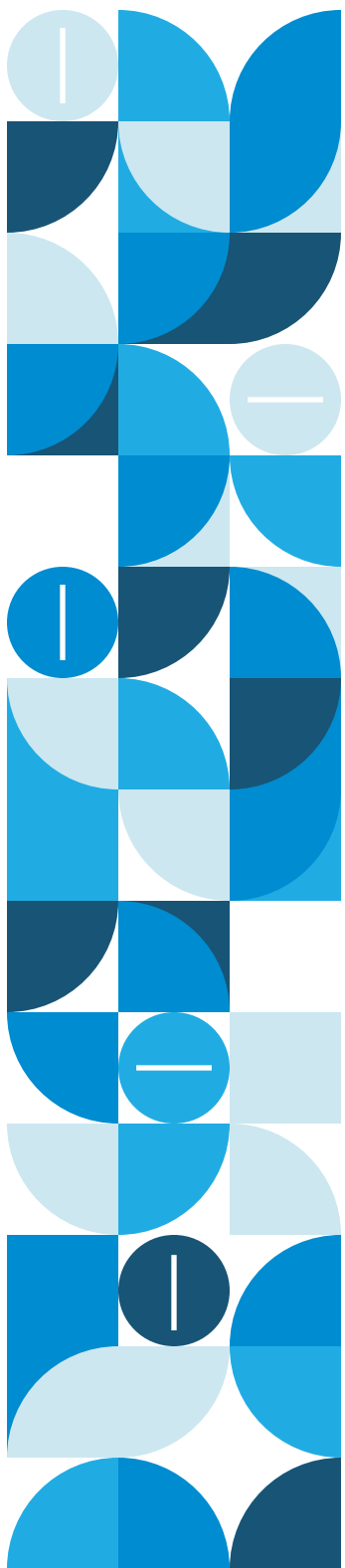




BEST PHARMACY PRACTICES FOR COMPLETING A MEDICAID COST OF DISPENSING SURVEY

WHY THIS SURVEY MATTERS

Medicaid cost of dispensing (COD) surveys directly determine the professional Medicaid dispensing fee paid to pharmacies. While almost all states use these data to set fees for their Medicaid fee-for-service programs, an increasing number are using these data to set fees in their Medicaid managed care programs. According to federal rules, states must set these fees based on actual pharmacy costs, not market rates. Incomplete or inaccurate pharmacy responses can lead to underpayment across the state. **A strong survey response by pharmacists leads to more accurate dispensing fees — and better outcomes for independent pharmacies.**

BEFORE YOU START:

CHECKLIST OF ITEMS TO GATHER

Having the right documentation up front will make the survey easier to complete accurately and efficiently.

Financial documents

- Most recent federal tax return(s)
- Profit and loss (P&L) statement
- Balance sheet, if available

Payroll and labor data

- Payroll records and responsibilities (pharmacists, technicians, clerical staff, etc.)
- Owner/pharmacist compensation details
- Employee benefits costs (health insurance, retirement, etc.)
- Staffing hours and wage rates, if not reflected in payroll summaries

Prescription and volume data

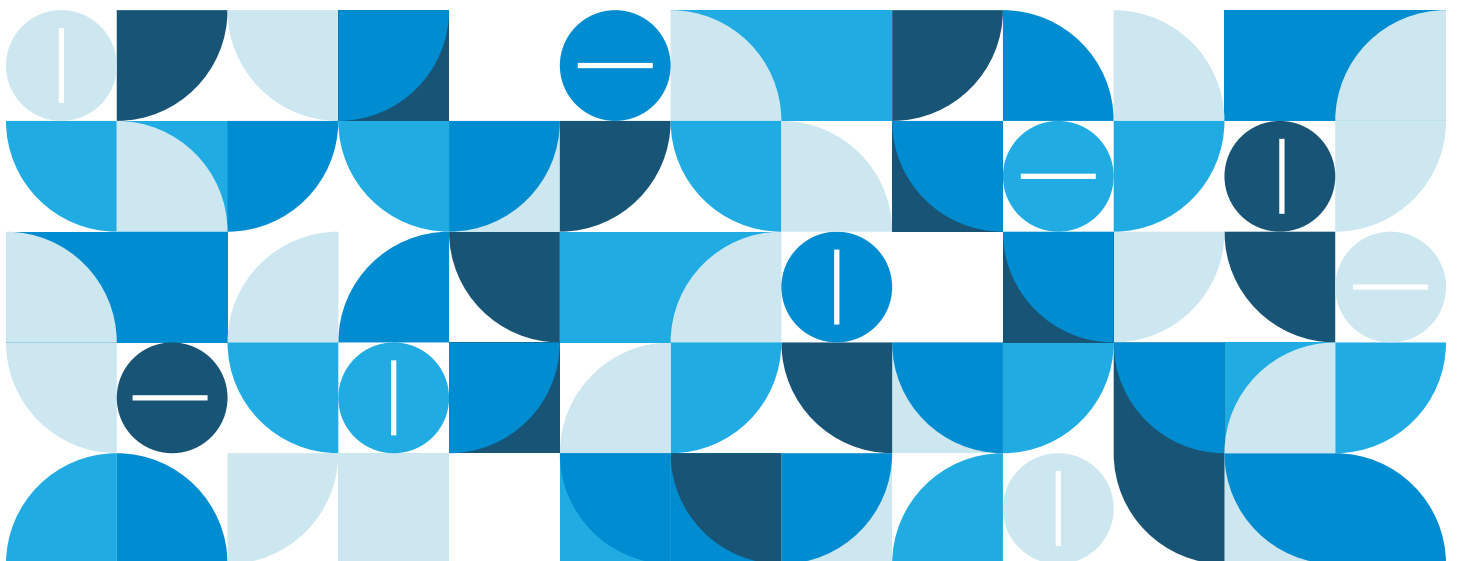
- Dispensing logs
- Total prescription volume, mindful of survey definitions
- Breakdown of prescriptions by type (retail, specialty, compounded, LTC if applicable, etc.)

Operating expense records

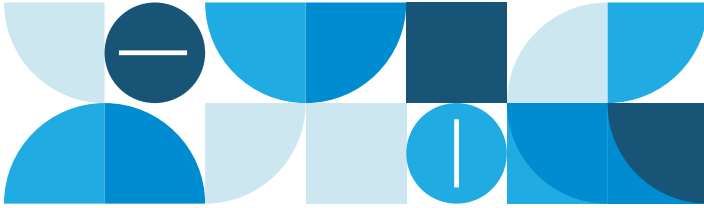
- Rent or mortgage payments, or estimated market value if owned
- Utilities (electric, water, internet, etc.)
- Square footage of pharmacy and total square footage of the entire store
- Equipment and technology costs (software, dispensing systems, etc.)
- Insurance (liability, property, etc.)
- Maintenance and supplies

Supporting documentation, as needed

- Invoices or expense reports for major cost categories
- Any documentation supporting unusual or high-cost entries



COMPLETING THE SURVEY



Having the right documentation up front will make the survey easier to complete accurately and efficiently.

1. Participate fully and on time

- Submit a fully complete survey before the deadline if possible to give reviewers time to ask clarifying questions
- Partial or inconsistent responses may be excluded
- Encourage other independent pharmacies to participate

2. Use accurate, verifiable data

- Base all responses on real records, not estimates
- Use data from the most recent reporting period to ensure accuracy
- Keep reporting period consistent across all datasets
- Double-check for consistency across entries

3. Capture the full cost of dispensing

Include all costs associated with dispensing a prescription, such as:

- Pharmacist and technician time
- Prescription processing and verification
- Patient counseling and workflow activities
- Overhead (rent, utilities, systems, equipment, etc.)

These costs are part of the CMS-defined professional dispensing fee. (See eCFR :: 42 CFR 447.502)

4. Do not underreport owner compensation or fixed costs

Avoid reporting zero dollars for pharmacist/owner salary, rent/mortgage, or building costs. Even if you own your building or do not draw a traditional salary, your time and space have real economic value.

5. Follow instructions carefully

- Use definitions provided in the survey
- Complete all required fields
- Ensure data is internally consistent
- Avoid:
 - Mixing time periods
 - Leaving blanks in key cost categories
 - Entering conflicting financial figures
 - Submitting incomplete surveys
 - Using estimates instead of records
 - Failing to account for all staff time

6. Respond promptly to follow-up requests

Survey administrators may conduct “desk reviews,” request clarification or documentation, or flag unusual or incomplete entries. Responding quickly helps ensure your data is accepted, and your pharmacy’s data are included in the final analysis.

7. Understand how your data is used

- Individual responses are aggregated and analyzed so your individual data will not be public
- Results are often reported using weighted methods based on prescription volume
- Data is kept confidential but directly influences statewide Medicaid pharmacy reimbursement

8. Verify your contact information

- Ensure your contact information is current and accurate with NCPDP and your state’s Medicaid program
- Confirm your pharmacy is receiving communications from the survey vendor (Myers & Stauffer, Mercer Government, etc.)
- Check that survey emails are not going to spam or an outdated contact

9. Use available support

Most surveys offer help desks or email support, instructional webinars, and FAQs or guidance materials. If something is unclear, ask before submitting.

Bottom line

A strong survey response by pharmacists leads to more accurate dispensing fees — and better outcomes for independent pharmacies.
