HOUSE RESEARCH

Bill Summary

File Number: H.F. 1819 **Date:** March 8, 2017
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Authors: Zerwas and others

Subject: Medical Assistance (MA) drug reimbursement

Analyst: Randall Chun

Overview

This bill makes changes in the methodology used for MA reimbursement for drugs. Changes include setting payment based on the National Average Drug Acquisition Cost, increasing the dispensing fee, and modifying reimbursement for drugs purchased through the 340B program. Many of the changes in the bill implement requirements in a new federal rule on Medicaid drug reimbursement.

Section

1 **Drugs.** Amends § 256B.0625, subd. 13. Strikes the quantity limit for dispensing of over-the-counter medications.

2 **Payment rates.** Amends § 256B.0625, subd. 13e. The amendment to paragraph (a) sets the basis for determining drug payment, effective April 1, 2017 or upon federal approval, at the lower of the ingredient cost, plus a fixed dispensing fee; or the usual and customary price charged to the public. Sets the professional dispensing fee at $11.35 for drugs that meet the federal definition of "covered outpatient drug." (The current MA dispensing fee is $3.65.) Sets the dispensing fee for certain intravenous solutions at $11.35 per bag (this varies under current law based on the product). Also sets the dispensing fee at $11.35 for over-the-counter drugs that meet the covered outpatient drug definition at $11.35, subject to pro-ration for smaller quantities. Sets the dispensing fee for over-the-counter drugs that do not meet the covered outpatient drug definition at $3.65, with pro-ration for small quantities. Requires the National Average Drug Acquisition Cost (NADAC) to be used to determine the ingredient cost of a drug. Sets the ingredient cost at wholesale acquisition cost minus two percent for drugs for which a NADAC is not reported. Sets the ingredient cost of drugs acquired through the 340B program at that program's maximum allowable cost. Requires the maximum

Section

allowable cost of a multisource drug to be comparable to the actual acquisition cost, and no higher than the NADAC of the generic product.

The amendment to paragraph (c) strikes language related to payment under a unit dose blister card system.

The amendment to paragraph (d) includes the NADAC of the generic product as one of the pricing factors for the ingredient cost of multisource drugs.

The amendment to paragraph (f) allows the commissioner to establish maximum allowable cost rates for specialty pharmacy products that are lower than the ingredient cost formulas and sets criteria for providers of these products. Also makes conforming changes.

A new paragraph (h) requires the commissioner, for prescriptions filled on or after April 1, 2017, or upon federal approval, to increase ingredient cost reimbursement by two percent for drugs subject to the wholesale drug distributor tax under section 295.52.