PROFESSIONAL DISPENSING FEE SURVEY
INSTRUCTIONS

Survey Overview
Purpose of This Survey
The Pennsylvania Office of Medical Assistance Programs has engaged Mercer Government Human Services Consulting (Mercer), part of Mercer Health & Benefits LLC, to conduct a survey of Medicaid-enrolled providers to better understand and determine the approximate cost of dispensing prescription drugs to Medicaid beneficiaries in Pennsylvania.

The OMAP collaborated with Mercer to develop the COD survey for pharmacy providers in Pennsylvania. Participation in the survey is mandatory in accordance with the provisions in 55 Pa Code § 1101.51, Ongoing responsibilities of providers, and the Commonwealth of Pennsylvania, Department of Human Services, Provider Agreement for Pharmacy and Medical Suppliers. Your responses will be a significant component in understanding and approximating the cost to dispense prescription medications to Pennsylvania Medicaid beneficiaries. Submit any questions about this survey via email to CODSurvey@mercer.com or call the Pharmacy Survey Hotline at 1-844-294-9982.

Who Should Participate
All Pennsylvania Medicaid-enrolled providers that have billed covered outpatient drugs to Medicaid should participate.

How to Submit Completed Surveys
• Surveys may be completed online at https://survey.mercer.com/PA2016PDFS.aspx by September 2, 2016.
  A username and password for the online tool will be mailed to providers with 3 or fewer locations separately. Providers may call 1-844-294-9982 for assistance with the assigned password.
• For providers with multiple locations, or if the provider is unable to submit the survey information online, he or she may access, download, fill out, and email the completed Microsoft Excel version of the survey to CODSurvey@mercer.com.
• The survey must be received no later than Friday, September 2, 2016.

Average Professional Dispensing Fee Calculation
The survey is created using Medicare and Medicaid cost principles as defined in 42 CFR 200.400–475, but is governed by the definition of a professional dispensing fee as defined in 42 CFR 447.502:

• Professional dispensing fee means the professional 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 beneficiary. 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 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
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.

To calculate the portion of costs allocable to a professional dispensing fee, costs are categorized as direct pharmacy expenses, direct non-pharmacy expenses, indirect costs (overhead) and unallowable costs. Indirect costs are then allocated into direct pharmacy expenses or direct non-pharmacy expenses by either a percentage of square footage (for facility costs) or a percentage of sales (for non-facility costs). The average dispensing fee is calculated as the direct pharmacy expenses plus the allocated indirect expenses divided by the number of scripts.

Section I — Pharmacy Profile
The purpose of the Pharmacy Profile is to report provider-specific information used for identification and for statistical categorization. Providers that have multiple locations should enter the information for the location that serves as their administrative location.

1 — Pharmacy MA Identification Number
Enter the 13-digit Pennsylvania Medicaid identification number.

2 — National Provider Identifier (NPI)
Enter the pharmacy’s primary NPI.

3 — Pharmacy License Number
Enter the Pennsylvania pharmacy license number.

4 — Provider Name
Enter the name of the Pennsylvania Medicaid provider.

5–9 — Address (Street, City, State, ZIP Code)
Enter the street address, suite or second address (if applicable), address suite or mail stop, city, state, and nine-digit ZIP code where the provider is located. If the four-digit extension of the ZIP code is unknown, enter 0000; do not use dashes or spaces.

10 — Contact Person
Enter the name of the individual to contact if there are any questions about the survey responses.

11 — **Contact Person Email**
Enter an email address where the contact person may be reached.

12 — **Telephone Number**
Enter the telephone number, including area code, where the contact person may be reached.

13 — **Fax Number**
Enter the fax number, including area code, for the contact person.

14 — **340B Program Participation**
Indicate whether or not the provider dispenses drugs under the 340B Drug Pricing Program. Drugs dispensed under this program are reduced price outpatient drugs provided by drug manufacturers to eligible health care organizations or covered entities with disproportionately high Medicaid populations.

15 — **Type of Ownership**
Indicate the type of ownership (e.g., independent, franchise, chain or other).

16 — **Change of Ownership**
Indicate whether or not there was a change in pharmacy ownership during the reporting period.

17 — **Date of Ownership Change**
If the answer to 16 was “yes” indicating there was a change in pharmacy ownership during the reporting period, enter the date of the ownership change in MM/DD/YYYY format.

18 — **Open for the Entire Year**
Indicate whether or not the pharmacy was open the entire year.

19 — **Provider Type**
Select the provider type from the following list. If more than one provider type applies, select the type that represents the provider’s highest percentage of sales.

- **Independent Retail Pharmacy** — A provider whose ownership group(s) owns three or fewer locations in which pharmacists store, prepare and dispense medicinal preparations and/or prescriptions for a local Medicaid beneficiary population in accordance with federal and state law; council Medicaid beneficiaries and caregivers (sometimes independent of the dispensing process); and provide other professional services associated with pharmaceutical care, such as health screenings, consultative services with other health care providers, collaborative practice, disease state management and education classes.
- **Chain Community/Retail Pharmacy** — A provider whose ownership group(s) owns four or more locations in which pharmacists store, prepare and dispense medicinal preparations and/or prescriptions for a local Medicaid beneficiary population in accordance with federal and state law; council Medicaid beneficiaries and caregivers (sometimes independent of the dispensing process); and provide other professional services associated with pharmaceutical care, such as health screenings, consultative services with other health care providers, collaborative practice, disease state management and education classes.

- **Clinic/Outpatient Pharmacy** — A provider in a Clinic or Hospital outpatient setting who dispenses medications to outpatient Medicaid beneficiaries.

- **Compounding Pharmacy** — A provider that specializes in the preparation of components into a drug preparation as the result of a practitioner's prescription drug order or initiative based on the practitioner/Medicaid beneficiary/pharmacist's relationship in the course of professional practice, or when a Medicaid beneficiary's need cannot be met by commercially available drugs. (A compounding provider utilizes specialized equipment and specially designed facilities necessary to meet the legal and quality requirements of its scope of compounding practice.)

- **Federally Qualified Health Center (FQHC)/Rural Health Center (RHC)** — A site other than a pharmacy that dispenses medicinal preparations under the supervision of a physician to patients for self-administration. (i.e., physician offices, Emergency Room, Urgent Care Centers, Rural Health Facilities, etc.).

- **Home Infusion Pharmacy** — A provider with expertise in sterile drug compounding that provides care to Medicaid beneficiaries with acute or chronic conditions pertaining to parenteral administration of drugs, biologics and nutritional formulae administered through catheters and/or needles in home and alternate sites. (Extensive professional provider services, care coordination, infusion nursing services, supplies and equipment are provided to optimize effectiveness and compliance.)

- **Long-Term Care (LTC) Pharmacy** — A provider that dispenses medicinal preparations delivered to Medicaid beneficiaries residing in an Intermediate or Skilled Nursing Facility, including Facilities for the Developmentally Disabled, Hospices, Assisted Living Facilities, Group Homes and other forms of congregate living arrangement.

- **Specialty Pharmacy** — A provider who dispenses generally low-volume and high-cost medicinal preparations to Medicaid beneficiaries who are undergoing intensive therapies for illnesses that are generally chronic, complex and potentially life threatening. (Often, these therapies require specialized delivery and administration, but are not previously described.)

**20 Pharmacy Location Type**
Select the location type of the provider from the following list:

- Designated space in a medical office building
- Free standing building
- Designated space in a shopping center
• Embedded in a grocery store/mass merchandiser
• Hospital outpatient
• Other (Please explain in the Comments section)

21 Years at Location
Indicate the number of years a pharmacy has operated at this location. This information is used in demographic analysis of the data. The response allows Mercer to understand depreciation, or lack of depreciation, for older buildings where market-based rent may need to be substituted if a building is fully depreciated.

22 Pharmacist Owner
Indicate whether or not one or more of the pharmacists who fill prescriptions has been an owner of the pharmacy at any time during the reporting period.

23 Hours Pharmacy Department is Open
Enter the number of hours per week the pharmacy department is open. The maximum number of hours is 168 (24 hours x 7 days per week).

Square Footage
Required: Survey responses for this section should use the same time period as reported in the financial information section.

For the purposes of this survey, the prescription area will be defined as the medication receiving, storage, preparation, packaging, sales, and professional service areas, regardless of whether or not the pharmacist is present. Square footage is used to allocate indirect facility costs such as rent, utilities, and real estate taxes between pharmacy and non-pharmacy expenses.

24 Square Footage
Enter the pharmacy department’s square footage as of the end of the reporting period:

a. Prescription area — List the actual square footage of the prescription area. Measure; do not estimate. The prescription area will be defined as the medication receiving, storage, preparation, packaging, sales, and professional service areas, regardless of whether or not the pharmacist is present.

b. Non-prescription area — List the actual square footage of the rest of the pharmacy. Measure; do not estimate.

c. Total square footage (sum of a and b).

SECTION II — Prescription Counts
Required: Survey responses for this section should use the same time period as reported in the financial information section.

25 Scripts
Enter the total number of prescriptions filled by this pharmacy for the following categories during the reporting period:

a. Non-Compounded prescriptions provided to Medicaid beneficiaries paid Fee-For-Service (FFS) and billed directly to the state
b. Compounded prescriptions provided to Medicaid beneficiaries paid FFS and billed directly to the state
c. Non-Compounded prescriptions provided to Medicaid beneficiaries paid by MCOs using the BIN/PCN table below
d. Compounded prescriptions provided to Medicaid beneficiaries paid by MCOs using the BIN/PCN table below
e. Medicare Parts B, C and D-paid prescriptions (If available)
f. PACE paid prescriptions (If available – see BIN/PCN below)
g. All other prescriptions (not Medicaid or Medicare)
h. Total prescriptions (sum of a–g)

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<tr>
<th>Name</th>
<th>BIN</th>
<th>PCN</th>
<th>Additional</th>
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<tbody>
<tr>
<td>Pennsylvania FFS Medicaid</td>
<td>600760</td>
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</tr>
<tr>
<td>Aetna Better Health (Managed by CVS Caremark)</td>
<td>610591</td>
<td>ADV</td>
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<tr>
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<tr>
<td>United Healthcare Community Plan</td>
<td>610494</td>
<td>9999</td>
<td>Group: ACUPA</td>
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<tr>
<td>UPMC for You (Pharmacy Dept. 800-396-4139) Express Scripts</td>
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<td>A4</td>
<td>Group: PMDM</td>
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<tr>
<td>PA PACE</td>
<td>002286</td>
<td>0000102286 or 0000682201</td>
<td></td>
</tr>
</tbody>
</table>

26. Enter the number of prescriptions delivered during the reporting period.

27. Enter the number of Medicaid prescriptions delivered to Medicaid beneficiaries.
SECTION III — 340B DRUG PRICING PROGRAM (340B) PHARMACY INFORMATION

The purpose of the 340B Drug Pricing Program (340B) Pharmacy Information section is to better understand the provider’s involvement with the 340B program. Provide the following detail regarding which drugs are prescribed under the 340B program and how those drugs are obtained.

28 — Covered Entity
Select whether or not this is a covered entity or contract.

29 — If a Covered Entity, are 340B drugs dispensed to Medicaid Beneficiaries
If 28 was yes, select whether or not the provider dispenses 340B stock to Medicaid FFS or Managed Care (MC) beneficiaries. Refer to the BIN/PCN list on page 6.

30 — If NOT a Covered Entity, does the pharmacy Contract with a Covered Entity?
If 28 was no, select whether or not the provider contracts with a 340B Covered Entity.

31 — If Contracted with a Covered Entity, are 340B drugs dispensed to Medicaid Beneficiaries
If 30 was yes, select whether or not the provider dispenses 340B stock to Medicaid FFS or Managed Care (MC) beneficiaries. Refer to the BIN/PCN list on page 6.
SECTION IV – SPECIALTY DISPENSING INFORMATION

The purpose of the Specialty Dispensing Information section is to better understand the provider’s proportion of scripts and sales related to specialty drug classes. Provide the following detail regarding scripts and revenue received for the following drug classes.

32  Enter the total number of scripts for Blood Factor
33  Enter the total sales of prescription drugs for Blood Factor
34  Enter the total number of scripts for Home Infusion
35  Enter the total sales of prescription drugs for Home Infusion
36  Enter the total number of scripts for all other Specialty Drugs
37  Enter the total sales of prescription drugs for all other Specialty Drugs

SECTION V — FINANCIAL INFORMATION — SALES AND DIRECT EXPENSES

Expenses such as administration, central operating or other general expenses incurred by multiple location pharmacies should be allocated to individual locations. Methods of allocation must be reasonable and conform to generally accepted accounting principles. Explain any allocation procedures used to allocate expenses in the Comments section. Enter the following financial information.

Enter the dates of the reporting period. This should be the provider’s last complete fiscal year and should correspond to the report dates of your financial statements or tax returns:

38  Beginning date range of financial reports
39  Ending date range of financial reports

Sales

Sales are reported for validation and for allocating overhead costs. Percentages of sales in the categories below determine allocation rates for certain administrative costs to the pharmacy department as a cost of dispensing. Enter the following sales information rounded to the nearest dollar.

40  Enter the sales for this location for the following categories:
a. Prescription sales other than over-the-counter sales dispensed by a pharmacist or 340B sales
b. Over-the-counter sales dispensed by pharmacy department
c. Over-the-counter sales dispensed by staff not in pharmacy department
d. Sales of drugs purchased through the 340B program
e. Portion of federal grants attributable to pharmacy, if any
f. Other sales, such as retail sales and services (If amounts exceed 5.0% of total sales, comment on the nature of the other sales and provide more detail.)
g. Total sales (sum of a–f)

Costs and Expenses
Enter the following costs and expenses information. Cost of goods sold information is used for validation purposes only and does not affect the average dispensing fee calculation.

Cost of goods sold (COGS) is used for reference in validating the provider’s responses to his or her financial statements or tax returns, as requested:

a. COGS: Pharmaceuticals (Note: This will not be included in the dispensing fee calculation.)
b. Non-pharmacy COGS

Pharmacy Personnel and Labor Costs
Note: Store costs should be categorized into two distinct areas — direct costs related to pharmacy services, and costs related to non-pharmacy services, including indirect costs related to all product lines. For 43 - 46, include wages only for direct costs for pharmacy services (pharmacy department).

For 43 - 46, round to the nearest whole dollar amount:

• For each employee group, list wages, salary, bonuses and guaranteed payments.
• List payroll taxes to reflect the employer’s share of payroll tax expense.
• List pension/profit-sharing/retirement expenses to include any employer contributions to profit-sharing, pensions or retirement accounts.
• List other employee benefits, such as employer’s contribution toward health insurance.

42 — Dispensing Pharmacist FTEs
Enter the number of Dispensing Pharmacist full-time employees (FTEs) (2,080 hours per year).

For 43–46, enter the sum of salaries, wages, bonuses and guaranteed payments.

43 — Pharmacist Manager (Owner)

44 — Dispensing Pharmacist staff Wages
45 — Pharmacy Department Payroll Taxes

46 — Pharmacy Department Benefits (Including health insurance and pension/profit sharing/retirement expenses)

47 — Pharmacy Department Payroll
Enter the total pharmacy department payroll amount (sum of 43 - 46).

Non-Pharmacy Personnel
Note: Store costs should be categorized into two distinct areas — direct costs related to pharmacy services, and costs related to non-pharmacy services including indirect costs related to all product lines.

48 — Wages, Payroll Taxes, and Benefits for Personnel Directly Attributed to Administrative or Shared Services
Enter wages, payroll taxes and benefits for personnel directly attributed to administrative or shared services.

49 — Non-Pharmacy Department Payroll Taxes

50 — Non-Pharmacy Department Benefits (Including health insurance and pension/profit sharing/retirement expenses)

51 — Non-pharmacy department Payroll
Enter non-pharmacy department payroll (sum of 48–50).

52 — Total Payroll Expense
Enter the total payroll expense (sum of 47 and 51).

Pharmacy Department Expenditures
Do not include ingredient costs in any of the questions in this section.

53 — Prescription Containers, Labels and Other Pharmacy Supplies
Enter the costs of the prescription containers, labels and other pharmacy supplies in whole dollar amounts.

54 — Professional Liability Insurance for licensed personnel.
Enter the costs of the professional liability insurance for pharmacists and other licensed personnel in whole dollar amounts.

55 — Pharmacy Department Licenses, Permits and Fees
Enter the costs of the pharmacy department licenses, permits and fees in whole dollar amounts.
56 — Dues, Subscriptions and Continuing Education for the Pharmacy Department
Enter the costs of the dues, subscriptions and continuing education for the pharmacy department in whole dollar amounts.

57 — Delivery Expenses
Enter the costs of prescription-related delivery expenses in whole dollar amounts.

58 — Uncollected Copays for Medicaid Recipients
Enter the costs of uncollected copayments from Medicaid recipients, in whole dollar amounts.

59 — Other Bad Debts for Prescriptions
Enter the costs of any bad debts for prescriptions, excluding uncollected copayments reported in 58, in whole dollar amounts.

60 — Computer System Costs Related Only to the Pharmacy department
Enter the costs of the computer system costs, not including depreciation, related only to the pharmacy department in whole dollar amounts.

61 — Depreciation — Directly Related to Pharmacy Department (Including computers, software and equipment)
Enter the costs of depreciation directly related to the pharmacy department, including computers, software and equipment, in whole dollar amounts.

62 — Professional Education and Training
Enter the costs of professional education and training in whole dollar amounts.

63 — Other Pharmacy department-Specific Costs Not Identified Elsewhere
Enter other pharmacy department-specific costs not identified elsewhere in whole dollar amounts. If the amount is greater than 5.0% of total pharmacy department costs (76), attach supporting details in the Comments section.

64 — Total Pharmacy department Non-payroll Costs
Enter the total pharmacy department non-payroll costs in whole dollar amounts (sum of 53 - 63).

SECTION VI — FINANCIAL INFORMATION — OVERHEAD

Facility
Background information is needed to ensure appropriate expenses are captured and to identify potential outliers that require adjustment or exclusion.

65 Owned Facility
Indicate whether or not the provider owns the building.
66 Fully Depreciated
If 65 is yes, indicate whether or not the building is fully depreciated.
Facility Expenses
Allowable facility expenses are allocated to the pharmacy dispensing fee calculation as a percentage of square footage. Enter, in whole dollar amounts, the costs of the following:

67 — Rent
Enter the cost of rent in whole dollar amounts. If the building is owned by the provider, the rent is $0.

68 — Utilities
Enter the cost of utilities (e.g., gas, electric, water and sewer) in whole dollar amounts.

69 — Real Estate Taxes
Enter the cost of real estate taxes in whole dollar amounts.

70 — Facility Insurance
Enter the cost of property, general liability, and other facility insurance costs (but not including professional liability insurance costs or health insurance costs) in whole dollar amounts.

71 — Maintenance and Cleaning
Enter the cost of maintenance and cleaning in whole dollar amounts.

72 — Depreciation Expense
Enter the cost of depreciation expenses (e.g., building, leasehold improvements) in whole dollar amounts.

73 — Mortgage Interest
Enter the mortgage interest in whole dollar amounts.

74 — Other Facility-Specific Costs Not Identified Elsewhere
Enter the other facility-specific costs not identified elsewhere in whole dollar amounts. If the amount is greater than 5.0% of total facility cost (79), attach supporting details in the Comments section of this survey.

75 — Total Facility Costs
Enter the total facility costs (sum of 67–74).

Non-facility overhead Expenses
Allowable other store/location expenses not directly attributed to the pharmacy department are allocated to the pharmacy dispensing fee calculation as a percentage of sales.

76 — Marketing and Advertising
Enter the marketing and advertising costs in whole dollar amounts.
77 — Professional Services
Enter the cost for professional services (e.g., accounting, legal, consulting) in whole dollar amounts.

78 — Telephone and Data Communication
Enter the costs for telephone and data communication in whole dollar amounts.

79 — Transaction Fees/Merchant Fees/Credit Card Fees
Enter the costs for transaction, merchant and credit card fees in whole dollar amounts.

80 — Security Costs
Enter the cost for security systems and monitoring in whole dollar amounts.

81 — Depreciation
Enter the costs for depreciation for all other items, including equipment, furniture and computers, in whole dollar amounts.

82 — Office Supplies
Enter the costs for office supplies in whole dollar amounts.

83 — Other Insurance
Enter the costs for other insurance in whole dollar amounts.

84 — Franchise Fees (If Applicable)
Enter the costs for franchise fees, if applicable, in whole dollar amounts.

85 — Other Interest
Enter the costs for other interest in whole dollar amounts.

86 — Amortization
Enter the costs for amortization in whole dollar amounts.

87 — Charitable Contributions
Enter the amount of charitable contributions for the report period in whole dollar amounts.

88 — Taxes Other Than Real Estate, Payroll, or Sales
Enter the costs for any taxes other than real estate, payroll or sales in whole dollar amounts.

89 — Other Costs Not Included Elsewhere
Enter any other costs not included elsewhere in whole dollar amounts. If the amount is greater than 5.0% of total other store/location costs (103), attach supporting details in the Comments section.

90 — Total non-facility overhead Costs
Enter the total other store/location costs (sum of 76 - 89).

91 — Total Overhead
Enter the total overhead (sum of 75 and 90).

SECTION VII — RECONCILIATION
The Reconciliation section is to verify that all sales, payroll and total expenses are accounted for in the survey response. The survey is designed to capture all of the pharmacy’s income statement accounts, although not all categories will be used to calculate the average cost to dispense. Several line items are included only for verification.

SECTION VIII — COMMENTS
The Comments section is for comments and clarifications. If reporting more than one location, be specific as to which location the comment pertains. If comments are provided in response to a question, be specific as to which question the comment pertains.

Although providers spend time providing value-added services, few providers track the time spent providing such services. Respondents are encouraged to provide information about value-added services and identify time spent on value-added services in this section.

SECTION IX — CERTIFICATION
The Certification section requires the signature of a certifier declaring that he or she has thoroughly examined the survey and cost report and believes the information is true, correct and complete. Printed name and position/title are also required of the certifier.

SECTION X — STATEMENT OF THE PREPARER
This section requires a statement of the preparer if the preparer of the survey and cost report is different than the provider listed on the survey. The preparer’s signature, printed name, position/title and company name is required in this section.