Federal regulations require that states' MA programs reimburse pharmacies at a rate equal to the lesser of the provider's usual and customary charge or the estimated acquisition cost (EAC) of the drug, plus a reasonable fee for the pharmacist's cost to dispense the drug. The EAC is considered reimbursement for the product, while the dispensing fee is considered reimbursement for the service.

Currently, the EAC for brand name drugs is based on the average wholesale price (AWP), as reported in the First Databank Blue Book, less an 11.25% discount. Readily-available generic drugs are priced according to the maximum allowable cost (MAC) list. This list is initially developed by the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services (CMS), based on a survey of prices at which generics are available from wholesalers. DHFS modifies the list to include additional drugs based on information available to DHFS about the price of generic drugs. Before 2001 Wisconsin Act 16 was enacted, the reimbursement rate for brand name and non-readily available generic prescription drugs was AWP-10%. Act 16 reduced the maximum reimbursement rate to AWP-11.25%.

The dispensing fee for most prescriptions is \$4.88. Other dispensing fees are paid under limited circumstances. 1995 Act 27 required that total reimbursements for drugs be reduced by \$0.50. Consequently, the dispensing fee is often identified as \$4.38, rather than \$4.88.

Currently, on average, MA reimburses pharmacists approximately 77% of the pharmacists' usual and customary charges, or the retail price of the drug.

SeniorCare Reimbursement Rate. For drugs purchased under SeniorCare, pharmacies receive a maximum reimbursement of the MA rate for the drug product (either AWP-11.25% or the MAC price, whichever is less), plus 5%, plus the applicable dispensing fee.

GOVERNOR

Reduce MA, BadgerCare and SeniorCare benefits funding by \$19,328,800 (-\$8,203,600 GPR and -\$11,125,200 FED) in 2003-04 and by \$21,861,000 (-\$9,320,600 GPR and -\$12,540,400 FED) in 2004-05 to reflect projected savings that would result by reducing the MA reimbursement rate DHFS pays to pharmacies and pharmacists for brand name and non-readily available generic prescription drugs to AWP-15%. DHFS would continue to pay pharmacies and pharmacists for readily available generic prescription drugs a rate equal to the maximum allowable cost. The funding reduction in the bill is based on an assumption that these rate changes would be effective July 1, 2003.

Additionally, modify the current SeniorCare maximum reimbursement rate to specify that the maximum SeniorCare reimbursement rate is equal to the maximum MA reimbursement rate, plus the applicable dispensing fee, effective January 1, 2004. Reduce SeniorCare benefits funding by \$8,227,700 (-\$3,882,300 GPR, -\$2,864,400 FED, and -\$1,481,000 PR) in 2003-04 and \$10,906,600 (-\$5,181,700 GPR, -\$3,761,700 FED, and -\$1,963,200 PR) in 2004-05 to reflect estimated savings due to the elimination of the enhanced reimbursement rate.

DISCUSSION POINTS

1. It is currently estimated that MA, BadgerCare and SeniorCare costs would decrease by \$20,517,800 (-\$9,046,700 GPR and -\$11,309,100 FED, and -\$162,000 PR) in 2003-04 and by \$25,795,000 (-\$11,446,200 GPR, -\$14,153,600 FED, and -\$195,200 PR) in 2004-05 if the MA reimbursement rate were decreased to AWP-15%, as recommended by the Governor. This estimate assumes that the rate change would be effective August 1, 2003. The difference between this reestimate and the funding provided in the bill primarily reflects the reestimates of base funding for MA, BadgerCare and SeniorCare prepared by this office.

2. The following table identifies total MA drug and rebate revenue for 1999-00 through 2001-02 fiscal years and estimated reimbursements and rebate revenue for 2002-03 through 2004-05, based on current reimbursement and cost containment policies.

MA Drug Expenditures (\$ in Millions)

Fiscal Years 1999-00 thru 2004-05

	Actual			Projected		
	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Drug Reimbursements	\$325.9	\$361.8	\$416.8	\$490.7	\$554.7	\$625.2
Manufacturer Rebates	<u>-58.2</u>	<u>-72.6</u>	<u>-87.0</u>	<u>-98.1</u>	<u>-110.9</u>	<u>-124.1</u>
Total Drug Expenditures	\$267.7	\$289.2	\$329.8	\$392.6	\$443.8	\$501.1
Percent Increase		8.0%	14.0%	19.0%	13.0%	12.9%

3. The figures in the table do not include expenditures for prescription drugs under other DHFS programs, including BadgerCare, SeniorCare, the health insurance risk-sharing plan (HIRSP) and the chronic disease aids program.

4. Approximately 80% of prescription drug expenditures under MA, BadgerCare and SeniorCare are for brand name drugs.

5. Drug reimbursement rates under these other DHFS programs are tied to the reimbursement rate paid under MA. The estimated savings available under this provision only represent savings to MA, BadgerCare, and SeniorCare. However, if the MA reimbursement rate were modified as recommended by the Governor, it is estimated that HIRSP benefit costs would be reduced by approximately \$1.0 million in 2003-04 and \$2.0 million in 2004-05 and chronic disease aids program costs would be reduced by an estimated \$9,000 in 2003-04 and \$10,000 in 2004-05.

6. Additionally, the fiscal estimate of the Governor's proposal does not include the projected savings associated with future reductions in the capitation payments made to managed care organizations that provide services to MA and BadgerCare enrollees. Because capitation payments are based on the rates paid under fee-for-service, a decrease in reimbursements for prescription drugs would result in a decrease in future capitation payments to managed care organizations.

7. Reducing reimbursement rates to pharmacies is one way to reduce MA prescription drug costs. DHFS has used other ways to reduce costs, such as requiring prior authorization for high-cost drugs for which a therapeutic equivalent is available at less cost, and limiting reimbursement to the amount for a generic drug unless a prescriber indicates that the brand name drug is medically necessary. In addition, as part of his budget recommendations, the Governor proposes implementing a mail-order pharmacy for maintenance medications, securing supplemental rebates from drug manufacturers, increasing MA copayments from \$1.00 to \$3.00 for brand name prescription drugs, and eliminating supplemental dispensing fees currently paid to pharmacists.

8. The primary causes for rising prescription drug costs are the result of national trends associated with the availability of newer, higher cost drug therapies. In short, more individuals are using more drugs and more costly drugs than in the past. Research and technological advances by pharmaceutical manufacturers make these drugs available and strong marketing efforts by manufacturers increases the sales of newer, more costly medications. Inflationary pressure on drug prices plays a role in the rising cost of drugs, but a less significant role than these other factors.

9. Most of the costs for prescription drugs are not paid to cover the pharmacies' service costs (that is, the cost of dispensing the medications). The Kaiser Family Foundation reports that \$0.74 of every retail dollar paid to a pharmacy is for the manufacturer's cost. The remainder is provided for the pharmacy (\$0.23) and the wholesaler (\$0.03).

MA Product Reimbursement

10. However, reducing reimbursement to pharmacies would address the disparity between what MA currently pays pharmacies for brand name drugs and what other third-party payers reimburse pharmacies. In contrast with most provider groups, such as hospitals, physicians, and dentists, where MA payments are usually lower than amounts paid by other third-party payers and may not cover the cost of providing services to MA recipients, reimbursements for pharmacies are, on average, higher than the rates paid by other third-party payers.

11. According to the Pharmacy Benefit Report; Facts & Figures, 2001 Edition, prepared by Novartis Pharmaceutical Corporation, the average reimbursement paid by health maintenance organizations (HMOs) to their network providers in 2000 was AWP-15%, which is the same rate recommended by the Governor. The range of payments were a minimum of AWP-10% to a maximum of AWP-18%.

12. Drug Topics.com, an on-line news magazine for pharmacists, in 2001, reported the average reimbursement to community pharmacies was AWP-13% in 1999, based on a survey of 446 employers. According to the survey, 60% of employers surveyed paid either AWP-12% or AWP-13%, but over 20% of employers paid AWP-15% or less.

13. Wisconsin's maximum reimbursement rates appear to be higher on average than other state MA programs. Of those states that pay pharmacies based on a discount to AWP, 29 provide a maximum reimbursement rate that is lower than Wisconsin's current rate. The average discount from AWP is approximately 13.6%. Attachment 1 lists the reimbursement rates paid by other state MA programs, as reported by the American Society of Consultant Pharmacists as of February, 2003.

Cost of Dispensing and Dispensing Fees

14. The Pharmacy Society of Wisconsin argues that pharmacies' margins on the product reimbursement is necessary to cover the costs of dispensing medications to MA recipients, since the current MA dispensing fee is not sufficient to cover such costs. A study conducted by David Kreling, Ph.D., with the Sonderegger Research Center at the UW School of Pharmacy, indicates

that the average dispensing cost in 2000 was approximately \$6.60 per prescription for Wisconsin pharmacies. The net MA dispensing fee for most prescriptions is \$4.38 per prescription.

15. However, total MA reimbursement for both the product cost and the dispensing cost appears to exceed pharmacies' costs under the current payment formula for brand name drugs. Professor Kreling's study found that pharmacies in Wisconsin were able to acquire drugs at an average price of AWP-17.5% for brand name medications. Based on this finding and the current reimbursement of AWP-11.25%, it is estimated that pharmacies' margin on acquisition costs is an average of 6.25% of AWP, or approximately \$5.54 per prescription, based on the projected average MA reimbursement for brand name drugs of \$78.73 per prescription (not including dispensing fees) in 2002-03. Therefore, the total MA reimbursement to pharmacies for costs other than the product acquisition is estimated to total \$9.92 per brand name prescription (\$4.38 dispensing fee, plus a \$5.54 margin on AWP). Under the Governor's proposal, the total estimated reimbursement in addition to acquisition costs would total \$6.60 per brand name prescription (\$4.38 dispensing fee, plus a \$2.22 margin on AWP).

16. The Kreling study noted that with increasing labor costs, it is likely that current median dispensing costs could range from \$6.95 to \$7.35 per prescription. Therefore, a margin of \$6.60 per prescription may not cover all of a pharmacy's costs to dispense a prescription. Further, reimbursement that pays for the average cost of dispensing drugs would not cover the cost of dispensing drugs for those pharmacies with higher than average costs. Professor Kreling's study noted that there was a tendency for rural pharmacies to have lower dispensing costs, but this result was not consistent for all regions of the state. Further, lower volume pharmacies tended to have higher costs for dispensing, but this correlation was not consistent or strong. Findings from the study indicate that there is no evidence that it costs pharmacies more to dispense drugs to MA beneficiaries. Specifically, the study noted "there was no clear relationship between the cost of dispensing and [MA] prescription volume or [MA] prescriptions as a percent of total prescription volume."

17. It is likely that MA reimbursement for both product cost and dispensing costs for generic drugs do not fully cover pharmacies' costs. Pharmacies do not receive the same margin on readily available generic drugs that they receive on brand name medications, since the maximum allowable cost list for readily-available generic drugs is closer to the actual acquisition price for readily-available generic drugs. Readily available generic drugs represent approximately 50% of the number of prescriptions filled by MA recipients.

18. However, on average, third-party payers pay less for dispensing than MA. The Novartis Pharmaceutical Corporation's report indicates that in 2000, dispensing fees paid by HMOs to network pharmacies averaged \$2.16 for generic drugs and \$1.99 for brand name drugs, considerably lower than the current \$4.38 for most prescriptions under MA. Further, Drug Topics.com found that in 1999, the average dispensing fee paid by employers was \$2.30 per prescription. The current dispensing fee of \$4.38 Wisconsin pays under MA is slightly higher than the average dispensing fee of approximately \$4.23 paid by other states for brand name drugs.

SeniorCare Reimbursement Rate

19. It is estimated that if the SeniorCare reimbursement rate were equal to the MA reimbursement rate, as proposed by the Governor, funding for SeniorCare could be reduced by \$4,871,900 (-\$2,772,600 GPR, -\$1,875,700 FED, and -\$223,600 PR) in 2003-04 and \$6,729,600 (-\$3,836,300 GPR, -\$2,621,900 FED, and -\$271,400 PR) in 2004-05. These estimates are greater than the savings assumed in the Governor's bill.

20. While the Legislature was deliberating the creation of SeniorCare, it was argued that pharmacists should be paid more than the MA reimbursement rate because the MA rate represents a discount to pharmacies' usual and customary charges (the retail price charged by the pharmacies). It was expected that many of the individuals that would enroll in SeniorCare would not have had prescription drug coverage before they enrolled in SeniorCare and therefore, were paying retail prices for their prescription drugs. Therefore, having pharmacies paid at the MA rate, rather than retail price for drugs purchased by these individuals would reduce revenue to pharmacies. Approximately 93% of all SeniorCare enrollees do not have other prescription drug coverage.

21. However, while pharmacies receive less revenue per prescription on average under SeniorCare compared with retail prices, it was also expected that the reduced revenue would be offset by an increase in the number of prescriptions filled by SeniorCare enrollees. Research and survey data show that individuals without prescription drug coverage use fewer drugs than individuals with such coverage. Therefore, it is expected that SeniorCare enrollees are filling more prescriptions now than they did before they enrolled in SeniorCare.

22. Another argument that was offered to support an enhanced reimbursement rate for drugs dispensed to SeniorCare enrollees is that these individuals have more complicated health care needs than MA recipients. Therefore, it was argued, these individuals might require more service from pharmacists to ensure they take their medications appropriately.

23. However, other health care programs administered by DHFS, including BadgerCare, HIRSP and the chronic disease aids programs, all have reimbursement rates that equal the MA reimbursement rate. Many of the individuals served under these other programs have significant health care needs and may require additional service on the part of the pharmacist to ensure they are taking their medications appropriately.

24. Two additional points should be made regarding proposed changes to the MA reimbursement rate for prescription drugs.

First, on average, MA payments represent approximately 9% of retail pharmacy sales in Wisconsin, according to Novartis Pharmaceutical Corporation. Therefore, changes in the reimbursement under MA would affect a relatively minor share of pharmacies' total revenue. Those pharmacies with higher shares of sales from MA recipients would be disproportionately affected by any reduction in MA reimbursement.

Second, for other services where MA reimbursement does not fully support the costs of

serving MA recipients, such as hospitals, physicians, nursing homes, and dentists, unreimbursed costs are shifted to other third-party payers, such as commercial health insurance plans. To a certain extent, pharmacies may be able to make up a portion of the lost revenue by negotiating higher reimbursements from other third-party payers, similar to other MA providers. Where pharmacies are not able to shift such costs to other third-party payers, the reduction in the reimbursement rate would result in a reduction in revenue.

25. As alternatives to the Governor's proposal, the Committee could consider maximum reimbursement rates for brand name and non-readily available generic drugs, including AWP-14%, AWP-13%, and AWP-12%. Attachment 2 identifies the estimated savings to MA, BadgerCare, and SeniorCare benefits appropriations with the Governor's recommendations and each of these alternatives, including maintaining the current reimbursement rate, and the option to either delete the enhanced rate under SeniorCare, as recommended by the Governor, or retain the enhanced rate.

26. Each of these estimates assumes that the rate changes would be effective August 1, 2003. The administration indicates that any change to the reimbursement rates could first apply August 1, 2003.

ALTERNATIVES

1. a. Approve the Governor's recommendations, as reestimated, to reflect a modification to the maximum MA reimbursement rate for brand name and non-readily available generic drugs to AWP -15% and to eliminate the enhanced reimbursement rate for SeniorCare and specify that the deletion of the enhanced reimbursement rate for SeniorCare would be effective August 1, 2003, rather than January 1, 2004 as provided in the Governor's bill.

<u>Alternative 1a</u>	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>TOTAL</u>
2003-05 REVENUE (Change to Bill)	\$0	\$0	\$2,592,000	\$2,592,000
2003-05 FUNDING (Change to Bill)	-\$513,600	\$331,400	\$2,592,000	\$2,409,800

1. b. Adopt Alternative 1a, but maintain the enhanced rate for SeniorCare.

<u>Alternative 1b</u>	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>TOTAL</u>
2003-05 REVENUE (Change to Bill)	\$0	\$0	\$3,087,000	\$3,087,000
2003-05 FUNDING (Change to Bill)	\$6,095,300	\$4,829,000	\$3,087,000	\$14,011,300

2. a. Modify the Governor's recommendations to reflect a maximum reimbursement rate of AWP-14% and delete the enhanced reimbursement for SeniorCare, effective August 1, 2003.

<u>Alternative 2a</u>	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>TOTAL</u>
2003-05 REVENUE (Change to Bill)	\$0	\$0	\$2,687,300	\$2,687,300
2003-05 FUNDING (Change to Bill)	\$4,949,600	\$7,043,900	\$2,687,300	\$14,680,800

2. b. Adopt Alternative 2a, but maintain the enhanced rate for SeniorCare.

<u>Alternative 2b</u>	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>TOTAL</u>
2003-05 REVENUE (Change to Bill)	\$0	\$0	\$3,182,300	\$3,182,300
2003-05 FUNDING (Change to Bill)	\$11,600,800	\$11,578,400	\$3,182,300	\$26,361,500

3. a. Modify the Governor's recommendations to reflect a maximum reimbursement rate of AWP - 13% and eliminate the enhanced reimbursement rate for SeniorCare, effective August 1, 2003.

<u>Alternative 3a</u>	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>TOTAL</u>
2003-05 REVENUE (Change to Bill)	\$0	\$0	\$2,782,400	\$2,782,400
2003-05 FUNDING (Change to Bill)	\$10,357,200	\$13,811,700	\$2,782,400	\$26,951,300

3. b. Adopt Alternative 3a, but maintain the enhanced rate for SeniorCare.

<u>Alternative 3b</u>	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>TOTAL</u>
2003-05 REVENUE (Change to Bill)	\$0	\$0	\$3,277,400	\$3,277,400
2003-05 FUNDING (Change to Bill)	\$17,050,800	\$18,383,000	\$3,277,400	\$38,711,200

4. a. Modify the Governor's recommendations to reflect a maximum reimbursement of AWP - 12.0% and eliminate the enhanced reimbursement rate for SeniorCare, effective August 1, 2003.

<u>Alternative 4a</u>	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>TOTAL</u>
2003-05 REVENUE (Change to Bill)	\$0	\$0	\$2,877,700	\$2,877,700
2003-05 FUNDING (Change to Bill)	\$15,764,600	\$20,580,100	\$2,877,700	\$39,222,400

4. b. Adopt Alternative 4a, but maintain the enhanced rate for SeniorCare.

<u>Alternative 4b</u>	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>TOTAL</u>
2003-05 REVENUE (Change to Bill)	\$0	\$0	\$3,372,700	\$3,372,700
2003-05 FUNDING (Change to Bill)	\$22,500,600	\$25,188,200	\$3,372,700	\$51,061,500

5. a. Maintain the current maximum MA reimbursement rate at AWP - 11.25%, but eliminate the enhanced rate for SeniorCare, effective August 1, 2003.

<u>Alternative 5a</u>	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>TOTAL</u>
2003-05 REVENUE (Change to Bill)	\$0	\$0	\$2,949,200	\$2,949,200
2003-05 FUNDING (Change to Bill)	\$19,820,400	\$25,655,900	\$2,949,200	\$48,425,500

5. b. Delete provision (maintain the current maximum reimbursement rate of AWP - 11.25% and maintain the current enhanced rate for SeniorCare).

<u>Alternative 5b</u>	<u>GPR</u>	<u>FED</u>	<u>PR</u>	<u>TOTAL</u>
2003-05 REVENUE (Change to Bill)	\$0	\$0	\$3,444,200	\$3,444,200
2003-05 FUNDING (Change to Bill)	\$26,588,200	\$30,291,700	\$3,444,200	\$60,324,100

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Attachments

ATTACHMENT 1

Medicaid Drug Reimbursement Rates By State

<u>State</u>	<u>Ingredient Reimbursement</u>	<u>Dispensing Fee</u>
Alabama	WAC + 9.2%	\$5.40
Alaska	AWP-5%	\$3.45 - \$11.46
Arizona	not applicable	
Arkansas	AWP-14% (b)/AWP-20% (G)	\$5.51 (B)/\$7.51(G)
California	AWP-10%	\$3.95
Colorado	AWP-13.5% (B)/AWP-35% (G)	\$4.00
Connecticut	AWP-13.5%	\$3.85
Delaware	AWP-12.9%	\$3.65
Florida	AWP-13.2%	\$3.15 - \$4.23
Georgia	AWP-10% (MFN)	\$4.63
Hawaii	AWP-10.5%	\$4.67
Idaho	AWP-12%	\$4.54
Illinois	AWP-12.11% (B)/AWP-25.2% (G)	\$3.40 (B)/\$4.60 (G)
Indiana	AWP-13.5% (B)/lesser of AWP-20%, or FUL or MAC (G)	\$4.90
Iowa	AWP-10%	\$4.13 - \$6.42
Kansas	AWP-12%	\$4.00
Kentucky	AWP-12%	\$4.51
Louisiana	AWP-15%/16.5% (tiered)	\$5.77
Maine	AWP-13% (MFN)	\$3.35
Maryland	WAC+10% or AWP-13%	Retail Setting = \$3.69 (B)/\$4.69 (G) LTC Setting = \$4.65 (B); \$5.65 (G)
Massachusetts	WAC+6% (MFN 0%)	\$3.50(B); \$5.00 (G)
Michigan	AWP-13.5% for providers with one - four stores, AWP - 15.1% for providers with five or more stores	\$3.77
Minnesota	AWP-9%	\$3.65
Mississippi	AWP-12%	\$3.91
Missouri	WAC+10%	\$4.09
Montana	Lesser of AWP-15%, EAC or MAC	\$2.00-\$4.70
Nebraska	AWP-8.71%	\$2.84 - \$5.05 (typically \$4.66)
Nevada	AWP-15%	\$4.64
New Hampshire	AWP-12%	\$2.50
New Jersey	AWP-10%	\$3.73-\$4.07

<u>State</u>	<u>Ingredient Reimbursement</u>	<u>Dispensing Fee</u>
New Mexico	AWP-12.5%	\$4.00
New York	AWP-10%	\$3.50 (B)/\$4.50 (G)
North Carolina	AWP-10%	\$4.00 (B)/\$5.60 (G)
North Dakota	AWP-10%	\$4.60
Ohio	AWP-12.8%/WAC+9%	\$3.70
Oklahoma	AWP-12%	\$4.15
Oregon	AWP-14%	\$3.50
Pennsylvania	AWP-10%	\$4.00
Rhode Island	WAC+5%	Outpatient \$3.40/LTC: \$2.85
South Carolina	AWP-13%	\$4.05
South Dakota	AWP-10.5%	\$4.75
Tennessee	AWP-13% (MFN)	\$5.00 for 30 day supply
Texas	AWP-15% or WAC+12%	\$5.27+2% of ingredient reimbursement
Utah	AWP-15%	\$3.90 (urban)/\$4.10 (rural)
Vermont	AWP-11.9%	\$4.25
Virginia	AWP-10.25%	\$4.25
Washington	AWP-14% (B); AWP-50% (G)	\$3.98 - \$4.92
Washington, D.C.	AWP-10%	\$3.75
West Virginia	AWP-12%	\$3.90
Wisconsin	AWP-11.25% (B)/MAC (G)	\$4.88
Wyoming	AWP-11%	\$5.00

B = Brand
 G = Generic
 LTC = Long Term Care
 FUL = Federal Upper Limit
 WAC = Wholesale Acquisition Cost

Notes:

Georgia - \$0.50 incentive for preferred drug list
 Idaho - additional reimbursement for unit dose
 Maine - additional fee for compounding
 Montana - \$0.75 for repackaging in unit doses
 New Jersey - additional fees for counseling, impact add-ons, and long-term care pharmacies
 Oregon - \$3.80 for unit dose
 Tennessee - \$2.50 dispensing fee for less than a 30 day supply
 Washington - fee based on annual number of prescriptions
 West Virginia - additional fee for compounding
 Wisconsin - \$0.50 is subtracted from entire claims, therefore dispensing fee is typically considered \$4.38

Source: American Society of Consultant Pharmacists, February, 2003

ATTACHMENT 2

Summary of Alternatives on Pharmacy Reimbursement Rate Estimates Represented as Change to Bill

Alternative	2003-04			2004-05				
	GPR	FED	PR	Total	GPR	FED	PR	Total
AWP-15%								
1a Delete SeniorCare enhanced rate	\$266,600	\$804,800	\$1,095,400	\$2,166,800	-\$780,200	-\$473,400	\$1,496,600	\$243,000
1b Retain SeniorCare enhanced rate	3,039,200	2,680,500	1,319,000	7,038,700	3,056,100	2,148,500	1,768,000	6,972,600
AWP - 14%								
2a Delete SeniorCare enhanced rate	2,681,300	3,787,500	1,138,600	7,607,400	2,268,300	3,256,400	1,548,700	7,073,400
2b Retain SeniorCare enhanced rate	5,470,200	5,677,700	1,362,200	12,510,100	6,130,600	5,900,700	1,820,100	13,851,400
AWP-13%								
3a Delete SeniorCare enhanced rate	5,070,700	6,795,400	1,181,700	13,047,800	5,286,500	7,016,300	1,600,700	13,903,500
3b Retain SeniorCare enhanced rate	7,876,000	8,700,100	1,405,300	17,981,400	9,174,800	9,682,900	1,872,100	20,729,800
AWP-12%								
4a Delete SeniorCare enhanced rate	7,459,900	9,803,700	1,225,000	18,488,600	8,304,700	10,776,400	1,652,700	20,733,800
4b Retain SeniorCare enhanced rate	10,281,600	11,722,800	1,448,600	23,453,000	12,219,000	13,465,400	1,924,100	27,608,500
AWP-11.25% (current law)								
5a Delete SeniorCare enhanced rate	9,251,900	12,059,600	1,257,400	22,568,900	10,568,500	13,596,300	1,691,800	25,856,600
5b Retain SeniorCare enhanced rate	12,085,900	13,989,600	1,481,000	27,556,500	14,502,300	16,302,100	1,963,200	32,767,600