

FISCAL NOTE

September 19, 2017

Bill No:	HB 1595	Printer's No:	2104	Sponsor:	Everett (R)
-----------------	---------	----------------------	------	-----------------	-------------

COST / (SAVINGS)

Fund (s)	2017-18	2018-19
General Fund	\$ 13,113,000	\$ 13,113,000

SUMMARY: The bill would amend the Human Services Code to add a section for pharmacy reimbursement under the fee-for-service system (FFS).

ANALYSIS: The bill would set the following FFS reimbursement payments to pharmacies for prescriptions. If the National Average Drug Acquisition Cost (NADAC) is available, the FFS payment would be the lower of the NADAC per unit plus a \$10.49 professional dispensing fee or the pharmacy's usual and customary charge for the drug dispensed.

If the NADAC per unit is unavailable, the FFS payment would be the lower of either the wholesale acquisition costs with a professional dispensing fee of \$10.49 per prescription or the pharmacy's usual and customary charge for the drug dispensed.

The act would take effect in 60 days.

FISCAL IMPACT: The bill would jeopardize Pennsylvania's compliance with the Centers for Medicare and Medicaid Services' (CMS) Covered Outpatient Drugs Final Rule and its approval of the Medicaid state plan. Should the commonwealth be in non-compliance with these federal rules, federal funding and the federal drug rebate for all outpatient covered drug claims paid by the FFS Medicaid program would be at risk.

If CMS does not approve the State Plan, all federal funding is jeopardized resulting in payment from all state funds for the Total Outpatient Pharmacy Reimbursement as well as forfeit of federal and supplemental rebates to offset cost. Federal and supplemental drug rebates account for over 60% of the Total Outpatient Pharmacy Reimbursement.

The estimated fiscal impact to the Department of Human Services is \$13.113 million in total funds and \$6.319 million in state funds.