Schedule 13

Department of Health Care Policy and Financing

Funding Request for The FY 2020-21 Budget Cycle

Request Title

R-07 Pharmacy Pricing and Technology

Dept. Approval By:

OSPB Approval By:

___	Supplemental FY 2019-20
___	Budget Amendment FY 2020-21
X	Change Request FY 2020-21

Summary Information	Fund	FY 2019-20 Initial Appropriation	FY 2019-20 Supplemental Request	FY 2020-21 Base Request	FY 2020-21 Change Request	FY 2021-22 Continuation
Total of All Line Items Impacted by Change Request	Total	$146,418,641	$0	$151,804,782	$4,561,775	$4,078,936
	FTE	500.0	0.0	504.1	5.0	5.0
	GF	$33,651,934	$0	$34,807,035	$1,152,570	$1,263,138
	CF	$13,561,310	$0	$14,287,287	$654,693	$677,870
	RF	$2,832,958	$0	$2,720,241	$0	$0
	FF	$96,372,439	$0	$99,990,219	$2,754,512	$2,137,928

Line Item Information	Fund	FY 2019-20 Initial Appropriation	FY 2019-20 Supplemental Request	FY 2020-21 Base Request	FY 2020-21 Change Request	FY 2021-22 Continuation
01. Executive Director's Office, (A) General Administration, (1) General Administration - Personal Services	Total	$38,610,714	$0	$40,590,766	$506,630	$526,916
	FTE	500.0	0.0	504.1	5.0	5.0
	GF	$13,478,948	$0	$14,470,561	$167,188	$173,883
	CF	$3,571,232	$0	$3,714,633	$86,127	$89,576
	RF	$2,436,543	$0	$2,305,357	$0	$0
	FF	$19,123,991	$0	$20,100,215	$253,315	$263,457
01. Executive Director's Office, (A) General Administration, (1) General Administration - Health, Life, and Dental	Total	$4,790,328	$0	$6,054,935	$50,210	$50,210
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$1,700,447	$0	$2,211,097	$16,569	$16,569
	CF	$421,237	$0	$525,947	$8,536	$8,536
	RF	$126,088	$0	$138,532	$0	$0
	FF	$2,542,556	$0	$3,179,359	$25,105	$25,105

Line Item Information	Fund	FY 2019-20 Initial Appropriation	FY 2019-20 Supplemental Request	FY 2020-21 Base Request	FY 2020-21 Change Request	FY 2021-22 Continuation
01. Executive Director's Office, (A) General Administration, (1) General Administration - Short-term Disability	Total	$66,598	$0	$72,132	$766	$797
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$24,002	$0	$26,864	$253	$264
	CF	$5,301	$0	$5,495	$130	$135
	RF	$2,206	$0	$1,639	$0	$0
	FF	$35,089	$0	$38,134	$383	$398
01. Executive Director's Office, (A) General Administration, (1) General Administration - Amortization Equalization Disbursement	Total	$1,984,802	$0	$2,182,512	$22,546	$23,450
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$722,807	$0	$812,689	$7,441	$7,738
	CF	$159,398	$0	$166,329	$3,833	$3,987
	RF	$46,310	$0	$49,606	$0	$0
	FF	$1,056,287	$0	$1,153,888	$11,272	$11,725
01. Executive Director's Office, (A) General Administration, (1) General Administration - Supplemental Amortization Equalization Disbursement	Total	$1,984,802	$0	$2,182,512	$22,546	$23,450
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$722,807	$0	$812,689	$7,441	$7,738
	CF	$159,398	$0	$166,329	$3,833	$3,987
	RF	$46,310	$0	$49,606	$0	$0
	FF	$1,056,287	$0	$1,153,888	$11,272	$11,725
01. Executive Director's Office, (A) General Administration, (1) General Administration - Operating Expenses	Total	$2,506,384	$0	$2,273,794	$28,265	$4,750
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$1,014,866	$0	$939,016	$9,330	$1,567
	CF	$243,961	$0	$197,797	$4,805	$808
	RF	$13,297	$0	$13,297	$0	$0
	FF	$1,234,260	$0	$1,123,684	$14,130	$2,375
01. Executive Director's Office, (A) General Administration, (1) General Administration - General Professional Services and Special Projects	Total	$21,581,862	$0	$17,517,486	$2,878,845	$3,449,363
	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$6,015,380	$0	$4,503,802	$869,277	$1,055,379
	CF	$2,615,231	$0	$2,547,721	$473,284	$570,841
	RF	$150,000	$0	$150,000	$0	$0
	FF	$12,801,251	$0	$10,315,963	$1,536,284	$1,823,143

Line Item Information	Fund	FY 2019-20		FY 2020-21		FY 2021-22
		Initial Appropriation	Supplemental Request	Base Request	Change Request	Continuation
	Total	$74,893,151	$0	$80,930,645	$1,051,967	$0
01. Executive Director's Office, (C) Information Technology Contracts and Projects, (1) Information Technology Contracts and Projects - MMIS Maintenance and Projects	FTE	0.0	0.0	0.0	0.0	0.0
	GF	$9,972,677	$0	$11,030,317	$75,071	$0
	CF	$6,385,552	$0	$6,963,036	$74,145	$0
	RF	$12,204	$0	$12,204	$0	$0
	FF	$58,522,718	$0	$62,925,088	$902,751	$0

Auxiliary Data

Requires Legislation?	YES		
Type of Request?	Department of Health Care Policy and Financing Prioritized Request	**Interagency Approval or Related Schedule 13s:**	No Other Agency Impact

Department Priority: R-7
Request Detail: Pharmacy Pricing and Technology

Summary of Incremental Funding Change for FY 2020-21			
	FY 2019-20	**FY 2020-21**	**FY 2021-22**
Total Funds	**$7,135,879**	**$4,561,775**	**$4,078,936**
FTE	0.0	5.0	5.0
General Fund	$1,408,842	$1,152,570	$1,263,138
Cash Funds	$325,528	$654,693	$677,870
Reappropriated Funds	$0	$0	$0
Federal Funds	$5,401,509	$2,754,512	$2,137,928

Summary of Request:

The Department requests an increase of $7,135,879 total funds, including $1,408,842 General Fund, $325,528 cash funds, $5,401,509 federal funds in FY 2019-20; an increase of $4,561,775 total funds, including $1,152,570 General Fund, $654,693 cash funds, $2,754,512 federal funds and 5.0 FTE in FY 2020-21; and an increase of $4,078,936 total funds, including $1,263,138 General Fund, $677,870 cash funds, $2,137,928 federal funds and 5.0 FTE in FY 2021-22, in order to work on several initiatives tied to controlling pharmacy and physician administered drug expenditure and ensuring appropriate utilization of drugs. The Department's requested funding includes the Healthcare Affordability and Sustainability Fee cash fund, Children's Basic Health Plan Trust fund, and Breast and Cervical Cancer Prevention and Treatment fund. This request represents an increase of less than 0.5% from the Department's FY 2019-20 Long Bill total funds appropriation. The request includes: revising the rate setting methodologies for the pharmacy and physician administered drug (PAD) benefits; incorporating data from the state's prescription drug monitoring program (PDMP) into the pharmacy claims processing system; trueing up funding for a prescriber tool, which is one of the requirements of SB 18-266 "Controlling Cost under Colorado Medical Assistance Act", adding roll forward authority for design and development of the tool, and adding administrative resources to facilitate pharmaceutical appeals and to work on various Department initiatives to control pharmacy costs.

Current Program:

The Department spent $1,110,263,303 ($360,287,215 net of drug rebates) on prescription drugs and physician administered drugs in FY 2018-19. Drug costs have increased consistently year over year, putting pressure on the State's limited financial resources. The Department is responsible for processing pharmaceutical claims for eligible members, setting appropriate rates for prescription drugs and physician administered drugs, improving member health outcomes, and ensuring that the Department is in compliance with state and federal regulations.

Drug Pricing Methodologies

The Department currently uses the Average Acquisition Cost (AAC) pricing methodology to determine its rates for the pharmacy benefit; however, when insufficient acquisition cost data exists for pharmacy drugs the Department defaults to paying based on the Wholesale Acquisition Cost (WAC) methodology. The Department currently uses the Average Sale Price methodology plus 2.5% (ASP) to determine the rates for the Physician Administered Drug (PAD) benefit.[1]

Prescription Drug Monitoring Program

Effective October 1, 2021, the Substance Use Disorder Prevention that Promotes Opioid Recovery and Treatment for Patients and Communities Act (SUPPORT Act) requires that Medicaid providers utilize data from the Prescription Drug Monitoring Program (PDMP) before prescribing controlled substances.[2] A PDMP is an electronic database that tracks prescription drug utilization in an effort to help reduce prescription drug misuse, abuse, and diversion. The State has a PDMP housed at the Department of Regulatory Agencies (DORA). The PDMP receives daily uploads of prescriptions for controlled medications from pharmacies.[3] The PDMP records all the data collected from these pharmacies and then uses an interface with providers to help providers make better clinical decisions based on the patient's drug history. The Department currently only has Medicaid-paid claims for controlled medications and is unable to collect data on prescriptions attained by Medicaid patients outside of the Medicaid claims processing system. This hinders the Department from being able to analyze the effects of various policies without understanding the full impact. Additionally, the Department may be missing opportunities to coordinate care for individuals with substance use disorders if they are unable to identify these issues. The Department is unable to access the data due to restrictions at section 12-42.5-404(3), C.R.S. which limits the program's availability to a specified list of persons or groups of persons. Additionally, the Centers for Medicare and Medicaid Services (CMS) published guidance that if State Medicaid programs incorporate Prescription Drug Monitoring Program (PDMP) data into the claims processing system, they could receive enhanced federal financial participation for systems integration costs.[4]

Prescriber Tool

The Department received funding through SB 18-266 "Controlling Cost under Colorado Medical Assistance Act" to implement a Prescriber tool that would provide information to prescribers about the Department's

[1]For Drug Pricing Definitions visit: https://www.keionline.org/book/economics-of-creativity-and-knowledge/data-points-on-prices-of-medical-technologies/glossary-of-pharmacy-and-drug-price-terms

[2] https://www.congress.gov/115/bills/hr6/BILLS-115hr6eah.pdf

[3] See section 12-42.5-401 et. seq., C.R.S.

[4] https://www.medicaid.gov/federal-policy-guidance/downloads/faq051519.pdf

drug cost information, preferred drug listing (PDL) information, Prior Authorization Requirements (PAR), and member-based risk factors based on diagnosis. The Department is currently in the process of securing a vendor to create and maintain the provider tool through a competitive bidding process.

At the same time that work is ongoing for the Prescriber tool, the Department of Human Services (DHS) has received funding for the Joint Agency Interoperability (JAI) project to provide information on the State's programs that help provide financial and social support to members and their families, which when utilized can lower health care costs and connect members to programs that can improve their lives. The Office of Information Technology (OIT), DHS and the Department have implemented the initial phase of the project which connected four primary systems: Colorado Benefit Management System (CBMS), Trails, Childcare Automated Tracking System (CHATS), and Automated Child Support Enforcement Services (ACSES). The JAI project will be in the next stage of development in FY 2019-20 and FY 2020-21, when the agencies will use the JAI program infrastructure to provide interfaces to additional systems.

The Department has reached out to gather information through a request for information (RFI) and posted an Invitation to Negotiate (ITN) for potential vendors in June 2019. The Department is soliciting vendors who will be able to provide the required information about prescription drugs and leverage new technological opportunities afforded by the JAI to provide information about other public assistance programs in the same tool.

Administrative Resources

The Department's pharmacy office consists of 12 FTE, including 2 pharmacists. The Department's pharmacy office oversees the pharmacy, physician administered drugs, and durable medical equipment benefits. Staff in this section ensure that members receive appropriate access to drugs and that the Department is in compliance with all state and federal rules and regulations. They also create innovative solutions for drug cost containment. These staff are responsible for policy and clinical management of the drug benefits, pharmacy claims system, contract management of the pharmacy benefit management system (PBMS) vendor, and rate setting for the pharmacy benefit. Finally, some staff in the office are responsible for the implementation of SB 19-005 "Import Prescription Drugs from Canada."

Problem or Opportunity:

Prescription drug expenditure has grown significantly in the last few years, putting pressure on the State's limited financial resources. In FY 2018-19, pharmacy and physician administered drug program expenditure was $1,110,263,303 ($360,287,215 net of drug rebates). The Department must come up with new strategies for controlling drug costs, reducing inappropriate utilization, and holding providers accountable for the appropriate utilization of drugs. Additionally, Medicaid providers must comply with the SUPPORT Act's provision requiring them to check the State's Prescription Drug Monitoring Program (PDMP) before prescribing controlled substances by October 1, 2021.

The Department has identified several opportunities to reduce the cost of prescription drugs, increase administrative oversight of a growing program, and provide access to tools of transformation and information that would help providers make more informed clinical and financial decisions.

Drug Pricing Methodologies

During FY 2020-21 the Department will be reprocuring its contract with the vendor responsible for calculating Average Acquisition Cost (AAC) rates for the pharmacy benefit, with an effective date of July 1, 2021. The Department has an opportunity to utilize this reprocurement process to add additional scopes of work to the existing contract under the same entity. The Department contracted with a vendor to investigate several options for different pricing strategies to more appropriately price certain drugs. The Department can leverage the reprocurement to implement new pricing strategies as additional scopes of work for the Department's AAC rate calculation vendor. By utilizing different pricing strategies for drugs, the Department has the opportunity to set more appropriate rates and reduce total expenditure.

Prescription Drug Monitoring Program

CMS issued guidance on how states may utilize enhanced federal match opportunities to support enhanced system changes for Prescription Drug Monitoring Programs (PDMPs) passed in the SUPPORT Act. The SUPPORT Act allows states to claim a 90% federal match to incorporate the PDMP as a part of the mechanism for claims processing and information retrieval. Additionally, CMS issued guidance that the ongoing operation of system integration is eligible for a 75% federal match. Based on this guidance, the Department has an opportunity to build system enhancements to create an interface with Medicaid providers that would allow the Department to both integrate PDMP data into the current system and allow the Department to monitor the use of the PDMP data with existing Medicaid providers at a lower cost to the State. The Department has an opportunity to gain access to the PDMP to help the Department better analyze the effects of various policy impacts like utilization management (UM), prior authorization requirements, and other various policies the Department has enacted tied to controlling pharmacy costs. The Department has an opportunity to use this data to help inform more targeted care coordination by using the data from the PDMP. The PDMP data is a valuable tool the Department could utilize to help providers make better clinical decisions for Medicaid members.

The SUPPORT Act requires that state Medicaid providers check a prescription drug monitoring program (PDMP) for an enrollee's prescription drug history before prescribing a controlled substance beginning October 1, 2021. CMS has not issued guidance yet on how the Department should enforce this requirement in the SUPPORT Act, but the Department currently does not have access to the PDMP, and has no way of enforcing this requirement passed through the SUPPORT Act. The Department is restricted from accessing the PDMP by section 12-42.5-404(3), C.R.S. and would need this statute changed to gain access to the PDMP.

Prescriber Tool

The Department is currently in the process of implementing a prescriber tool and requires additional resources to fully develop and administer the tool. In SB 18-266, the Department was provided funding to develop and administer a prescriber tool to be accessible by all Medicaid providers. The Department estimated that the tool would be available starting July 1, 2019; however, the timeline has been delayed due to insufficient contractor funding. The Department is currently in the process of securing a vendor through the competitive bidding process and plans to implement the tool on July 1, 2020, contingent on receiving sufficient funding.

The Department was appropriated $1,000,000 to implement all the provider tools required through SB 18-266, and needs $500,000 of that to implement the other requirements of the bill. Based on recent information, the Department has determined that the remaining $500,000 is insufficient to maintain the prescriber tool. The Department's budget includes a reduction of $5,336,522 each year starting in FY 2019-20 based on costs avoided from implementation of the provider tool. The Department cannot achieve these savings if additional funding is not provided for the ongoing administration of the prescriber tool.

The Department also has an opportunity to incorporate additional information into the prescriber tool from other State agencies through the Joint Agency Interoperability (JAI) project. The Department can incorporate information about other state programs that help provide financial and social support to members and their families, which when utilized can lower health care costs. This would provide information on whether a member is eligible for one of the social services programs within these systems. For example, if a member is eligible but not enrolled in the Supplemental Nutrition Assistance Program (SNAP), that information can be sent to the prescriber tool. Then while visiting with the member, the physician will have that information readily available through the prescriber tool and can recommend that the member apply for the benefit. The Department envisions that the prescriber tool would have information on the various financial and social programs, so the clinician can help explain how the program could increase or maintain the health of the member.

Additional Administrative Resources

The Department has identified a need for four new positions that would allow the Department to address customer service gaps, add more clinical expertise to the pharmacy program, and provide capacity for the Department to lead more innovative efforts on pharmacy cost containment. The Department can address these issues and opportunities by hiring a pharmacy appeals officer to handle pharmacy-related appeals, a clinical pharmacist manager to provide clinical expertise on Department initiatives tied to pharmacy cost containment, and two pharmacy cost containment staff to research and work on innovative ideas for how to control pharmacy expenditure.

Proposed Solution:

The Department requests an increase of $7,135,879 total funds, including $1,408,842 General Fund in FY 2019-20; an increase of $4,561,775 total funds, including an increase of $1,152,570 General Fund in FY 2020-21; and an increase of $4,078,936 total funds, including $1,263,138 General Fund in FY 2021-22 to develop new rates methodologies for the physician administered drug and pharmacy benefits, to procure administrative resources to implement the prescriber tool and keep pace with innovations within the pharmacy industry, and to establish access to the Prescription Drug Monitoring Program (PDMP). The Department also requests roll forward authority for all contractor funding for design and development of the prescriber tool.

This request would help the Department achieve its goals outlined in the FY 2019-20 Performance Plan. In particular, it would help the Department meet goals to control Medicaid costs by ensuring the right services are delivered to the right people at the right prices. This would be accomplished by hiring staff dedicated to

cost control efforts and implementing new methodologies to set rates more appropriately. Additionally, approving this request would help the Department reach the performance goals to improve member health by providing tools to providers that would help providers make the best clinical decision when prescribing drugs. Finally, the Department anticipates that several of these proposed changes would lead to future decreases in the amount of General Fund needed by the Department and would ensure that Colorado obtains the maximum amount of federal funding that is available to the State.

If the request is not approved, the Department would miss an opportunity to mitigate increasing drug costs and lose an opportunity to provide informative resources to providers that could help them prescribe the most appropriate drugs to patients based on their condition and risk for developing addictions.

Drug Pricing Methodologies

The Department requests one FTE in FY 2020-21 and ongoing and contractor resources to implement a MAC rates methodology for the pharmacy benefit and the AAC rate methodology for the PAD benefit.

Maximum Allowable Cost Methodology for Prescription Drugs

The Department requests one FTE and ongoing contractor resources to calculate MAC rates for the pharmacy drug benefit and a reduction in pharmacy expenditure as a result of implementing the rate methodology change.

The Department currently uses the Average Acquisition Cost (AAC) methodology for the pharmacy benefit to set the rates paid for each drug. The Department uses a vendor to collect AAC data. However, when there are insufficient quantities of data regarding the acquisition cost of drugs the Department defaults to pricing drugs under the Wholesale Acquisition Cost (WAC) methodology. The MAC rate methodology is based on discounts from WAC rates that were derived from the National Average Drug Acquisition Cost (NADAC) equivalency results published by CMS[5]. The Department proposes paying the MAC rates, which would be set lower than the current WAC rates, when there is insufficient data for the AAC rates calculations. Revising the rate setting methodology may reduce costs. If the Department does not act, the Department would continue to pay higher rates for some drugs, particularly for newer specialty drugs.

Average Acquisition Cost Methodology for Physician Administered Drugs

The Department requests contractor resources to calculate AAC rates for the PAD benefit, create an interface to incorporate the rates, and implement system changes necessary to load the rates into the Department's fee schedule. The Department currently uses the Average Sales Price (ASP) plus 2.5% rate setting methodology to set the rates for physician administered drugs. The AAC rates represent the average cost to acquire a drug for a physician or other provider, while the ASP plus 2.5% reflects the average price a manufacturer sells a drug plus a 2.5% mark up. The costs associated with the ASP pricing methodology are higher for some drugs and lower for other drugs compared to the AAC, but overall, they are higher as ASP rates are not as closely aligned with Colorado market conditions. Revising the rates setting methodology may reduce expenditure by paying on average lower rates for the AAC rates compared to the ASP rates. If the Department does not

[5] https://www.medicaid.gov/medicaid/prescription-drugs/retail-price-survey/index.html

switch to the AAC rate methodology, the Department would continue to pay higher rates based on the ASP methodology.

Prescription Drug Monitoring Program

The Department requests contractor resources to implement system changes needed to interface with the PDMP data housed at DORA and the Department's pharmacy claims processing system, to pay DORA's current vendors to provide ongoing access to the PDMP, and to pay the Department's current pharmacy claims processing vendor to maintain the PDMP data for ongoing use. The Department proposes to use the data to inform care coordination activities performed by Regional Accountable Entities (RAEs) and to analyze policy impacts with a complete prescription utilization data set. The Department will work to introduce standalone legislation to amend section 12-42.5-404 C.R.S to allow the Department to access data pertaining to the recipients of Medicaid benefits established under the "Colorado Medical Assistance Act". Joint Budget Committee members and staff will be updated on the status of such legislation.

Prescriber Tool

The Department requests contractor resources to implement system changes needed to create an interface with the prescriber tool and existing data sources, to pay existing vendors for incorporating and sending the necessary data to the prescriber tool, and to pay a vendor to develop and deliver a prescriber tool to prescribing physicians. Due to the uncertain nature of the timeline to complete the design and development work, the Department is requesting roll forward authority for the design and development funding for the prescriber tool in FY 2019-20. Implementation of the prescriber tool requires coordination between several different contractors building interfaces to the tool simultaneously to incorporate all of the necessary data fields. Roll forward authority for the contractor funding would provide the Department with flexibility to complete the development phase in FY 2020-21 if some of the work is delayed under the existing budget. The Department also proposes an increase in funding in FY 2019-20 to account for the savings that are no longer achievable from SB 18-266 as a result in a delayed implementation timeline.

The JAI project provides information on the State's programs that provide financial and social support to members and their families, which when utilized can lower health care costs. In partnership with the Governor's Office of Information Technology (OIT), CDHS and HCPF have implemented the initial phase of the project, which connected four primary systems: CBMS, Trails, Childcare Automated Tracking System (CHATS), and Automated Child Support Enforcement Services (ACSES). In the next phase being developed in FY 2019-20 and FY 2020-21, the agencies will use the JAI program infrastructure to provide interfaces to additional systems, including the prescriber tool. This would provide information if a member is eligible for one of the social services programs within these systems. For example, if a member is eligible but not enrolled in Supplemental Nutrition Assistance Program (SNAP), that information can be sent to the prescriber tool. Then while visiting with the member, the physician would have that information readily available through the tool and can recommend that the member apply for the benefit. The Department envisions that the prescriber tool would have information on the various financial and social programs, so the clinician can help explain how the program could help improve the health of the member.

The Department plans to add performance measures to the incentive payment program with the Department's seven Regional Accountable Entities (RAEs) and penalty measures within the Department's Hospital Transformation Program (HTP) to ensure that all providers are using the prescriber tool when prescribing medication.

Additional Administrative Resources

The Department requests four FTE in FY 2020-21 and ongoing to provide clinical expertise for initiatives tied to cost containment and health improvement for members, to work on pharmacy appeals claims made by members to the Department, and to provide administrative support for initiatives tied to cost containment.

Pharmacy Appeals Officer

The Department requests one FTE in FY 2020-21 and ongoing to work on pharmacy-related appeals. Prior to the Affordable Care Act (ACA) expansion the Department did not have any staff dedicated to pharmacy appeals as the quantity of pharmacy-related appeals was relatively small. As the Department's caseload expanded the Department's quantity of pharmacy appeals expanded. Currently, the Department does not have any staff dedicated to handling pharmacy appeals. The Department had 222 pharmacy appeals in 2018 which were handled by staff that had to prioritize appeals work over their existing job duties. In contrast, the Department currently has two staff dedicated to handling appeals for medical claims, with a workload of 338 appeals for those two staff members combined. The quantity of pharmacy appeals is expected to rise even more, as the Department is placing more prior authorization requirements on drugs. If the Department does not address this staffing shortage, the Department would continue to work on appeals with existing staff, and existing staff would be unable to perform work under their job scope. This may lead to unnecessary delays in members receiving important medications.

Clinical Pharmacist Manager

The Department requests one FTE in FY 2020-21 and ongoing to provide clinical expertise for initiatives tied to cost containment. The Department's pharmacy expenditure is continually growing. The Department is adapting to new pharmaceutical products on the market, providing innovative ideas to control costs, and implementing new changes that are passed through legislation. The Department currently only has two pharmacists on staff who can address the clinical aspects of all these changes. The Department proposes to add clinical expertise to keep pace with the innovation and changes that takes place in the pharmacy benefit every year. If the Department does not address this staffing issue the Department will be forced into limiting the amount of strategic work the Department can engage in.

Pharmacy Cost Containment Initiative Staff

The Department requests two FTE in FY 2020-21 and ongoing to assist the Department by providing administrative help for initiatives tied to cost containment. The Department proposes to hire additional staff to keep up with innovation in the pharmaceutical market by hiring staff to work on initiatives tied to controlling cost. The Department is currently working on several initiatives to control pharmaceutical expenditure, but the pharmaceutical market is continually evolving. The Department has an opportunity to dedicate staff to researching and working on innovative ideas to control costs for prescription drugs. If the

Department does not address this staffing issue the Department would be more limited in the number of strategic initiatives the Department could engage in.

Anticipated Outcomes:

The Department anticipates that these initiatives would lead to greater cost containment of the Department's pharmacy and physician administered drug benefits in the long run by changing the way it pays for drugs. The request would lead to better utilization management of drugs by connecting physicians to a prescriber tool and the RAEs to the PDMP, both of which help to ensure members are receiving the most appropriate drugs and services. The prescriber tool would also connect members to additional benefits when appropriate. The Department anticipates that by hiring FTE to focus on cost containment efforts, it would remain on the forefront of innovative ways to reduce costs in clinically appropriate ways.

The Department would evaluate the effect of the MAC rate methodology program by estimating the difference in cost of the rates of the WAC methodology and the MAC rate methodology. The Department would see only cost savings for this revision as the MAC rates would be set as a ceiling price level below the WAC rates. If savings occur, the Department would account for any reduction in cost through the regular budget process.

The Department would evaluate the effect of the AAC rate methodology for the PAD program by estimating the difference in cost of the rates for the ASP plus 2.5% rate methodology and the AAC rate methodology. The Department anticipates a cost savings as a result of this rate methodology change over time. If savings occur, the Department would account for any reduction in cost through the regular budget process.

The Department would use opioid prescription use per capita as a measure for the effectiveness of the PDMP. The Department currently has access to claims data on the Medicaid opioid prescription use, and can create metrics that would evaluate the effectiveness of the program. The Department can use information from the PDMP, which includes all controlled substances prescriptions, to analyze the effectiveness of various policies the Department has implemented across prescribers as well.

The Department proposes to use metrics on the utilization of the prescriber tool to evaluate whether providers are using the prescriber tool when prescribing medications. It would use this information as part of existing incentive programs to ensure providers are actively checking the tool before prescribing drugs.

Assumptions and Calculations:

Please see Appendix A for detailed calculations and tables.

Drug Pricing Methodologies

Contractor Resources

The Department is currently going through a competitive bidding process for July 1, 2021 to conduct rates analysis for the Department's pharmacy AAC drug pricing methodology. Within this procurement process, the Department is adding additional optional scopes of works for the vendor for the pharmacy benefit's MAC rate methodology and for the Department's PAD AAC rate methodology, dependent on approval of those

initiatives. The Department assumes that an additional competitive bidding processes would not be necessary as the scope of work would be built into the bidding process with the vendor procuring the scope of work starting July 1, 2021.

Department Staff
The Department requests one Rate/Financial Analyst III FTE starting July 1, 2020 as the Rates Analyst/ Contract Manager for the drug pricing methodologies. This position would also oversee the contract with the vendor for the PAD and pharmacy benefits. This position would be responsible for amending contracts, enacting options for additional scopes of work when necessary, and following the states procurement rules and guidelines to support the Department's business needs with the rates vendor. The FTE would have additional responsibilities pertaining to the MAC drug pricing methodology.

Maximum Allowable Cost Methodology for Prescription Drugs
Contractor Resources
The Department estimates that it would cost $250,000 total funds in contractor funding in FY 2021-22 and ongoing to have a contractor calculate the MAC rates based on current contracts the Department has with a similar scope of work based on an estimated 1,250 hours of work at an average rate of $200 per hour.

The Department assumes that it could absorb the workload to build a data interface to bring the rates into the pharmacy claims processing system within the Department's existing pool hours for PBMS system changes.

The Department estimates that it could begin paying the MAC rates starting January 1, 2022 based on the estimated time it takes to complete state plan amendments (SPAs), review and revise rules, build a data interface with PBMS and the vendor, and to exercise the option to calculate MAC rates with the Department's vendor. The Department estimates that it would take between 6 to 8 months for the Department to draft, submit, and receive approval for the required SPA and rule change. The Department would start contracting with the vendor starting July 1, 2021 when the new contract is effective. The Department assumes that the vendor would begin collecting data, setting rates, and loading the rates into PBMS. The Department estimates that the rates would be ready to be effective by January 1, 2022.

Department Staff
The requested Rates Analyst/Contract Manager position would be responsible for amending the State Plan to align with the MAC program, coordinating any needed rule changes, overseeing the system changes that would occur in PBMS, and analyzing the drug reimbursement cost information for the MAC rates. This position would be responsible for developing analysis to ensure that MAC rates are being made appropriately and reasonably. This position would be responsible for ensuring that system changes incorporate the necessary functionality for prescription drug claims processing for the MAC rates methodology. This position would also be responsible for researching federal and state policy to ensure that the MAC rates methodology aligns with state and federal policy. This position would determine when a State Plan Amendment or rule change is necessary to implement the new rate methodology for prescription drugs. Additionally, this position would be responsible for conducting quarterly analysis on the savings achieved through the new rate methodology.

Savings

There may be savings beginning in FY 2021-22 from implementing the MAC rates methodology as a result of lower pharmacy costs. There is uncertainty around the magnitude of the savings that would be achieved as a result of the revision to the pricing methodology as it depends on how the Department sets the MAC rates; therefore, the Department is not requesting a reduction to its budget with this request. The Department would use the regular budget process to account for any savings achieved from implementation of the new drug reimbursement methodology.

<u>Average Acquisition Cost Methodology for Physician Administered Drugs</u>

Contractor Resources

The Department estimates that it would need $300,000 total funds in FY 2021-22 and ongoing to have a contractor conduct regular surveys with physician administered drug service providers, collect data on the average acquisition cost, and calculate rates based on the data collected. The total estimated cost was developed based on current contracts with similar scope of work.

The Department estimates that it would cost $138,000 total funds in FY 2020-21 to configure changes for the AAC rates into the claims system for reporting based on an estimate 1,000 hours of work at an average rate of $138 per hour.

The Department estimates that it could begin paying the AAC rates starting July 1, 2022 based on the estimated timeline to complete state plan amendments, review and revise rules, the timeline necessary to build a data interface with the claims system and the vendor, and for the vendor to conduct survey analysis on the average acquisition cost for the PAD benefit. The Department assumes that it would take approximately six months to develop the programmatic details based on prior experience with similar programs. The Department assumes that it would take approximately six months to draft, submit, and receive approval for state plan amendments based on the Department's prior experience with pharmacy reimbursement changes. The Department assumes that it would take approximately six months to revise rules and submit revisions to the Medical Services Board based on the Department's experience. The Department assumes that it would take six months for the vendor to conduct surveys, collect data, and load the rates into the claims processing system based on prior experience with the Department's pharmacy AAC rate methodology. The Department estimates that it would take 6 to 12 months to build a data interface with the claims system and the vendor based on prior experience with similar programs. The Department assumes that the system changes can occur simultaneous with revising rules, and the vendor collecting data to calculate the AAC rates.

Department Staff

The Department assumes that it could absorb the workload of analyzing the rates calculated by the vendor with the existing staff that works on the Average Sales Price (ASP) drug pricing methodology. The Department would also be able to absorb the additional workload associated with amending the State Plan to align with the AAC pricing methodology.

Savings
There may be savings beginning in FY 2022-23 from implementing the AAC pricing methodology from lower physician administered drug costs. There is uncertainty around the magnitude of the savings that would be achieved as a result of the revision to the pricing methodology, as it depends on how the Department sets the AAC rates; therefore, the Department is not requesting savings with this request. The Department would use the regular budget process to account for any savings achieved from implementation of the new drug reimbursement methodology.

Prescription Drug Monitoring Program
Contractor Resources
The Department requests contractor resources for three vendors to create an interface in its claims system that would incorporate data from the PDMP, to build an interface between relevant system components for claims processing, and to pay the PDMP vendor to send patient history data and patient risk scores.

The Department estimates it would cost $870,142 total funds in contracting funding in FY 2020-21, $411,974 total contractor funding in FY 2021-22 and $424,334 total contractor funding in FY 2022-23 ongoing for the Department's current vendor to incorporate drug history files and risk scores for opioid prescriptions from the PDMP, to use the drug history and risk scores for claims payment processing, and to create reporting within the current system to allow the Department to track denied claims based on a contractor estimate for this scope of work.

The Department estimates that it would need $37,000 total funds in contractor funding in FY 2020-21 to build an interface with the Department's interChange system and with the PDMP vendor based on an estimated 250 hours of work at an average rate of $148 per hour.

The Department assumes the cost of setting up the interface between the claims system and the PDMP would be eligible for a 90 percent federal financial participation (FFP) rate as allowed by section 1944(f) of the SUPPORT Act, which allows states to incorporate the PDMP as a part of the mechanism for claims processing and information retrieval as defined in 42 CFR 433.111(b). The Department's ongoing operation of system integration is eligible for a 75% federal match per CMS issued guidance. In order to claim this enhanced funding, the Department would need to submit an advance planning document (APD) to CMS with implementation details.

Savings
There may be long-term savings from using the PDMP to better coordinate care for individuals with substance use disorders. The Regional Accountable Entities (RAEs) could use the data from the PDMP to help providers make better clinical decisions. After the inception of the Florida PDMP,[6] overall drug-related deaths fell by 6.3%. It is uncertain how this would correlate to savings within the Medicaid program, therefore

[6] https://www.ncjrs.gov/pdffiles1/bja/247133.pdf

the Department is not requesting short-term savings. The Department would adjust through the regular budget process if there are costs avoided from implementation of the PDMP.

Prescriber Tool

The Department is requesting contractor resources to design and develop the program tool and create interfaces between the tool and existing data sources. The Department would need funding for system changes to incorporate the provider tool data for utilization tracking. The Department assumes it would need ongoing contractor resources to continue the current work of maintaining the data interface between the Department's systems and the Department's prescriber tool vendor. The Department assumes that additional ongoing contractor funding would be needed to have a vendor maintain and deliver a prescriber tool to interface with the Department's physicians.

Design and Development Costs

The Department is requesting $1,799,357 in total funds in FY 2019-20, all of which is federal funds, and $406,800 total funds in FY 2020-21 for the design and development costs for the prescriber tool. This is in addition to the Department's current funding for this work.

The Department estimates that it would cost $2,249,357 total funds for contractor funding in FY 2019-20 for design and development of the prescriber tool based on a similar scope of work for the development of a single assessment tool from SB 16-192 "Assessment Tool Intellectual and Developmental Disabilities". The Department estimates that it would cost $50,000 total funds in FY 2019-20 for the Department's pharmacy system vendor to design and develop the necessary data fields and functions to populate the Department's prescriber tool based on a contractor estimate for the scope of work.

The Department estimates that it would cost $406,800 total funds in FY 2020-21 to build interfaces from the MMIS, CBMS, or the Joint Agency Interoperability (JAI) project to the prescriber tool. The cost to building the two interfaces between the MMIS, CBMS, or the Joint Agency Interoperability (JAI) project to the prescriber tool is based on the average cost of interfaces built from MMIS and CBMS since the Department cannot determine which system would need to build an interface to the prescriber tool at this time. The average MMIS interface is $165,600 for configuration costs to the prescriber tool based on an estimated 1,200 hours of work at an average rate of $138.00 per hour. The average CBMS interface is $241,200 for configuration costs to the prescriber tool based on an estimates 1,800 hour at an average rate of $134.00 per hour. The Department would need to provide various program and enrollment information to the prescriber tool so when a clinician is using the tool they could readily identify which programs the member is eligible for and which programs or beneficial services the member could receive. It is critical that this information be provided accurately and timely to the clinician or user of the prescriber tool, so they can direct the member to the identified programs and services, which would increase the member's health and reduce costs to the Medicaid program.

The Department assumes the cost of the design and development stage for the prescriber tool would be eligible for a 90 percent federal financial participation (FFP) rate as allowed by 42 CFR § 433.15(b)(3) for

design, development, or installation of mechanized claims processing and information retrieval systems. The Department has received federal approval for an APD in order to receive enhanced FFP.

The Department currently has $500,000 total funds ongoing, funded at a standard match, appropriated to the Department for the prescriber tool from SB 18-266. Since the Department is eligible for a 90% match for the design and development stage of this project, the Department estimates it would be able to draw down $2,049,357 in federal funds to pay for the design and development phase of the project.

Ongoing Operational Costs

The Department estimates that it would cost $2,675,000 total funds in contractor funding to provide ongoing maintenance and operations for the Department's prescriber tool. The Department assumes this is a reasonable estimated cost based on similar scopes of work estimated for ongoing maintenance of the Care/Case Management System Implementation Project SB 16-192 "Assessment Tool Intellectual and Developmental Disabilities". The Department assumes that this scope of work is similar as a vendor would be working on providing maintenance and operational assistance for a Medicaid-wide evaluation tool. The Department estimated the ongoing operations of that tool would cost $2,445,230 in the fiscal note for SB 16-192. The Department estimates that the ongoing cost for the prescriber tool would be higher, as the vendor must maintain interfaces with the new JAI project to provide information about state programs that can assist members. The vendor would be responsible for maintaining all the necessary data fields to ensure that patient risk scores, Department's recommended drugs, and cost information is obtainable at the point of sale (POS) for all prescribers. The vendor would be responsible for maintaining the provider tool and outreaching to providers to ensure that providers have the adequate training to utilize the tool. The vendor would be responsible for ongoing support to providers.

The Department estimates that it would cost $303,870 total funds in FY 2020-21, $312,389 total funds in FY 2021-22, and $321,163 total funds in FY 2022-23 and ongoing in contractor funding for the Department's PBMS vendor to maintain the data interface between the PBMS data system and the pharmacy tool based on vendor estimates. The vendor would be responsible for maintaining the database and sending data to the Department's prescriber tool vendor.

Incentive Payments and Penalties

The Department assumes that it could achieve statewide adaption of the prescriber tool by providing incentive payments and penalties to providers based on their utilization of the provider tool. The Department assumes that it could address the adaptation of Primary Care Medical Providers (PCMPs) through an existing incentive payment program with the Department's seven Regional Accountable Entities. The Department assumes that it could address adaptation of the prescriber tool for providers in a hospital setting through the Department's supplemental payment program. The Department assumes that the prescriber tool vendor would supply the Department with utilization data for the Department to calculate any incentive payment or penalty. The details of each proposal are outlined below.

Incentive Payments for Regional Accountable Entities
The Department plans to provide incentive payments for the utilization of the prescriber tool within existing resources. The Department currently withholds $4.00 PMPM from the RAE payments that can be earned back based on performance on Key Performance Indicators. All funds unearned and not distributed to the RAEs are pooled together (performance pool). The performance pool funds are flexible and are used to reinforce and align evolving program goals and to focus contractor attention on Department priority program outcomes. The Department plans to align a portion of the performance pool dollars with utilization of the prescriber tool and assumes it will achieve adaptation of the prescriber tool amongst PCMP with no additional cost to the State.

Penalties for Providers within a Hospital Setting
The Department plans to build utilization measures for the prescriber tool within the Department's existing Hospital Transformation Program (HTP). The Department would gather utilization data for providers within a hospital system and calculate whether the hospital has utilized the Department's prescriber tool. If a hospital system does not adequately adapt the tool the Department would add a penalty to the hospital's supplemental payments. The Department assumes that adding this measure to the existing HTP would ensure that prescribers in a hospital setting are utilizing the prescriber tool.

Savings
The Department did not calculate any additional savings as a result of the prescriber tool in FY 2020-21 since the Department assumed savings in SB 18-266 "Controlling Cost under Colorado Medical Assistance Act". The Department assumed 1.0% savings on pharmacy expenditure in FY 2019-20 and ongoing in SB 18-266. The Department is requesting additional funding in FY 2019-20 for the savings estimated in that year for the Prescriber Tool, as the Department will be unable to achieve those savings due to the delay in implementation of the tool. The Department estimates that the savings appropriated in SB 18-266 would be achievable starting July 1, 2020 if additional funding is appropriated through this request for the ongoing management of the prescriber tool.

There may be additional long-term savings from connecting individuals on Medicaid to other financial assistance programs as the Department incorporates information from the JAI project into the prescriber tool. Physicians would be able to provide information on various other financial and social programs that the member is eligible for that could improve the health of the member during the member's visit. For example, physicians would receive information on the Women, Infants, and Children (WIC) program and would be able to discuss the benefits of the program with their patients. Connecting members to programs such as WIC may lead to better health outcomes overall, thereby leading to lower expenditure on medical services through Medicaid. The WIC program reduces low birth rates and extremely low birth weights by 25% and 44% respectively.[7] Studies show that low birth weights correspond to significantly higher annual expenditure compared to babies born with normal birthweights.[8] It is uncertain how this would correlate to short-term savings within the Medicaid program, therefore the Department is not requesting any further budgetary

[7] https://www.gao.gov/assets/160/151746.pdf
[8] https://www.marchofdimes.org/news/premature-babies-cost-employers-127-billion-annually.aspx

reductions. The Department would use the regular budget process to account for any savings achieved from incorporating additional information from other State programs in the prescriber tool.

Additional Administrative Resources

Pharmacy Appeals Officer

The Department requests 1.0 Administrator IV FTE starting July 1, 2020 as the Pharmacy Appeals Officer to manage member pharmaceutical appeals. This position would be responsible for overseeing the process of appeals and representing the Department in proceedings in front of the Office of Administrative Courts. The Department had 222 pharmacy appeals in 2018, which were handled by staff who had to prioritize resolving appeals over their existing job duties. In contrast, the Department currently has two staff dedicated to handling appeals for medical claims, with a workload of 338 appeals for those two staff members combined in 2018. This position would ensure appeals are processed consistent with the requited timelines. This position would be responsible for creating project plans for each case, coordinating clinical reviews of the pharmacy appeals, and coordinating the delivery of services in cases where the denial of services had been reversed This position would be responsible for communicating with stakeholders, drafting motions and preparing documents to deliver for the office of administrative courts. The staff would assemble, prepare, and submit all medical documentation relating to the appeal as well as submit needed requests for dismissals, continuances, and exceptions.

Clinical Pharmacist Manager

The Department requests 1.0 Pharmacist III FTE starting July 1, 2020 as the Clinical Pharmacy Manager to provide subject matter expertise as a pharmacist in relation to various cost containment initiatives. The requested position would be responsible for providing clinical expertise for developing pharmacy clinical policies of the pharmacy benefit and coordinating the development and implementation of pharmacy program and the PAD benefit. This position would be responsible for establishing and maintaining written and oral communications with the Department's management, other state departments, federal agencies, state boards, associations, providers, and members. This position would be responsible for communicating with members, manufacturers, advocacy groups, and the public regarding new policy. This position would be responsible for negotiating technical and clinical adjustments with providers and drug manufacturers, to contracts and regulations as needed. This position would also be responsible for conducting meeting with internal and external stakeholders related to policy development, information sharing, and the coordination of operations of Department initiatives.

Pharmacy Cost Containment Initiative Staff

The Department requests 2.0 Administrator IV FTE starting July 1, 2020 as the Pharmacy Cost Containment Initiative Staff to provide administrative support to the Department's pharmacy team. These positions would be responsible for identifying opportunities for savings within the pharmacy benefit, reviewing industry innovations and emerging technologies, and assisting in the ongoing implementation of existing cost containment projects such as value-based drug contracts. These positions would support the clinical pharmacist manager by providing research and support for various initiatives. These positions would be

responsible for implementing contract amendments, changing the State Plan, and researching federal policy under the guidance of the Clinical Pharmacist Manager.

Supplemental, 1331 Supplemental or Budget Amendment Criteria:

Department received new information about the implementation timeline for the prescriber tool approved in SB 18-266 and the potential to gain an enhanced federal match for design and development of the prescriber tool. The Department was unable to proceed with implementing a prescriber tool due to inadequate funding in FY 2019-20 and ongoing for operations of the prescriber tool. Implementing a prescriber tool is part of the Governor's priority in reducing medical expenditure. Due to the delay in the implementation timeline, the Department is requesting supplemental funding to true up the savings estimated in SB 18-266 as a result of the prescriber tool. In addition, the Department is requesting supplemental funding and roll forward authority to true up the funding splits estimated for the design and development costs based on federal approval of an advanced planning document.

Table 1.1 FY 2019-20 Administrative Pharmacy Request Cost Estimates with Fund Splits by Appropriation									
Row	**Item**	**Total Funds**	**FTE**	**General Fund**	**Cash Funds**	**Reappropriated Funds**	**Federal Funds**	**FMAP**	**Notes/Calculations**
A	(1) Executive Director's Office; (A) General Administration; Personal Services	$0	0.0	$0	$0	$0	$0	50.00%	FTE Calculations
B	(1) Executive Director's Office, (A) General Administration, Health, Life and Dental	$0	0.0	$0	$0	$0	$0	50.00%	FTE Calculations
C	(1) Executive Director's Office, (A) General Administration, Short-term Disability	$0	0.0	$0	$0	$0	$0	50.00%	FTE Calculations
D	(1) Executive Director's Office, (A) General Administration, SB 04-257 Amortization Equalization Disbursement	$0	0.0	$0	$0	$0	$0	50.00%	FTE Calculations
E	(1) Executive Director's Office, (A) General Administration, SB 06-235 Supplemental Amortization Equalization Disbursement	$0	0.0	$0	$0	$0	$0	50.00%	FTE Calculations
F	(1) Executive Director's Office, (A) General Administration, Operating Expenses	$0	0.0	$0	$0	$0	$0	50.00%	FTE Calculations
G	(1) Executive Director's Office, (A) General Administration, General Professional Services and Special Projects	$1,799,357	0.0	$0	$0	$0	$1,799,357	NA	Table 2.1, Row B
H	(1) Executive Director's Office, (C) IT Contracts and Projects, MMIS Maintenance and Projects	$0	0.0	$0	$0	$0	$0	50.00%	NA
I	(2) Medical Services Premiums	$5,336,522	0.0	$1,408,842	$325,528	$0	$3,602,152	NA	Table 2.1, Row D
J	**Total**	**$7,135,879**	**0.0**	**$1,408,842**	**$325,528**	**$0**	**$5,401,509**	**NA**	**Sum Row A through Row I**

Table 1.2 FY 2020-21 Administrative Pharmacy Request Cost Estimates with Fund Splits by Appropriation									
Row	**Item**	**Total Funds**	**FTE**	**General Fund**	**Cash Funds**	**Reappropriated Funds**	**Federal Funds**	**FMAP**	**Notes/Calculations**
A	(1) Executive Director's Office; (A) General Administration; Personal Services	$506,630	5.0	$167,188	$86,127	$0	$253,315	50.00%	FTE Calculations
B	(1) Executive Director's Office, (A) General Administration, Health, Life and Dental	$50,210	0.0	$16,569	$8,536	$0	$25,105	50.00%	FTE Calculations
C	(1) Executive Director's Office, (A) General Administration, Short-term Disability	$766	0.0	$253	$130	$0	$383	50.00%	FTE Calculations
D	(1) Executive Director's Office, (A) General Administration, SB 04-257 Amortization Equalization Disbursement	$22,546	0.0	$7,441	$3,833	$0	$11,272	50.00%	FTE Calculations
E	(1) Executive Director's Office, (A) General Administration, SB 06-235 Supplemental Amortization Equalization Disbursement	$22,546	0.0	$7,441	$3,833	$0	$11,272	50.00%	FTE Calculations
F	(1) Executive Director's Office, (A) General Administration, Operating Expenses	$28,265	0.0	$9,330	$4,805	$0	$14,130	50.00%	FTE Calculations
G	(1) Executive Director's Office, (A) General Administration, General Professional Services and Special Projects	$2,878,845	0.0	$869,277	$473,284	$0	$1,536,284	NA	Table 2.2, Row B + Row D + Row I + Row K +Row M
H	(1) Executive Director's Office, (C) IT Contracts and Projects, MMIS Maintenance and Projects	$1,051,967	0.0	$75,071	$74,145	$0	$902,751	NA	Table 2.2, Row E + Row G + Row H + Row L
I	(2) Medical Services Premiums	$0	0.0	$0	$0	$0	$0	NA	NA
J	**Total**	**$4,561,775**	**5.0**	**$1,152,570**	**$654,693**	**$0**	**$2,754,512**	**NA**	**Sum Row A through Row I**

Table 1.3 FY 2021-22 Administrative Pharmacy Request Cost Estimates with Fund Splits by Appropriation									
Row	**Item**	**Total Funds**	**FTE**	**General Fund**	**Cash Funds**	**Reappropriated Funds**	**Federal Funds**	**FMAP**	**Notes/Calculations**
A	(1) Executive Director's Office; (A) General Administration; Personal Services	$526,916	5.0	$173,883	$89,576	$0	$263,457	50.00%	FTE Calculations
B	(1) Executive Director's Office, (A) General Administration, Health, Life and Dental	$50,210	0.0	$16,569	$8,536	$0	$25,105	50.00%	FTE Calculations
C	(1) Executive Director's Office, (A) General Administration, Short-term Disability	$797	0.0	$264	$135	$0	$398	50.00%	FTE Calculations
D	(1) Executive Director's Office, (A) General Administration, SB 04-257 Amortization Equalization Disbursement	$23,450	0.0	$7,738	$3,987	$0	$11,725	50.00%	FTE Calculations
E	(1) Executive Director's Office, (A) General Administration, SB 06-235 Supplemental Amortization Equalization Disbursement	$23,450	0.0	$7,738	$3,987	$0	$11,725	50.00%	FTE Calculations
F	(1) Executive Director's Office, (A) General Administration, Operating Expenses	$4,750	0.0	$1,567	$808	$0	$2,375	50.00%	FTE Calculations
G	(1) Executive Director's Office, (A) General Administration, General Professional Services and Special Projects	$3,449,363	0.0	$1,055,379	$570,841	$0	$1,823,143	50.00%	Table 2.3, Row B + Row D + Row I + Row K +Row M
H	(1) Executive Director's Office, (C) IT Contracts and Projects, MMIS Maintenance and Projects	$0	0.0	$0	$0	$0	$0	NA	Table 2.3, Row E + Row G + Row H + Row L
I	(2) Medical Services Premiums	$0	0.0	$0	$0	$0	$0	NA	NA
J	**Total**	**$4,078,936**	**5.0**	**$1,263,138**	**$677,870**	**$0**	**$2,137,928**	**NA**	**Sum Row A through Row I**

Table 1.4 FY 2022-23 Administrative Pharmacy Request Cost Estimates with Fund Splits by Appropriation									
Row	**Item**	**Total Funds**	**FTE**	**General Fund**	**Cash Funds**	**Reappropriated Funds**	**Federal Funds**	**FMAP**	**Notes/Calculations**
A	(1) Executive Director's Office; (A) General Administration; Personal Services	$526,916	5.0	$173,883	$89,576	$0	$263,457	50.00%	FTE Calculations
B	(1) Executive Director's Office, (A) General Administration, Health, Life and Dental	$50,210	0.0	$16,569	$8,536	$0	$25,105	50.00%	FTE Calculations
C	(1) Executive Director's Office, (A) General Administration, Short-term Disability	$797	0.0	$264	$135	$0	$398	50.00%	FTE Calculations
D	(1) Executive Director's Office, (A) General Administration, SB 04-257 Amortization Equalization Disbursement	$23,450	0.0	$7,738	$3,987	$0	$11,725	50.00%	FTE Calculations
E	(1) Executive Director's Office, (A) General Administration, SB 06-235 Supplemental Amortization Equalization Disbursement	$23,450	0.0	$7,738	$3,987	$0	$11,725	50.00%	FTE Calculations
F	(1) Executive Director's Office, (A) General Administration, Operating Expenses	$4,750	0.0	$1,567	$808	$0	$2,375	50.00%	FTE Calculations
G	(1) Executive Director's Office, (A) General Administration, General Professional Services and Special Projects	$3,461,723	0.0	$1,057,222	$572,224	$0	$1,832,277	50.00%	Table 2.4, Row B + Row D + Row I + Row K +Row M
H	(1) Executive Director's Office, (C) IT Contracts and Projects, MMIS Maintenance and Projects	$0	0.0	$0	$0	$0	$0	NA	Table 2.4, Row E + Row G + Row H + Row L
I	(2) Medical Services Premiums	$0	0.0	$0	$0	$0	$0	NA	NA
J	**Total**	**$4,091,296**	**5.0**	**$1,264,981**	**$679,253**	**$0**	**$2,147,062**	**NA**	**Sum Row A through Row I**

Table 2.1: FY 2019-20 Administrative Pharmacy Request Summary by Initiative									
Row	Item	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FFP or FMAP	Notes/Calculations
Pharmacy Provider Tool									
A	Current Contractor Costs	$0	0.0	$0	$0	$0	$0	50.00%	Table 5.1, Row E
B	Development and Design Costs[1]	$1,799,357	0.0	$0	$0	$0	$1,799,357	NA	Table 5.1 Row A + Row B + Row C - Row G
C	Prescriber Tool Vendor Cost	$0	0.0	$0	$0	$0	$0	50.00%	Table 5.1 Row D
D	Savings Adjustment	$5,336,522	0.0	$1,408,842	$325,528	$0	$3,602,152	NA	See Narrative
E	**Total Pharmacy Provider Tool Cost**	**$7,135,879**	**0.0**	**$1,408,842**	**$325,528**	**$0**	**$5,401,509**	**NA**	**Sum Row A through Row D**
F	**Total**	**$7,135,879**	**0.0**	**$1,408,842**	**$325,528**	**$0**	**$5,401,509**	**NA**	**Row E**
[1] The Department Requests Rollforward Authority for the Design and Develop Costs of the Prescriber Tool									

Table 2.2: FY 2020-21 Administrative Pharmacy Request Summary by Initiative									
Row	Item	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FFP or FMAP	Notes/Calculations
Maximum Allowable Cost Methodology for Prescription Drugs									
A	Program Manager - Rates Analyst	$124,813	1.0	$41,191	$21,218	$0	$62,404	50.00%	FTE Calculation
B	Contractor Costs	$0	0.0	$0	$0	$0	$0	50.00%	Table 3.2, Row A
C	**Total Maximum Allowable Cost Methodology for Prescription Drugs Cost**	**$124,813**	**1.0**	**$41,191**	**$21,218**	**$0**	**$62,404**	**NA**	**Sum Row A through Row B**
Average Acquisition Cost Methodology Change For Physician Administered Drugs									
D	Contractor Costs	$0	0.0	$0	$0	$0	$0	50.00%	Table 3.2, Row B
E	Changes to MMIS	$138,000	0.0	$20,572	$15,009	$0	$102,419	NA	Table 3.2, Row C
F	**Total Average Acquisition Cost Methodology Change For Physician Administered Drugs Cost**	**$138,000**	**0.0**	**$20,572**	**$15,009**	**$0**	**$102,419**	**NA**	**Sum Row D through Row E**
Prescription Drug Monitoring Program									
G	PDMP Development Costs	$470,167	0.0	$28,035	$30,421	$0	$411,711	NA	Table 4.1, Row A
H	Changes to MMIS	$37,000	0.0	$2,206	$2,394	$0	$32,400	NA	Table 4.1, Row B
I	Contractor Costs	$399,975	0.0	$59,625	$43,501	$0	$296,849	75.00%	Table 4.1, Row C
J	**Total Prescription Drug Monitoring Program Cost**	**$907,142**	**0.0**	**$89,866**	**$76,316**	**$0**	**$740,960**	**NA**	**Sum Row G through Row I**
Presciber Tool									
K	Current Contractor Costs	$303,870	0.0	$100,277	$51,658	$0	$151,935	50.00%	Table 5.2, Row E
L	Development and Design Costs	$406,800	0.0	$24,258	$26,321	$0	$356,221	90.00%	Table 5.2, Row A + Row B + Row C
M	Prescriber Tool Vendor Cost	$2,175,000	0.0	$709,375	$378,125	$0	$1,087,500	50.00%	Table 5.2, Row D - Row G
N	**Total Presciber Tool Cost**	**$2,885,670**	**0.0**	**$833,910**	**$456,104**	**$0**	**$1,595,656**	**NA**	**Sum Row K through Row M**
Additional Administrative Resources									
O	Pharmacy Manager	$181,031	1.0	$59,742	$30,775	$0	$90,514	50.00%	FTE Calculation
P	Pharmacy Appeals Officer	$108,373	1.0	$35,765	$18,423	$0	$54,185	50.00%	FTE Calculation
Q	Pharmacy Cost Containment Staff	$108,373	1.0	$35,762	$18,424	$0	$54,187	50.00%	FTE Calculation
R	Pharmacy Cost Containment Staff	$108,373	1.0	$35,762	$18,424	$0	$54,187	50.00%	FTE Calculation
S	**Total Additional Administrative Resources Cost**	**$506,150**	**4.0**	**$167,031**	**$86,046**	**$0**	**$253,073**	**50.00%**	**Sum Row O through Row R**
T	**Total**	**$4,561,775**	**5.0**	**$1,152,570**	**$654,693**	**$0**	**$2,754,512**	**NA**	**Row C + Row F + Row J + Row N + Row S**

Table 2.3: FY 2021-22 Administrative Pharmacy Request Summary by Initiative									
Row	**Item**	**Total Funds**	**FTE**	**General Fund**	**Cash Funds**	**Reappropriated Funds**	**Federal Funds**	**FFP or FMAP**	**Notes/Calculations**
Maximum Allowable Cost Methodology for Prescription Drugs									
A	Program Manager - Rates Analyst	$124,475	1.0	$41,078	$21,160	$0	$62,237	50.00%	FTE Calculation
B	Contractor Costs	$250,000	0.0	$82,500	$42,500	$0	$125,000	50.00%	Table 3.2, Row A
C	**Total Maximum Allowable Cost Methodology for Prescription Drugs Cost**	**$374,475**	**1.0**	**$123,578**	**$63,660**	**$0**	**$187,237**	**NA**	**Sum Row A through Row B**
Average Acquisition Cost Methodology Change For Physician Administered Drugs									
D	Contractor Costs	$300,000	0.0	$99,000	$51,000	$0	$150,000	50.00%	Table 3.2, Row B
E	Changes to MMIS	$0	0.0	$0	$0	$0	$0	50.00%	Table 3.2, Row C
F	**Total Average Acquisition Cost Methodology Change For Physician Administered Drugs Cost**	**$300,000**	**0.0**	**$99,000**	**$51,000**	**$0**	**$150,000**	**NA**	**Sum Row D through Row E**
Prescription Drug Monitoring Program									
G	PDMP Development Costs	$0	0.0	$0	$0	$0	$0	50.00%	Table 4.2, Row A
H	Changes to MMIS	$0	0.0	$0	$0	$0	$0	75.00%	Table 4.2, Row B
I	Contractor Costs	$411,974	0.0	$61,415	$46,110	$0	$304,449	NA	Table 4.2, Row C
J	**Total Prescription Drug Monitoring Program**	**$411,974**	**0.0**	**$61,415**	**$46,110**	**$0**	**$304,449**	**NA**	**Sum Row G through Row I**
Presciber Tool									
K	Current Contractor Costs	$312,389	0.0	$103,089	$53,106	$0	$156,194	50.00%	Table 5.3, Row E
L	Development and Design Costs	$0	0.0	$0	$0	$0	$0	50.00%	Table 5.3, Row A + Row B + Row C
M	Prescriber Tool Vendor Cost	$2,175,000	0.0	$709,375	$378,125	$0	$1,087,500	50.00%	Table 5.3, Row D - Row G
N	**Total Presciber Tool Cost**	**$2,487,389**	**0.0**	**$812,464**	**$431,231**	**$0**	**$1,243,694**	**NA**	**Sum Row K through Row M**
Additional Administrative Resources									
O	Pharmacy Manager	$182,952	1.0	$60,375	$31,102	$0	$91,475	50.00%	FTE Calculation
P	Pharmacy Appeals Officer	$107,382	1.0	$35,434	$18,257	$0	$53,691	50.00%	FTE Calculation
Q	Pharmacy Cost Containment Staff	$107,382	1.0	$35,436	$18,255	$0	$53,691	50.00%	FTE Calculation
R	Pharmacy Cost Containment Staff	$107,382	1.0	$35,436	$18,255	$0	$53,691	50.00%	FTE Calculation
S	**Total Additional Administrative Resources Cost**	**$505,098**	**4.0**	**$166,681**	**$85,869**	**$0**	**$252,548**	**50.00%**	**Sum Row O through Row R**
T	**Total**	**$4,078,936**	**5.0**	**$1,263,138**	**$677,870**	**$0**	**$2,137,928**	**NA**	**Row C + Row F + Row J + Row N + Row S**

Table 2.4 FY 2022-23 Administrative Pharmacy Request Summary by Initiative									
Row	**Item**	**Total Funds**	**FTE**	**General Fund**	**Cash Funds**	**Reappropriated Funds**	**Federal Funds**	**FFP or FMAP**	**Notes/Calculations**
Maximum Allowable Cost Methodology for Prescription Drugs									
A	Program Manager - Rates Analyst	$124,475	1.0	$41,078	$21,160	$0	$62,237	50.00%	FTE Calculation
B	Contractor Costs	$250,000	0.0	$82,500	$42,500	$0	$125,000	50.00%	Table 3.2, Row A
C	**Total Maximum Allowable Cost Methodology for Prescription Drugs Cost**	**$374,475**	**1.0**	**$123,578**	**$63,660**	**$0**	**$187,237**	**NA**	**Sum Row A through Row B**
Average Acquisition Cost Methodology Change For Physician Administered Drugs									
D	Contractor Costs	$300,000	0.0	$99,000	$51,000	$0	$150,000	50.00%	Table 3.2, Row B
E	Changes to MMIS	$0	0.0	$0	$0	$0	$0	50.00%	Table 3.2 Row C
F	**Total Average Acquisition Cost Methodology Change For Physician Administered Drugs Cost**	**$300,000**	**0.0**	**$99,000**	**$51,000**	**$0**	**$150,000**	**NA**	**Sum Row D through Row E**
Prescription Drug Monitoring Program									
G	PDMP Development Costs	$0	0.0	$0	$0	$0	$0	50.00%	Table 4.3, Row A
H	Changes to MMIS	$0	0.0	$0	$0	$0	$0	50.00%	Table 4.3, Row B
I	Contractor Costs	$424,334	0.0	$63,258	$47,493	$0	$313,583	NA	Table 4.3, Row C
J	**Total Prescription Drug Monitoring Program**	**$424,334**	**0.0**	**$63,258**	**$47,493**	**$0**	**$313,583**	**NA**	**Sum Row G through Row I**
Presciber Tool									
K	Current Contractor Costs	$312,389	0.0	$103,089	$53,106	$0	$156,194	50.00%	Table 5.4, Row E
L	Development and Design Costs	$0	0.0	$0	$0	$0	$0	50.00%	Table 5.4, Row A + Row B + Row C
M	Prescriber Tool Vendor Cost	$2,175,000	0.0	$709,375	$378,125	$0	$1,087,500	NA	Table 5.4, Row D - Row G
N	**Total Presciber Tool Cost**	**$2,487,389**	**0.0**	**$812,464**	**$431,231**	**$0**	**$1,243,694**	**NA**	**Sum Row K through Row M**
Additional Administrative Resources									
O	Pharmacy Manager	$182,952	1.0	$60,375	$31,102	$0	$91,475	50.00%	FTE Calculation
P	Pharmacy Appeals Officer	$107,382	1.0	$35,434	$18,257	$0	$53,691	50.00%	FTE Calculation
Q	Pharmacy Cost Containment Staff	$107,382	1.0	$35,436	$18,255	$0	$53,691	50.00%	FTE Calculation
R	Pharmacy Cost Containment Staff	$107,382	1.0	$35,436	$18,255	$0	$53,691	50.00%	FTE Calculation
S	**Total Additional Administrative Resources Cost**	**$505,098**	**4.0**	**$166,681**	**$85,869**	**$0**	**$252,548**	**50.00%**	**Sum Row O through Row R**
T	**Total**	**$4,091,296**	**5.0**	**$1,264,981**	**$679,253**	**$0**	**$2,147,062**	**NA**	**Row C + Row F + Row J + Row N + Row S**

Table 3.1 Contractor Costs						
Row	**Item**	**FY 2019-20**	**FY 2020-21**	**FY 2021-22**	**FY 2022-23**	**Assumptions/Calculations**
A	Pharmacy Rate Methodology Costs	$0	$138,000	$550,000	$550,000	Table 3.2, Row D
B	Prescriber Tool Costs	$1,799,357	$2,885,670	$2,487,389	$2,487,389	Table 6, Row H
C	Prescription Drug Monitoring Program Cost	$0	$907,142	$411,974	$424,334	Table 5, Row D
D	**Total Contractor Costs**	**$1,799,357**	**$3,930,812**	**$3,449,363**	**$3,461,723**	**Sum Row A through Row C**

Table 3.2 Pharmacy Reimbursement Contractor Costs						
Row	**Item**	**FY 2019-20**	**FY 2020-21**	**FY 2021-22**	**FY 2022-23**	**Assumptions/Calculations**
A	Pharmacy Price Agreement Vendor	$0	$0	$250,000	$250,000	The Department Estimates 1,250 Hours of Work at a Rate of $200.00 per Hour for Actuarial Analysis
B	Physician Administered Drugs Price Agreement Vendor	$0	$0	$300,000	$300,000	The Department Estimates 1,500 Hours of Work at a Rate of $200.00 per Hour for Actuarial Analysis
C	Building Interface for Rate Uploads for PAD Average Acquisition Costs	$0	$138,000	$0	$0	The Department Estimates 1,000 Hours of Work at a Rate of $138.00 per Hour for System Changes
D	**Total Pharmacy Rate Methodology Contractor Costs**	**$0**	**$138,000**	**$550,000**	**$550,000**	**Sum Row A through Row C**

Table 4.1: FY 2020-21 Prescription Drug Monitoring Program Cost

Row	Item	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FFP or FMAP[1]	Notes/Calculations
A	PDMP Development Costs	$470,167	0.0	$28,035	$30,421	$0	$411,711	90.00%	Cost Estimate Provided by Current Vendor
B	Changes to MMIS	$37,000	0.0	$2,206	$2,394	$0	$32,400	90.00%	Estimated 250 Hours of Work at $148 per Hour.
C	Ongoing PDMP Operations Cost	$399,975	0.0	$59,625	$43,501	$0	$296,849	75.00%	Cost Estimate Provided by Current Vendor
D	**Total Prescription Drug Monitoring Program Cost**	**$907,142**	**0.0**	**$89,866**	**$76,316**	**$0**	**$740,960**	**NA**	**Sum Row A through Row C**

[1] FFP is approximately 90.00%. Calculation may vary based on the percentage of costs allocated to Title XXI eligible within Medicaid.

Table 4.2: FY 2021-22 Prescription Drug Monitoring Program Cost

Row	Item	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FFP or FMAP	Notes/Calculations
A	PDMP Development Costs	$0	0.0	$0	$0	$0	$0	90.00%	Cost Estimate Provided by Current Vendor
B	Changes to MMIS	$0	0.0	$0	$0	$0	$0	90.00%	Department Estimate
C	Ongoing PDMP Operations Cost	$411,974	0.0	$61,415	$46,110	$0	$304,449	75.00%	Cost Estimate Provided by Current Vendor
D	**Total Prescription Drug Monitoring Program Cost**	**$411,974**	**0.0**	**$61,415**	**$46,110**	**$0**	**$304,449**	**NA**	**Sum Row A through Row C**

Table 4.3: FY 2022-23 Prescription Drug Monitoring Program Cost

Row	Item	Total Funds	FTE	General Fund	Cash Funds	Reappropriated Funds	Federal Funds	FFP or FMAP	Notes/Calculations
A	PDMP Development Costs	$0	0.0	$0	$0	$0	$0	90.00%	Cost Estimate Provided by Current Vendor
B	Changes to MMIS	$0	0.0	$0	$0	$0	$0	90.00%	Department Estimate
C	Ongoing PDMP Operations Cost	$424,334	0.0	$63,258	$47,493	$0	$313,583	75.00%	Cost Estimate Provided by Current Vendor
D	**Total Prescription Drug Monitoring Program Cost**	**$424,334**	**0.0**	**$63,258**	**$47,493**	**$0**	**$313,583**	**NA**	**Sum Row A through Row C**

Table 5.1: FY 2019-20 Prescriber Tool Cost									
Row	**Item**	**Total Funds**	**FTE**	**General Fund**	**Cash Funds**	**Reappropriated Funds**	**Federal Funds**	**FFP or FMAP**	**Notes/Calculations**
A	Program Development	$2,249,357	0.0	$169,068	$75,932	$0	$2,004,357	90.00%	See Narrative
B	Magellan Development	$50,000	0.0	$3,467	$1,533	$0	$45,000	90.00%	Vendor Estimate
C	Cost to Build Interfaces	$0	0.0	$0	$0	$0	$0	90.00%	See Narrative
D	Ongoing Vendor Cost	$0	0.0	$0	$0	$0	$0	50.00%	Assumed Implementation of July 1, 2020- See Narrative
E	Magellan Ongoing	$0	0.0	$0	$0	$0	$0	50.00%	Vendor Estimate
F	**Total Prescriber Tool Cost**	**$2,299,357**	**0.0**	**$172,535**	**$77,465**	**$0**	**$2,049,357**	**NA**	**Sum Row A through Row E**
G	Funding Available	$500,000	0.0	$172,535	$77,465	$0	$250,000	50.00%	Funding available through SB 18-266
H	**Total Prescriber Tool Funding**	**$1,799,357**	**0.0**	**$0**	**$0**	**$0**	**$1,799,357**	**NA**	**Row F - Row G**

Table 5.2: FY 2020-21 Prescriber Tool Cost									
Row	**Item**	**Total Funds**	**FTE**	**General Fund**	**Cash Funds**	**Reappropriated Funds**	**Federal Funds**	**FFP or FMAP**	**Notes/Calculations**
A	Program Development	$0	0.0	$0	$0	$0	$0	90.00%	See Narrative
B	Magellan Development	$0	0.0	$0	$0	$0	$0	90.00%	Vendor Estimate
C	Cost to Build Interfaces	$406,800	0.0	$24,258	$26,321	$0	$356,221	90.00%	See Narrative
D	Ongoing Vendor Cost	$2,675,000	0.0	$882,750	$454,750	$0	$1,337,500	50.00%	Assumed Implementation of July 1, 2020- See Narrative
E	Magellan Ongoing	$303,870	0.0	$100,277	$51,658	$0	$151,935	50.00%	Vendor Estimate
F	**Total Prescriber Tool Cost**	**$3,385,670**	**0.0**	**$1,007,285**	**$532,729**	**$0**	**$1,845,656**	**NA**	**Sum Row A through Row E**
G	Funding Available	$500,000	0.0	$173,375	$76,625	$0	$250,000	50.00%	Funding available through SB 18-266
H	**Total Prescriber Tool Funding**	**$2,885,670**	**0.0**	**$833,910**	**$456,104**	**$0**	**$1,595,656**	**NA**	**Row F - Row G**

Table 5.3: FY 2021-22 Prescriber Tool Cost									
Row	**Item**	**Total Funds**	**FTE**	**General Fund**	**Cash Funds**	**Reappropriated Funds**	**Federal Funds**	**FFP or FMAP**	**Notes/Calculations**
A	Program Development	$0	0.0	$0	$0	$0	$0	90.00%	See Narrative
B	Magellan Development	$0	0.0	$0	$0	$0	$0	90.00%	Vendor Estimate
C	Changes to MMIS	$0	0.0	$0	$0	$0	$0	90.00%	Department Estimate
D	Ongoing Vendor Cost	$2,675,000	0.0	$882,750	$454,750	$0	$1,337,500	50.00%	Assumed Implementation of July 1, 2020- See Narrative
E	Magellan Ongoing	$312,389	0.0	$103,089	$53,106	$0	$156,194	50.00%	Vendor Estimate
F	**Total Prescriber Tool Cost**	**$2,987,389**	**0.0**	**$985,839**	**$507,856**	**$0**	**$1,493,694**	**NA**	**Sum Row A through Row E**
G	Funding Available	$500,000	0.0	$173,375	$76,625	$0	$250,000	50.00%	Funding available through SB 18-266
H	**Total Prescriber Tool Funding**	**$2,487,389**	**0.0**	**$812,464**	**$431,231**	**$0**	**$1,243,694**	**NA**	**Row F - Row G**

Table 5.4: FY 2022-23 Prescriber Tool Cost									
Row	**Item**	**Total Funds**	**FTE**	**General Fund**	**Cash Funds**	**Reappropriated Funds**	**Federal Funds**	**FFP or FMAP**	**Notes/Calculations**
A	Program Development	$0	0.0	$0	$0	$0	$0	90.00%	See Narrative
B	Magellan Development	$0	0.0	$0	$0	$0	$0	90.00%	Vendor Estimate
C	Changes to MMIS	$0	0.0	$0	$0	$0	$0	90.00%	Department Estimate
D	Ongoing Vendor Cost	$2,675,000	0.0	$882,750	$454,750	$0	$1,337,500	50.00%	Assumed Implementation of July 1, 2020- See Narrative
E	Magellan Ongoing	$321,163	0.0	$105,984	$54,598	$0	$160,581	50.00%	Vendor Estimate
F	**Total Prescriber Tool Cost**	**$2,996,163**	**0.0**	**$988,734**	**$509,348**	**$0**	**$1,498,081**	**NA**	**Sum Row A through Row E**
G	Funding Available	$500,000	0.0	$173,375	$76,625	$0	$250,000	50.00%	Funding available through SB 18-266
H	**Total Prescriber Tool Funding**	**$2,496,163**	**0.0**	**$815,359**	**$432,723**	**$0**	**$1,248,081**	**NA**	**Row F - Row G**

FTE Calculation Assumptions:

Operating Expenses -- Base operating expenses are included per FTE for $500 per year. In addition, for regular FTE, annual telephone costs assume base charges of $450 per year.

Standard Capital Purchases -- Each additional employee necessitates the purchase of a Personal Computer ($900), Office Suite Software ($330), and office furniture ($3,473).

General Fund FTE -- Beginning July 1, 2019, new employees will be paid on a bi-weekly pay schedule; therefore **new full-time General Fund positions are reflected in Year 1 as 0.9615 FTE** to account for the pay-date shift (25/26 weeks of pay). **This applies to personal services costs only; operating costs are not subject to the pay-date shift.**

Expenditure Detail			FY 2020-21		FY 2021-22	
Personal Services:						
Classification Title	Biweekly Salary	FTE			FTE	
PHARMACIST III	$5,398	1.0	$134,948		1.0	$140,352
PERA			$14,709			$15,298
AED			$6,747			$7,018
SAED			$6,747			$7,018
Medicare			$1,957			$2,035
STD			$229			$239
Health-Life-Dental			$10,042			$10,042
Subtotal Position 1, #.# FTE		**1.0**	**$175,379**		**1.0**	**$182,002**
Classification Title	Biweekly Salary	FTE			FTE	
RATE/FINANCIAL ANLYST	$3,563	1.0	$89,062		1.0	$92,628
PERA			$9,708			$10,096
AED			$4,453			$4,631
SAED			$4,453			$4,631
Medicare			$1,291			$1,343
STD			$151			$157
Health-Life-Dental			$10,042			$10,042
Subtotal Position 2, #.# FTE		**1.0**	**$119,160**		**1.0**	**$123,528**
Classification Title	Biweekly Salary	FTE			FTE	
ADMINISTRATOR IV	$3,026	2.9	$226,929		3.0	$236,016
PERA			$24,735			$25,726
AED			$11,346			$11,801
SAED			$11,346			$11,801
Medicare			$3,290			$3,422
STD			$386			$401
Health-Life-Dental			$30,126			$30,126
Subtotal Position 3, #.# FTE		**2.9**	**$308,158**		**3.0**	**$319,293**
Subtotal Personal Services		4.8	**$602,698**		5.0	**$624,823**
Operating Expenses:						
		FTE			FTE	
Regular FTE Operating	$500	5.0	$2,500		5.0	$2,500
Telephone Expenses	$450	5.0	$2,250		5.0	$2,250
PC, One-Time	$1,230	5.0	$6,150		-	
Office Furniture, One-Time	$3,473	5.0	$17,365		-	
Other						
Other						
Other						
Other						
Subtotal Operating Expenses			**$28,265**			**$4,750**
TOTAL REQUEST		4.8	**$630,963**		5.0	**$629,573**