



H.B. 429

124th General Assembly
(As Introduced)

Reps. Schneider, Seitz, Schmidt, Faber, Raga, DeWine, Husted, Collier, Willamowski, Kearns, Webster, Williams, Widowfield, Otterman, Ogg

BILL SUMMARY

- Provides a Medicaid reimbursement methodology for fiscal years 2003 and 2004 for pharmacy services provided to nursing home residents under which a provider whose average monthly cost of providing services is less than a baseline statewide average figure is reimbursed at the wholesale acquisition cost of the drugs plus 11%, plus half of the difference between the provider's average cost and the statewide average.
- Provides that a pharmacy services provider whose average monthly cost is greater than or equal to the baseline statewide average is reimbursed at the wholesale acquisition cost of the drugs plus 9%.

CONTENT AND OPERATION

Background: Medicaid reimbursement for pharmacy services

State Medicaid law authorizes the Ohio Department of Job and Family Services (ODJFS) to adopt rules establishing methods for determining reimbursement amounts for covered services. (R.C. 5111.02, not in the bill.) Under current rules, the method for reimbursement of pharmacy services provides for a payment equal to the product cost plus, subject to certain conditions, a dispensing fee. Product cost is based on an estimate of the drug's wholesale acquisition cost determined by a review of pricing information from Ohio drug wholesalers, pharmaceutical manufacturers, and a pharmacy pricing update service. In general, the maximum reimbursement for the product cost of a drug is its wholesale acquisition cost plus 11%. (OAC 5101:3-9-05.) ODJFS has filed a proposed amendment to the rules that would change the maximum reimbursement to wholesale acquisition cost plus 9% effective April 1, 2002.

The bill: Medicaid pharmacy services for nursing home residents

(R.C. 5111.082)

The bill prescribes a methodology for state fiscal years 2003 and 2004 for determining the reimbursement amount due a pharmacy provider for services rendered on behalf of a Medicaid recipient who resides in a nursing home. For services rendered in the first quarter of fiscal year 2003 (i.e., from July 1 through September 30, 2003), the provider is to be reimbursed at the rate of the wholesale acquisition cost plus 9% plus any applicable dispensing fee. For services rendered in each remaining quarter of the fiscal years, the provider is to be reimbursed at a rate determined by comparing the provider's average monthly cost of providing the services in the immediately preceding quarter to the statewide average monthly cost of rendering such services on March 31, 2002. If the provider's average monthly cost in the quarter being examined is greater than or equal to the statewide average monthly cost, the provider is to be reimbursed at the wholesale acquisition cost plus 9% plus any applicable dispensing fee. If the provider's average monthly cost is less than the statewide average, the reimbursement is to be at the wholesale acquisition cost plus 11% plus any applicable dispensing fee, and also plus 50% of the difference between the provider's average monthly cost and the statewide average monthly cost figure.

ODJFS must make the comparisons at the end of each quarter during the fiscal years, and must take into consideration changes in the monthly cost of rendering services that are beyond the pharmacy provider's control. The bill specifies that such changes include inflation in the cost of drugs, changes in drug utilization patterns, and changes in the case-mix of nursing home residents receiving pharmacy services. As under the department's existing rule, ODJFS must estimate the wholesale acquisition cost of drugs through periodic review of pricing information from drug wholesalers in the state, pharmaceutical manufacturers, and one or more pharmacy pricing update services.

The bill provides that a pharmacy provider can achieve a reduction in its average monthly cost of rendering services to a Medicaid recipient residing in a nursing home by consulting with the physicians who prescribe drugs to the resident. Such consultations can include recommendations for eliminating unnecessary and duplicative drugs, modifying inefficient drug regimens, and implementing safe and cost-effective drug therapies.

ODJFS is required to adopt rules in accordance with the Administrative Procedure Act to develop and administer the bill's provisions, and must include in the rules standards and procedures for maintaining quality of care while achieving savings in the cost of pharmacy services. The rules also must incorporate all relevant measures of quality used by the Medicaid and Medicare programs with

respect to nursing facility services, including the guidelines and quality indicators used when surveying facilities to determine their eligibility to participate in the programs.

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduction	10-31-01	p. 1074

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