



REPORT ON ALLOWING A THREE MONTH SUPPLY OF SOME MEDICAID MEDICATIONS

SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE
STAFF: RUSSELL FRANDSEN

ISSUE BRIEF

SUMMARY

Beginning July 1, 2016 the Department of Health will provide the option to fill 191 low cost medication for up to a three month supply per dispensing rather than the current one month requirement. This change may or may not result in savings to the State. Savings may be achieved by reducing the number of dispensing fees paid. Costs may be incurred if members discontinue a prescription or lose Medicaid eligibility before using the full three month supply. The Department of Health will report on the financial impact of this change on September 30, 2017. This brief is for informational purposes only and requires no Legislative action.

DISCUSSION AND ANALYSIS

Background

The report from the Department of Health (see <http://le.utah.gov/interim/2016/pdf/00002419.pdf>) is in response to the following intent language passed by the Legislature in H.B. 7, *Social Services Base Budget*, item 7 from the 2016 General Session:

The Legislature intends that the Department of Health report to the Office of the Legislative Fiscal Analyst by April 1, 2016 on the following regarding its plan to allow a three month supply of some Medicaid medications: (1) the Departments proposed plan, (2) proposed timeline of important action items, (3) how the agency will measure the financial impact to the State from making this change, and (4) the date on which the Department intends to report back on having finished the implementation.

What Types of Medication Were Selected?

Currently the Department of Health only allows a one month supply of medication for each prescription. Some medications cost less than the dispensing fee paid to pharmacies. The Legislature directed the Department of Health to explore allowing three month supplies for some low cost medications. The Department of Health used the following criteria to identify the 191 medications to be allowed for up to a three month supply per dispensing:

1. Low cost generic medications
2. Maintenance medications with constant dosages
3. Low safety risk

Will This Change Save the State Money?

The following factors will be analyzed to determine if the change results in savings or costs to the State:

1. Cost of medication
2. Dispensing fees avoided
3. Medicaid eligibility (if extra months of medication is provided to recipients who later become ineligible)
4. Dosing and usage changes

The Department of Health will provide updates on the status of this change on September 30 in 2016 and 2017. For more information please see the full report by the Department available at <http://le.utah.gov/interim/2016/pdf/00002419.pdf>.