

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2008-09		FY 2009-10	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	2,160,962 to 2,313,729		2,472,919 to 3,083,689	
CASH FUNDS				
FEDERAL FUNDS	3,107,419 to 3,327,073		3,558,468 to 4,437,381	
OTHER FUNDS				
TOTAL FUNDS	5,268,381 to 5,640,802		6,031,387 to 7,521,070	

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

This bill states legislative intent that pharmacies be reimbursed dispensing fees consistent with the findings of the Survey of Nebraska Medicaid Pharmacy Providers' Average Cost of Dispensing a Prescription report dated August 2007.

Pharmacies are reimbursed based of the lowest amount of one of the following:

- The submitted charge on the claim
- The Usual and Customary charge (This is the amount the pharmacy charges the general public.)
- The sum of the following:
 - The pharmacy-specific dispensing fee
 - The lowest of the following:
 - The Federal Upper Payment Limit
 - The State Maximum Allowable Cost
 - The Estimated Acquisition Cost

The Survey of Nebraska Medicaid Pharmacy Providers' Average Cost of Dispensing a Prescription report dated August 2007 calculates two method of determining dispensing fees and assumes a profit of \$1.50 per prescription. For purposes of this fiscal note, it is assumed the same rules on payments would continue. The current median payment is \$4.66. The average adjustments based on the type of pharmacy would be: \$6.27 for Metropolitan; \$5.92 for Micopolitan; \$6.43 for Rural and \$7.01 for Out-of State. These are average estimated adjustments. The adjustment per prescription, per pharmacy will vary.

Using June 2007 payment claims, the annual cost would be \$7,521,070 (\$3,038,689 GF and \$4,437,381 FF) in FY 10. Assuming an implementation date of October 2008, the fiscal impact in FY 09 would be \$5,640,802 (\$2,313,729 GF and \$3,327,073 FF). Without the adjustment for \$1.50 for profit, the cost would be \$5,268,381 (\$2,160,962 GF and \$3,107,419 FF) in FY 09 and \$6,031,387 (\$2,472,919 GF and \$3,558,468 FF) in FY 10.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Elton Larson	DATE 2/11/08	PHONE 471-2526
COMMENTS			
HEALTH AND HUMAN SERVICES – Agency analysis and estimates appear reasonable.			