MN HOUSE RESEARCH

Bill Summary

H.F. 1297

As introduced

Subject	Outpatient Drug Reimbursement
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Overview

This bill makes changes in medical assistance (MA) fee-for-service reimbursement for outpatient prescription drugs, to be effective April 1, 2019. Many of the changes conform state law to the requirements of federal regulations on outpatient prescription drug reimbursement issued in 2016. Other changes are intended to offset some of the cost to the state of compliance with federal payment requirements, or to lessen the financial impact of the changes on certain providers.

Summary

Section	Description
1	**Disproportionate numbers of low-income patients served.** Amends § 256.969, subd. 9. A new paragraph (f) provides an additional payment adjustment to hospitals that provide high levels of administering high-cost drugs to fee-for-service MA enrollees. Requires the commissioner to consider fee-for-service utilization rates and payments made for drugs purchased through the 340B drug purchasing program for fee-for-service enrollees. If any part of the adjustment exceeds the hospital's disproportionate share hospital limit, directs the commissioner to pay the nonfederal share of the amount that exceeds the limit. States that the nonfederal share of the payment adjustment under this paragraph shall not exceed $1.5 million. States that the section is effective for discharges on or after April 1, 2019.
2	**Drugs.** Amends § 256B.0625, subd. 13. Strikes language relating to the quantity of over-the-counter medications that may be dispensed. States that the section is effective April 1, 2019, or upon federal approval, whichever is later.
3	**Payment rates.** Amends § 256B.0625, subd. 13e. Makes a variety of changes to MA payment methods for outpatient prescription drugs. The changes made in paragraph (a) include: ▪ setting payment based on the ingredient cost of the drugs plus a professional dispensing fee

Section	Description

- defining usual and customary price
- setting the dispensing fee for drugs meeting the federal definition of "covered outpatient drugs" at $10.48 and specifying dispensing fees for other types of drugs
- requiring dispensing fees to be pro-rated based upon the quantity of a drug dispensed
- setting the ingredient cost for providers participating in the federal 340B program at the 340B ceiling price or the National Average Drug Acquisition Cost (NADAC), whichever is lower
- requiring the maximum allowable cost of a multisource drug to be comparable to the actual acquisition cost and no higher than the NADAC of the generic product (current law sets the maximum amount as that paid by third party payors with maximum allowable cost programs)

The amendment to paragraph (c) eliminates add-ons to the dispensing fee for certain drugs dispensed to long-term care facility residents using a unit dose blister card system.

The amendment to paragraph (d) sets the ingredient cost of a multisource drug at the NADAC of the generic product, or the maximum allowable cost established by the commissioner.

The amendment to paragraph (e) increases, from 20 to 28.6 percent, the discount from the payment rate for drugs obtained through the 340B program.

The amendment to paragraph (f) adds references to the maximum allowable cost and makes changes in terminology, in a provision of law dealing with specialty pharmacy products.

A new paragraph (h) requires the commissioner to contract with a vendor to conduct cost of dispensing surveys for Minnesota pharmacies. Specifies criteria for the survey. Requires the initial survey to be completed by January 1, 2021, and repeated every three years.

A new paragraph (i) requires the commissioner to increase the ingredient cost by two percent for prescription and nonprescription drugs subject to the MinnesotaCare wholesale distributor tax.

States that the section is effective April 1, 2019, or upon federal approval, whichever is later.

4 **Prior authorization.**

Amends § 256B.0625, subd. 13f. Eliminates the prohibition on use of prior authorization for certain antihemophilic factor drugs. Provides an immediate effective date.

Section	Description
5	**Grounds for sanctions against vendors.** Amends § 256B.064, subd. 1a. Allows the commissioner to impose sanctions against a pharmacy for failure to respond to a cost of dispensing survey. Provides an effective date of April 1, 2019.