



# Louisiana Department of Health Stakeholder Meeting

*Informational Meeting for the  
Pharmacy Cost of Dispensing Survey*



**MYERS AND  
STAUFFER**<sub>LC</sub>  
CERTIFIED PUBLIC ACCOUNTANTS

July 15, 2024

# Meeting Purpose

## Introductions

Provide cost  
of dispensing  
survey  
background  
and objectives

## Survey Overview

Provide overview  
of survey  
timeline and draft  
survey  
instrument

## Engagement

Provide framework  
for provider  
interaction &  
feedback  
opportunities



# MYERS AND STAUFFER LC

## ABOUT US



We are a public accounting firm with multiple engagement teams providing diverse services to state and federal agencies managing government-sponsored health care programs.

## OUR MISSION



We are dedicated to delivering Medicare and Medicaid expertise with exceptional service.

## WEBSITE



<https://www.myersandstauffer.com/>

# MYERS AND STAUFFER Pharmacy Practice

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## Cost of Dispensing Surveys

Since 1977, Myers and Stauffer has conducted more than 100 pharmacy COD survey projects in more than 30 states. We have reviewed and processed more than 40,000 pharmacy COD surveys.

## Ingredient Costs

Myers and Stauffer pioneered the actual acquisition cost (AAC) methodology. We have been the sole contractor to CMS to develop and maintain the NADAC. Myers and Stauffer maintains state AAC benchmarks for the Medicaid programs of several states.

## COD SURVEY BACKGROUND

- LDH has contracted with Myers and Stauffer to perform the current cost of dispensing survey. Myers and Stauffer previously performed a cost of dispensing survey for LDH in 2014 and 2021.
- The purpose of the cost of dispensing survey is to determine the cost of dispensing prescriptions to Louisiana Medicaid participants in order to properly evaluate an appropriate professional dispensing fee or fees.
- Federal regulations at 42 CFR § 447.518(d) require that when states propose changes to either the ingredient cost or professional dispensing fee, states must consider both to ensure that total reimbursement to the pharmacy provider is in accordance with requirements of section 1902(a)(30)(A) of the Social Security Act (i.e., requirements to ensure sufficient access to services). States must rely on state or national survey data as the basis for the professional dispensing fee.

## COD SURVEY BACKGROUND

### **“Professional dispensing fee means the fee which —**

- (1) Is incurred at the point of sale or service and pays for costs in excess of the ingredient cost of a covered outpatient drug each time a covered outpatient drug is dispensed;
- (2) Includes only pharmacy costs associated with ensuring that possession of the appropriate covered outpatient drug is transferred to a Medicaid recipient. Pharmacy costs include, but are not limited to, reasonable costs associated with a pharmacist’s time in checking the computer for information about an individual’s coverage, performing drug utilization review and preferred drug list review activities, measurement or mixing of the covered outpatient drug, filling the container, beneficiary counseling, physically providing the completed prescription to the Medicaid beneficiary, delivery, special packaging, and overhead associated with maintaining the facility and equipment necessary to operate the pharmacy; and
- (3) Does not include administrative costs incurred by the State in the operation of the covered outpatient drug benefit including systems costs for interfacing with pharmacies.”<sup>1</sup>

<sup>1</sup> See 42 CFR § 447.502.



# Overview of the COD Survey Process

## Independent & Local Pharmacy Distribution

- Survey forms will be sent to all pharmacies enrolled in the Louisiana Medicaid pharmacy program on August 7, 2024.
- Survey forms will be sent by postal mail to the address received from LDH and via email to those providers for whom we are able to obtain an email address.
- Myers and Stauffer strongly encourages pharmacies to respond in an electronic format (Microsoft Excel). Pharmacies can request the Excel version through the help desk ([disp\\_survey@mslc.com](mailto:disp_survey@mslc.com)) or through the website (<https://myersandstauffer.com/client-portal/louisiana/>).
- The Excel version requests the same information as the paper version of the COD survey.
- The Excel version will help with calculating totals and performing basic error checks.

## “Local Pharmacy”

- According to RS 46:460.36(3) "Local Pharmacy" means any pharmacy, domiciled in at least one Louisiana parish that meets both of the following criteria:
  - (a) Contracts with the managed care organization or the managed care organization's contractor in its own name or through a pharmacy services administration organization and not under the authority of a group purchasing organization.
  - (b) Has fewer than ten retail outlets under its corporate umbrella.



# Overview of the COD Survey Process

## Chain Pharmacy Distribution

- A chain pharmacy for the purpose of this survey, is four or more pharmacies under common ownership on a national level.
- Survey forms will be sent to a contact within the chain organization, for those organizations that we have been able to establish a connection.
- Chain organizations will receive a list of all stores enrolled in Louisiana Medicaid for which the chain will need to respond.
- Chains are responsible for reporting for all stores that participate in the Louisiana Medicaid program. Chains should contact Myers and Stauffer if any stores are not included on their list.
- A Microsoft Excel survey form will be available for chains to respond for multiple stores. The Excel version for chain pharmacies is different than the version for independent pharmacies, but collects the same information. Information is reported for each store.

# Overview of the COD Survey Process

- All providers that participate in the LDH Medicaid program should complete the cost of dispensing survey. LDH Medicaid will be using the results of the COD survey to evaluate future reimbursement rates. Please note that pharmacies enrolled in the Louisiana Medicaid program are required to make available and submit information that LDH deems necessary for the efficient operation of the pharmacy program under LA. ADMIN. CODE tit. 50, PART XXIX § 915 (2020).
- Myers and Stauffer help desk will provide assistance to pharmacies to complete the survey (800.374.6858 or [disp\\_survey@mslc.com](mailto:disp_survey@mslc.com))
- Use financial statements or federal income tax return and other pharmacy records (e.g., dispensing logs, payroll records, etc.) to complete the survey.
- Pharmacies should use most recently completed fiscal year for which records are complete (e.g., year ending December 31, 2023 or if not yet available, December 31, 2022).

# Overview of the COD Survey Process

- Some portions of the survey can be completed by Myers and Stauffer if pharmacies send a copy of financial statements or federal income tax returns.
- COD surveys can be completed in an electronic (Excel) format or on paper.
- Pharmacies will be requested to return completed surveys by September 18, 2024.
- Surveys can be returned via email, mail (business reply envelope), or fax.



# COD SURVEY INSTRUMENT

- Myers and Stauffer will create three versions of the COD survey instrument. All versions will require the same information.
  - Paper version that will be sent via postal mail.
  - Excel version for a single location.
  - Excel version for multiple locations.
- A survey needs to be completed for each location.
- All pharmacies are strongly encouraged to complete the Excel version of the COD survey.
  - Responses are more legible.
  - Assists with calculations.
  - Assists with the reconciliation.
  - Easily returned via email to [disp\\_survey@mslc.com](mailto:disp_survey@mslc.com).



## COD SURVEY INSTRUMENT

- Survey tool designed to collect necessary information and meaningful attributes to analyze and evaluate pharmacy dispensing costs.
- Survey tool is intended to collect all pharmacy expenses. Allocations will be made between prescription dispensing activities and other non-prescription dispensing activities.
- Survey tool is designed to be reconciled to internal financial statements or IRS tax documents to ensure that all expenses are included and no expenses are duplicated.



# COD SURVEY INSTRUMENT

## Pharmacy Information (Page 1)

- Provide name, NPI, address, etc.
- Declaration by Owner and Preparer
  - Contact identified will be the first contact if Myers and Stauffer has any questions or needs to verify survey information.
- Exemption from filing for new pharmacies or pharmacies that had a change in ownership.
  - Applies to pharmacies that do not have six months of financial information for the most recently completed accounting period.
  - Please contact the Myers and Stauffer help desk to discuss before completing this section.



# COD SURVEY INSTRUMENT

## **Section IA – Pharmacy Attributes (pages 2 and 3)**

- Report fiscal or tax year end date.
  - This period will be used for reporting all overhead expenses, labor expenses, square footage, prescription count, etc.
- Report total prescriptions dispensed.
- Report pharmacy department and total store/facility revenue.
- Report pharmacy department square footage and total store square footage.
- All pharmacies should complete general attribute questions (c) through (n).
- Pharmacies that dispense medication in customized patient medication packaging complete (o) through (q).
- Pharmacies that deliver, do mail order, dispense specialty medications, or do compounding services, complete (r) through (v).





# COD SURVEY INSTRUMENT

## **Section IC Pharmaceutical Product Breakdown (page 4)**

- If a pharmacy answers yes to question (u) in Section IA, the pharmacy should provide a breakdown of the specialty and non-specialty products dispensed in the pharmacy(s).
- Totals reported on page 4 must reconcile to number of prescriptions dispensed and sales reported on page 2, lines (a) and (b).
- Additional questions for specialty pharmacies.



# COD SURVEY INSTRUMENT

## **Section IIA - Personnel Costs (page 5, instructions page 6)**

- Report all personnel costs for the store/facility.
- Owner/pharmacists and owner/non-pharmacists should be reported separately and include all bonuses and draws.
- Owner salaries are reviewed for reasonableness.
- Estimate of Full Time Equivalent employees (FTEs).
- Estimate percent of time spent conducting: Dispensing Activities, Other RX Related Duties, MTM/Vaccine Administration/Clinical Services and Non-RX Related Duties.
- Include pension and profit sharing and other employee benefits.
- Page 6 includes additional instructions to assist with completing the personnel cost page.



# COD SURVEY INSTRUMENT

## **Section IIB – Overhead Expenses (pages 7 and 8)**

- All overhead expenses should be reported.
- Page 7 contains many commonly reported expenses along with references to 2023 IRS tax forms.
- Page 8 allows pharmacies to report any additional expenses and provide a description.
  - Provide a description that allows Myers and Stauffer to classify the expense.
- Pharmacies can send a copy of their financial statements or federal tax return (with supporting schedules) and Myers and Stauffer LC will complete pages 7 – 9.



# COD SURVEY INSTRUMENT

## **Section III-Reconciliation (page 9)**

- The reconciliation ensures that all expenses on financial statements or tax return have been included (and that none have been duplicated).
- List any expenses not on survey or any expenses that were not on financial statements to complete reconciliation.
- If you opt to send financial statements or a tax return, Myers and Stauffer LC will complete this section.
- The Excel version of the survey will assist with the reconciliation calculations.

## COD Survey Review Process

- Myers and Stauffer staff will review all submitted surveys and contact pharmacies if there are any questions.
- Pharmacies are strongly encouraged to use the Excel version of the COD survey which is more legible and assists with calculations, reducing the need to contact pharmacies to verify information.
- A random sample of pharmacies will be selected for additional review procedures (i.e., submission of supporting documentation such as financial statements, prescription logs, store blueprints or diagrams).

# COD Survey Analysis and Report

- Myers and Stauffer will calculate the cost of dispensing at each pharmacy.
- Myers and Stauffer will calculate statistics to measure the average cost of dispensing for all pharmacies enrolled in Louisiana Medicaid. Various statistical breakdowns of interest will be provided to LDH.
- Methodology and findings of the survey will be described in a report to LDH. The report will only include survey information in an aggregate format.
- All submitted information will be kept strictly confidential by Myers and Stauffer and LDH.



# QUESTIONS

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Stakeholder feedback due:  
Friday, July 26, 2024

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*Feedback or questions:*  
1-800-374-6858 -or-  
[disp\\_survey@mslc.com](mailto:disp_survey@mslc.com)





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