

## Impact of Proposed Pharmacy Dispensing Fee Cuts

- At the first of the year, state leaders called for all health care providers to take a 10 percent cut in their Medicaid rates.
- Pharmacy got a head start on these reductions Sept. 1, 2010, when HHSC mandated a 1 percent cut, and another 1 percent cut Feb. 1, 2011. However, one plus one does not equal two when the Medicaid reimbursement formula is applied. The actual cut in pharmacy reimbursement to date totals a 6.32 percent reduction within six months.
- A \$2 cut has been proposed by the Senate Finance Subcommittee on Medicaid. That equals a 23 percent cut in pharmacy reimbursement from today's rate.
- Pharmacy is facing a disproportionate burden with double the cut other health care providers are facing.
- These cuts are a serious threat to Texas community pharmacies' ability to continue to provide quality pharmacy services to Medicaid recipients.

### Medicaid Fee Cut Example Based on a \$75 Prescription

#### Pharmacy reimbursement as of Sept. 1, 2007

$(\$75 + \$7.50) / .98 = \$84.18$  [Fee was \$9.18]

#### Implemented 2% reduction(current rate) = **6.3% cut**

$(\$75 + 7.35) / .985 = \$83.60$  [Fee is currently \$8.60]

#### Proposed \$2 cut = **23% cut from current rate**

$\$75 + \$5.35 / .985 = \$81.57$  [Fee would be lowered to \$6.57]