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Subject: Testimony on House Bill 2176

Submitted By: Kelley Melton, Kansas Department of Health and Environment – Division of Health Care Finance, Senior Pharmacy Program Manager

Bill Description: KDHE appreciates the opportunity to give testimony on HB 2176, Prescription drug fill and refills. This act addresses prescription drug copays and medication synchronization.

Agency/Program Impact:

Section 1(a) should have no impact on the KanCare MCOs, as they have $0 copays. For Kansas Medicaid fee-for-service, patients do have $3 copays. This would require the patient to pay prorated copays if they received less than a 30-day supply.

There could be a very minimal fiscal impact to fee-for-service Medicaid. The patient's copay is deducted from the final amount that we owe the pharmacy for a claim, so if the patient's copay were reduced, we would have to pay slightly more for the claim.

Section 1(b) allows for medication synchronization. This is a process in which, for patient who has to make multiple trips to the pharmacy in a month, the pharmacy coordinates all of their medication refill dates such that all medications are refilled on the same schedule.

Currently, our policy does not allow for overriding of refill-too-soon codes for the purposes of medication synchronization. But, the only way the pharmacy could be penalized for overriding an early refill would be through pharmacy audits. If we were to alter our policy to allow for early refill for purposes of medication synchronization, we would probably see less money recouped from pharmacy audits related to refill-too-soon overrides. However, those costs may be offset by better patient compliance with medications and associated lowered medical costs. Also, a large part of the potential impact depends on how the KanCare MCOs currently handle their pharmacy audits: they may have some degree of leniency around allowing early refill for medication synchronization for compliance benefits, in which case, we are already following this proposal in practice.

Section 1(c) would require that insurers pay pharmacies the entire dispensing fee for a claim, regardless of the days' supply associated with the claim (i.e. whether the patient fills a 30-day supply once a month, or four 7-day supplies per month, the pharmacy would receive our full $3.40 dispensing for each claim).

Although we do not endorse this practice, our system currently pays the $3.40 dispensing fee for each claim. We have a few providers who will attempt to 'game' the system by dispensing claims weekly instead of monthly, but in the past, we have reached out to them on an individual basis to correct the issue. However, if this practice were tacitly sanctioned by law, we could see an increase in providers billing this way, which could

have a fairly significant fiscal impact.

While KDHE understands there may be fiscal impacts associated with Sections 1(a) and (b), we see the language in Section 1(c) as potentially the most problematic. If possible, we would want stipulations that this practice should only be used for medication synchronization (or other such patient convenience/compliance reasons) and not for routine dispensing of maintenance medications. Ideally, language supporting our right to audit and recoup claims from providers who routinely dispense scripts for smaller quantities (when full supplies could be dispensed) should be included in a final version of the bill.