

**TEXAS HEALTH AND HUMAN SERVICES  
COMMISSION  
RATE ANALYSIS DEPARTMENT**

**Proposed Medicaid Payment Rate for Pharmacy  
Dispensing Fee**

**Payment rates are proposed to be effective  
September 1, 2010.**

## SUMMARY OF PROPOSED MEDICAID FEES

Effective September 1, 2010

Included in this document is information relating to the proposed Medicaid payment rate reduction for the Pharmacy Dispensing Fee. HHSC is responsible for the reimbursement determination for the Texas Medicaid Program.

### Hearing

HHSC will conduct a public hearing to receive comments regarding the proposed Medicaid rates on June 29, 2010, from 1:00 – 3:00 p.m. in the Lone Star Conference Room in Building H of the Braker Center, at 11209 Metric Boulevard, Austin, TX 78758-4021, with entrance through security at the front of the building facing Metric Boulevard. This public hearing is held in compliance with the provisions of Human Resources Code §32.0282 and 1 TAC §355.105(g), which require a public hearing on proposed payment rates. Should you have any questions regarding the information in this document, please contact:

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### Background

The Legislative Budget Board and the Governor's Office informed HHSC in a letter dated May 17, 2010, of their revision to the Spending Reduction Plan for the 2010-11 Biennium submitted by HHSC. The spending reduction plan was submitted in response to a letter dated January 15, 2010 from the Governor, Lieutenant Governor, and Speaker requesting a spending reduction proposal. As a result of this revision to the spending reduction plan the proposed reimbursement rates for the fixed and variable components of the dispensing fee are proposed to be reduced by one percent.

### Methodology

The reimbursement methodology for the Pharmacy Dispensing Fee is based on the reimbursement rule at 1 Texas Administrative Code (1 TAC) §355.8551 relating to the reimbursement methodology for Pharmacy Services. These rates were subsequently adjusted in accordance with 1 TAC §355.201, Establishment and Adjustment of Reimbursement Rates by the Health and Human Services Commission. 1 TAC §355.8551 describes the different components of the dispensing fee: fixed component (dispensing expense); the variable component (inventory management fee); delivery incentive; the preferred generic incentive and the furnishing fee.

### Proposed Rates

	<u>Current Medicaid Fee</u>	<u>Proposed Medicaid Fee</u>
Fixed Component	\$7.50	\$7.43
Variable Component	2.00%	1.98%