

# PROFESSIONAL DISPENSING FEE SURVEY COMPLETION INSTRUCTIONS

## Survey Overview

### Purpose of This Survey

The Wisconsin Department of Health Services (DHS) has engaged Mercer Government Human Services Consulting (Mercer), part of Mercer Health & Benefits LLC, in conjunction with Hewlett Packard Enterprise, to conduct a survey of Medicaid-enrolled providers to better understand and determine the approximate cost of dispensing prescription drugs to ForwardHealth members in Wisconsin.

Provider participation and timely response is crucial, as the information collected from this survey will be critical data for DHS to better understand the current pharmacy cost of dispensing. Submit any questions about this survey via email to [CODSurvey@mercer.com](mailto:CODSurvey@mercer.com) or call the pharmacy survey hotline at 844-294-9982.

### Who Should Participate

All Wisconsin Medicaid-enrolled providers that have billed covered outpatient drugs in calendar year 2015 are required to participate.

### How to Submit Completed Surveys

Surveys may be completed online at <https://survey.mercer.com/2016CODWI.aspx> by June 24, 2016.

A username and password will be mailed to providers separately. Providers may call 844-294-9982 for assistance with the assigned password.

If the provider is unable to submit the survey information online, he or she may access, download and email the completed Microsoft Excel version of the survey to [CODSurvey@mercer.com](mailto:CODSurvey@mercer.com).

The survey must be received no later than Friday, June 24, 2016.

### Average Professional Dispensing Fee Calculation

The survey is created using Medicare and Medicaid cost principles as defined in 2 CFR 200.400–475, but is governed by the definition of a professional dispensing fee as defined in 42 CFR 447.502:

Professional dispensing fee means the professional fee which:

1. Is incurred at the point of sale or service and pays for costs in excess of the ingredient cost of a covered outpatient drug each time a covered outpatient drug is dispensed;
2. Includes only pharmacy costs associated with ensuring that possession of the appropriate covered outpatient drug is transferred to a Medicaid beneficiary. Pharmacy costs include, but are not limited to, reasonable costs associated with a pharmacist's time in checking the computer for information about an individual's coverage, performing drug utilization review and preferred drug list activities, measurement or mixing of the covered outpatient drug, filling the container, beneficiary counseling, physically providing the completed prescription to the Medicaid beneficiary, delivery, special packaging, and overhead associated with maintaining the facility and equipment necessary to operate the pharmacy; 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.

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

## SECTION I — PHARMACY PROFILE

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

### Element 1 — Wisconsin Medicaid Identification Number

Enter the eight- or nine-digit Wisconsin Medicaid provider number.

### Element 2 — National Provider Identifier (NPI)

Enter the National Provider Identifier (NPI) of the Wisconsin Medicaid provider.

### Element 3 — Provider Name

Enter the name of the Wisconsin Medicaid provider.

**Element 4–8 — Address (Street, City, State, ZIP Code)**

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

**Element 9 — County**

Enter the county where the provider is located.

**Element 10 — Contact Person**

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

**Element 11 — Contact Person Email**

Enter an email address where the contact person may be reached.

**Element 12 — Telephone Number**

Enter the telephone number, including area code, where the contact person may be reached.

**Element 13 — Fax Number**

Enter the fax number, including area code, for the contact person.

**Element 14 — 340B Program Participation**

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

**Element 15 — Type of Ownership**

Indicate the type of ownership (e.g., independent, franchise, chain, or other).

**Element 16 — Change of Ownership**

Indicate whether or not there was a change in pharmacy ownership during the reporting period.

**Element 16a — Date of Ownership Change**

If there was a change in pharmacy ownership during the reporting period, enter the date of the ownership change (in MM/DD/YYYY format).

**Element 17**

Indicate whether or not the pharmacy was open the entire year.

**Element 17a**

If the pharmacy was **not** open the entire year, enter the number of months the pharmacy was open.

*Note:* For providers that have been open less than 12 months, only complete Elements 1–22. The remainder of the survey should not be completed.

**Element 18 — Provider Type**

Select the provider type from the following list. If more than one provider type applies, select the type that represents the provider's highest percentage of sales. Hospital pharmacies that also dispense outpatient drugs should choose Outpatient/Clinic Pharmacy:

- **Long-term care (LTC) pharmacy** — A provider that dispenses medicinal preparations delivered to members residing in an intermediate or skilled nursing facility, including facilities for the developmentally disabled, hospices, assisted living facilities, group homes, and other forms of congregate living arrangement.
- **Home infusion pharmacy** — A provider with expertise in sterile drug compounding that provides care to members with acute or chronic conditions pertaining to parenteral administration of drugs, biologics, and nutritional formulae administered through catheters and/or needles in home and alternate sites. (Extensive professional provider services, care coordination, infusion nursing services, supplies, and equipment are provided to optimize effectiveness and compliance.)
- **Family planning clinic** — A clinic that meets the definition of Wis. Admin. Code DHS 105.36, provides services as a function of family planning, and dispenses family planning-related drugs.
- **Narcotic treatment center** — A center that primarily provides narcotic treatment services for opiate addiction as authorized under Wis. Admin. Code DHS 75.15 (which meets Wisconsin Medicaid's Wis. Admin Code DHS 105 requirement) with an NPI of entity Type 2.
- **Federally qualified health center (FQHC)** — An entity that is either designated by the United States Department of Health and Human Services as an FQHC or receives funds under the Indian Self-Determination Act (Public Law 93-638). An FQHC, other than a pharmacy, dispenses medicinal preparations under the supervision of a physician to members for self-administration (e.g., physician offices, emergency rooms, urgent care centers).

- **Compounding pharmacy** — A provider that specializes in the preparation of components into a drug preparation as the result of a practitioner's prescription drug order or initiative based on the practitioner/member/pharmacist's relationship in the course of professional practice, or when a member's need cannot be met by commercially available drugs. (A compounding provider utilizes specialized equipment and specially designed facilities necessary to meet the legal and quality requirements of its scope of compounding practice.)
- **Specialty pharmacy** — A provider who dispenses generally low-volume and high-cost medicinal preparations to members who are undergoing intensive therapies for illnesses that are generally chronic, complex, and potentially life threatening. (Often, these therapies require specialized delivery and administration, but are not previously described.)
- **Clinic/outpatient pharmacy** — A provider in a clinic or hospital outpatient setting who dispenses medications to outpatient members.
- **Independent retail pharmacy** — A provider whose ownership group(s) owns three or fewer locations in which pharmacists store, prepare, and dispense medicinal preparations and/or prescriptions for a local member population in accordance with federal and state law; counsel members and caregivers (sometimes independent of the dispensing process); and provide other professional services associated with pharmaceutical care, such as health screenings, consultative services with other health care providers, collaborative practice, disease state management, and education classes.
- **Retail chain (default)** — A provider whose ownership group(s) owns four or more locations in which pharmacists store, prepare, and dispense medicinal preparations and/or prescriptions for a local member population in accordance with federal and state law; counsel members and caregivers (sometimes independent of the dispensing process); and provide other professional services associated with pharmaceutical care, such as health screenings, consultative services with other health care providers, collaborative practice, disease state management, and education classes.

**Element 19**

Select the location type of the provider from the following list:

- Medical office building
- Shopping center (stand-alone)
- Grocery store/mass merchandiser
- Hospital outpatient
- Other

**Element 20**

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

**Element 21**

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

**Element 22**

Enter the number of hours per week the pharmacy department is open. The maximum number of hours is 168 (24 hours times 7 days per week).

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

For the purposes of this survey, the prescription area will be defined as the professional service area as defined in Wis. Admin. Code Phar. 6.04 (1) and (2), regardless of whether or not the pharmacist is present. Square footage is used to allocate indirect facility costs such as rent, utilities, and real estate taxes between pharmacy and non-pharmacy expenses.

**Element 23**

Enter the pharmacy department's square footage as of the end of the reporting period:

- a. Prescription area — List the actual square footage of the prescription area. Measure; do not estimate.
- b. Non-prescription area — List the actual square footage of the rest of the pharmacy. Measure; do not estimate.
- c. Total square footage (Sum of a and b)

**Element 24**

Indicate whether or not the square footage of the pharmacy department changed during the year:

- a. Enter the date that the square footage changed (in MM/DD/YYYY format).

Enter the actual square footage for the following areas **before** the remodel:

- b. Prescription area
- c. Non-prescription area
- d. Total square footage (Sum of b and c)

**Prescriptions (Required. Survey responses for this section should use the same time period as reported in the financial information section.)**

**Element 25**

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

- a. Prescriptions provided to Medicaid, BadgerCare Plus, and SeniorCare members
- b. Medicare Parts B, C, and D-covered prescriptions (If available)
- c. All other prescriptions (not Medicaid, BadgerCare Plus, SeniorCare or Medicare)
- d. Total prescriptions (Sum of a–c)

**Element 26**

Enter the number of prescriptions compounded. If none, enter 0.

**Element 27**

Enter the number of Medicaid, BadgerCare Plus, and SeniorCare prescriptions compounded. If none, enter 0.

**Element 28**

Enter the number of prescriptions delivered during the reporting period.

**Element 29**

Enter the number of Medicaid, BadgerCare Plus, and SeniorCare prescriptions delivered to members.

**Element 30**

Enter the number of prescriptions that were dispensed for LTC pharmacies for each of the following methods:

- a. Unit dose
- b. Modified unit dose (Bingo card/blister packs)
- c. No unit dose dispensing
- d. Traditional packaging
- e. Other method not described above (Explain in the Comments section)
- f. Total prescriptions dispensed for LTC facilities (Sum of a–e)

**Element 31**

Enter the number of prescriptions that were dispensed to all nursing homes and/or assisted living facilities.

**SECTION II — 340B DRUG PRICING PROGRAM (340B) PHARMACY INFORMATION**

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

**Element 32 — Type of 340B Provider**

Enter the type of 340B provider from the following list:

- Black lung clinic
- Children's hospital
- Comprehensive hemophilia treatment center
- Consolidated health center program
- Contract pharmacy
- Critical access hospital
- Disproportionate share hospital
- Family planning
- FQHC look-alike
- HIV/AIDS clinic
- Rural health clinic
- Urban Indian organization
- Other

**Element 33 — Covered Entity or Contract**

Select whether or not this is a covered entity or contract.

**Element 34**

Select whether or not the provider purchases drugs through the 340B prime vendor program.

**Element 35**

Select whether or not the provider uses a 340B administrator.

**Element 36**

Enter the total number of 340B prescriptions filled during the reporting period.

**Element 37**

Enter the total number of 340B prescriptions billed to Medicaid, BadgerCare Plus, and SeniorCare.

**SECTION III — FINANCIAL INFORMATION — SALES AND DIRECT EXPENSES**

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

**Element 38**

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

- a. Beginning date range of financial reports
- b. Ending date range of financial reports

**Sales**

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

**Element 39**

Enter the sales for this location for the following categories:

- a. Prescription sales other than over-the-counter sales dispensed by a pharmacist or 340B sales
- b. Over-the-counter sales dispensed by pharmacy department
- c. Over-the-counter sales dispensed by staff not in pharmacy department
- d. Sales of drugs purchased through the 340B program
- e. Portion of federal grants attributable to pharmacy, if any
- f. Revenue received for Medication Therapy Management (MTM): intervention-based services (Use modifiers U1–U8.)
- g. Revenue received for MTM: comprehensive medication reviews (Use modifiers UA and UB.)
- h. Other sales such as retail sales and services (If amounts exceed 5.0 percent of total sales, comment on the nature of the other sales and provide more detail.)
- i. Total sales (Sum of a–h)

**Costs and Expenses**

Enter the following costs and expenses information.

**Element 40**

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

- a. Cost of goods sold: pharmaceuticals (*Note:* This will not be included in the dispensing fee calculation.)
- b. Non-pharmacy COGS
- c. Total COGS (Sum of a and b)

**Pharmacy Personnel and Labor Costs**

*Note:* Store costs should be categorized into three distinct areas — direct costs related to pharmacy services, direct costs related to non-pharmacy services, and indirect costs related to all product lines. For Elements 42–50, include wages only for direct costs for pharmacy services (pharmacy department).

For Element 41, list pharmacist full-time equivalent (FTE) positions including those who provide MTM services (intervention-based services and/or comprehensive medication reviews) and those who do not provide MTM services.

For Elements 42–50, round to the nearest whole dollar amount:

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

**Element 41**

MTM units:

- a. Enter the number of 15-minute units billed to Medicaid for MTM intervention-based services (modifiers U1–U8). For instance, a 60-minute intervention would be entered as 4 (60/15 minutes = 4).
- b. Enter the number of 15-minute units billed to Medicaid for MTM comprehensive medication reviews (modifiers UA and UB).
- c. Enter the number of Pharmacist full-time employees (FTEs) (2,080 hours per year). (*Note:* Pharmacist costs listed in Elements 43 and 44 will be allocated by time to MTM services versus professional dispensing fee services.)

**Element 42 — Other Pharmacy Department FTEs**

Enter the salaries, wages, and bonuses for employees listed in Elements 43—47. Do not include pharmacists counted in 41c.

For Elements 43—47, enter the sum of salaries, wages, bonuses, and guaranteed payments.

**Element 43 — Pharmacist Manager (Owner)****Element 44 — Pharmacist Manager (Non-owner)****Element 45 — Staff Pharmacist****Element 46 — Technician****Element 47 — Non-pharmacist Personnel Working in Pharmacy Department (Allocated)****Element 48 — Pharmacy Department Payroll Taxes****Element 49 — Pharmacy Department Benefits (Including health insurance and pension/profit sharing/retirement expenses)****Element 50 — Prescription Department Payroll**

Enter the total prescription department payroll amount. (Sum of 43—49.)

**Non-pharmacy Personnel**

*Note:* Store costs should be categorized into three distinct areas — direct costs related to pharmacy services, direct costs related to non-pharmacy services, and indirect costs related to all product lines. For Element 51, include wages only for direct costs to non-pharmacy services. For example, retail marketing personnel costs would be considered a direct cost for non-pharmacy services. For Element 52, include indirect personnel costs such as accounting, information technology (IT), legal, or human resources.

**Element 51 — Wages, Payroll Taxes, and Benefits for Personnel Directly Attributed to Non-pharmacy Services**

Enter wages, payroll taxes, and benefits for personnel directly attributed to non-pharmacy services. This is for personnel who do not provide any services to the pharmacy department but are dedicated to non-pharmacy sales. Do not include wages for administrative personnel (accounting, legal, IT, human resources, corporate).

**Element 52 — Wages, Payroll Taxes, and Benefits for Personnel Directly Attributed to Administrative or Shared Services**

Enter wages, payroll taxes, and benefits for personnel directly attributed to administrative or shared services.

**Element 53 — General Employee Expenses Attributable to All Employee Types**

Enter general employee expenses attributable to all employee types.

**Element 54 — Non-prescription Department Payroll**

Enter non-prescription department payroll. (Sum of 51—53)

**Element 55 — Total Payroll Expense**

Enter the total payroll expense. (Sum of 50 and 54)

**Pharmacy Department Expenditures**

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

**Element 56 — Prescription Containers, Labels, and Other Pharmacy Supplies**

Enter the costs of the prescription containers, labels, and other pharmacy supplies in whole dollar amounts.

**Element 57 — Professional Liability Insurance for Pharmacists**

Enter the costs of the professional liability insurance for pharmacists in whole dollar amounts.

**Element 58 — Prescription Department Licenses, Permits, and Fees**

Enter the costs of the prescription department licenses, permits, and fees in whole dollar amounts.

**Element 59 — Dues, Subscriptions, and Continuing Education for the Prescription Department**

Enter the costs of the dues, subscriptions, and continuing education for the prescription department in whole dollar amounts.

**Element 60 — Delivery Expenses**

Enter the costs of prescription-related delivery expenses in whole dollar amounts.

**Element 61 — Expenses Related to Compounding Drugs**

Enter the costs of the expenses related to compounding drugs, including depreciation on compounding equipment or compounding supply costs, in whole dollar amounts.

**Element 62 — Bad Debts for Prescriptions**

Enter the costs of any bad debts for prescriptions, including uncollected copayments, in whole dollar amounts.

**Element 63 — Computer System Costs Related Only to the Prescription Department**

Enter the costs of the computer system costs, not including depreciation, related only to the prescription department in whole dollar amounts.

**Element 64 — Depreciation — Directly Related to Pharmacy Department (Including computers, software, and equipment)**

Enter the costs of depreciation directly related to the pharmacy department, including computers, software, and equipment, in whole dollar amounts.

**Element 65 — Professional Education and Training**

Enter the costs of professional education and training in whole dollar amounts.

**Element 66 — Inventory Carrying Costs (Including shrinkage due to expiration, theft, or loss inventory)**

Enter inventory carrying costs, including shrinkage due to expiration, theft, or lost inventory, in whole dollar amounts.

**Element 67 — Costs Directly Attributable to 340B**

- a. 340B program management
- b. Other (List other costs in the Comments section.)

Enter the costs directly attributable to 340B, including 340B program management or other, in whole dollar amounts. If Other, list in the Comments section of this survey.

**Element 68 — Other Prescription Department-Specific Costs Not Identified Elsewhere**

Enter other prescription department-specific costs not identified elsewhere in whole dollar amounts. If the amount is greater than 5.0 percent of total prescription department costs (Element 69), attach supporting details in the Comments section.

**Element 69 — Total Prescription Department Non-payroll Costs**

Enter the total prescription department non-payroll costs in whole dollar amounts. (Sum of 56–68)

**SECTION IV — FINANCIAL INFORMATION — OVERHEAD****Facility**

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

**Element 70**

Indicate whether or not the provider leases or owns the building. If he or she owns the building, answer questions a and b:

- a. The cost basis of the building (depreciable amount)
- b. The accumulated depreciation of the building

**Facility Expenses**

Allowable facility expenses are allocated to the pharmacy dispensing fee calculation as a percentage of square footage. Enter, in whole dollar amounts, the costs of the following:

**Element 71 — Rent**

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

**Element 72 — Utilities**

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

**Element 73 — Real Estate Taxes**

Enter the cost of real estate taxes in whole dollar amounts.

**Element 74 — Facility Insurance**

Enter the cost of facility insurance in whole dollar amounts.

**Element 75 — Maintenance and Cleaning**

Enter the cost of maintenance and cleaning in whole dollar amounts.

**Element 76 — Depreciation Expense**

Enter the cost of depreciation expenses (e.g., building, leasehold improvements, furniture, and fixtures) in whole dollar amounts.

**Element 77 — Mortgage Interest**

Enter the mortgage interest in whole dollar amounts.

**Element 78 — Other Facility-Specific Costs Not Identified Elsewhere**

Enter the other facility-specific costs not identified elsewhere in whole dollar amounts. If the amount is greater than 5.0 percent of total facility cost (Element 79), attach supporting details in the Comments section of this survey.

**Element 79 — Total Facility Costs**

Enter the total facility costs.(Sum of 71–78)

**Other Store/Location Expenses**

Allowable other store/location expenses are allocated to the pharmacy dispensing fee calculation as a percentage of sales.

**Element 80 — Marketing and Advertising**

Enter the marketing and advertising costs in whole dollar amounts.

**Element 81 — Professional Services**

Enter the cost for professional services (e.g., accounting, legal, consulting) in whole dollar amounts.

**Element 82 — Telephone and Data Communication**

Enter the costs for telephone and data communication in whole dollar amounts.

**Element 83 — Transaction Fees/Merchant Fees/Credit Card Fees**

Enter the costs for transaction, merchant, and credit card fees in whole dollar amounts.

**Element 84 — Computer Systems and Support**

Enter the costs for computer systems and support in whole dollar amounts.

**Element 85 — Depreciation**

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

**Element 86 — Amortization**

Enter the costs for amortization in whole dollar amounts.

**Element 87 — Office Supplies**

Enter the costs for office supplies in whole dollar amounts.

**Element 88 — Other Insurance**

Enter the costs for other insurance in whole dollar amounts.

**Element 89 — Taxes Other Than Real Estate, Payroll, or Sales**

Enter the costs for any taxes other than real estate, payroll, or sales in whole dollar amounts.

**Element 90 — Franchise Fees (If Applicable)**

Enter the costs for franchise fees, if applicable, in whole dollar amounts.

**Element 91 — Other Interest**

Enter the costs for other interest in whole dollar amounts.

**Element 92 — Charitable Contributions**

Enter the amount of charitable contributions for the report period in whole dollar amounts.

**Element 93 — Corporate Overhead**

Enter the costs of corporate overhead in whole dollar amounts.

**Element 94 — Other Costs Not Included Elsewhere**

Enter any other costs not include elsewhere in whole dollar amounts. If the amount is greater than 5.0 percent of total other store/location costs (Element 95), attach supporting details in the Comments section.

**Element 95 — Total Other Store/Location Costs**

Enter the total other store/location costs (Sum of 80–94)

**Element 96 — Total Overhead**

Enter the total overhead, which is the sum of Elements 79 and 95.



**SECTION V — COMMENTS**

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

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

**SECTION VI — CERTIFICATION**

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

This section also requires a statement of the preparer if the preparer of the survey and cost report is different than the provider listed on the survey. The preparer's signature, printed name, position/title, and company name is required in this section.