

Utah Department of Health & Human Services

Survey of the Average Cost of Dispensing a
Medicaid Prescription in the State of Utah

September 2023





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- Exhibit 1 Utah Department of Health & Human Services Pharmacy Cost of Dispensing Survey – Survey Form
- Exhibit 2a Informational Letter from the Utah Department of Health & Human Services Regarding Pharmacy Cost of Dispensing Survey (Independent Pharmacies)
- Exhibit 2b Informational Letter from the Utah Department of Health & Human Services Regarding Pharmacy Cost of Dispensing Survey (Chain Pharmacies)
- Exhibit 3 Informational Meeting Flyer (Independent and Chain Pharmacies)
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- Exhibit 6 Table of Inflation Factors for Cost of Dispensing Survey
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Chapter 1: Executive Summary

Introduction

Under contract to the Utah Department of Health & Human Services (DHHS), Myers and Stauffer LC performed a survey of pharmacy cost of dispensing. The cost of dispensing survey followed the methodology and used a survey instrument similar to those used by Myers and Stauffer in Medicaid pharmacy engagements in several other states including in 2016 for Utah Medicaid. The methodology was consistent with guidelines from the Centers for Medicare and Medicaid Services (CMS) regarding the components of pharmacy cost that are appropriately reimbursed by the professional dispensing fee used within a state Medicaid fee-for-service pharmacy program.

To determine the pharmacies which would be included within the survey process, Myers and Stauffer obtained from DHHS a list of pharmacy providers currently enrolled in the Utah Medicaid pharmacy program. According to the provider list, there were 567 pharmacy providers that were enrolled in the Utah Medicaid program. Each of the 567 enrolled pharmacies were requested to submit survey information for this study.

For each cost of dispensing survey that was submitted, Myers and Stauffer performed desk review procedures to test completeness and accuracy of the submitted information. There were 433 pharmacies which filed cost surveys that could be included in the cost of dispensing analysis. Myers and Stauffer applied pharmacy-specific cost-finding algorithms to the submitted survey data in order to calculate the average cost of dispensing at each pharmacy. The results from all pharmacies participating in the survey were subjected to statistical analysis and various measures of average (mean and median) cost of dispensing were calculated for all pharmacies and for various categories of pharmacies.

Summary of Findings

Based on the survey for pharmacies participating in the Utah Medicaid program, the mean cost of dispensing, weighted by Medicaid prescription volume, was \$11.57 per prescription for all pharmacies including specialty pharmacies.¹ For non-specialty pharmacies only, the mean cost of dispensing, weighted by Medicaid prescription volume, was \$11.24 per prescription. Table 1.1 summarizes these and selected additional measures of pharmacy cost of dispensing derived from the survey results including measurements based on both means and medians.

¹ For purposes of this report, "specialty" pharmacies are those pharmacies that reported sales for intravenous, home infusion, clotting factor and/or other specialty services of 30 percent or more of total prescription sales. Within their survey responses, pharmacies were allowed to rely upon their own methods for categorizing products as "specialty" for the reporting of sales and summary counts of prescriptions dispensed.



Table 1.1 Cost of Dispensing for Utah Pharmacies

	All Pharmacies Inclusive of Specialty	Non-specialty Pharmacies Only
Pharmacies Included in Analysis	433	382
Unweighted Mean (Average) ^A	\$81.77	\$13.19
Weighted Mean (Average) ^{A,B}	\$11.57	\$11.24
Unweighted Median ^A	\$11.29	\$10.62
Weighted Median ^{A,B}	\$9.27	\$9.21

^A Inflated to common point of December 31, 2022 (midpoint of year ending June 30, 2023).

^B Weighted by Medicaid prescription volume.

Conclusions

Cost of Dispensing Trends

The results of the current cost of dispensing survey performed for DHHS do not indicate significant changes in the average cost of dispensing for pharmacies in Utah since the last survey was performed in 2016. The 2016 Utah survey indicated an unweighted median cost of dispensing for all pharmacies of \$11.28 per prescription and a median, weighted by Medicaid prescription volume, of \$10.28 per prescription for all pharmacies. The corresponding values from the current survey do not reflect a significant change from those amounts. In fact, the various measures of the mean and median cost of dispensing observed in the current cost of dispensing survey are within the range of the current professional dispensing fees paid by Utah Medicaid (i.e., \$9.99 for pharmacies in urban areas, \$10.15 for pharmacies in rural areas and \$9.99 for pharmacies located out of state).

The vast majority of pharmacies which submitted data for the current survey reported expenses and other pharmacy information for a fiscal year period which included all or most of calendar year 2022. For the past several years the national economic conditions have been impacted by the COVID-19 pandemic and the associated Public Health Emergency. Significant inflationary pressures have been noted in economic data in recent years and have undoubtedly impacted labor and overhead expenses incurred by pharmacies. However, the impact of those inflationary pressures does not appear to have had a pronounced effect on the average cost of dispensing in Utah pharmacies as measured on a per prescription basis. While some input costs increased over this time period, other factors, including increased efficiencies associated with dispensing prescriptions, restrained the increase in the cost of dispensing, *on a per prescription basis*.

Notably, the current survey had a significantly higher response rate than the 2016 survey (a 45.4 percent response rate in 2016 as compared to a response rate of 77.7 percent for the current survey). The number of surveys received from pharmacies associated with chain organizations was approximately double in the current survey as compared to 2016. Further, it was noted that various measures of the average prescription volume for pharmacies responding to the survey increased markedly in the current survey. For example, the median prescription volume for all



responding pharmacies increased from approximately 54,000 prescriptions annually in the 2016 survey to approximately 85,000 prescriptions annually in the current survey, or a 57 percent increase. Changes in prescription volume, whether attributed to differences in survey response rates or changes in pharmacy operations, can have a significant impact in mitigating observed increases in the average cost of dispensing on a per prescription basis even if the actual costs that pharmacies incur have increased due to inflation.

Professional Dispensing Fee Options

Federal regulations at 42 CFR § 447.518(d) require that when states propose changes to either the ingredient portion of pharmacy reimbursement or the professional dispensing fee for their FFS Medicaid pharmacy program, states must consider both aspects of reimbursement to ensure that total payments to the pharmacy provider are in accordance with requirements of section 1902(a)(30)(A) of the Social Security Act.² Furthermore, states must provide adequate data, such as an in-state or other survey of retail pharmacy providers, to support any proposed changes to either the professional dispensing fee or ingredient component of the pharmacy reimbursement methodology.

There are several options which DHHS can consider for the professional dispensing fee portion of reimbursement for the pharmacy program. The use of a single professional dispensing fee for all pharmacies represents the simplest reimbursement option and is the most widely used methodology for pharmacy dispensing fees among state Medicaid programs.

Based on the results of the survey of pharmacy cost of dispensing, a single dispensing fee of \$11.57 would reimburse the weighted mean cost of dispensing prescriptions to Utah Medicaid members inclusive of both specialty and non-specialty pharmacies. A single dispensing fee of \$11.24 would reimburse the weighted mean cost of dispensing prescriptions to Utah Medicaid members for non-specialty pharmacies but would not account for the cost of dispensing prescriptions by specialty pharmacies. Other values derived from median measures of the cost of dispensing could also be considered.

The use of a single dispensing fee for all pharmacies represents the simplest reimbursement option and is the most widely used methodology for pharmacy dispensing fees among state Medicaid programs.

As an alternative to a reimbursement methodology based on a single dispensing fee, several states have adopted professional dispensing fee methodologies that either recognize differences in cost among categories of pharmacies or are designed to incentivize a desired behavior. Currently, Utah Medicaid reimburses urban³ pharmacies \$9.99 and rural pharmacies \$10.15. Based on the results of the current survey, the mean weighted by Medicaid volume for urban non-specialty pharmacies was \$11.10 and for rural non-specialty pharmacies \$11.64. The median

² "... to assure that payments are consistent with efficiency, economy, and quality of care and are sufficient to enlist enough providers so that care and services are available under the plan at least to the extent that such care and services are available to the general population in the geographic area..."

³ For measurements that refer to the urban or rural location of a pharmacy, Utah Medicaid defines an urban pharmacy as any pharmacy physically located in Weber, Davis, Utah and Salt Lake counties. All other pharmacies physically located in Utah are designated as rural.



weighted by Medicaid volume for urban non-specialty providers was \$9.07 and for rural non-specialty pharmacies is \$9.27. Notably, these values based on medians are less than the current professional dispensing fees. Given that the current fees are within the range of the various measures of the cost of dispensing, the data could potentially support maintaining the current dispensing fees,

Additionally, in every cost of dispensing survey Myers and Stauffer has performed, including the current 2023 survey as well as studies performed by other parties, the total volume of prescriptions dispensed and the cost of dispensing at an individual pharmacy have been inversely correlated. Some state Medicaid programs have used this relationship as the basis to support a tiered approach to professional dispensing fees associated with a pharmacy's total annual prescription volume. Such an approach to professional dispensing fees has the advantage of setting dispensing fees that are better matched, on average, to an individual pharmacy's cost of dispensing. However, the use of a tiered dispensing fee methodology also creates additional complexity and results in increased administrative burdens for a Medicaid program in order to maintain and update the volume-based tiers. Furthermore, a tiered system based on prescription volume potentially introduces the perception that pharmacies which are more inefficient due to low prescription volume are being rewarded with higher dispensing fees. While a reimbursement methodology that provides higher reimbursement for low volume pharmacies located in isolated rural areas or other areas with access challenges may be perceived as a positive enhancement to the pharmacy program, a similar assignment of a higher dispensing fee to low volume pharmacies in saturated urban markets may not be perceived as meeting program objectives. This report includes average cost of dispensing measurements for tiers based on pharmacy total prescription volume which can be considered in the process of evaluating potential professional dispensing fees for the Utah Medicaid program.

Although state Medicaid agencies are not required to set professional dispensing fees specific to specialty products, this report also includes average cost of dispensing measurements for several categories of specialty pharmacies which can be considered in the process of evaluating professional dispensing fees. The Utah Medicaid program currently reimburses pharmacies for dispensing clotting factor products with a professional dispensing fee of \$716.54. For the current survey, pharmacies which dispensed clotting factor products were identified and grouped in order to calculate an average cost of dispensing. The mean cost of dispensing, weighted by Medicaid volume, was calculated as \$97.53 for this group of six pharmacies. However, this average cost of dispensing is based on the costs associated with filling all prescriptions dispensed by these pharmacies, not just clotting factor products. For the six pharmacies in question, several had a relatively high volume of prescriptions that were not clotting factor products. However, this measure of the cost of dispensing can be considered as one component of evaluating the current professional dispensing fee for clotting factor products



Chapter 2: Cost of Dispensing Survey and Analysis

The Utah Department of Health & Human Services (DHHS) engaged Myers and Stauffer LC to perform a study of costs incurred by pharmacies participating in the Utah Medicaid pharmacy program to dispense prescription medications. There are two primary components related to the provision of prescription medications: cost of dispensing and drug ingredient cost. This report is focused on the cost of dispensing which consists of the overhead and labor costs incurred by a pharmacy to fill prescription medications.

Dispensing Fees in Medicaid Programs

Reimbursement for prescription drugs is generally based on two components: ingredient reimbursement and the professional dispensing fee. The ingredient reimbursement is intended to cover the cost a pharmacy incurs to acquire a drug from a manufacturer or wholesaler. A dispensing fee is generally considered to be associated with covering the labor and overhead costs incurred by a pharmacy and intended to reimburse the expenses associated with the transfer of a drug from the pharmacy to a patient.

State Medicaid FFS pharmacy programs must use pharmacy reimbursement methodologies outlined in the Final Rule for Covered Outpatient Drugs (CMS-2345-FC). A key point in CMS-2345-FC with respect to the pharmacy dispensing fee is the requirement, codified at 42 CFR § 447.518(d), is that when states propose changes to either the ingredient portion of pharmacy reimbursement or the professional dispensing fee for their FFS Medicaid pharmacy program, states must consider both aspects of reimbursement to ensure total payments to the pharmacy provider are in accordance with requirements of section 1902(a)(30)(A) of the Social Security Act.

Additionally, states must provide adequate data, such as an in-state or other survey of retail pharmacy providers, to support any proposed changes to either the professional dispensing fee or ingredient component of the pharmacy reimbursement methodology. In practice, CMS has required states to support a SPA submission changing the professional dispensing fee with the results of an in-state cost of dispensing (COD) survey (i.e., a survey which collects the labor and overhead cost incurred by pharmacies, and calculates an estimate of the average cost to dispense prescriptions) or to present an analysis based on the results of COD surveys performed in other states.

The Centers for Medicare and Medicaid Services (CMS) has provided some basic guidelines for appropriate costs to be reimbursed via a Medicaid pharmacy professional dispensing fee. CMS guidelines state:



“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.”⁴

Since CMS published CMS-2345-FC in February 2016, states have transitioned their FFS programs to professional dispensing fees based on its requirements. There are 32 states that apply a single state-wide professional dispensing fee to all prescription claims. These single state-wide dispensing fees range from \$8.96 (Rhode Island) to \$12.46 (North Dakota). There are eight states which have adopted tiered professional dispensing fees which are based on annual pharmacy total prescription volume. In states with volume-based tiers for professional dispensing fees, there are between two and four dispensing fee tiers. Seven states have adopted differential professional dispensing fees that are based on other criteria. For example, in Alaska professional dispensing fees vary based on whether a pharmacy is located on or off of the state’s road system. In North Carolina, professional dispensing fees have been linked to the preferred or non-preferred status of a drug or to the generic dispensing rate measured for a pharmacy.

In contrast to Medicaid FFS programs, Medicaid managed care pharmacy programs typically have greater flexibility for setting reimbursement rates including dispensing fees. Medicaid health plans and their contracted PBMs typically reimburse pharmacies using reimbursement methods similar to those used in commercial health plans and Medicare Part D plans. These reimbursement methodologies typically rely on dispensing fees that are significantly less than those paid by most Medicaid FFS programs. These PBMs do not typically use ingredient reimbursement methodologies that are based on average acquisition cost (AAC), as are used in Medicaid FFS programs, but rather use other industry standard benchmarks such as the Average Wholesale Price (AWP) to which various discounts are applied. Proprietary Maximum Allowable Cost (MAC) lists for pricing of generic products are also frequently utilized. Dispensing fees paid by PBMs contracted with Medicaid managed care plans, Medicare Part D plans and other commercial PBMs are often less than \$1.00 and are markedly less than the average cost of dispensing, on a per prescription basis, incurred by most pharmacies.

⁴ See 42 CFR § 447.502 and “Medicaid Program; Covered Outpatient Drugs.” (CMS-2345-FC) Federal Register, 81: 20 (1 February 2016) p 5349.



Methodology of the Cost of Dispensing Survey

In order to determine costs incurred to dispense pharmaceuticals to members of the Utah Medicaid pharmacy program, Myers and Stauffer utilized a survey method consistent with federal regulations for the components of a pharmacy dispensing fee (42 CFR § 447.502) and the methodology of previous surveys conducted by Myers and Stauffer in several other states. Myers and Stauffer collaborated with DHHS to refine the survey tool to best meet its objectives.

Survey Distribution

To determine the pharmacies which would be included within the survey process, Myers and Stauffer obtained from DHHS a list of pharmacy providers currently enrolled in the Utah Medicaid pharmacy program. According to the provider list, there were 567 pharmacy providers enrolled in the program. Surveys were mailed and emailed to all 567 pharmacy providers on March 2, 2023. Each surveyed pharmacy received a copy of the cost of dispensing survey (Exhibit 1), a letter from DHHS (Exhibit 2a and 2b), and an invitation to participate in a webinar hosted by Myers and Stauffer (Exhibit 3).

Concerted efforts to encourage participation were made to enhance the survey response rate. A toll-free telephone number and email address were listed on the survey form and pharmacy providers were instructed to call or email a survey help desk to resolve any questions they had concerning completion of the survey form. For convenience in completing the cost of dispensing survey, the survey forms were made available in both a printed format and in an electronic format (Microsoft Excel). The survey instructions offered pharmacy providers the option of having Myers and Stauffer complete certain sections of the survey for those that were willing to submit copies of financial statements and/or tax returns.

Additionally, Myers and Stauffer hosted informational webinars on March 9, 2023 and March 14, 2023. A brief presentation was given to provide pharmacy staff with instructions regarding completion of the cost of dispensing survey. Additional time was allowed following the presentation to address provider questions.

Reminder letters and emails were also used as tools to encourage provider response to the survey. Letters were sent to pharmacies the week of March 23, 2023 (Exhibit 4) and the week of April 13, 2023 (Exhibit 5). The second letter announced an extension of the original due date from April 13, 2023 to April 27, 2023. Weekly reminder emails were also sent to non-respondent pharmacies throughout the month of April and a final reminder email was sent on April 20, 2023.

Providers were given instructions to report themselves as ineligible for the survey if they met certain criteria. Pharmacies were to be deemed ineligible if they had closed their pharmacy, experienced a change of ownership, or had less than six months of cost data available (e.g., due to a pharmacy that recently opened or changed ownership). Of the 567 surveyed pharmacies, ten pharmacies were determined to be ineligible to participate based on the returned surveys.

Surveys were accepted through May 23, 2023. As indicated in Table 2.1, there were 433 surveyed pharmacies that submitted a usable cost survey for this study resulting in a response rate of 77.7 percent.



Some of the submitted cost surveys contained errors or did not include complete information necessary for full analysis. For cost surveys with such errors or omissions, the pharmacy was contacted for clarification. There were limited instances in which issues on the cost survey could not be resolved in time for inclusion in the final survey analysis.⁵

The following table, 2.1, summarizes the cost of dispensing survey response rate.

Table 2.1 Cost of Dispensing Survey Response Rate

Pharmacy Category	Medicaid Enrolled Pharmacies	Pharmacies Exempt or Ineligible from Filing	Eligible Pharmacies	Usable Cost Surveys Received	Response Rate
Chain ⁶	329	1	328	277	84.5%
Independent	238	9	229	156	68.1%
TOTAL	567	10	557	433	77.7%
In-State Urban ⁷	343	4	339	273	80.5%
In-State Rural	144	3	141	102	72.3%
Out-of-State	80	3	77	58	75.3%
TOTAL	567	10	557	433	77.7%

Tests for Reporting Bias

Since the overall response rate of the surveyed pharmacies was less than 100 percent, the possibility of bias in the response rate should be considered. To measure the likelihood of this possible bias, chi-square (χ^2) tests were performed. A χ^2 test evaluates differences between proportions for two or more groups in a data set. For the pharmacy traits of affiliation (i.e., chain or independent) and location (i.e., urban or rural), the response rates of the submitted surveys were tested to determine if they were representative of the population of Medicaid provider pharmacies.

Of the 433 usable cost surveys, 277 were from chain pharmacies and 156 were from independent pharmacies. There was a response rate of 84.5 percent for chain pharmacies compared to a response rate of 68.1 percent for independent pharmacies. The results of the χ^2 test indicated that the difference in response rate between chain and independent pharmacies was statistically significant at the 95 percent confidence level. This implies that independent pharmacies were

⁵ There were 52 incomplete surveys received on or before May 23, 2023 that were eventually determined to be unusable because they were substantially incomplete or missing essential information. These issues could not be resolved in a timely manner with the submitting pharmacy. These incomplete surveys were not included in the count of 433 usable surveys received. 36 of the unusable surveys were from one chain pharmacy organization that was unwilling to provide complete information.

⁶ For purposes of this survey, a chain was defined as an organization having four or more pharmacies under common ownership or control on a national level.



underrepresented in usable surveys received. No adjustments to the cost of dispensing data were made as a result of this observation.

A χ^2 test was also performed with respect to the urban versus rural location for responding pharmacies that were located in the state of Utah. Of the 480 non-exempt pharmacies located in the state of Utah, 339 pharmacies (or 71 percent) were located in an urban area. The remaining 141 pharmacies (or 29 percent) were located in a rural area. There were 273 usable surveys submitted by in-state pharmacies in an urban location (a response rate of 80.5 percent). There were 102 usable surveys submitted by in-state pharmacies in a rural location (a response rate of 72.3 percent). The results of the χ^2 test indicated that the difference in response rate between urban and rural pharmacy locations within the state was not statistically significant at the 95 percent confidence level.

Desk Review Procedures

A desk review was performed for 100 percent of surveys received. This review identified incomplete cost surveys; pharmacies submitting these incomplete cost surveys were contacted by telephone and/or email to obtain information necessary for completion. The desk review process also incorporated a number of tests to determine the reasonableness of the reported data. In many instances, pharmacies were contacted to correct or provide confirmation of reported survey data that was flagged for review as a result of these tests for reasonableness.

Cost Finding Procedures

For all pharmacies, the basic formula used to determine the average cost of dispensing per prescription was to calculate the total dispensing-related cost and divide it by the total number of prescriptions dispensed:

$$\text{Average Cost of Dispensing} = \frac{\text{Total Allowable Cost Related to Dispensing Prescriptions}}{\text{Total Number of Prescriptions Dispensed}}$$

Although the denominator of the cost of dispensing formula (i.e., the “total number of prescriptions dispensed”) is relatively straight-forward, the calculation of the numerator of the formula (i.e., “total allowable cost related to dispensing prescriptions”) can be complex. “Cost finding” principles must be applied since not all reported pharmacy expenses were strictly related to the prescription dispensing function of the pharmacy. Most pharmacies are also engaged in lines of business other than the dispensing of prescription drugs. For example, many pharmacies have a retail business with sales of over-the-counter (OTC) drugs and other non-medical items such as groceries or other goods. Some pharmacies are involved in the sale of durable medical equipment and other medical supplies. The existence of these other lines of business necessitates that procedures be applied to estimate the portion of expenses that are associated with the prescription dispensing function of the pharmacy.

“Cost finding” is the process of recasting cost data using rules or formulas in order to accomplish an objective. In this study, the objective is to estimate the cost of dispensing prescriptions to Medicaid members. To accomplish this objective, some pharmacy expenses must be allocated



between the prescription dispensing function and other business activities. This process identified the reasonable and allowable costs necessary for dispensing prescriptions to Medicaid members.

For purposes of the study, the cost of dispensing was considered as two primary components: overhead and labor. The cost finding rules employed to determine the cost of dispensing associated with the overhead and labor components are described in the following sections.

Overhead Cost

Overhead cost per prescription was calculated by summing the allocated overhead of each pharmacy and dividing this sum by the number of prescriptions dispensed. Overhead expenses that were reported for the entire pharmacy were allocated to the prescription department based on one of several methods as described below:

- **All, or 100 percent**

For overhead expenses that were considered to be entirely related to prescription functions, 100 percent of the expenses were allocated.

Overhead expenses that were considered entirely prescription-related include:

- Prescription department licenses.
- Prescription delivery expense.
- Prescription computer expense.
- Prescription containers and labels. (For many pharmacies the costs associated with prescription containers and labels are captured in their cost of goods sold. Subsequently, it was often the case that a pharmacy was unable to report expenses for prescription containers and labels. In order to maintain consistency, a minimum allowance for prescription containers and labels was determined to use for pharmacies that did not report an expense amount for containers and labels. The allowance was set at the 90th percentile of prescription containers and labels expense per prescription for pharmacies that did report prescription containers and labels expense: \$.5593 per prescription).
- Certain other expenses that were separately identified on Lines (32a) to (32t) of Page 7 of the cost survey (Exhibit 1).⁸

- **None, or 0 percent**

For overhead expenses that are not considered to be related to prescription functions, none of the expenses were allocated.

⁸ "Other" expenses were individually analyzed to determine the appropriate basis for allocation of each expense: sales ratio, area ratio, 100 percent related to cost of dispensing or 0 percent (i.e., not allocated).



Overhead expenses that were not allocated as a prescription expense include:

- Income taxes ⁹
- Bad debts ¹⁰
- Advertising ¹¹
- Charitable Contributions ¹²
- Credit Card Processing Fees ¹³
- Certain expenses reported on Lines (32a) through (32t) of Page 7 of the cost survey (Exhibit 1) were excluded if the expense was not related to the dispensing of prescription drugs.

Most expenses were assumed to be related to both prescription and nonprescription functions of the pharmacy and were allocated using either an area ratio or a sales ratio as described below:

- **Area ratio**

In order to allocate expenses that were considered to be reasonably related to building space, an area ratio was calculated as prescription department floor space (in square feet) divided by

⁹ Income taxes are not considered an operational cost because they are based upon the profit of the pharmacy operation.

¹⁰ Bad debt expense is not referenced in CMS guidelines for professional dispensing fees at 42 CFR § 447.502. Furthermore, the exclusion of bad debts from the calculation of the cost of dispensing is consistent with Medicare cost reporting principles. See Provider Reimbursement Manual, CMS Pub. 15-1, Section 304:

“The allowance of unrecovered costs attributable to such bad debts in the calculation of reimbursement by the Program results from the expressed intent of Congress that the costs of services covered by the Program will not be borne by individuals not covered, and the costs of services not covered by the Program will not be borne by the Program.”

It is recognized that some bad debts may be the result of Medicaid co-payments that were not collected. However, it was not possible to isolate the amount of bad debts attributable to uncollected Medicaid co-payments from the survey data. Additionally, there may be programmatic policy reasons to exclude uncollected Medicaid co-payments from the calculation of the cost of dispensing. Inclusion of cost for uncollected co-payments in the dispensing fee might serve to remove incentives for pharmacies to collect Medicaid co-payments when applicable. Given that co-payments were established to bring about some measure of cost containment, it may not be in the best interest of a Medicaid pharmacy program to allow uncollected co-payments to essentially be recaptured in a pharmacy professional dispensing fee.

¹¹ Advertising expense is not referenced in CMS guidelines for professional dispensing fees at 42 CFR § 447.502. Furthermore, the exclusion of most types of advertising expense is consistent with Medicare cost reporting principles. See Provider Reimbursement Manual, CMS Pub. 15.1, Section 2136.2:

“Costs of advertising to the general public which seeks to increase patient utilization of the provider's facilities are not allowable.”

¹² Charitable contributions are not referenced in CMS guidelines for professional dispensing fees at 42 CFR § 447.502. Individual proprietors and partners are not allowed to deduct charitable contributions as a business expense for federal income tax purposes. Any contributions made by their business are deducted along with personal contributions as itemized deductions. However, corporations are allowed to deduct contributions as a business expense for federal income tax purposes. Thus, while Line 13 on the cost report recorded the business contributions of a corporation, none of these costs were allocated as a prescription expense. This provides equal treatment for each type of ownership.

¹³ Credit card processing fees were not allowed on the basis that prescriptions for Medicaid members are not predominantly paid through credit or debit card payments.



total floor space. This initial ratio was increased by a factor of 2.0 from the square footage values reported on the cost survey. The use of this factor creates an allowance for waiting and counseling areas for patients, a prescription department office area and common store area needed to access the prescription department. The resulting ratio was adjusted downward, when applicable, to not exceed the sales ratio (in order to avoid allocating 100 percent of these costs in the instance where the prescription department occupies the majority of the area of the store).

Overhead expenses allocated on the area ratio include:¹⁴

- Depreciation
- Real estate taxes
- Rent¹⁵
- Repairs
- Utilities

- **Sales ratio**

Remaining expenses that were shared by both the prescription and non-prescription functions of the pharmacy were allocated using a sales ratio which was calculated as prescription sales divided by total sales.

Overhead expenses allocated using the sales ratio include:

- Personal property taxes
- Other taxes
- Insurance
- Interest
- Accounting and legal fees
- Telephone and supplies
- Dues and publications

Labor Cost

Labor cost was calculated by allocating total salaries, payroll taxes, and benefits based on the percent of time spent in the prescription department. The allocations for each labor category were

¹⁴ Allocation of certain expenses using a ratio based on square footage is consistent with Medicare cost reporting principles. See Provider Reimbursement Manual, CMS Pub. 15-2, Section 3617.

¹⁵ The survey instrument included special instructions for reporting rent and requested that pharmacies report "ownership expenses of interest, taxes, insurance and maintenance if building is leased from a related party". This treatment of related-party expenses is consistent with Medicare cost reporting principles. See Provider Reimbursement Manual, CMS Pub. 15-2, Section 3614:

"Cost applicable to home office costs, services, facilities, and supplies furnished to you by organizations related to you by common ownership or control are includable in your allowable cost at the cost to the related organizations. However, such cost must not exceed the amount a prudent and cost conscious buyer pays for comparable services, facilities, or supplies that are purchased elsewhere."



summed and then divided by the number of prescriptions dispensed to calculate labor cost of dispensing per prescription. There are various classifications of salaries and wages requested on the survey (Lines (1) to (12) of Page 5 of the survey – Exhibit 1) due to the different treatment given to each labor classification.

Although some employee pharmacists spent a portion of their time performing nonprescription duties, it was assumed in this study that their economic productivity when performing nonprescription functions was less than their productivity when performing prescription duties. The total salaries, payroll taxes, and benefits of employee pharmacists were multiplied by a factor based upon the percent of prescription time. Therefore, a higher percentage of salaries, payroll taxes, and benefits was allocated to the labor cost of dispensing than would have been allocated if a simple percent of time allocation were utilized. Specifically, the percent of prescription time indicated was adjusted by the following formula:¹⁶

$$\frac{(2)(\%Rx\ Time)}{(1 + (\%Rx\ Time))}$$

The allocation of salaries, payroll taxes, and benefits for all other prescription employees (Line (2) and Lines (4) to (12) of Page 5 of the survey – Exhibit 1) was based directly upon the percentage of time spent in the prescription department as indicated on the survey. For example, if the reported percentage of prescription time was 75 percent and total salaries were \$10,000, then the allocated cost associated with dispensing prescriptions would be \$7,500.

Owner Compensation Issues

Since compensation reported for owners are not expenses that have arisen from arm's length negotiations, they are not similar to other expenses. Accordingly, limitations were placed upon the allocated salaries, payroll taxes, and benefits of owners. A pharmacy owner may have a different approach toward other expenses than toward his/her own salary. Owners may pay themselves above the market cost of securing the services of an employee. In this case, paying themselves above market cost effectively represents a withdrawal of business profits, not a cost of dispensing. In contrast, owners who pay themselves below market cost for business reasons also misrepresent the true cost of dispensing.

To estimate the expense that would have been incurred had an employee been hired to perform the prescription-related functions actually performed by the owner, upper and lower limits were imposed on owner salaries and benefits. For purposes of setting limits on owner compensation, separate limits were applied to owners who are pharmacists and owners who are not pharmacists. Constraints for owners were set using upper and lower thresholds for hourly compensation that represented approximately the 95th and 40th percentiles of salaries and benefits for employee pharmacists and employee non-pharmacists (adjusted by an estimate of

¹⁶ Example: An employee pharmacist spends 90 percent of his/her time in the prescription department. The 90 percent factor would be modified to 95 percent: $(2)(0.9) / (1+0.9) = 0.95$ Thus, 95 percent of the reported salaries, payroll taxes, and benefits would be allocated to the prescription department. It should be noted that most employee pharmacists spent 100 percent of their time in the prescription department.



full-time equivalent (FTE) staff count to estimate hourly wages). The upper and lower constraints that were developed are shown in Table 2.2. Adjustments to owner salaries and benefits were only applied if the reported amounts were below the lower limit or in excess of the upper limit in which case the reported amounts were adjusted up or down to the respective limits.

Table 2.2 Hourly Wage and Benefit Limits for Owners

Owner Type	Lower Limit (Hourly)	Upper Limit (Hourly)
Pharmacist	\$59.07	\$88.00
Non-Pharmacist	\$16.90	\$72.12

A sensitivity analysis of the owner labor limits was performed in order to determine the impact of the limits on the overall analysis of pharmacy cost of dispensing. Of the 433 pharmacies in the cost analysis, owner limits impacted 54 pharmacies, or 14.2 percent. Of these, 22 pharmacies had costs *reduced* as a result of application of these limits (on the basis that a portion of owner salary “cost” appeared to represent a withdrawal of profits from the business), and 32 pharmacies had costs *increased* as a result of the limits (on the basis that owner salaries appeared to be below their market value). In total, the final estimate of average pharmacy cost of dispensing per prescription was decreased by approximately \$0.02 as a result of the owner salary limits.

Overall Labor Cost Constraints

An overall constraint was placed on the proportion of total reported labor that could be allocated as prescription labor. The constraint assumes that a functional relationship exists between the proportion of allocated prescription labor to total labor and the proportion of prescription sales to total sales. It is also assumed that a higher input of labor costs is necessary to generate prescription sales than nonprescription sales, within limits.

The parameters of the applied labor constraint are based upon an examination of data submitted by all pharmacies. These parameters are set in such a way that any resulting adjustment affects only those pharmacies with a percentage of prescription labor deemed unreasonable. For example, the constraint would come into play for an operation that reported 75 percent pharmacy sales but 100 percent pharmacy labor since, some labor must be devoted to generating the 25 percent nonprescription sales.

To determine the maximum percentage of total labor allowed, the following calculation was made:

$$\frac{0.3(\text{Sales Ratio})}{0.1 + (0.2)(\text{Sales Ratio})}$$

A sensitivity analysis of the labor cost constraint was performed in order to determine the impact of the limit on the overall analysis of pharmacy cost. The analysis indicates that of the 433 pharmacies included in the cost of dispensing analysis, this limit was applied to 64 pharmacies. In total, the final estimate of average pharmacy cost of dispensing per prescription was decreased by less than \$0.05 as a result of the labor cost restraint.



Inflation Factors

All allocated overhead and labor cost was summed and multiplied by an inflation factor. Inflation factors are intended to reflect cost trends from the middle of the reporting period of a particular pharmacy to a common fiscal period ending June 30, 2023 (specifically from the midpoint of the pharmacy's fiscal year to December 31, 2022 which is the midpoint of the fiscal period ending June 30, 2023). The midpoint and terminal month indices used were taken from the Employment Cost Index, (all civilian, all workers; seasonally adjusted) published by the Bureau of Labor Statistics (BLS) (Exhibit 6). The use of inflation factors is typically preferred in order for pharmacy cost data from various fiscal years to be compared uniformly.

Cost of Dispensing Analysis and Findings

The dispensing costs for surveyed pharmacies are summarized in the following tables and paragraphs. Findings for pharmacies are presented collectively, and additionally are presented for subsets of the surveyed population based on pharmacy characteristics.

There are several statistical measurements that may be used to express the central tendency of a distribution, the most common of which are the mean and the median. Findings are presented in the forms of means and medians, both weighted and unweighted.

The measures of central tendency used in this report include the following:

Unweighted mean: the arithmetic average cost of dispensing for all pharmacies.

Weighted mean: the average cost of dispensing for all prescriptions dispensed by surveyed pharmacies, weighted by prescription volume. The resulting number is the average cost for all prescriptions, rather than the average for all pharmacies as in the unweighted mean. This implies that low volume pharmacies have a smaller impact on the weighted average than high volume pharmacies. This approach, in effect, sums all costs from surveyed pharmacies and divides that total cost by the total number of prescriptions from the surveyed pharmacies. The weighting factor can be either total prescription volume or Medicaid prescription volume.

Median: the value that divides a set of observations (such as cost of dispensing) in half. In the case of this survey, the median is the value such that one half of the pharmacies in the set have a cost of dispensing that is less than or equal to the median and the other half of the pharmacies have a cost of dispensing that is greater than or equal to the median.

Weighted Median: this is determined by finding the pharmacy observation that encompasses the middle value prescription. The implication is that one half of the prescriptions were dispensed at a cost equal to or less than the weighted median, and one half of the prescriptions were dispensed at a cost equal to or more than the weighted median. In a hypothetical example, if there were 1,000,000 Medicaid prescriptions dispensed by the surveyed pharmacies and the pharmacies were arrayed in order of their



cost of dispensing, the median weighted by Medicaid volume is the cost of dispensing of the pharmacy that dispensed the middle, or 500,000th prescription.

Statistical “outliers” are a common occurrence in pharmacy cost of dispensing surveys. This occurs when a small number of pharmacies have a cost of dispensing that is atypical as compared to the majority of pharmacies. The unweighted mean is particularly susceptible to the impact these outlier values. In situations in which the magnitude of outlier values results in a measure of the unweighted mean that does not represent what might be typically thought of as an accurate measure of central tendency, weighted means or medians are often considered to be preferable.

For all pharmacies, the cost of dispensing findings are presented in Table 2.3.

Table 2.3 Cost of Dispensing per Prescription – All Pharmacies

	Cost of Dispensing
Unweighted Mean	\$81.77
Mean Weighted by Medicaid Volume	\$11.57
Unweighted Median	\$11.29
Median Weighted by Medicaid Volume	\$9.27

n=433 pharmacies

Cost of dispensing has been inflated to the common point of December 31, 2022 (midpoint of year ending June 30, 2023).

See Exhibit 7 for a histogram of the cost of dispensing for all pharmacies. There was a large range between the highest and the lowest cost of dispensing observed. However, the majority of pharmacies (approximately 69 percent) had average cost of dispensing between \$6 and \$15.

Exhibit 8 includes a statistical summary with a wide variety of measures of pharmacy cost of dispensing with breakdowns for many pharmacy attributes potentially of interest. For measurements that refer to the urban or rural location of a pharmacy, Utah Medicaid defines an urban pharmacy as any pharmacy physically located in Weber, Davis, Utah and Salt Lake counties. All other pharmacies physically located in Utah are designated as rural.

Specialty Pharmacies

Several pharmacies included in the cost analysis were identified as specialty pharmacies. For purposes of this report, “specialty pharmacies” are pharmacies that reported sales for intravenous, home infusion, clotting factor and/or other specialty services of 30 percent or more of total prescription sales.¹⁷ Within their survey responses, pharmacies were allowed to rely upon their own methods for categorizing products as “specialty” for the reporting of sales and summary

¹⁷ The terms “specialty products” or “specialty drugs” typically refer to high-cost prescription drugs used to treat complex, chronic conditions. These drugs often require special handling and administration, along with continuous monitoring by a health care professional. Currently, there is no statutory, regulatory, or universal industry accepted definition of the term “specialty drugs”. Although some state Medicaid programs have established lists of “specialty drugs” for specific purposes, these lists are not uniform across all Medicaid programs.



counts of prescriptions dispensed. The analysis revealed significantly higher cost of dispensing associated with pharmacies classified as “specialty”.¹⁸

Table 2.4 summarizes the cost of dispensing for providers of specialty services as compared to those pharmacies that did not offer these specialty services.

Table 2.4 Cost of Dispensing per Prescription - Specialty versus Other Pharmacies

Type of Pharmacy	Number of Pharmacies	Average Total Annual Prescription Volume (mean and median)	Average Medicaid Prescription Volume (mean and median)	Mean Weighted by Medicaid Volume
Specialty Pharmacies	51	Mean: 358,594 Median: 60,826	Mean: 1,499 Median: 47	\$25.38
Other Pharmacies	382	Mean: 284,504 Median: 85,913	Mean: 8,274 Median: 6,306	\$11.24

Cost of dispensing has been inflated to the common point of December 31, 2022 (midpoint of year ending June 30, 2023).

Pharmacies that dispense specialty products as a significant part of their business often have a cost of dispensing in excess of what is observed in a traditional pharmacy. As part of the survey, pharmacies that dispense specialty drugs were requested to provide a breakdown of sales and prescriptions dispensed for categories of specialty products dispensed. Based on the data obtained on the survey, Myers and Stauffer categorized specialty pharmacies into three primary categories:

- Pharmacies that dispense clotting factor products.
- Pharmacies that provide compounded infusion and other custom-prepared intravenous products.
- Pharmacies that provide other specialty products (e.g., prefilled injectable products, oral specialty medications).

Some pharmacies dispensed products which included more than one category of specialty services described above. However, for purposes of this analysis, Myers and Stauffer organized pharmacies using a hierarchical approach giving priority in the order of 1) dispensing clotting factor products and 2) dispensing compounded infusion or other custom-prepared intravenous products. The remaining specialty pharmacies were classified within an “other” category. The cost

¹⁸ In every pharmacy cost of dispensing study in which information on clotting factor, intravenous solution, home infusion and other specialty dispensing activity has been collected by Myers and Stauffer, such activity has been found to be associated with higher cost of dispensing. Discussions with pharmacists providing these services indicate that the activities and costs involved for these types of prescriptions are significantly different from the costs incurred by other pharmacies. The reasons for this difference include:

- Costs of special equipment for mixing and storage of clotting factor, intravenous, infusion and other specialty products.
- Costs of additional services relating to patient education, compliance programs, monitoring, reporting and other support for specialty products.
- Higher direct labor costs due to more intensive activities to prepare certain specialty prescriptions in the pharmacy.



of dispensing results for these categories of specialty pharmacies is summarized in Table 2.5. It should be noted that the average cost of dispensing values represented within Table 2.5 represent an average of the cost of dispensing for all products dispensed by these pharmacies. Although the provision of a particular type of specialty product led to the pharmacies being categorized as described, these pharmacies typically dispensed a mix of various specialty products and, in some cases, non-specialty products.

Table 2.5 Cost of Dispensing per Prescription – Categories of Specialty Pharmacies

Type of Pharmacy	Number of Pharmacies	Average Total Annual Prescription Volume (mean and median)	Average Medicaid Prescription Volume (mean and median)	Unweighted Mean	Mean Weighted by Medicaid Volume
Clotting factor	6	Mean: 173,371 Median: 27,799	Mean: 97 Median: 21	\$195.77	\$97.53
Compounded Infusion / Intravenous Products	9	Mean: 25,637 Median: 23,032	Mean: 257 Median: 45	\$92.33	\$37.75
Other Specialty Pharmacies	36	Mean: 472,704 Median: 134,404	Mean: 2,043 Median: 83	\$787.84	\$24.42

n= 51 pharmacies

Cost of dispensing has been inflated to the common point of December 31, 2022 (midpoint of year ending June 30, 2023).

Non-specialty Pharmacies

The analyses summarized in Tables 2.6 through 2.10 below exclude the specialty pharmacy providers. In making this exclusion, no representation is made that the cost structure of those pharmacies is not important to understand. However, it is reasonable to address issues relevant to those pharmacies separately from the cost structure of the vast majority of pharmacy providers that provide “traditional” pharmacy services. Table 2.6 restates the measurements noted in Table 2.3 excluding pharmacies that dispensed significant volumes of specialty prescriptions.

Table 2.6 Cost of Dispensing per Prescription – Excluding Specialty Pharmacies

	Dispensing Cost
Unweighted Mean	\$13.19
Mean Weighted by Medicaid Volume	\$11.24
Unweighted Median	\$10.62
Median Weighted by Medicaid Volume	\$9.21

n=382 pharmacies

Cost of dispensing has been inflated to the common point of December 31, 2022 (midpoint of year ending June 30, 2023).

Relationship between Cost of Dispensing and Prescription Volume

There is a significant correlation between a pharmacy’s total prescription volume and the cost of dispensing per prescription. This result is not surprising because many of the costs associated with a business operation, including the dispensing of prescriptions, have a fixed component that



does not vary significantly with increased volume. For stores with a higher total prescription volume, these fixed costs are spread over a greater number of prescriptions resulting in lower costs per prescription. A number of relatively low volume pharmacies in the survey skew the distribution of the cost of dispensing and increase the measurement of the unweighted average (mean) cost of dispensing. Means and medians weighted by either Medicaid volume or total prescription volume may provide a more realistic measurement of typical cost of dispensing.

Pharmacies were classified into meaningful groups based upon their differences in total prescription volume. The cost of dispensing was then analyzed based upon these volume classifications. Table 2.7 provides statistics for pharmacy annual prescription volume.

Table 2.7 Statistics for Pharmacy Total Annual Prescription Volume

Statistic	Value ^A
Mean	284,504
Standard Deviation	1,966,277
10 th Percentile	28,766
25 th Percentile	51,057
Median	85,913
75 th Percentile	118,494
90 th Percentile	170,854

n = 382 pharmacies

^A Excludes specialty pharmacies, which for purposes of this report are those pharmacies that reported sales for intravenous, home infusion, clotting factor and/or other specialty services of 30 percent or more of total prescription sales.

Table 2.8 displays the calculated cost of dispensing for non-specialty pharmacies arrayed into tiers based on total annual prescription volume.

Table 2.8 Cost of Dispensing by Pharmacy Total Annual Prescription Volume

Total Annual Prescription Volume of Pharmacy	Number of Pharmacies ^A	Unweighted Mean	Mean Weighted by Medicaid Volume
0 to 58,999	119	\$19.58	\$16.66
59,000 to 107,999	144	\$11.21	\$11.50
108,000 and higher	119	\$9.20	\$9.73

n = 382 pharmacies

^A Excludes specialty pharmacies, which for purposes of this report are those pharmacies that reported sales for intravenous, home infusion, clotting factor and/or other specialty services of 30 percent or more of total prescription sales.

Cost of dispensing has been inflated to the common point of December 31, 2022 (midpoint of year ending June 30, 2023).

A histogram of pharmacy total annual prescription volume and a scatter-plot of the relationship between cost of dispensing per prescription and total prescription volume are included in Exhibit 9.



Other Observations Associated with Cost of Dispensing and Pharmacy Attributes

The cost of dispensing of the surveyed pharmacies was broken down into the various components of overhead and labor related costs. Table 2.9 displays the means of the various cost components for surveyed pharmacies. Labor-related expenses accounted for approximately 74 percent of the overall cost of dispensing per prescription.

Expenses in Table 2.9 are classified as follows:

- Owner professional labor – owner’s labor costs were subject to constraints in recognition of its special circumstances as previously noted.
- Employee professional labor consists of employee pharmacists. Other labor includes the cost of delivery staff, interns, technicians, clerks and any other employee with time spent performing tasks associated with the prescription dispensing function of the pharmacy.
- Building and equipment expenses includes depreciation, rent, building ownership costs, repairs, utilities and any other expenses related to building and equipment.
- Prescription-specific expense includes pharmacist-related dues and subscriptions, prescription containers and labels, prescription-specific computer expenses, prescription-specific delivery expenses (other than direct labor costs) and any other expenses that are specific to the prescription dispensing function of the pharmacy.
- Other overhead expenses consist of all other expenses that were allocated to the prescription dispensing function of the pharmacy including interest, insurance, telephone, and legal and professional fees.

Table 2.9 Components of Cost of Dispensing per Prescription

Type of Expense	Mean Weighted by Medicaid Volume ^A
Owner Professional Labor	\$0.379
Employee Professional and Other Labor	\$8.033
Building and Equipment	\$1.012
Prescription Specific Expenses (including delivery)	\$0.954
Other Overhead Expenses	\$0.859
Total	\$11.237

n = 382 pharmacies

^A Excludes specialty pharmacies, which for purposes of this report are those pharmacies that reported sales for intravenous, home infusion, clotting factor and/or other specialty services of 30 percent or more of total prescription sales.

Cost of dispensing has been inflated to the common point of December 31, 2022 (midpoint of year ending June 30, 2023).

A chart of the components of the cost of dispensing per prescription is provided in Exhibit 10.



In addition to pharmacy cost of dispensing data, several pharmacy attributes were collected on the cost survey. A summary of those attributes is provided at Exhibit 11.

Expenses Not Allocated to the Cost of Dispensing

In the following Table 2.10, measurements are provided for certain expenses that were not included in the cost of dispensing. Reasons for not including these costs were discussed previously in the report. For all of the expenses below, average cost per prescription was calculated using a sales ratio as the basis for allocation.

Table 2.10 Non-Allocated Expenses per Prescription

Expense Category	Mean Weighted by Medicaid Volume ^A
Bad Debts	\$0.017
Charitable Contributions	\$0.034
Advertising	\$0.097

n = 382 pharmacies

^A Excludes specialty pharmacies, which for purposes of this report are those pharmacies that reported sales for intravenous, home infusion, clotting factor and/or other specialty services of 30 percent or more of total prescription sales.

Cost of dispensing has been inflated to the common point of December 31, 2022 (midpoint of year ending June 30, 2023).

Exhibit 1
**Utah Department of Health & Human
Services Pharmacy Cost of Dispensing
Survey – Survey Form**

Utah Medicaid Pharmacy Cost of Dispensing Survey

Survey forms by Myers and Stauffer LC under contract with the Utah Department of Health and Human Services

M&S Use Only

Return Completed Forms to:
Myers and Stauffer LC
700 W. 47th Street, Suite 1100
Kansas City, Missouri 64112

ROUND ALL AMOUNTS TO NEAREST DOLLAR OR WHOLE NUMBER

Complete and return by **April 13, 2023**

Call toll free (800) 374-6858 or email disp_survey@mslc.com if you have any questions.

An electronic version of the Utah Medicaid Pharmacy Cost of Dispensing Survey is available. The electronic version is in Excel format. The electronic version aids the user by calculating totals and transferring information to the reconciliation to help ensure the accuracy of the data. Please send an email to disp_survey@mslc.com to request the electronic version of the survey. Completed surveys can be returned via email to disp_survey@mslc.com.

Name of Pharmacy _____ NPI (one location per survey): _____
Street Address _____ Telephone No. (____) _____
City _____ County _____ State _____ Zip Code _____

DECLARATION BY OWNER AND PREPARER

I declare that I have examined this cost survey including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, complete, and in agreement with the related financial statements or federal income tax return, except as explained in the reconciliation. Declaration of preparer (other than owner) is based on all information of which preparer has any knowledge.

Signature of Owner	Printed Name	Title/Position	Date
_____	_____	_____	_____
Preparer's Signature (if other than owner)	Printed Name	Title/Position	Date
_____	_____	_____	_____
Preparer's Street Address _____	City and State _____	Zip _____	
Phone Number _____	Email Address _____		
(____) _____	_____		

DECLARATION OF EXEMPTION

All Utah Medicaid pharmacies must complete all pages of this survey unless you meet the following criteria:

1. New pharmacies that were in business less than **six months** during the most recently completed reporting period.

Enter date the pharmacy opened: _____

2. Pharmacies with a change in ownership that resulted in less than **six months** in business during the reporting period.

Enter the date pharmacy changed ownership: _____

If your pharmacy meets either of the above criteria, check the box next to the explanation describing your situation and report the relevant date. Pharmacies which are considered "exempt" **will need** to complete the first three pages (sections IA and IB) of the survey. If you have any questions as to the status of your pharmacy please call Myers and Stauffer at (800)374-6858 or email disp_survey@mslc.com for assistance.

Utah Medicaid Pharmacy Cost of Dispensing Survey

The following information is from fiscal / tax year ending _____
 Complete these forms using your most recently completed fiscal year for which financial records are available and complete (e.g., December 31, 2022, or December 31, 2021, if 2022 records are not yet complete). **(Include month/day/year).**

All Pharmacies should complete lines (a) through (n).

List the total number of all prescriptions dispensed during your most recently completed fiscal year as follows:

(a) **1. New** _____ **2. Refill** _____ **3. Total** _____

"Prescriptions Dispensed." Report the total number of all prescriptions filled during the fiscal year being reported on this cost survey. This information may be kept on a daily or monthly log or on your computer.

	Pharmacy Department Only	Total Store (Retail and Pharmacy Department)
Sales (Excluding Sales Tax)	_____	_____
Cost of Goods Sold	_____	_____
Floor Space (see instructions below)	_____ Sq. Ft.	_____ Sq. Ft.

Store sales excluding sales tax. Total store sales and cost of goods sold can usually be obtained from a financial statement or a federal income tax return (if the tax return only includes the store being surveyed). "Pharmacy Department" sales should only include sales of prescription drugs and should not include non-prescription over the counter drugs, durable medical equipment or other nonprescription items.

Cost of Goods Sold. If pharmacy department cost of goods sold is not readily available, leave that line blank.

Floor Space. Provide square footage for pharmacy department dispensing area and total store square footage (pharmacy department + retail area). Since floor space will be used in allocating certain expenses, accuracy is important.

For simplicity, when measuring the pharmacy department exclude all of the following:

- > Patient waiting area > Counseling area > Pharmacy department office space > Pharmacy department storage

The before mentioned areas should be included in total store area, but not pharmacy department square footage. A factor will be added to the pharmacy department to account for waiting area, counseling area, pharmacy department office space and pharmacy department storage. When measuring the total store square footage exclude any storage area (e.g., basement, attic, off-the-premises areas or freight in-out areas).

(c) Amount of State Sales Tax collected during fiscal year used for survey (round to nearest whole dollar) \$ _____

What is the approximate percentage of **prescriptions dispensed** for the following classifications?

(d) 1. Medicaid (fee for service) _____ % 2. Medicaid Managed Care _____ %
 3. Other Third Party _____ % 4. Cash _____ %

What is the approximate percentage of **payments received** from the following classifications?

(e) 1. Medicaid (fee for service) _____ % 2. Medicaid Managed Care _____ %
 3. Other Third Party _____ % 4. Cash _____ %

(f) **Ownership Affiliation**
 1. Independent (1 to 3 units) 2. Chain (4 or more units)
 3. Institutional (service to LTC facilities only) 4. Other (specify) _____

(g) **Type of Ownership**
 1. Individual 2. Corporation 3. Partnership 4. Other (specify) _____

(h) **Location of Pharmacy (please check one)**
 1. Medical Office Building 2. Shopping Center
 3. Stand Alone Building 4. Grocery Store / Mass Merchant
 5. Outpatient Hospital 6. Other (specify) _____

(i) Does your pharmacy purchase drugs through the 340B Drug Pricing Program?
 1. Yes 2. No

If yes, are prescriptions dispensed to Utah Medicaid members provided from 340B inventory?
 1. Yes 2. No

If you are a provider that participates in the 340B discount program, indicate if you are a:
 1. Covered Entity 2. Contract Pharmacy

Utah Medicaid Pharmacy Cost of Dispensing Survey

SECTION IA -- PHARMACY ATTRIBUTES, CONTINUED

(j)	Do you own your building or lease from a related party (i.e., yourself, family member, or related corporation)? If so, mark yes and refer to page 6, line 5 for special instructions for reporting building rent. 1. <input type="checkbox"/> Yes 2. <input type="checkbox"/> No
(k)	How many hours per week is your pharmacy open? _____ Hours
(l)	How many years has a pharmacy operated at this location? _____ Years
(m)	Do you provide 24-hour emergency services for pharmaceuticals? 1. <input type="checkbox"/> Yes 2. <input type="checkbox"/> No
(n)	What percentage of prescriptions dispensed were generic products? _____ %

If your pharmacy dispenses prescriptions to long-term care facilities, complete lines (o) through (q).

(o)	What is the approximate percentage of your prescriptions dispensed to long-term care facilities or assisted living homes? _____ %
(p)	Do you dispense in unit dose packaging to long-term care facilities (e.g., medisets, blister packs, etc.)? 1. <input type="checkbox"/> Yes 2. <input type="checkbox"/> No What is the approximate percentage of all prescriptions dispensed in unit dose packaging? _____ %
(q)	If you provide unit dose packaging, what percent of unit dose packaging is: 1. Purchased from manufacturers _____ % 2. Prepared in the pharmacy _____ %

If your pharmacy provides delivery, mail order, specialty or compounding services, complete lines (r) through (v) as applicable.

(r)	What percentage of total prescriptions filled are delivered? _____ %
(s)	What percentage of Medicaid prescriptions filled are delivered? _____ %
(t)	Does your pharmacy deliver prescriptions by mail (U.S. Postal Service, FedEx, UPS, etc.)? 1. <input type="checkbox"/> Yes 2. <input type="checkbox"/> No If yes, what is the approximate percentage of the total number of prescriptions that are delivered by mail? _____ %
(u)	Are you presently providing specialty products or services (e.g., intravenous, infusion, enteral nutrition, clotting factors or derivatives, other pre-filled injectable or oral specialty products)? 1. <input type="checkbox"/> Yes 2. <input type="checkbox"/> No <b style="color: red;">If yes, you must complete the product breakdown in section IC on page 4.
(v)	What is the approximate percentage of your prescriptions dispensed that are compounded? _____ % What is the approximate percentage of your prescriptions dispensed that are compounded in a sterile environment? _____ % For prescriptions that are compounded, what is the average number of minutes spent preparing a prescription by pharmacists and technicians? Pharmacist: _____ Technician: _____

SECTION IB -- OTHER INFORMATION

List any additional information you feel contributes significantly to your cost of filling a prescription. Attach additional pages if needed.

Utah Medicaid Pharmacy Cost of Dispensing Survey

SECTION IC -- PHARMACEUTICAL PRODUCT BREAKDOWN FOR PHARMACIES DISPENSING SPECIALTY PRODUCTS

If you answered yes to question (u) in Section IA, provide a breakdown of the specialty and non-specialty products dispensed in your pharmacy using the categories described below. Please report the number of prescriptions and dollar amount of sales in one category only, for example some clotting factors can be prefilled, however place it in "clotting factors or derivatives" only and not in "prefilled or ready to inject products." Number of prescriptions dispensed and sales should match your fiscal reporting period for the cost survey and reconcile to prescriptions and sales reported on Page 2 lines (a) and (b) in Section IA. You should also respond to the questions below the product

Product Category	Number of Prescriptions	Dollar Amount of Sales	Line No.
Infusion Products			
Compounded infusion products			(1a)
Total Parenteral Nutrition (TPN) products			(1b)
Clotting factors or derivatives			(1c)
Infusion supplies (e.g., tubing, needles, catheter flushes, IV site dressings, etc.)			(1d)
Total for Infusion Products			(1e)
Specialty			
Prefilled or ready to inject products			(2a)
Orals			(2b)
Total for Specialty			(2c)
Non-specialty			
Orals			(3a)
Topicals			(3b)
Injectables			(3c)
Compounded (non-infusion)			(3d)
Enteral nutrition			(3e)
All Other (including ophthalmic, otic, etc.)			(3f)
Total for Non-specialty			
Total (Should reconcile to prescriptions and Pharmacy Department sales reported in Section IA)			(4)

Additional Pharmacy Attribute Questions for Pharmacies Dispensing Specialty Products

(a) What percentage of prescriptions dispensed were for products with REMS (Risk Evaluation and Mitigation Strategy) reporting requirements?	
(b) What percentage of prescriptions dispensed were for products that had patient monitoring and compliance activities in place?	
(c) What percentage of prescriptions dispensed were for products that had special storage requirements (e.g., refrigeration, etc.)?	

SECTION ID -- OTHER INFORMATION

Use the section below to provide additional narrative description of the specialty products and services that are provided by your pharmacy. Use this section to describe any patient monitoring programs, patient compliance programs, case management services or disease management services provided by your pharmacy. Describe any specialized equipment used in your pharmacy. Attach additional pages if needed.

Utah Medicaid Pharmacy Cost of Dispensing Survey

SECTION IIA -- PERSONNEL COSTS

Complete each employee classification line in aggregate. If there are no employees in a specific category, please leave blank. Provide your best estimate of the percentage of time spent working in each category, the rows must equal 100%. Complete these forms using the same fiscal year as listed on page 2 and used for reporting overhead expenses.

Employee Classification	Estimate of FTEs ¹	Total Salaries (including bonuses and draws for owners) ²	Percent of Time Spent				Line No.
			Dispensing Activities ³	Other RX Related Duties ⁴	Non Rx Related Duties ⁵	Total ⁶	
Owner: Registered Pharmacist (if applicable)							(1)
Owner: Non-Pharmacist (if applicable)							(2)
Pharmacist							(3)
Technician							(4)
Delivery							(5)
Nurses							(6)
Customer service representatives							(7)
Billing							(8)
Other Admin							(9)
Contract Labor (Pharmacist)							(10)
Contract Labor (other)							(11)
Staff not related to RX dispensing			0.0%	0.0%	100.0%	100.0%	(12)
Total Salaries			(13)				
Pension and Profit Sharing			(14)				
Other Employee Benefits ⁷			(15)				
Total Labor Expenses			(16)				

¹ FTE: Full-time Equivalent. Take the total number of weekly hours worked by job category and divide by 40 hours to determine the total number of full time equivalent positions. Answer can be a decimal. Round answer to nearest tenth. Ex. 3 pharmacists, pharmacist 1 = 38 hours per week, Pharmacist 2 = 22 hours per week, Pharmacist 3 = 16 hours per week. Calculation = 38 + 22 + 16 = 76 ÷ 40 = 1.90 FTE.

² Total Salaries should include any bonuses and/or draws from the owners.

³ Dispensing Activities should include any direct prescription dispensing activities. Direct prescription dispensing activities as defined in the Centers for Medicare & Medicaid Services final rule (2/1/2016) at §447.502 include the pharmacist time associated with ensuring that possession of the appropriate covered outpatient drug is transferred to a Medicaid beneficiary. This category includes, but is not limited to, 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, and special packaging.

⁴ Other Rx Related Duties include, but are not limited to, time spent maintaining the facility and equipment necessary to operate the pharmacy, third party reimbursement claims management, ordering and stocking prescription ingredients, taking inventory and maintaining prescription files.

⁵ Non Rx Related Duties should include any duties that are not related to the pharmacy department.

⁶ Totals for the Percent of Time Spent Breakdown. Columns must total 100%

⁷ Other Employee Benefits includes employee medical insurance, disability insurance, education assistance, etc.

Utah Medicaid Pharmacy Cost of Dispensing Survey

SECTION IIB -- OVERHEAD EXPENSES

Complete this section using your internal financial statement or tax return for the **same fiscal year as listed on Page 2**. You should only use a tax return if the only store reported on the return is the store being surveyed. If you are using a tax return, the line numbers in the left columns correspond to federal income tax return lines. Use your most recently completed fiscal year for which financial records are available and completed (e.g., December 31, 2022, or December 31, 2021, if 2022 records are not yet complete). **If you prefer, you may submit a copy of your financial statement and/or tax return (including all applicable schedules) and Myers and Stauffer can complete Sections IIB and III (pages 6, 7, and 8).**

*** Notes about tax return line references**

Form 1040, Sched C, line 27a is for "other expenses" and a detailed breakdown of this category is typically reported on page 2, Part V of the form. Form 1065 (line 20), Form 1120 (line 26) and Form 1120S (line 19) are for "other deductions" and there are typically detailed breakdowns of the expenses in this category in the "Statements" attached to the returns.

2022 Tax Form					Round all amounts to nearest dollar or whole number.	Expense Amount Reported	Myers and Stauffer Use Only	Line No.
1040 Schedule C	1065	1120	1120S					
13	16a	20	14	Depreciation (this fiscal year only - not accumulated)				(1)
23	14	17	12	Taxes	(a) Personal Property Taxes Paid			(2)
23	14	17	12		(b) Real Estate Taxes			(3)
23	14	17	12		(c) Payroll Taxes			(4)
Any other taxes should be itemized separately on page 7.								
20b	13	16	11	Rent - Building (if building is leased from a related party then report ownership expenses of interest, taxes, insurance and maintenance)				(5)
20a	13	16	11	Rent - Equipment and Other				(6)
21	11	14	9	Repairs & maintenance				(7)
15	20*	26*	19*	Insurance (other than employee medical)				(8)
16a&b	15	18	13	Interest				(9)
17	20*	26*	19*	Legal and Professional Fees				(10)
27a*	20*	26*	19*	Dues, Publications, and Subscriptions				(11)
27a*	12	15	10	Bad Debts (this fiscal year only - not accumulated)				(12)
n/a	n/a	19	n/a	Charitable Contributions				(13)
25	20*	26*	19*	Utilities (a) Telephone				(14)
25	20*	26*	19*	(b) Heat, Water, Lights, Sewer, Trash and other Utilities				(15)
18&22	20*	26*	19*	Operating and Office Supplies (exclude prescription containers and labels)				(16)
8	20*	22	16	Advertising/Marketing				(17)
27a*	20*	26*	19*	Computer Expenses (systems, software, maintenance, etc.)				(18)
9,27a*	20*	26*	19*	Prescription Delivery Expenses (wages to a driver should only be reported on pg. 5)				(19)
27a*	20*	26*	19*	Prescription Containers and Labels				(20)
24a&b	20*	26*	19*	Travel, Meals and Entertainment				(21)
27a*	20*	26*	19*	Switching / E-Prescribing Fees				(22)
27a*	20*	26*	19*	Security / Alarm				(23)
27a*	20*	26*	19*	Bank Charges				(24)
27a*	20*	26*	19*	Credit Card Processing Fees				(25)
27a*	20*	26*	19*	Interior Maintenance (housekeeping, janitorial, etc.)				(26)
27a*	20*	26*	19*	Exterior Maintenance (lawn care, snow removal etc.)				(27)
27a*	20*	26*	19*	Pharmacy Licenses / Permits				(28)
27a*	20*	26*	19*	Employee Training and Certification				(29)
27a*	20*	26*	19*	Continuing Education				(30)
Total Page 6 overhead expenses (lines 1 to 30)								(31)

Utah Medicaid Pharmacy Cost of Dispensing Survey

SECTION IIB -- OVERHEAD EXPENSES, CONTINUED

(Round all amounts to nearest dollar or whole number.)

Other non-labor expenses not included on lines (1) through (30)

Examples: Franchise fees, other taxes not reported in Section IIB (a) (page 6), accreditation and/or certification fees, restocking fees, postage, administrative expenses, amortization, etc. Specify each item and the corresponding amount. **Note that labor expenses are reported in Section IIA (page 5).** For corporate overhead expenses allocated to the individual store, please attach documentation to establish the expenses included in the allocation and describe the allocation basis.

	Expense Amount Reported	Myers and Stauffer Use Only	Line No.
_____	_____	_____	(32a)
_____	_____	_____	(32b)
_____	_____	_____	(32c)
_____	_____	_____	(32d)
_____	_____	_____	(32e)
_____	_____	_____	(32f)
_____	_____	_____	(32g)
_____	_____	_____	(32h)
_____	_____	_____	(32i)
_____	_____	_____	(32j)
_____	_____	_____	(32k)
_____	_____	_____	(32l)
_____	_____	_____	(32m)
_____	_____	_____	(32n)
_____	_____	_____	(32o)
_____	_____	_____	(32p)
_____	_____	_____	(32q)
_____	_____	_____	(32r)
_____	_____	_____	(32s)
_____	_____	_____	(32t)
Total page 7 overhead expenses (lines 32a to 32t)	_____	_____	(33)

Utah Medicaid Pharmacy Cost of Dispensing Survey

SECTION III -- RECONCILIATION WITH FINANCIAL STATEMENT OR TAX RETURN

The purpose of this reconciliation is to ensure that all expenses have been included and that none have been duplicated. Complete these forms using the same fiscal year which was used to report overhead and labor expenses.

		Cost Survey Amounts	Financial Statement or Tax Return Amounts
(1)	Total Expenses per Financial Statement or Tax Return ¹		
(2)	Total Labor Expenses (total from page 5, line 16)		
(3)	Overhead Expenses (total from page 6, line 31)		
(4)	Overhead Expenses, Continued (total from page 7, line 33)		
(5)	Total Expenses per Cost Survey [add Lines (2), (3), and (4)]		
	Specify Items with Amounts that are on Cost Survey but not on Financial Statement or Tax Return		
(6a)			
(6b)			
(6c)			
(6d)			
(6e)			
	Specify Items with Amounts that are on Financial Statement or Tax Return but not on this Cost Survey		
(7a)			
(7b)			
(7c)			
(7d)			
(7e)			
(8)	Total [add Lines (1) to (7e)] Column Totals Must be Equal		

¹ If you used a tax form to complete the cost of dispensing survey, the total expenses per tax return will be found on the following lines for 2022 tax forms:

- 1040C - Line 28
- 1065 - line 21
- 1120 - line 27
- 1120S - line 20

Exhibit 2a
Informational Letter from the Utah
Department of Health & Human Services
Regarding Pharmacy Cost of Dispensing
Survey (Independent Pharmacies)



State of Utah

SPENCER J. COX
Governor

DEIDRE M. HENDERSON
Lieutenant Governor

Department of Health & Human Services

TRACY S. GRUBER
Executive Director

NATE CHECKETTS
Deputy Director

DR. MICHELLE HOFMANN
Executive Medical Director

DAVID LITVACK
Deputy Director

NATE WINTERS
Deputy Director

March 2, 2023

Re: Mandatory Utah Medicaid Pharmacy Cost of Dispensing Survey

Dear Utah Medicaid Pharmacy Provider:

The Utah Medicaid Program has contracted with Myers and Stauffer LC, a national accounting firm, to conduct a pharmacy cost of dispensing survey as part of the process to evaluate the costs associated with dispensing prescription medications to Utah Medicaid recipients.

As per Administrative Rule R414-1-31 **all providers that participate in the Utah Medicaid pharmacy program are required to participate in the cost of dispensing survey and “the Department may withhold payments to a provider if: (a) the provider fails to provide the requested information within 30 calendar days from the date of a written request for information”¹.**

The Centers for Medicare and Medicaid Services (CMS) published regulation, Federal Covered Outpatient Drugs Final Rule (CMS-2345-FC), requires State Medicaid agencies to adopt pharmacy reimbursement methodologies to pay pharmacies for the actual acquisition cost of drugs plus a professional dispensing fee. The pharmacy cost of dispensing survey will provide DHHS with information to evaluate the professional dispensing fee component of the Utah Medicaid pharmacy reimbursement. Instructions for participating in the survey are below.

1. Complete the enclosed “Utah Medicaid Pharmacy Cost of Dispensing Survey”.
2. For your convenience, Myers and Stauffer LC will complete Section IIB “Overhead Expenses” and Section III “Reconciliation with Financial Statement or Tax Return” for you if you submit a copy of your store financial statements or your business federal income tax return (Forms 1065, 1120, 1120S or Schedule C of Form 1040 and accompanying schedules). The financial statements or federal income tax form must

¹ As per your Medicaid provider agreement, you are required to provide reasonable access to records relevant to claims submitted (e.g., pharmacy invoice records or a pharmacy's purchase history, etc.) for services furnished under any medical assistance programs; if such records are not provided, R414-1-31 provides for a withholding of payments if the provider fails to provide the requested information within 30 calendar days from the date of a written request for information.

include information for only a single store/location. You will still need to complete the other sections of the survey.

3. If your financial statements or tax return have not been completed for your most recent fiscal year, complete the survey using your prior year's financial statements (or tax return) and the corresponding prescription data for that year. Myers and Stauffer will apply an appropriate inflation factor.
4. Retain a copy of the completed survey forms for your records.

It is very important that all pharmacies cooperate fully by filing an accurate cost survey. Pharmacies are encouraged to return the required information as soon as possible, **but forms must be returned no later than April 13, 2023.**

For your convenience, Myers and Stauffer can complete Section IIB “Overhead Expenses” and Section III “Reconciliation with Financial Statement or Tax Return” (pages six through eight) for you if you wish to submit a copy of your store specific financial reports or your federal income tax return (with all accompanying schedules). You will still need to complete other sections of the cost survey (pages one through five).

If you prefer to respond in an electronic format:

We strongly encourage pharmacies to respond in an electronic format. You may obtain an Excel spreadsheet version of the survey by contacting Myers and Stauffer LC at (800) 374-6858, by email at disp_survey@mslc.com, or download from <https://myersandstauffer.com/client-portal/utah/utah-pharmacy/>. The electronic version of the survey collects the same information as the paper version and will automatically complete certain calculations. Surveys that are completed electronically may be returned via email to the same email address with the Excel survey file and other supporting documentation attached.

If you prefer to respond in a paper format:

Send completed forms to:

Myers and Stauffer LC
Certified Public Accountants
Attn: Utah Medicaid Pharmacy Cost of Dispensing Survey
700 W. 47th Street, Suite 1100
Kansas City, MO 64112

You may return the survey using the enclosed Business Reply envelope. Postage will be paid by Myers and Stauffer LC.

It is very important that pharmacies respond with accurate information. All submitted surveys will be reviewed and validated by staff at Myers and Stauffer LC. If the review yields the need for additional inquiries, Myers and Stauffer LC staff will contact you.

Cost of dispensing surveys and supporting documentation submitted to Myers and Stauffer LC for this project will remain strictly confidential.

Myers and Stauffer LC will be conducting informational meetings via telephonic/ internet-based webinars to further explain the survey. At these meetings, Myers and Stauffer LC will present

more details about the survey process, discuss what information is being requested and answer any questions regarding the survey form. Please refer to the enclosed information meeting flyer for further information on the dates and times of these webinar meetings and instructions for registration.

If you have any questions, please call Myers and Stauffer toll free at 1-800-374-6858 or send an email to disp_survey@mslc.com, or Stacey Allan at 801-538-6094 at Utah Medicaid, should you have any questions.

Thank you for being a Utah Medicaid Provider and providing superior care to Utah Medicaid recipients.

Sincerely,



Lisa M. Angelos

Lisa Angelos, PharmD, BCSCP, CAPP
Utah Medicaid Pharmacy Director

Enclosures: Utah Medicaid Pharmacy Cost of Dispensing Survey
Myers and Stauffer LC Business Reply Envelope
Informational Meeting Invitation

Exhibit 2b
Informational Letter from the Utah
Department of Health & Human Services
Regarding Pharmacy Cost of Dispensing
Survey (Chain Pharmacies)



State of Utah

SPENCER J. COX
Governor

DEIDRE M. HENDERSON
Lieutenant Governor

Department of Health & Human Services

TRACY S. GRUBER
Executive Director

NATE CHECKETTS
Deputy Director

DR. MICHELLE HOFMANN
Executive Medical Director

DAVID LITVACK
Deputy Director

NATE WINTERS
Deputy Director

March 2, 2023

Re: Mandatory Utah Medicaid Pharmacy Cost of Dispensing Survey

Dear Utah Medicaid Pharmacy Provider:

The Utah Department of Health and Human Services (DHHS) has contracted with Myers and Stauffer LC, a national accounting firm, to conduct a pharmacy cost of dispensing survey as part of the process to evaluate the costs associated with dispensing prescription medications to Utah Medicaid recipients.

As per Administrative Rule R414-1-31 **all providers that participate in the Utah Medicaid pharmacy program are required to participate in the cost of dispensing survey and “the Department may withhold payments to a provider if: (a) the provider fails to provide the requested information within 30 calendar days from the date of a written request for information¹.**

The Centers for Medicare and Medicaid Services (CMS) published regulation, Federal Covered Outpatient Drugs Final Rule (CMS-2345-FC), requires State Medicaid agencies to adopt pharmacy reimbursement methodologies to pay pharmacies for the actual acquisition cost of drugs plus a professional dispensing fee. The pharmacy cost of dispensing survey will provide DHHS with information to evaluate the professional dispensing fee component of the Utah Medicaid pharmacy reimbursement. Instructions for participating in the survey are below.

Enclosed is the “Utah Medicaid Pharmacy Cost of Dispensing Survey” form. You may respond to the survey using either a paper or electronic format. You will need to submit survey information for each pharmacy that participates in the Utah Medicaid program. In past surveys performed by Myers and Stauffer LC, most pharmacy chains have preferred to respond to the survey in electronic format.

¹ As per your Medicaid provider agreement, you are required to provide reasonable access to records relevant to claims submitted (e.g., pharmacy invoice records or a pharmacy's purchase history, etc.) for services furnished under any medical assistance programs; if such records are not provided, R414-1-31 provides for a withholding of payments if the provider fails to provide the requested information within 30 calendar days from the date of a written request for information.

Myers and Stauffer LC has also enclosed a list of your pharmacies which participate in the Utah Medicaid program. Pharmacy information is presented as shown in records from DHHS. If this list is inaccurate, please notify Myers and Stauffer LC.

It is very important that all pharmacies cooperate fully by filing an accurate cost survey. Pharmacies are encouraged to return the required information as soon as possible, **but forms must be returned no later than April 13, 2023.**

If you prefer to respond in an electronic format:

You are required to submit survey data for each store on the attached list and any additional stores/locations that participate in the Utah Medicaid program using an Excel spreadsheet template provided by Myers and Stauffer LC. You may obtain an Excel spreadsheet version of the survey by contacting Myers and Stauffer LC at (800) 374-6858, by email at disp_survey@mslc.com, or download from <https://myersandstauffer.com/client-portal/utah/utah-pharmacy/>. Surveys that are completed electronically may be submitted via email or contact Myers and Stauffer LC for access to our Secure File Transfer Protocol portal.

If you prefer to respond in a paper format:

You will still be required to submit a completed survey for each store on the attached list and any additional stores/locations that participate in the Utah Medicaid program. You may make copies of the enclosed survey form as needed or contact Myers and Stauffer LC and request additional copies of the survey form. Please send completed forms to:

Myers and Stauffer LC
Certified Public Accountants
Utah Medicaid Pharmacy Cost of Dispensing Survey
700 W. 47th Street, Suite 1100
Kansas City, MO 64112

You may return the surveys using the enclosed Business Reply Label with an envelope. Postage will be paid by Myers and Stauffer LC.

Whether you complete the survey in paper or electronic format, we recommend that you retain a copy of the completed survey forms for your records. Also, please describe any cost allocations used in preparing the income statement such as administrative expense, etc. Warehousing and distribution costs should be shown in cost of goods sold or listed separately.

It is very important that pharmacies respond with accurate information. All submitted surveys will be reviewed and validated by staff at Myers and Stauffer LC. If the review yields the need for additional inquiries, Myers and Stauffer LC staff will contact you.

Cost of dispensing surveys and supporting documentation submitted to Myers and Stauffer LC for this project will remain strictly confidential.

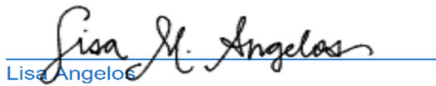
Myers and Stauffer LC will be conducting informational meetings via telephonic/ internet-based webinars to further explain the survey. At these meetings, Myers and Stauffer LC will present more details about the survey process, discuss what information is being requested and answer any questions about regarding the survey form. Please refer to the enclosed information meeting

flyer for further information on the dates and times of these webinar meetings and instructions for registration.

If you have any questions, please call Myers and Stauffer toll free at 1-800-374-6858 or send an email to disp_survey@mslc.com, or Stacey Allan at 801-538-6094 at Utah Medicaid, should you have any questions.

Thank you for being a Utah Medicaid Provider and providing superior care to Utah Medicaid recipients.

Sincerely,



Lisa M. Angelos

Lisa Angelos, PharmD, BCSCP, CAPP
Utah Medicaid Pharmacy Director

Enclosures: Utah Medicaid Pharmacy Cost of Dispensing Survey
Myers and Stauffer LC Business Reply Envelope
Informational Meeting Invitation

Exhibit 3
Informational Meeting Flyer
(Independent and Chain Pharmacies)

Informational Meetings

Utah Department of Health and Human Services

Pharmacy Cost of Dispensing Survey

The Utah Department of Health and Human Services (DHHS) is conducting a pharmacy cost of dispensing survey. The survey results will be used to evaluate the Utah Medicaid pharmacy reimbursement methodology.

DHHS has engaged Myers and Stauffer LC to perform the pharmacy cost of dispensing study. To help prepare pharmacy owners and managers to participate in the survey, Myers and Stauffer LC, will be conducting informational meetings via telephonic/internet-based webinars. At these meetings, Myers and Stauffer LC will present more details about the survey process, discuss what information is being requested and answer questions regarding the survey form.

Pharmacies are invited to attend one of the informational meetings. **Attendance at one of the webinar sessions requires a reservation.** Please call or email Myers and Stauffer LC for a reservation and further meeting details.

If you are unable to attend a webinar or have questions about the survey, Myers and Stauffer LC offers a help desk to answer survey questions.

To reach Myers and Stauffer LC:

1-800-374-6858

-or-

disp_survey@mslc.com

Schedule of Informational Meetings (via telephone and Internet)

Date	Time (Mountain)
Thursday March 9, 2023	3:00 PM – 4:00 PM
Tuesday March 14, 2023	8:30 AM – 9:30 AM



Exhibit 4
First Survey Reminder Letter
(Independent and Chain Pharmacies)



State of Utah

SPENCER J. COX
Governor

DEIDRE M. HENDERSON
Lieutenant Governor

Department of Health & Human Services

TRACY S. GRUBER
Executive Director

NATE CHECKETTS
Deputy Director

DR. MICHELLE HOFMANN
Executive Medical Director

DAVID LITVACK
Deputy Director

NATE WINTERS
Deputy Director

Cost of Dispensing Survey Reminder

March 23, 2023

Dear Pharmacy Owner/Manager:

The Utah Department of Health and Human Services (DHHS) is working with the accounting firm Myers and Stauffer LC to conduct a pharmacy cost of dispensing survey as part of the process to evaluate the costs associated with dispensing prescription medications to Utah Medicaid recipients. All Utah Medicaid pharmacy providers are required to participate in the survey. Since the survey is being used by DHHS to evaluate future pharmacy reimbursement rates, your participation is very important.

Several weeks ago you should have received a copy of the dispensing cost survey form. Surveys were sent with a due date of **April 13, 2023**. This letter serves as a reminder that the survey due date is approaching. You are encouraged to submit a completed survey as soon as possible.

As per Administrative Rule R414-1-31 **all providers that participate in the Utah Medicaid pharmacy program are required to participate in the cost of dispensing survey and “the Department may withhold payments to a provider if: (a) the provider fails to provide the requested information within 30 calendar days from the date of a written request for information”¹.**


If you have not received a survey form or have misplaced your survey form, you can contact Myers and Stauffer or access the documents online at <https://myersandstauffer.com/client-portal/utah/utah-pharmacy/>. You may also request an Excel template of the survey form if you prefer to respond in an electronic format. For any questions you have regarding the survey, please contact Myers and Stauffer toll free at 1-800-374-6858 or via email to disp_survey@mslc.com.

¹ As per your Medicaid provider agreement, you are required to provide reasonable access to records relevant to claims submitted (e.g., pharmacy invoice records or a pharmacy's purchase history, etc.) for services furnished under any medical assistance programs; if such records are not provided, R414-1-31 provides for a withholding of payments if the provider fails to provide the requested information within 30 calendar days from the date of a written request for information.

If you have recently mailed your survey to Myers and Stauffer, we thank you for your participation. Feel free to contact Myers and Stauffer if you would like to confirm receipt of your submitted survey.

Thank you for being a Utah Medicaid Provider and providing superior care to Utah Medicaid recipients.

Sincerely,


Lisa Angelos

Lisa Angelos, PharmD, BCSCP, CAPP
Utah Medicaid Pharmacy Director

Exhibit 5
Second Survey Reminder / Extension Letter
(Independent and Chain Pharmacies)



State of Utah

SPENCER J. COX
Governor

DEIDRE M. HENDERSON
Lieutenant Governor

Department of Health & Human Services

TRACY S. GRUBER
Executive Director

NATE CHECKETTS
Deputy Director

DR. MICHELLE HOFMANN
Executive Medical Director

DAVID LITVACK
Deputy Director

NATE WINTERS
Deputy Director

Final Cost of Dispensing Survey Reminder

April 13, 2023

Dear Pharmacy Owner/Manager:

The Utah Department of Health and Human Services (DHHS) is working with the accounting firm Myers and Stauffer LC to conduct a pharmacy cost of dispensing survey as part of the process to evaluate the costs associated with dispensing prescription medications to Utah Medicaid recipients. All Utah Medicaid pharmacy providers are required to participate in the survey. Since the survey is being used by DHHS to evaluate future pharmacy reimbursement rates, your participation is very important.

Several weeks ago you should have received a copy of the dispensing cost survey form. Surveys were sent with a due date of **April 13, 2023**. **In order to allow pharmacies more time to respond to the dispensing cost survey, Myers and Stauffer has been instructed by the DHHS to continue to accept surveys through April 27, 2023.**

As per Administrative Rule R414-1-31 **all providers that participate in the Utah Medicaid pharmacy program are required to participate in the cost of dispensing survey and “the Department may withhold payments to a provider if: (a) the provider fails to provide the requested information within 30 calendar days from the date of a written request for information”¹.**


If you have not received a survey form or have misplaced your survey form, you can contact Myers and Stauffer or access the documents online at <https://myersandstauffer.com/client-portal/utah/utah-pharmacy/>. You may also request an Excel template of the survey form if you prefer to respond in an electronic format. For any questions you have regarding the survey, please contact Myers and Stauffer toll free at 1-800-374-6858 or via email to disp_survey@mslc.com.

¹ As per your Medicaid provider agreement, you are required to provide reasonable access to records relevant to claims submitted (e.g., pharmacy invoice records or a pharmacy's purchase history, etc.) for services furnished under any medical assistance programs; if such records are not provided, R414-1-31 provides for a withholding of payments if the provider fails to provide the requested information within 30 calendar days from the date of a written request for information.

If you have recently mailed your survey to Myers and Stauffer, we thank you for your participation. Feel free to contact Myers and Stauffer if you would like to confirm receipt of your submitted survey.

Thank you for being a Utah Medicaid Provider and providing superior care to Utah Medicaid recipients.

Sincerely,


Lisa Angelos

Lisa Angelos, PharmD, BCSCP, CAPP
Utah Medicaid Pharmacy Director

Exhibit 6
Table of Inflation Factors for Cost of
Dispensing Survey

Table of Inflation Factors for Dispensing Cost Survey
Utah Department of Health & Human Services

Fiscal Year	Midpoint	Terminal Month	Inflation	Number of	
End Date	Midpoint Date	Index	Factor	Stores with	
		Index₁	(12/31/2021)₁	Year End Date	
12/31/2020	6/30/2020	140.60	155.60	1.107	3
1/31/2021	7/31/2020	140.90	155.60	1.104	0
2/28/2021	8/31/2020	141.10	155.60	1.103	0
3/31/2021	9/30/2020	141.40	155.60	1.100	0
4/30/2021	10/31/2020	141.70	155.60	1.098	0
5/31/2021	11/30/2020	142.10	155.60	1.095	0
6/30/2021	12/31/2020	142.40	155.60	1.093	0
7/31/2021	1/31/2021	142.80	155.60	1.090	0
8/31/2021	2/28/2021	143.30	155.60	1.086	0
9/30/2021	3/31/2021	143.70	155.60	1.083	0
10/31/2021	4/30/2021	144.00	155.60	1.081	0
11/30/2021	5/31/2021	144.40	155.60	1.078	0
12/31/2021	6/30/2021	144.70	155.60	1.075	31
1/31/2022	7/31/2021	145.30	155.60	1.071	0
2/28/2022	8/31/2021	145.90	155.60	1.066	0
3/31/2022	9/30/2021	146.50	155.60	1.062	3
4/30/2022	10/31/2021	147.00	155.60	1.059	0
5/31/2022	11/30/2021	147.60	155.60	1.054	1
6/30/2022	12/31/2021	148.10	155.60	1.051	27
7/31/2022	1/31/2022	148.80	155.60	1.046	0
8/31/2022	2/28/2022	149.40	155.60	1.041	62
9/30/2022	3/31/2022	150.10	155.60	1.037	3
10/31/2022	4/30/2022	150.80	155.60	1.032	0
11/30/2022	5/31/2022	151.40	155.60	1.028	0
12/31/2022	6/30/2022	152.10	155.60	1.023	165
1/31/2023	7/31/2022	152.70	155.60	1.019	138

Total Number of Stores	433
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¹ Midpoint and terminal month indices were obtained from the Employment Cost Index, (all civilian; seasonally adjusted) as published by the Bureau of Labor Statistics (BLS). Quarterly indices published by BLS were applied to last month in each quarter; indices for other months are estimated by linear interpolation.

Inflation factors are intended to reflect cost changes from the middle of the reporting period of a particular pharmacy to a common fiscal period ending June 30, 2023 (specifically from the midpoint of the pharmacy’s fiscal year to December 31, 2022 which is the midpoint of the fiscal period ending June 30, 2023). Inflated costs are obtained by multiplying the overhead and labor costs reported by pharmacies using the inflation factor in the fifth column. Wage costs tend to rise over time so that costs reported twelve months ago naturally tend to be lower than costs reported in the current month. The inflation adjustment uses the cost index midway through the prior fiscal year and is the best estimate of the average price level that can be made based on available data.

Exhibit 7
Histogram of Pharmacy Cost of Dispensing

Histogram of Pharmacy Dispensing Cost

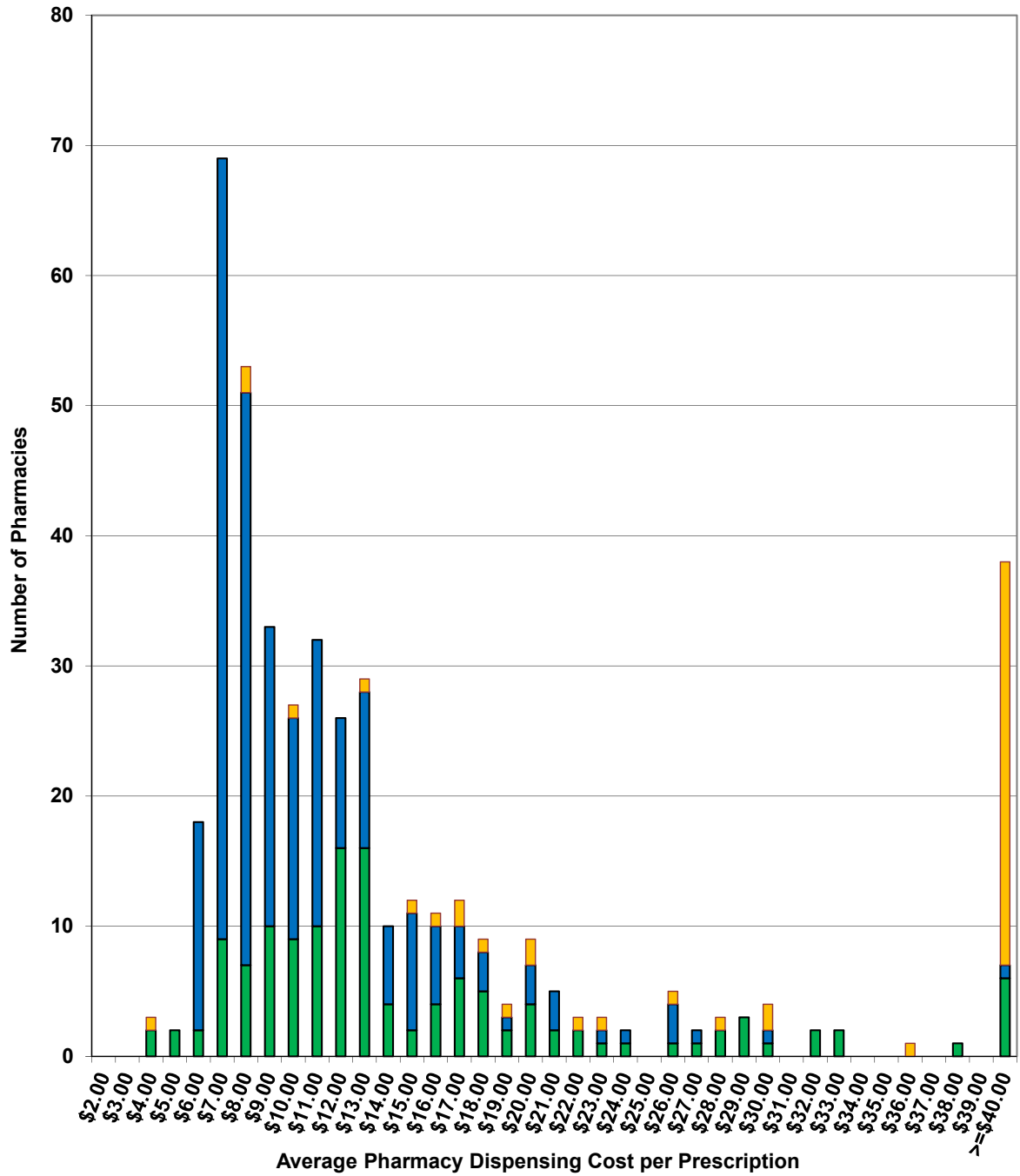


Exhibit 8
Cost of Dispensing Survey Data –
Statistical Summary

**Pharmacy Cost of Dispensing Survey
Statistical Summary
Utah Department of Health & Human Services**

Characteristic	Pharmacy Dispensing Cost per Prescription ¹												
	Measurements of Central Tendency									Other Statistics			
	n: Number of Pharmacies	Average Total Prescription Volume	Average Medicaid Prescription Volume	Means			Medians			Standard Deviation	95% Confidence Interval for Mean (based on Student t)		
				Mean	Weighted by Total Rx Volume	Weighted by Medicaid Rx Volume	Median	Weighted by Total Rx Volume	Weighted by Medicaid Rx Volume		Lower Bound	Upper Bound	t Value (with n-1 degrees of freedom)
All Pharmacies in Sample	433	293,230	7,476	\$81.77	\$13.14	\$11.57	\$11.29	\$6.46	\$9.27	\$1,225.60	(\$33.99)	\$197.54	1.97
Non Specialty Pharmacies ²	382	284,504	8,274	\$13.19	\$8.45	\$11.24	\$10.62	\$6.38	\$9.21	\$10.92	\$12.09	\$14.29	1.97
Specialty Pharmacies ²	51	358,594	1,499	\$595.45	\$41.02	\$25.38	\$77.81	\$30.04	\$19.64	\$3,559.80	(\$405.80)	\$1,596.70	2.01
Specialty Pharmacy Breakdown ³													
Clotting Factor	6	173,371	97	\$195.77	\$92.49	\$97.53	\$107.15	\$87.04	\$87.04	\$182.57	\$4.18	\$387.36	2.57
Compounded Infusion / Intravenous	9	25,637	257	\$92.33	\$60.87	\$37.75	\$96.25	\$23.79	\$23.79	\$77.54	\$32.73	\$151.93	2.31
Other	36	472,704	2,043	\$787.84	\$37.61	\$24.42	\$54.90	\$22.76	\$19.64	\$4,238.70	(\$646.30)	\$2,222.00	2.03
<u>Non Specialty Pharmacies Only</u>													
Affiliation:													
Chain	247	326,965	9,224	\$10.98	\$7.85	\$10.28	\$9.08	\$6.38	\$8.49	\$5.53	\$10.28	\$11.67	1.97
Independent	135	206,816	6,537	\$17.24	\$10.18	\$13.71	\$13.07	\$9.93	\$12.41	\$16.05	\$14.51	\$19.98	1.98
Affiliation (In State Only):													
Chain (In State)	237	105,076	9,607	\$10.99	\$9.85	\$10.28	\$9.08	\$8.26	\$8.49	\$5.59	\$10.28	\$11.71	1.97
Independent (In State)	128	65,797	6,838	\$17.45	\$12.78	\$13.72	\$13.10	\$11.72	\$12.41	\$16.36	\$14.59	\$20.31	1.98
Location (Urban vs. Rural): ⁴													
In State Urban	263	96,463	9,046	\$12.20	\$10.36	\$11.10	\$10.05	\$8.81	\$9.07	\$7.78	\$11.26	\$13.15	1.97
In State Rural	102	77,993	7,577	\$15.96	\$11.32	\$11.64	\$12.13	\$9.27	\$9.27	\$16.63	\$12.70	\$19.23	1.98
All In State (Urban and Rural)	365	91,302	8,636	\$13.26	\$10.59	\$11.24	\$10.66	\$8.96	\$9.21	\$11.10	\$12.11	\$14.40	1.97
Out of State	17	4,432,668	511	\$11.80	\$7.50	\$12.06	\$10.50	\$6.15	\$13.93	\$6.08	\$8.68	\$14.93	2.12
Annual Rx Volume:													
0 to 58,999	119	34,923	3,405	\$19.58	\$15.44	\$16.66	\$14.37	\$12.99	\$13.77	\$17.21	\$16.46	\$22.70	1.98
59,000 to 107,999	144	85,073	7,712	\$11.21	\$11.05	\$11.50	\$10.48	\$10.06	\$10.71	\$3.41	\$10.65	\$11.77	1.98
108,000 and Higher	119	775,413	13,824	\$9.20	\$7.79	\$9.73	\$7.88	\$6.38	\$7.94	\$3.60	\$8.55	\$9.85	1.98
Annual Medicaid Rx Volume: ⁵													
0 to 3,299	97	742,262	1,564	\$19.57	\$7.25	\$16.41	\$13.89	\$6.15	\$13.68	\$18.77	\$15.79	\$23.35	1.99
3,300 to 8,499	144	124,750	5,643	\$11.60	\$11.67	\$11.38	\$10.25	\$12.98	\$10.16	\$5.17	\$10.75	\$12.46	1.98
8,500 and Higher	141	132,745	15,577	\$10.42	\$9.97	\$10.83	\$8.85	\$8.46	\$8.90	\$4.16	\$9.73	\$11.12	1.98
Medicaid Utilization Ratio: ⁵													
0.00% to 5.49%	100	822,238	2,876	\$14.90	\$7.76	\$10.62	\$10.94	\$6.15	\$8.26	\$17.14	\$11.50	\$18.30	1.98
5.50% to 9.99%	144	102,551	7,853	\$11.53	\$9.80	\$9.78	\$9.62	\$8.78	\$8.49	\$6.28	\$10.49	\$12.56	1.98
10.00% and Higher	138	84,705	12,625	\$13.69	\$11.57	\$12.29	\$11.65	\$9.50	\$10.33	\$8.54	\$12.25	\$15.12	1.98

**Pharmacy Cost of Dispensing Survey
Statistical Summary
Utah Department of Health & Human Services**

Pharmacy Dispensing Cost per Prescription ¹													
Characteristic	n: Number of Pharmacies	Average Total Prescription Volume	Average Medicaid Prescription Volume	Measurements of Central Tendency						Other Statistics			
				Means			Medians			Standard Deviation	95% Confidence Interval for Mean (based on Student t)		
				Mean	Weighted by Total Rx Volume	Weighted by Medicaid Rx Volume	Median	Weighted by Total Rx Volume	Weighted by Medicaid Rx Volume		Lower Bound	Upper Bound	t Value (with n-1 degrees of freedom)
Institutional:													
LTC Institutional Pharmacies ⁶	21	979,120	12,219	\$12.36	\$9.01	\$12.07	\$12.20	\$5.18	\$12.72	\$3.24	\$10.88	\$13.84	2.09
Non-LTC Institutional Pharmacies ⁶	361	244,097	8,045	\$13.24	\$8.32	\$11.16	\$10.25	\$6.38	\$8.98	\$11.21	\$12.08	\$14.40	1.97
Unit Dose:													
Does dispense unit dose	25	404,038	11,478	\$14.42	\$13.50	\$13.28	\$12.89	\$13.93	\$12.72	\$7.15	\$11.46	\$17.37	2.06
Does not dispense unit dose	357	276,133	8,050	\$13.11	\$7.93	\$11.03	\$10.25	\$6.38	\$8.96	\$11.14	\$11.95	\$14.26	1.97
340B Pharmacy Status													
Participates in 340B and provides 340B pricing to Medicaid	8	44,674	11,076	\$22.17	\$18.42	\$20.67	\$18.12	\$17.73	\$18.50	\$10.20	\$13.64	\$30.69	2.36
Does not participate in 340B or does not provide 340B pricing to Medicaid	374	289,634	8,214	\$13.00	\$8.42	\$10.97	\$10.41	\$6.38	\$9.07	\$10.87	\$11.89	\$14.10	1.97

Notes:

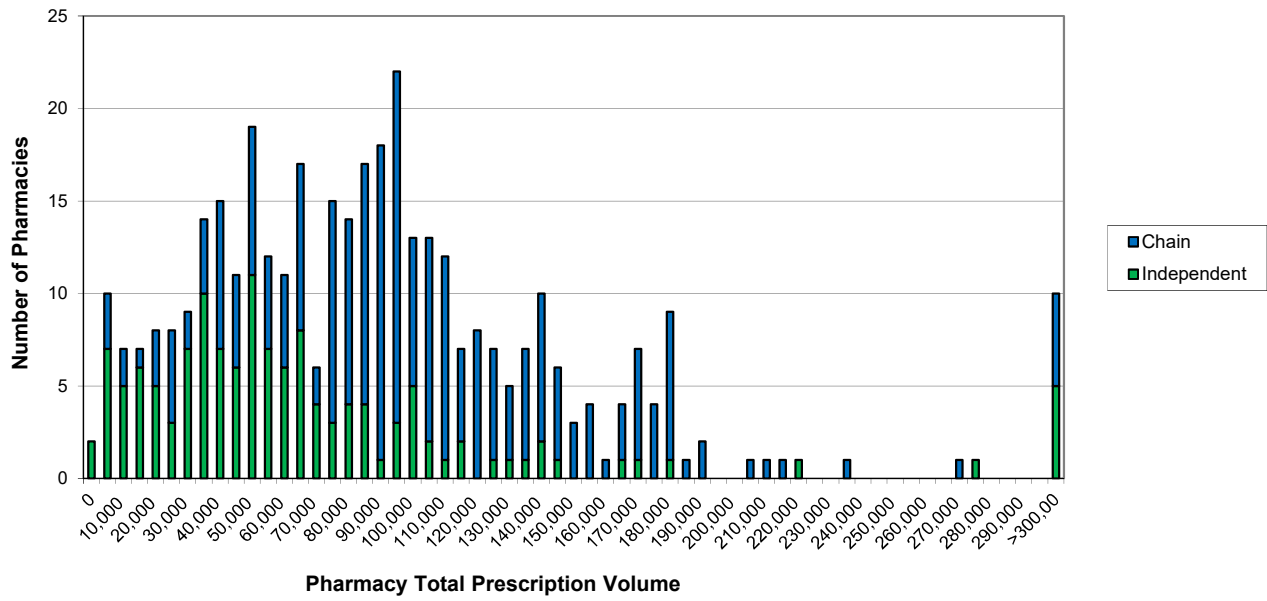
- 1) All pharmacy dispensing costs are inflated to the common point of 12/31/2022 (i.e., midpoint of a fiscal year ending 6/30/2023).
- 2) For purposes of this report a "specialty pharmacy" is one that reported sales for intravenous, home infusion, clotting factor and/or other specialty products of 30 percent or more of total prescription sales.
- 3) For purposes of this report specialty pharmacies were divided into three categories. Clotting factor specialty, infusion specialty, and other specialty.
- 4) For measurements that refer to the urban or rural location of a pharmacy, Utah Medicaid defines an urban pharmacy as any pharmacy physically located in Weber, Davis, Utah and Salt Lake counties. All other pharmacies physically located in Utah are designated as rural.
- 5) Medicaid volume is based on the time period of January 1, 2022 through December 31, 2022.
- 6) For purposes of this report an "LTC Institutional Pharmacy" is one that reported dispensing 25 percent or more of prescriptions to long-term care facilities.

Exhibit 9
**Charts Relating to Pharmacy Total
Prescription Volume:**

**A: Histogram of Pharmacy Total
Prescription Volume**

**B: Scatter-Plot of Relationship between Cost
of Dispensing per Prescription and Total
Prescription Volume**

Histogram of Pharmacy Total Prescription Volume



Scatter Plot of Relationship Between Dispensing Cost per Prescription and Total Prescription Volume (Non-Specialty Pharmacies, Total Prescription Volume < 400,000)

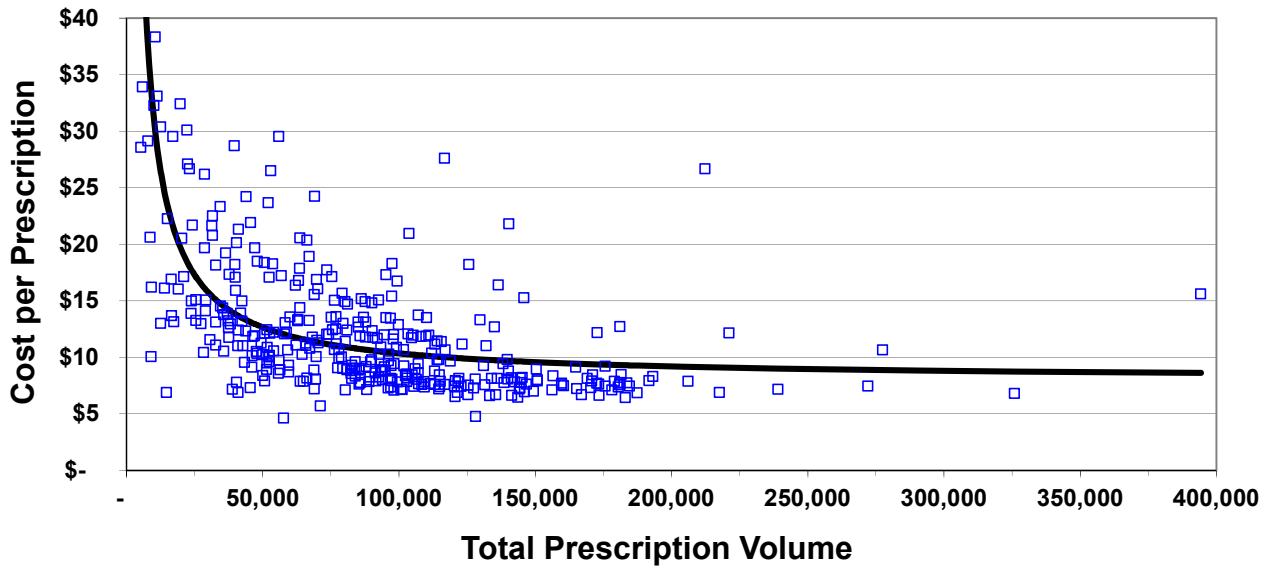


Exhibit 10
Chart of Components of Cost of Dispensing
per Prescription

**Chart of Components of Dispensing Cost per Prescription
(Non-specialty pharmacies)**

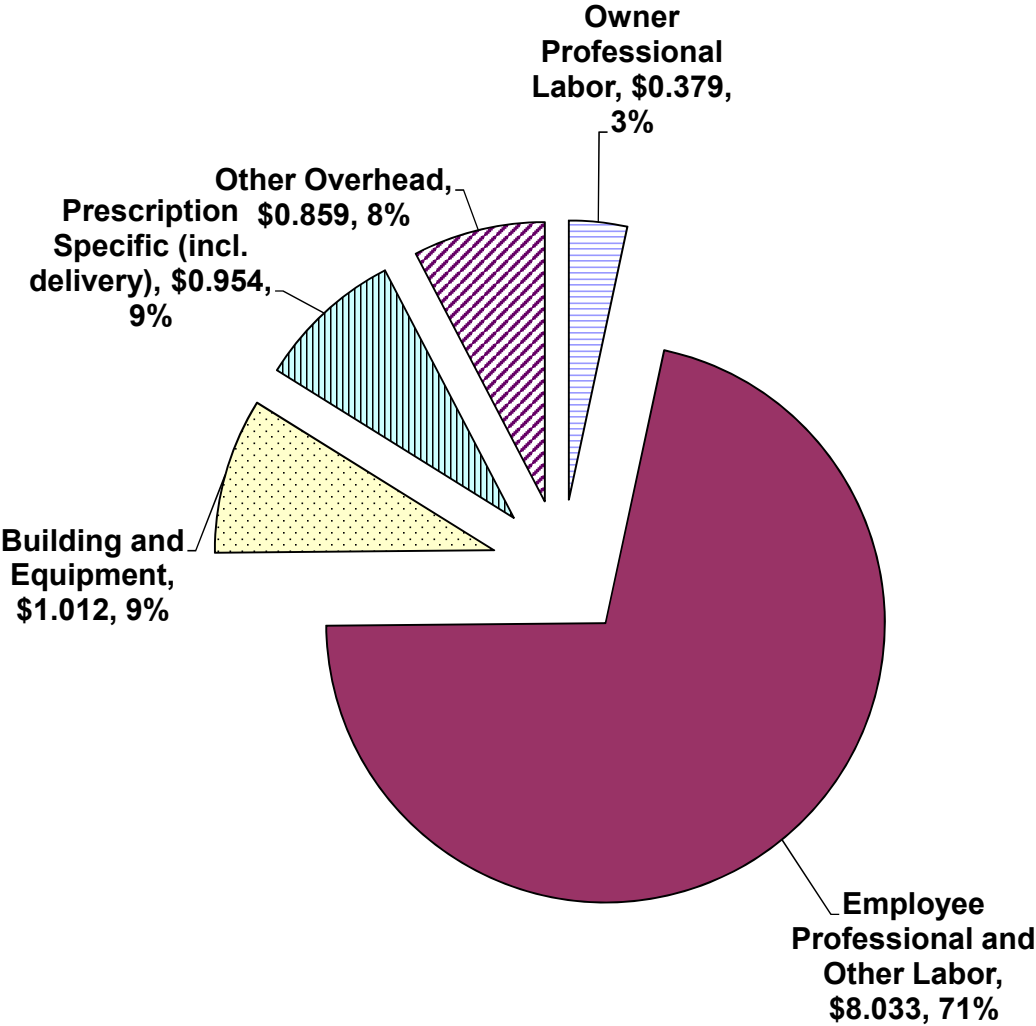


Exhibit 11
Summary of Pharmacy Attributes

Summary of Pharmacy Attributes
Utah Department of Health & Human Services

Attribute	Number of Pharmacies Responding	Statistics for Responding Pharmacies		
		Response	Count	Percent
Payer Type: percent of prescriptions (averages)	429	Medicaid fee for service	N/A	5.6%
		Medicaid managed care	N/A	8.8%
		Other third party	N/A	76.4%
		Cash	N/A	9.2%
		<i>Total</i>	N/A	100.0%
Payer Type: percent of payments (averages)	428	Medicaid fee for service	N/A	7.8%
		Medicaid managed care	N/A	9.7%
		Other third party	N/A	77.1%
		Cash	N/A	5.4%
		<i>Total</i>	N/A	100.0%
Type of ownership	433	Individual	10	2.3%
		Corporation	394	91.0%
		Partnership	9	2.1%
		Other	20	4.6%
		<i>Total</i>	433	100.0%
Location	433	Medical office building	55	12.7%
		Shopping center	21	4.8%
		Stand alone building	132	30.5%
		Grocery store / mass merchant	164	37.9%
		Outpatient Hospital	11	2.5%
		Other	50	11.5%
		<i>Total</i>	433	100.0%
Purchase drugs through 340B pricing	433	Yes	64	14.8%
		No	369	85.2%
		<i>Total</i>	433	100.0%
Provision of 340B inventory to Medicaid (for those that indicated they purchase drugs through 340B pricing)	64	Yes	8	12.5%
		No	56	87.5%
		<i>Total</i>	64	100.0%
Building ownership (or rented from related party)	433	Yes, (own building or rent from related party)	142	32.8%
		No	291	67.2%
		<i>Total</i>	433	100.0%
Hours open per week	399	64.5 hours	N/A	N/A
Years pharmacy has operated at current location	427	17.4 Years	N/A	N/A
Provision of 24 hour emergency services	433	Yes	61	14.1%
		No	372	85.9%
		<i>Total</i>	433	100.0%
Percent of prescriptions for generic products	413	Percent of prescriptions dispensed that were generic products	413	80.4%
Percent of prescriptions to long-term care facilities	433	Yes (Average of 37.5% of prescriptions were to long-term care facilities for those pharmacies indicating dispensation to long-term care facilities)	50	11.5%
		No	383	88.5%
		<i>Total</i>	433	100.0%
Provision of unit dose services	433	Yes (average of 35.5% of prescriptions for pharmacies indicating provision of unit dose prescriptions. Approximately 95.0% of unit dose prescriptions were reported as prepared in the pharmacy with 5.0% reported as purchased already prepared from a manufacturer)	62	14.3%
		No	371	85.7%
		<i>Total</i>	433	100.0%

Summary of Pharmacy Attributes
Utah Department of Health & Human Services

Attribute	Number of Pharmacies Responding	Statistics for Responding Pharmacies		
		Response	Count	Percent
Percent of total prescriptions delivered	433	Yes (Average of 48.9% of prescriptions were delivered for those pharmacies indicating delivery)	140	31.4%
		No	293	68.6%
		<i>Total</i>	433	100.0%
Percent of Medicaid prescriptions delivered	433	Yes (Average of 53.0% of Medicaid prescriptions were delivered for those pharmacies indicating delivery)	131	30.3%
		No	302	69.7%
		<i>Total</i>	433	100.0%
Percent of prescriptions dispensed by mail	433	Yes (Average of 51.8% of prescriptions were delivered by mail for those pharmacies indicating delivery)	107	24.7%
		No	326	75.3%
		<i>Total</i>	433	100.0%
Percent of prescriptions compounded	433	Yes (Average of 12.0% of total prescriptions were compounded for pharmacies indicating compounding)	88	20.3%
		No	345	79.7%
		<i>Total</i>	433	100.0%