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**HF 696** – Pharmacy Dispensing Fee Limitation (LSB2754HV)  
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Fiscal Note Version – New

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**Description**

[House File 696](#) directs the Department of Human Services (DHS) to adopt administrative rules to require that if a Medicaid provider who is authorized to dispense prescription drugs initially dispenses a partial quantity of a prescription drug authorized by a prescription, and subsequently dispenses the remaining quantity as authorized by the prescription, the total dispensing fee charged by the provider for that prescription shall not exceed the standard dispensing fee applicable to the same prescription as if the total quantity authorized had been dispensed at one time. The Bill applies the same requirement to authorized dispensers under third-party payment provider contracts or policies delivered, issued for delivery, continued, or renewed in this State on or after January 1, 2020, that provide for third-party payment or prepayment of health or medical expenses.

**Background**

The Bill addresses the issue of some pharmacies being reimbursed multiple dispensing fees per month for the same patient and same drug for small drug quantities (e.g., seven days' supply), while other pharmacies receive one dispensing fee for a one-month supply. The intent is for Medicaid to pay one dispensing fee per month per drug, whether that be for one fill for 31 days or for multiple fills for up to 31 days.

**Assumptions**

- The DHS will save \$1,563,000 annually by paying one dispensing fee per month per drug.
- The fee-for-service (FFS) Pharmacy Point of Sale (POS) system does not currently support the partial fill segment of the National Council for Prescription Drug Programs (NCPDP) standards and would require programming changes to implement these changes.
- The programming changes for FFS are estimated to take 300 to 400 hours. There are 10,000 programming hours per year built into the current contract, so no additional cost is anticipated for FFS.
- There will be a \$1,000,000 one-time cost to the managed care companies for programming expenses to implement the new policy.
- The Federal Medical Assistance Percentage (FMAP) rate is 70.0% federal and 30.0% State based on a blended rate between Medicaid and the Iowa Health and Wellness Plan prescription drug costs.

**Fiscal Impact**

[House File 696](#) is estimated to save the Medicaid Program \$169,000 in FY 2020 and \$469,000 in FY 2021 and subsequent fiscal years. This includes a \$300,000 one-time cost to the State to implement the policy change.

**Source**

Department of Human Services

/s/ Holly M. Lyons

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March 18, 2019

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The fiscal note for this Bill was prepared pursuant to Joint Rule 17 and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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