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# Long-Term Care Pharmacy Cost Analysis

Senior Care Pharmacy Coalition



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# Executive Summary

The Senior Care Pharmacy Coalition (SCPC) commissioned CLA (CliftonLarsonAllen LLP) to collect and analyze cost data of SCPC members. The intent was to assist SCPC in performing a cost benchmarking analysis, which has three primary purposes:



Calculate the cost of dispensing which can be utilized for SCPC's policy and advocacy efforts



Enable pharmacies to advocate before CMS and Congress on the impact of margin reduction compared with operating costs



Provide salary and wage data to explain to Congress how reductions in margins will impact service levels

From the survey data, CLA derived a median and average total long-term care (LTC) cost per script for 2023 of \$14.54 and \$15.41, respectively.



# Survey Results

In total, 129 LTC pharmacies crossing 35 states participated in the survey. As economic and regulatory environments can vary from location to location, aggregate results are influenced by factors such as geography, patient mix, prescription volume, labor costs, and age of pharmacy.

To provide context to the entire population, percentiles are included in addition to the average. Outliers can skew averages, making them less representative of the overall range of values reported. By including percentiles, the distribution of values can be better understood and can highlight any potential outliers that may be impacting the average.

	Average	25th Percentile	50th Percentile	75th Percentile
Base cost per script	\$ 8.28	\$ 8.93	\$ 8.56	\$ 7.60
Specific LTC costs per script	\$ 7.13	\$ 3.40	\$ 5.98	\$ 9.24
<b>Total LTC cost per script</b>	<b>\$ 15.41</b>	<b>\$ 12.32</b>	<b>\$ 14.54</b>	<b>\$ 16.84</b>

*See appendix for further detail related to data and methodology.*



# Costs Specific to LTC Pharmacies

A retail pharmacy's cost to dispense a prescription includes costs such as, but not limited to, ordering, packaging, legally required professional services, and overhead.

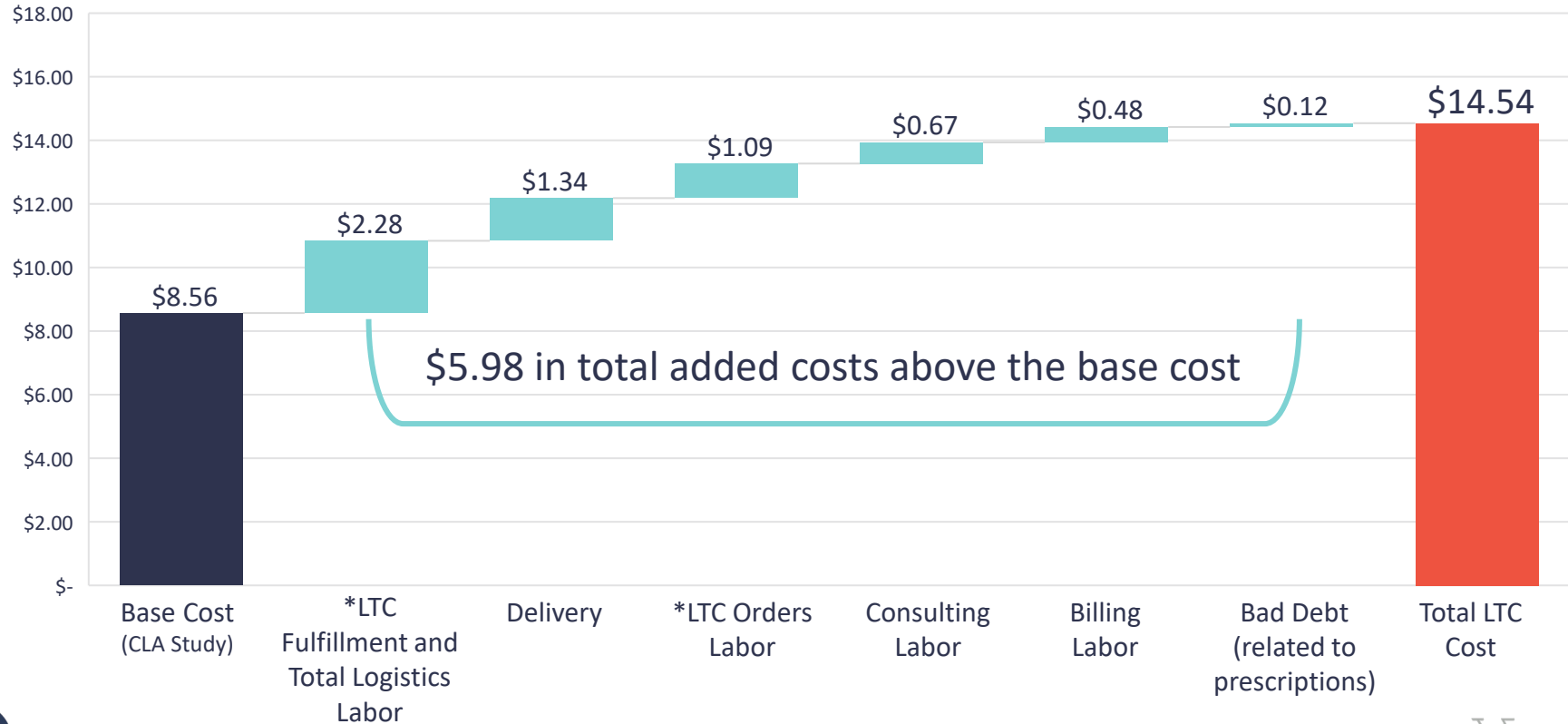
Due to differences in patient mix, LTC pharmacies have costs above retail costs. Such costs are detailed in the table to the right.

Specific LTC Costs	Description
*LTC fulfillment and total logistics labor	Expenses related to preparing and dispensing medications to patients
Delivery	Expenses incurred by the pharmacy for carrying medications to patients in LTC facilities
*LTC order labor	Expenses related to order forms, refills, and managing orders with LTC facilities
Consulting labor	Expenses related to review of medical records, non-business hour support, consultant nurse hours, and similar services
Billing labor	Expenses related to billing, claims review, insurance verification, and the like
Bad debt (related to prescriptions)	Unpaid medication or service bills

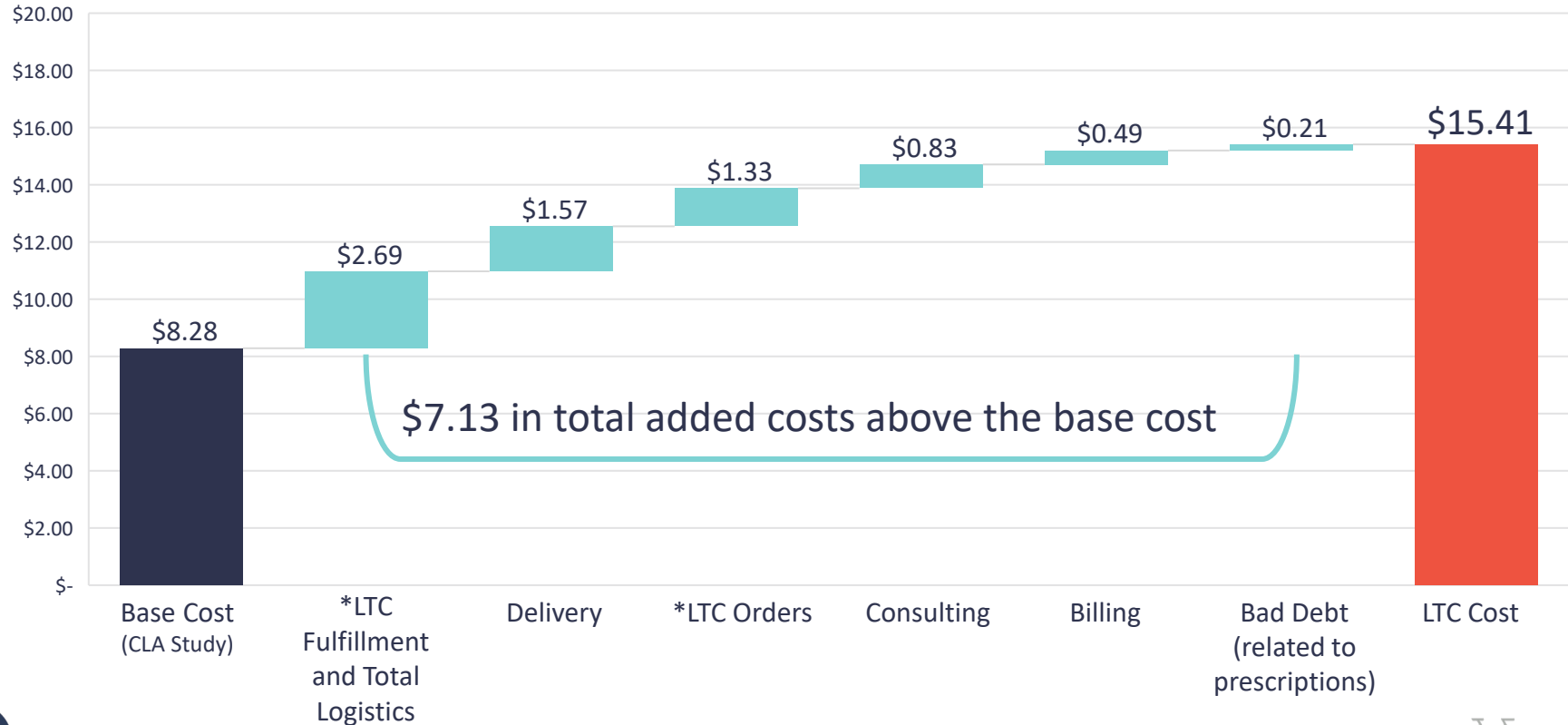
*\*See appendix for further detail related to data and methodology.*



# Survey Results: Median Total Cost Per Script

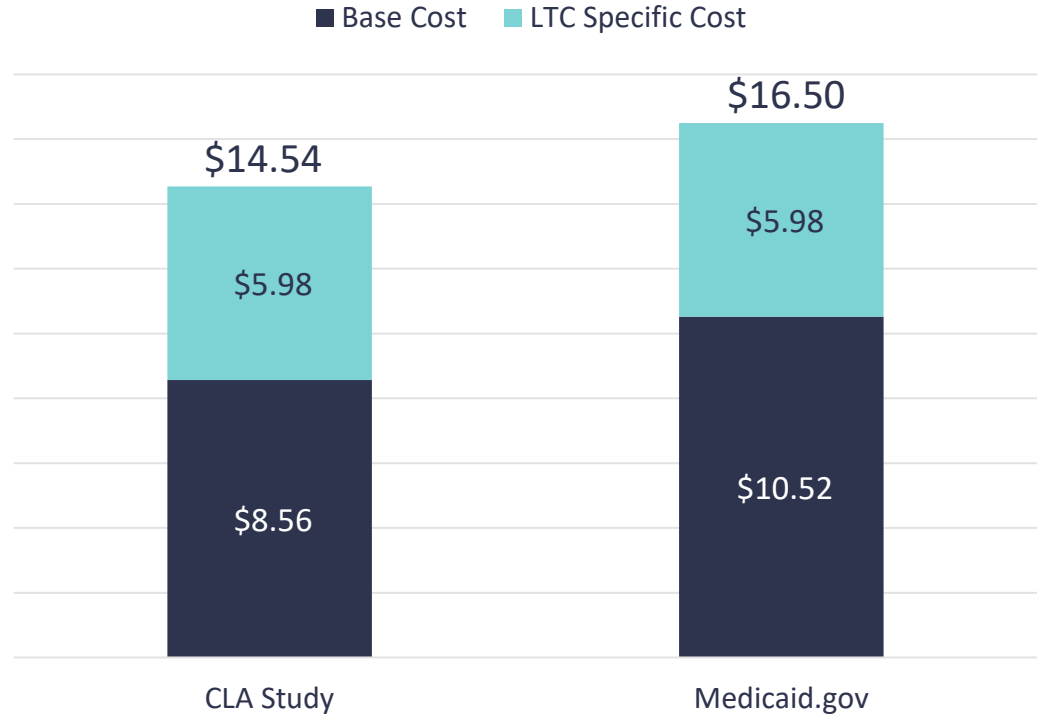


# Survey Results: Average Cost to Dispense



# Survey Results: Median Total Cost to Dispense

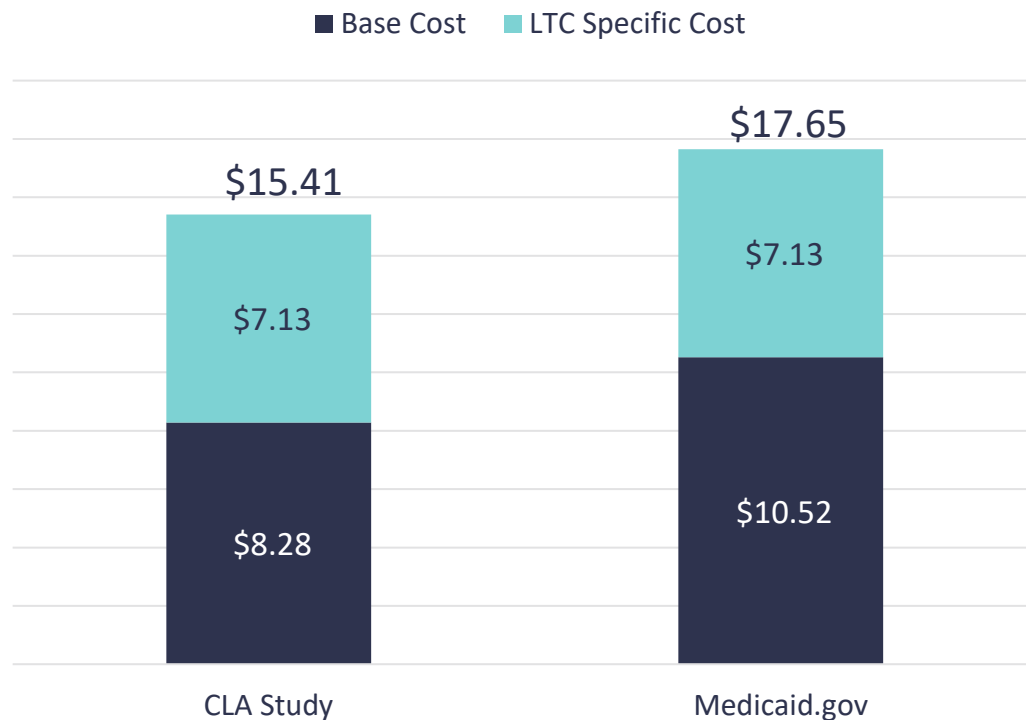
As noted in the executive summary, CLA surveyed only LTC pharmacies, whereas the survey completed and shared on Medicaid.gov includes all pharmacies — retail and LTC. If the base dispensing fee of all 50 states, including D.C., at the lowest listed rate is averaged, the result is \$10.52.





# Survey Results: Average Cost to Dispense

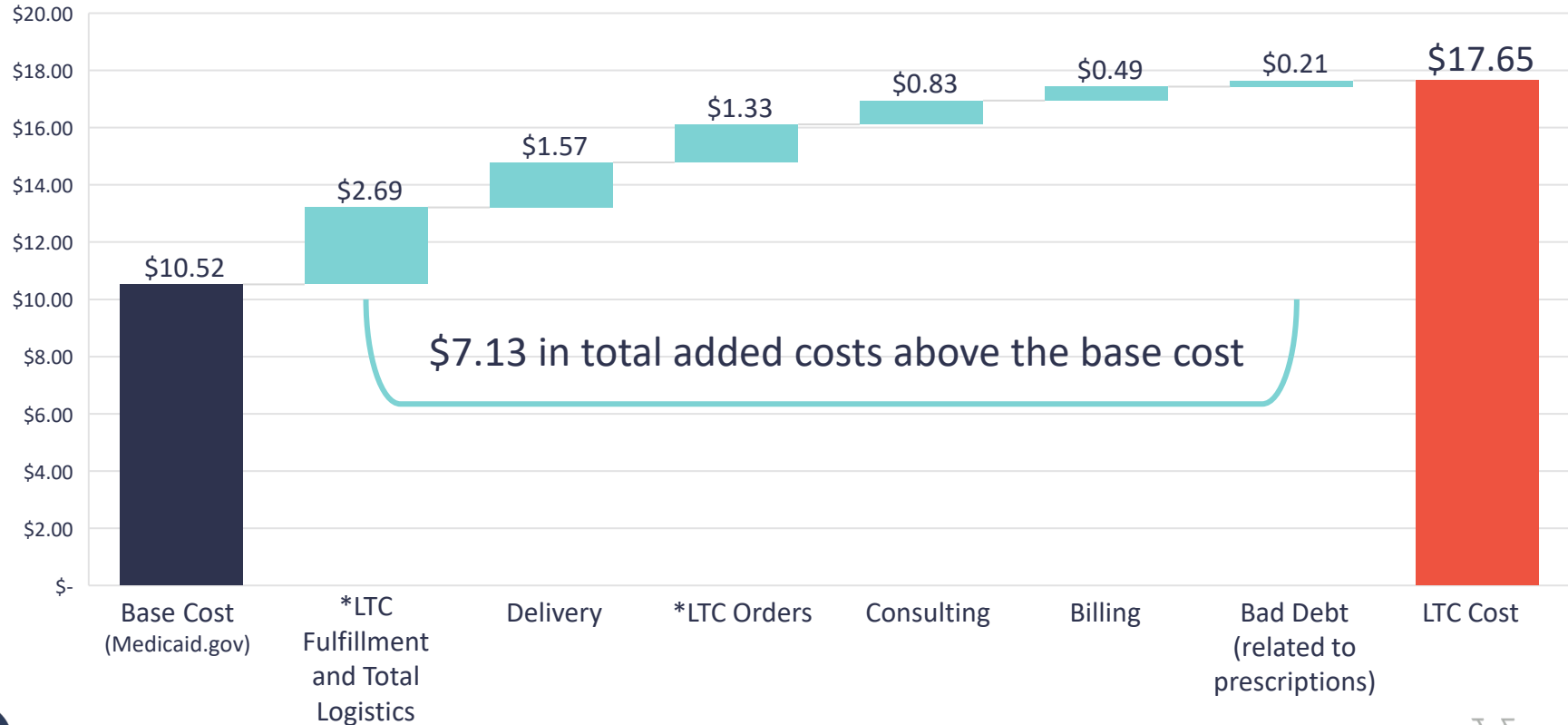
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# Survey Results: Median Total Cost to Dispense



# Survey Results: Average Cost to Dispense



# Participant Profile: Geography

129 Total Pharmacies

Pharmacy Count

12

1

State	Median LTC Total Cost per Script
Texas	\$ 13.75
Missouri	\$ 15.61
Wisconsin	\$ 15.10
Florida	\$ 14.08
Oklahoma	\$ 11.70
Pennsylvania	\$ 14.47



# Participant Profile: Geography

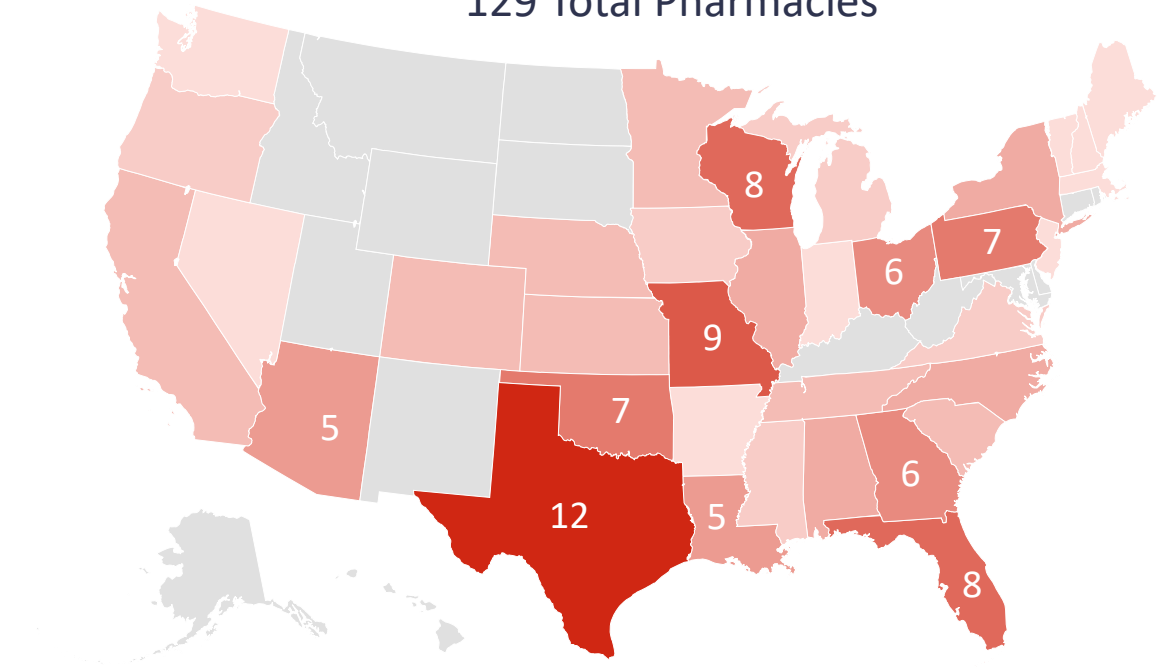
129 Total Pharmacies

Pharmacy Count

12

1

State	Average LTC Cost to Dispense
Texas	\$ 14.18
Missouri	\$ 16.47
Wisconsin	\$ 16.10
Florida	\$ 14.30
Oklahoma	\$ 11.86
Pennsylvania	\$ 15.48



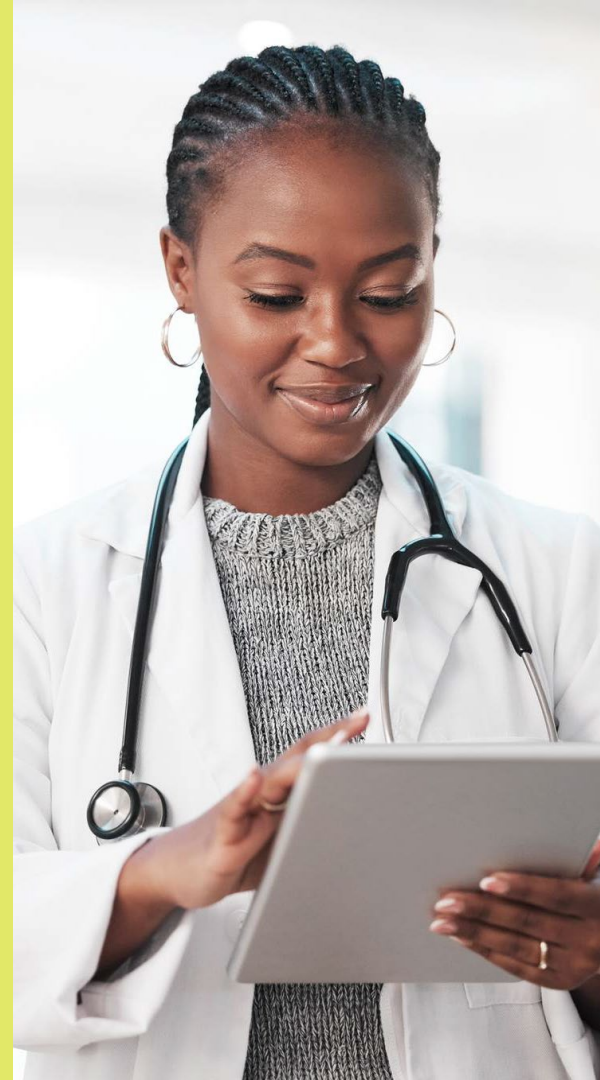
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# Participant Profile: New in 2023

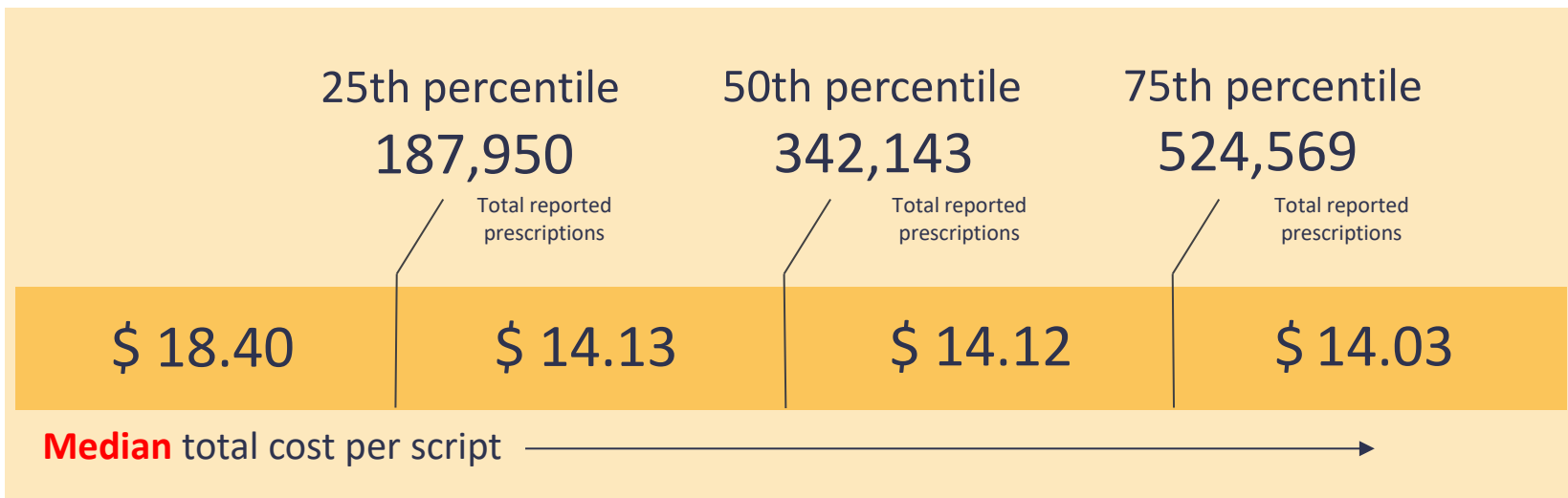
Pharmacy Open all of 2023	Percent of Pharmacies	Median LTC Total Cost per Script
Yes	95%	\$ 14.46
No	3%	\$ 27.20
Not reported	2%	\$ 17.21

Pharmacy Open all of 2023	Percent of Pharmacies	Average LTC Total Cost per Script
Yes	95%	\$ 15.05
No	3%	\$ 25.30
Not reported	2%	\$ 17.21



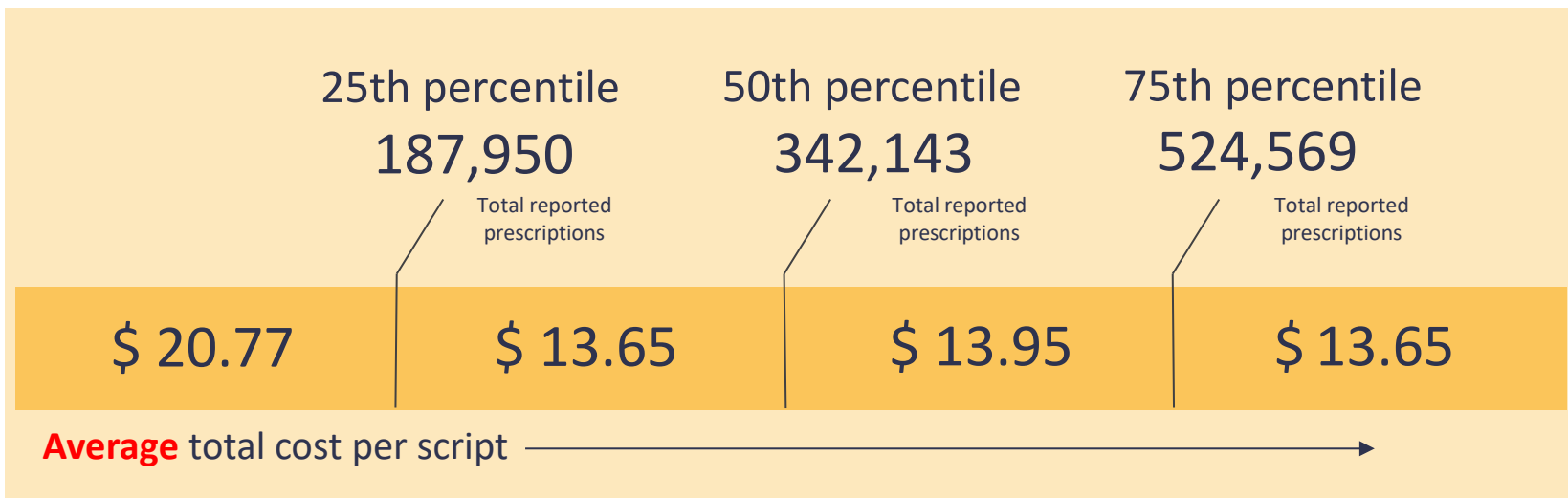
# Participant Profile: Total Prescription Volume by Location

To determine the correlation between total number of prescriptions and cost to dispense, CLA broke the locations into percentiles based on the total number of prescriptions reported (line 19 of the survey). The total number of prescriptions does not consider differences in dispensing category (i.e., unit dose, bingo card, etc.).



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# Conclusion

Based on the survey results, the median and average LTC total cost per script is \$14.54 and \$15.41, respectively. This is approximately \$6 to \$7, respectively, more than the base cost per script.

Given the higher cost per script for LTC pharmacies and current regulatory environment, industry advocacy would appear to be necessary to facilitate fair payment to educate and facilitate alignment of payment policy with an LTC pharmacy's total cost to dispense.





# Appendix



## Data and Methodology

133 LTC locations were surveyed with 4 outlier locations being removed for a total of 129. Outliers were determined having a cost to dispense greater than \$60, and review of full survey data in conjunction with industry knowledge.

Cost to dispense in this report is defined as:  
$$\frac{(\text{total expense} - \text{cost of goods sold})}{\text{total prescriptions}}$$

All other “per script” metrics shown were calculated as:  
$$\frac{(\text{total applicable expense (i.e. delivery, consulting, etc.)})}{\text{total prescriptions}}$$

80% of the total fulfillment and order expense were allocated to long-term care (LTC) related services, as these expenses are also part of the retail business





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