

Individual State Agency Fiscal Note

Bill Number: 3000 HB	Title: Pharmacy reimbursement rates	Agency: 300-Dept of Social and Health Services
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

Estimated Expenditures from:

Non-zero but indeterminate cost. Please see discussion.

Estimated Capital Budget Impact:

	2009-11		2011-13		2013-15	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Acquisition	0	0	0	0	0	0
Construction	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total \$	\$0	\$0	\$0	\$0	\$0	\$0

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Erik Cornellier	Phone: 360-786-7116	Date: 01/20/2010
Agency Preparation:	Arnel Blancas	Phone: 360-902-8183	Date: 02/05/2010
Agency Approval:	Ken Brown	Phone: 360-902-7583	Date: 02/05/2010
OFM Review:	Nick Lutes	Phone: 360-902-0570	Date: 02/05/2010

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Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 2 directs the Department of Social and Health Service (DSHS) to adjust pharmacy reimbursement rates so that pharmacy reimbursements are not reduced as a result of the reduction in published average wholesale prices that resulted from the legal settlement in New England Carpenters Health Benefits Fund v. First Data Bank, Inc.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

This bill would have an indeterminate fiscal impact on DSHS.

The national rollback that is referred to in the bill effected a change in the ratio between two manufacturer price points published in national drug files. At present, the Department's analysis does not show that these changes resulted in a reduction in reimbursement to our pharmacy providers.

If this bill requires a change to the AWP discount, the financial impact would be sized on the basis of how much the discount would be changed. According to recent estimates, based on SFY 09 drug prices, the impact of each percent point change in the AWP discount for the 2009-11 Biennium would be \$3,681,000. Moving from AWP minus 16 percent to AWP minus 12 percent would increase pharmacy expenditures \$14,724,000. Increased expenditures would be estimated at \$7,273,000 in SFY2010 and \$7,451,000 in SFY2011. However, AWP's change frequently and prices have increased since the date of those estimates.

Attached is a small sample of product AWP pricing before and after the rollback on 9/26/09. Of the 54 products showing, 49 increased their AWP in the months prior to the rollback, and 51 of the 54 increased their AWP by up to 38.90% following the rollback. See attachment "10 HB 3000 Pharmacy Reimbursement Rates.xlsx" for the prices just before the rollback as compared to current prices.

Any changes to pharmacy reimbursement rates would require Pharmacy Point of Sale (POS) changes. Depending upon details, changes could require a change request to the Pharmacy POS vendor. This change request could take several months to complete and test and would likely result in a systems cost. Determination of that cost would require additional information.

Part III: Expenditure Detail

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

None.

HB 3000-R Pharmacy Reimbursement Rates

PRODUCT	AWP		% Change
	9/25/2009	1/5/2010	
XENICAL® (orlistat) Capsules, 120mg	\$ 3.86	\$ 4.44	15.00%
ACTIVASE® 100mg vial	\$ 4,509.16	\$ 4,779.71	6.00%
ACTIVASE® 50mg vial	\$ 2,254.57	\$ 2,389.85	6.00%
ANAPROX® (naproxen sodium) Tablets, 275 mg	\$ 2.03	\$ 2.33	15.00%
ANAPROX® DS (naproxen sodium) Tablets, 550 mg	\$ 3.16	\$ 3.63	15.00%
BONIVA® (ibandronate sodium) Injection, PFS 3mg/3mL	\$ 494.17	\$ 504.06	2.00%
CATHFLO® ACTIVASE® 2mg vial	\$ 101.99	\$ 106.33	4.26%
CELLCEPT® (mycophenolate mofetil) Capsules, 250 mg, Bottle of 100	\$ 4.65	\$ 5.11	9.90%
CELLCEPT® (mycophenolate mofetil) Capsules, 250 mg, Bottle of 500	\$ 4.65	\$ 5.11	9.90%
CELLCEPT® (mycophenolate mofetil) Tablets, 500 mg, Bottle of 100	\$ 9.30	\$ 10.22	9.90%
CELLCEPT® (mycophenolate mofetil) Tablets, 500 mg, Bottle of 500	\$ 9.30	\$ 10.22	9.90%
CELLCEPT® CAPSULES (mycophenolate mofetil) Capsules, 250 mg	\$ 4.65	\$ 5.11	9.90%
CELLCEPT® IV (mycophenolate mofetil hydrochloride) Vial, 500 mg (20mL glass vial)	\$ 59.17	\$ 65.03	9.90%
CELLCEPT® ORAL SUSPENSION (mycophenolate mofetil) Bottle, 200mg/mL	\$ 4.38	\$ 4.81	9.90%
CIV KLONOPIN® (clonazepam) Tablets, 0.5 mg	\$ 1.51	\$ 1.74	15.00%
CIV KLONOPIN® (clonazepam) Tablets, 1 mg	\$ 1.73	\$ 1.98	15.00%
CIV KLONOPIN® (clonazepam) Tablets, 2 mg	\$ 2.39	\$ 2.75	15.00%
CIV VALIUM® (diazepam) Tablets, 10 mg, Bottle of 100	\$ 4.80	\$ 6.07	26.38%
CIV VALIUM® (diazepam) Tablets, 10 mg, Bottle of 500	\$ 4.79	\$ 6.05	26.39%
CIV VALIUM® (diazepam) Tablets, 2 mg, Bottle of 100	\$ 1.83	\$ 2.32	26.39%
CIV VALIUM® (diazepam) Tablets, 5 mg, Bottle of 100	\$ 2.85	\$ 3.60	26.38%
CIV VALIUM® (diazepam) Tablets, 5 mg, Bottle of 500	\$ 2.84	\$ 3.59	26.39%
COPEGUS® (ribavirin, USP) Tablets, 200mg	\$ 13.21	\$ 15.19	15.00%
CYTOVENE® IV (ganciclovir sodium) Vials, 500 mg	\$ 70.49	\$ 81.06	15.00%
EC NAPROSYN® (naproxen) Tablets, 375 mg	\$ 1.56	\$ 1.79	15.00%
EC NAPROSYN® (naproxen) Tablets, 500 mg	\$ 1.90	\$ 2.19	15.00%
Klonopin® (clonazepam) Tablets, 0.5 mg, 10,000 EA.	\$ 1.33	\$ 1.69	26.39%
Klonopin® (clonazepam) Tablets, 1 mg, 10,000 EA.	\$ 1.52	\$ 1.92	26.38%
NAPROSYN® (naproxen) Suspension, 125 mg/5 mL	\$ 0.14	\$ 0.16	15.00%
NAPROSYN® (naproxen) Tablets, 250 mg	\$ 1.28	\$ 1.47	15.00%
NAPROSYN® (naproxen) Tablets, 375 mg	\$ 1.65	\$ 1.89	15.00%
NAPROSYN® (naproxen) Tablets, 500 mg	\$ 2.01	\$ 2.31	15.00%
Nutropin AQ Pen® Cartridge -2 ML (5 mg/mL)	\$ 354.93	\$ 379.78	7.00%
Nutropin AQ Pen® Cartridge -20 mg/2 mL (10 mg/mL)	\$ 709.86	\$ 759.55	7.00%
Nutropin AQ® 2 ML (5 mg/mL) snl vial crtn	\$ 354.93	\$ 379.78	7.00%
Nutropin® 10 mg (1 x 10 mg w/diluent)	\$ 723.24	\$ 784.70	8.50%
Nutropin® 5 mg (1 x 5 mg w/diluent)	\$ 361.62	\$ 392.35	8.50%
PEGASYS® (peginterferon alfa-2a) VIAL, 1mL Vials 1x2mL Vial 180mcg/mL	\$ 589.12	\$ 633.30	7.50%
PEGASYS® PREFILLED SYRINGES MONTHLY CONVENIENCE PACK (peginterferon alfa-2a)	\$ 2,356.46	\$ 2,533.20	7.50%
Pulmozyme® 30 ampule (2.5 ml per amp) carton	\$ 27.70	\$ 29.64	7.00%
ROCEPHIN® (sterile ceftriaxone sodium) Vials, 1 gm Box of 1	\$ 55.22	\$ 63.50	14.99%
ROCEPHIN® (sterile ceftriaxone sodium) Vials, 1 gm Box of 10	\$ 53.92	\$ 62.01	15.00%
ROCEPHIN® (sterile ceftriaxone sodium) Vials, 500 mg, Box of 1	\$ 32.84	\$ 37.78	15.04%
ROCEPHIN® (sterile ceftriaxone sodium) Vials, 500 mg, Box of 10	\$ 31.52	\$ 36.24	15.00%
ROMAZICON® (flumazenil) Vials, 10 mL, (0.1mg/mL)	\$ 17.39	\$ 19.99	15.00%
ROMAZICON® (flumazenil) Vials, 5 mL, (0.1mg/mL)	\$ 21.86	\$ 25.13	15.00%
Symlin® (pramlintide acetate) 5.0 mL (0.6 mg/mL) Vial	\$ 37.74	\$ 37.74	0.00%
SymlinPen® 120 (pramlintide acetate) pen-injector 1000 mcg/mL, 2.7 mL	\$ 56.73	\$ 56.73	0.00%
SymlinPen® 60 (pramlintide acetate) pen-injector 1000 mcg/mL, 1.5 mL	\$ 56.79	\$ 56.79	0.00%
Valium® (diazepam) Tablets, 10 mg, 15,000 EA.	\$ 4.02	\$ 5.59	38.90%
Valium® (diazepam) Tablets, 2 mg, 10,000 EA.	\$ 1.54	\$ 2.14	38.90%
Valium® (diazepam) Tablets, 5 mg, 15,000 EA.	\$ 2.38	\$ 3.31	38.90%
XELODA® (capecitabine) Tablets, 500mg	\$ 25.85	\$ 28.41	9.90%
XELODA® (capecitabine) Tablets, 150mg	\$ 7.76	\$ 8.52	9.90%