

MEDICAID AFFORDABLE PRESCRIPTIONS INCENTIVE ACT OF 2007

Section 1 – Title.

This Act shall be known as the “Medicaid Affordable Prescriptions Incentive Act of 2007”.

Section 2 – Purpose and Intent.

The state can save taxpayer dollars by encouraging the use of multisource (generic) prescription drugs in the Medicaid program. For every one percent increase in multisource (generic) utilization, the state can save \$_____. In order to promote such savings, the patients’ pharmacist should be encouraged to increase the percentage of multisource (generic) prescription drugs dispensed. The Medicaid program can provide an incentive to pharmacists by increasing the dispensing fee for multisource (generic) prescription drugs so that fees reflect the actual cost to dispense those drugs. An independent, national survey conducted in Fall 2006 of pharmacies nationwide and in the state determined that the cost to dispense a prescription in _____ was approximately \$_____.

Section 3 – Minimum Reimbursement for Multisource (generic) Pharmacy Dispensing Services.

- A. The Department of Medical Assistance shall establish a minimum reimbursement for pharmacy dispensing services related to multisource (generic) prescription drugs of not less than \$_____ per prescription.
- B. The Medicaid product cost reimbursement established by the Department of Medical Assistance for a multisource (generic) prescription drug shall not be less than the federal upper reimbursement limit established by the federal government for that multisource (generic) prescription drug under federal law.
- C. On the first day of fiscal year 2008 and annually thereafter, the minimum reimbursement amount established by subsection A for the previous fiscal year shall be increased by the annual percentage increase in the Consumer Price Index - U for Medical Care (U.S. City Average) as of July of the previous year.
- D. The Department of Medical Assistance is not required to use taxpayer dollars to fund a cost to dispense study.

Section 4 – Additional Reimbursement for Pharmacy Dispensing Services.

The Department of Medical Assistance may establish reimbursement levels for pharmacy dispensing services that exceed the minimum reimbursement levels

established under Section 3 of this Act. The Department may create additional incentives for utilization of lower cost multisource (generic) prescription drugs to cover any other costs associated with dispensing Medicaid prescriptions, including but not limited to costs related to coordination of benefits, bad debt, uncollected co-payments, payment lag times or the higher rates of rejected claims.

Section 5 – State of Emergency to Protect Access.

The enactment of the federal Deficit Reduction Act of 2005 will result in significantly reduced reimbursement rates for the ingredient cost of multisource (generic) prescription drugs in the Medical Assistance Program. In many cases, pharmacists will be reimbursed for less than the cost of the prescription. The lack of adequate reimbursement may decrease access to the patients served by the medical assistance program. In order to assure that our citizens maintain continued access to necessary pharmacy services, a state of emergency is declared.

Section 6 – Effective Date.

This Act shall take effect immediately. Any increase to pharmacy's reimbursement for dispensing services shall be retroactive to the implementation date of federal reimbursement upper limits mandated under the Deficit Reduction Act of 2005.