

Arkansas Bureau of Legislative Research

# Fiscal Note for

**For Employee Benefit Division Impact**

December 16, 2024

## PURPOSE

The State of Arkansas has requested the financial impact of the Emergency Rule 128 – Fair and Reasonable Pharmacy Reimbursements. It's our understanding that this rule would change the EBD plan's pharmacy reimbursements to NADAC+1% with a \$9 dispensing fee.

## DATA LIMITATIONS

Segal's analysis was based on partial data. The requested data was for calendar year 2024. EBD provided a file that included detailed claims from January – September. We determined that the file was truncated at 1,048,576 claims. Navitus had reported 1,525,029 claims over this same period. Because the full data was not received, Segal estimates were limited. The projected impact should be used in a directional manner rather relying on its magnitude. A more robust analysis can be conducted once a full data file is provided.

## EMERGENCY RULE 128: PROJECTED IMPACT

<b>EBD Impact (includes ASE &amp; PSE)</b>	<b>Adjustment</b>	<b>Total Cost Impact</b>
Repriced limited data (Jan – Sep 2024):	None	\$6.6M
Adjusted for missing claims data:	x 1.45	\$9.6M
Adjusted to full year impact:	x 1.33	\$12.7M

### PRICING APPROACH AND COMMENTS

Segal projects that the rule will increase EBD's pharmacy plan's total costs. The pharmacies will be the beneficiary of these greater reimbursements. This analysis is consistent with the those done by Milliman, Navitus, and EBRx.

Segal made the following assumptions in the analysis:

- NADAC price was used for NADAC eligible retail claims.
- WAC price was used for retail claims where NADAC price was not available.
- Specialty claims filled at PBM Specialty pharmacies were not eligible for NADAC repricing.
- Mail Order claims were not eligible for NADAC repricing.
- Admin Fee of \$5 was applied to repriced analysis for plan participation in NADAC arrangement.