

Fiscal Note

State of Alaska
2013 Legislative Session

Bill Version: HB 134
Fiscal Note Number: _____
() Publish Date: _____

Identifier: HB134CS(HSS)-HCMS-3-27-13
Title: MEDICAID PAYMENT FOR MEDISET
PRESCRIPTION
Sponsor: COSTELLO
Requester: House Health & Social Services Committee

Department: Department of Health and Social Services
Appropriation: Medicaid Services
Allocation: Health Care Medicaid Services
OMB Component Number: 2077

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2014 Appropriation Requested	Included in Governor's FY2014 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2014	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits	414.0		1,657.0	1,657.0	1,657.0	1,657.0	1,657.0
Miscellaneous							
Total Operating	414.0	0.0	1,657.0	1,657.0	1,657.0	1,657.0	1,657.0

Fund Source (Operating Only)

1002 Fed Rcpts	207.0		828.5	828.5	828.5	828.5	828.5
1003 G/F Match	207.0		828.5	828.5	828.5	828.5	828.5
Total	414.0	0.0	1,657.0	1,657.0	1,657.0	1,657.0	1,657.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2013) cost: 0.0

Estimated CAPITAL (FY2014) cost: 0.0

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 04/01/14

Why this fiscal note differs from previous version:

Not applicable.

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Phone: (907)334-2520
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Date: 03/26/13

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2013 LEGISLATIVE SESSION

BILL NO. CSHB134(HSS)

Analysis

The bill would require the Alaska Medicaid program to pay a dispensing fee, with or without a separate fee for dispensing and transporting medications in compliance packaging (aka "mediset"), for drugs dispensed in medisets and requires the Department to consider certain specific costs in determining the fee. The bill would require the Department to pay the fee(s) more frequently than the current monthly dispensing fee and up to a weekly mediset fee. It is possible that the Department could consolidate the monthly dispensing fee and weekly mediset fees into a single prorated fee that is paid each time a prescription is dispensed whether it be monthly, twice a month, or weekly. The Department estimates that the costs of paying fees will be similar to what they were prior to the last revision to the pharmacy reimbursement rates in September 2011, but somewhere between the current rate and the old rate. Dispensing fees for the pharmacies specializing in medisets totaled \$2,851,323.18 in CY 2008, \$2,924,244.51 in CY 2009, \$2,909,794.32 in CY 2010, \$2,180,762.33 in CY 2011, and \$882,126.28 in CY 2012. Four months (Sept – Dec) of CY 2011 included the new reimbursement rates and likely account for the decrease in dispensing fees from the roughly \$2.9 million paid in 2008 – 2010. The difference between the old rate (before 9/7/2011) and new rate (post 9/7/2011) is \$2,000,000 annually and it would be a reasonable assumption that the final rate, or combination of rates, required under the CS for HB 134 would increase costs in the amount of 50% of the difference in the rates; \$1,000,000 annually.

It is also reasonable to assume that if this bill passed the current mediset providers would expand their services to communities that they don't currently serve. At least one mediset provider has indicated that, should the bill pass, it would expand to Fairbanks. This expansion would result in a larger number of recipients receiving weekly prescriptions and this expanded group of recipients would also have postage charges associated with their claims. The population of the Fairbanks area is roughly 20% that of the Anchorage and Mat-Su areas. It would be reasonable to assume there would be an increase of 20% to the volume of prescriptions from a 20% increase in the number of recipients receiving medisets. The medisets sent to Fairbanks from Anchorage would have postage associated with the claims and it would be reasonable to assume each recipient would have a single weekly postage charge of \$16.85 (the rate for a large flat rate box through the USPS). In 2012 there were 2,611 recipients that received one or more prescriptions through a mediset pharmacy. A 20% increase in the number of recipients would equate to an increase of 522 recipients and \$457,000 in postage costs (522 recipients x \$16.85/week x 52 weeks) and an increase of \$200,000 in dispensing costs (20% increase to the dispensing costs above).

The net estimated increase would be \$1,657,000 (\$1,000,000 + \$457,000 + \$200,000) annually. It is estimated that the regulation changes and state plan approval process to implement the requirements of CS for HB 134 would occur in the last quarter of SFY 2014 and the increased costs for SFY 2014 would be \$414,000. The federal match rate for Medicaid pharmacy services is currently 50%.

If additional expansion occurred to communities outside of the Anchorage/Mat-Su or Fairbanks areas, there would be additional dispensing and postage costs associated with this bill.

Regulations would be required to implement the changes to mediset reimbursement.