



Idaho Department of Insurance

Survey of the Cost of Dispensing a Prescription in the State of Idaho

October 2025

Myers and Stauffer LC
700 W 47th Street, Ste. 1100
Kansas City, MO 64112
800.374.6858
www.myersandstauffer.com



Table of Contents

■ Chapter 1: Executive Summary	4
• Introduction	4
• Summary of Findings.....	5
Table 1.1 Dispensing Cost for Idaho Pharmacies.....	6
• Conclusions	7
■ Chapter 2: Dispensing Cost Survey and Analysis	8
• Methodology of the Dispensing Cost Survey	8
Survey Distribution	8
Table 2.1 Dispensing Cost Survey Response Rate	9
Tests for Reporting Bias.....	10
Desk Review Procedures	10
• Cost Finding Procedures	11
• Overhead Costs.....	11
• Labor Cost	14
• Owner Compensation Issues	14
Table 2.2 Hourly Wage Limits for Owners	15
Overall Labor Cost Constraints	15
• Inflation Factors	16
• Cost of Dispensing Analysis and Findings	16
Table 2.3 Dispensing Cost per Prescription.....	17
Dispensing Cost by Pharmacy Dispenser Type.....	18
Table 2.4 Cost of Dispensing by Dispenser Type – Non-Specialty Pharmacies	18
In-State, Non-Specialty, Community/Retail Pharmacies.....	18
Table 2.5 Dispensing Cost per Prescription – Non-Specialty Pharmacies	18
Relationship of Dispensing Cost with Prescription Volume	19
Table 2.6 Statistics for Pharmacy Total Annual Prescription Volume.....	19
Table 2.7 Dispensing Cost by Pharmacy Total Annual Prescription Volume	19
• Other Observations Associated with Dispensing Cost and Pharmacy Attributes	20



Chart 2.1 Components of Prescription Dispensing Cost.....	20
• Expenses Not Allocated to the Cost of Dispensing	21
Table 2.8 Non-Allocated Expenses per Prescription	21
■ Appendix A.....	22
Specialty Pharmacies.....	22



EXHIBITS

- Exhibit 1 Idaho Department of Insurance Dispensing Fee Survey – Survey Form (All Pharmacies)
- Exhibit 2 Informational Letter from the Idaho Department of Insurance Regarding Pharmacy Dispensing Fee Survey (All Pharmacies)
- Exhibit 3a Letter from Myers and Stauffer LC Regarding Pharmacy Dispensing Fee Survey (Non-Chain Pharmacies)
- Exhibit 3b Letter from Myers and Stauffer LC Regarding Pharmacy Dispensing Fee Survey (Chain Pharmacies)
- Exhibit 4 Informational Meeting Flyer (All Pharmacies)
- Exhibit 5 Survey Reminder Postcard (All Non-Respondent Pharmacies)
- Exhibit 6 Survey Reminder / Extension Postcard (All Non-Respondent Pharmacies)
- Exhibit 7 Table of Inflation Factors for Dispensing Fee Survey
- Exhibit 8 Histogram of Pharmacy Dispensing Cost
- Exhibit 9 Pharmacy Dispensing Fee Survey Data – Statistical Summary
- Exhibit 10 Charts Relating to Pharmacy Total Prescription Volume:
 - A: Histogram of Pharmacy Total Prescription Volume
 - B: Scatter-Plot of Relationship between Dispensing Cost per Prescription and Total Prescription Volume
- Exhibit 11 Summary of Pharmacy Attributes



Chapter 1: Executive Summary

Introduction

The Idaho Department of Insurance (the Department) contracted with Myers and Stauffer to perform a survey of pharmacy dispensing costs in consideration of requirements outlined in Idaho Code 41-349(11)(i). This statute requires pharmacy benefit managers (PBMs) doing business within the state of Idaho to pay a dispensing fee that reasonably covers the costs of dispensing medications, including the pharmacist's services and the overhead associated with maintaining the facility and equipment necessary to operate the pharmacy.

While it is understood that dispensing fees are only one component of pharmacy reimbursement, and represents payments made in addition to the ingredient reimbursement associated with the cost of the drug being dispensed, this report focuses on measurements of the costs associated with pharmacy labor and overhead costs as a means to consider reasonable dispensing fees under the Idaho statutory requirements.

For the pharmacy dispensing cost survey, Myers and Stauffer obtained a list from the Idaho Board of Pharmacy of all pharmacies licensed to dispense prescriptions in the state of Idaho. Myers and Stauffer then collaborated with the Department to determine the pharmacies from this list to include in the survey process given that not all pharmacies licensed are currently dispensing prescriptions to patients in the state. For example, some national pharmacy operations apply for licenses in all states if there is a potential to dispense and a pharmacy could have obtained a license to dispense for a patient that is no longer receiving medications.

After collaboration with the Department, there were 1,264 pharmacy providers identified for inclusion in the survey and these pharmacies were requested to submit financial and operational information for this study. Notably, the pharmacy survey population derived from the Board of Pharmacy list was larger than several other measures of the number of pharmacies operating within the state of Idaho. For example, for a previous survey conducted by Myers and Stauffer in 2011 for the Department of Health and Welfare, there were 357 pharmacies actively participating in the Idaho Medicaid program which were included in the survey. Additionally, a list of pharmacies derived from data maintained by the National Council for Prescription Drug Programs (NCPDP) suggests that there are currently 477 pharmacies physically located in the state of Idaho.

For each cost of dispensing survey that was submitted, Myers and Stauffer performed desk review procedures to test completeness and accuracy of the submitted information. There were 243 pharmacies which filed cost surveys that were included in the cost of dispensing analysis. Myers and Stauffer applied pharmacy-specific cost-finding algorithms to the submitted survey data to estimate costs associated with dispensing prescription medications and calculate the average cost of dispensing at each pharmacy. These results underwent statistical analysis and were aggregated according to various measurements of mean, median and other percentiles for all pharmacies as well as for various pharmacy categories.



Summary of Findings

The purpose of the cost of dispensing survey is to assist the Department in evaluating reasonable dispensing fees for pharmacies dispensing prescriptions to Idaho residents as required by Idaho Code 41-349(11)(i). Idaho Code 41-349(12) exempts specialty drugs from the reasonable dispensing fee and defines a specialty drug. There were 93 pharmacies identified in the analysis that primarily dispensed drugs that meet the Idaho Code definition for specialty drugs. There were 150 pharmacies that did not primarily dispense specialty drugs (referred to collectively in this report as non-specialty pharmacies). The analysis further focuses on the 116 pharmacies that are located in the state of Idaho and classified as non-specialty pharmacies that were reported to be community/retail pharmacies¹.

There are several statistical measurements that may be used to express the central tendency, or “average”, of a distribution, the most common of which are the mean and the median. Weighted means and medians are often preferable to their unweighted counterparts. The mean weighted by each pharmacy’s prescription volume is the average cost for all prescriptions, rather than the average for all pharmacies as in the unweighted mean. This implies that low volume pharmacies have a smaller impact on the weighted average than high volume pharmacies. The weighted median is determined by finding the pharmacy observation that encompasses the middle value prescription. The implication is that half of the prescriptions were dispensed at a cost of the weighted median or less, and half were dispensed at the cost of the weighted median or more.

Based on the available survey data, the mean cost of dispensing, weighted by total prescription volume, was \$12.26 per prescription for non-specialty pharmacies. For in-state, non-specialty, community/retail pharmacies the mean cost of dispensing, weighted by total prescription volume, was \$12.34 per prescription. This second measure, which includes only in-state pharmacies, is particularly significant since it represents the average cost of dispensing for traditional retail community pharmacies, and is not skewed by out-of-state pharmacies and non-retail pharmacies.

Table 1.1 includes additional measures of the average cost of dispensing.

¹ Community/Retail Pharmacy is defined by National Council for Prescription Drug Programs (NCPDP) as a pharmacy where medicinal preparations and/or prescriptions are stored, prepared, and dispensed to a local patient population (<https://resdac.org/cms-data/variables/pharmacy-primary-dispenser-type-code>).



Table 1.1 Dispensing Cost for Idaho Pharmacies

	Non-Specialty Pharmacies	In-State, Non-Specialty, Community/Retail Pharmacies
Pharmacies Included in Analysis	150	116
Unweighted Mean (Average) ^A	\$15.44	\$14.99
Weighted Mean (Average) ^{A,B}	\$12.26	\$12.34
Unweighted Median ^A	\$12.38	\$11.85
Weighted Median ^{A,B}	\$11.89	\$11.26

^A Inflated to common point of December 31, 2024 (midpoint of year ending June 30, 2025).

^B Weighted measurements are based on pharmacy total volume which is the self-reported prescription count from respondent pharmacies for the fiscal period reported on the dispensing fee survey.

There were wide ranges of costs observed for respondent pharmacies. Based on the analysis of respondent pharmacies, Table 1.2 includes percentiles of the cost of dispensing for the group of non-specialty pharmacies as well as the group of in-state, non-specialty, community/retail pharmacies. The costs included in the table below are weighted by the self-reported prescription count from respondent pharmacies for the fiscal period reported on the dispensing fee survey.

Table 1.2 Dispensing Cost Ranges for Pharmacies that Dispense Prescriptions to Idaho Residents

Percentile ^{A,B}	Non-Specialty Pharmacies	In-State, Non-specialty, Community/Retail Pharmacies
Count of pharmacies	150	116
10th	\$8.41	\$9.13
20th	\$10.38	\$9.69
30th	\$10.47	\$10.10
40th	\$11.00	\$10.60
50th (Median)	\$11.89	\$11.26
60th	\$11.89	\$11.65
70th	\$13.54	\$12.34
80th	\$14.72	\$14.06
90th	\$15.96	\$16.60

^A Inflated to common point of December 31, 2024 (midpoint of year ending June 30, 2025).

^B Percentiles are weighted based on pharmacy total volume which is the self-reported prescription count from respondent pharmacies for the fiscal period reported on the dispensing fee survey.



Conclusions

Idaho Code 41-349(11)(i) requires that a PBM reimburse an in-network pharmacy a reasonable dispensing fee that covers the cost of dispensing medications. Idaho Code 41-349(1)(b) defines a dispensing fee as a fee intended to cover reasonable costs including but not limited to the pharmacist's services and the overhead associated with maintaining the pharmacy facility and equipment.

PBM reimbursement for a prescription drug on behalf of private health plans typically includes both a dispensing fee and an ingredient cost component. Generally, within private health plans, the most common reimbursement paradigm used by PBMs is one in which dispensing fees are nominal (e.g., often less than \$1.00 per prescription) although some margin in excess of drug acquisition cost may be allowed within a pharmacy's ingredient reimbursement. Based on the applicable Idaho Codes which requires a PBM to reimburse pharmacies with a reasonable dispensing fee and given the statutory definition of a reasonable dispensing fee, it appears that a practice of paying nominal amounts as dispensing fees is potentially not in alignment with Idaho statutes regardless of any margin on ingredient cost that may be included within the reimbursement amount.

Myers and Stauffer performed a survey to collect overhead and labor cost data from pharmacies and applied standardized cost allocation procedures to derive a reasonable estimate of the cost of dispensing for each pharmacies participating in the survey. The ranges of pharmacy dispensing cost that were observed in the survey, as summarized within Tables 1.1 and 1.2, are potentially helpful for assessing the reasonableness of dispensing fees paid by PBMs relative to cost incurred by pharmacies to dispense prescriptions. For example, for the 116 in-state, non-specialty, community/retail pharmacies that submitted surveys, half of all prescriptions were dispensed at a cost of \$11.26 or less (i.e., based on the weighted median cost of dispensing for this group of pharmacies). The weighted percentile values, in addition to the weighted median (i.e., the 50th percentile), are also potentially useful for assessing the reasonableness of dispensing fees. For example, from these values it could be inferred that only 10 percent of prescriptions dispensed by the in-state, non-specialty, community retail pharmacies were dispensed at a cost of that was less than \$9.13.



Chapter 2: Dispensing Cost Survey and Analysis

The Department engaged Myers and Stauffer LC to perform a study of costs incurred by pharmacies to dispense prescriptions to Idaho patients. There are two primary components related to the provision of prescription medications: dispensing cost and drug ingredient cost. Dispensing cost consists of the overhead and labor costs incurred by a pharmacy to fill prescription medications.

Methodology of the Dispensing Cost Survey

Survey Distribution

For the pharmacy dispensing cost survey, Myers and Stauffer obtained a list from the Idaho Board of Pharmacy of all pharmacies licensed to dispense prescriptions in the state of Idaho. Myers and Stauffer then collaborated with the Department to determine the pharmacies from this list to include in the survey process given that not all pharmacies licensed are currently dispensing prescriptions to patients in the state. For example, some national pharmacy operations apply for licenses in all states if there is a potential to dispense and a pharmacy could have obtained a license to dispense for a patient that is no longer receiving medications.

After collaboration with the Department, there were 1,264 pharmacy providers identified for inclusion in the survey and these pharmacies were requested to submit financial and operational information for this study. All 1,264 pharmacies were invited to submit survey information for this voluntary study and surveys were mailed to these pharmacies on April 17, 2025. Each surveyed pharmacy received a copy of the dispensing fee survey (Exhibit 1), a letter of introduction from the Department (Exhibit 2), an instructional letter from Myers and Stauffer (Exhibits 3a and 3b), and an invitation to participate in webinars hosted by Myers and Stauffer (Exhibit 4).

Concerted efforts to encourage participation were made to enhance the survey response rate. A survey help desk was provided by Myers and Stauffer. A toll-free telephone number and email address were listed on the survey form and pharmacists were instructed to call or email to resolve any questions they had concerning completion of the survey form. The instructional letter offered pharmacy owners the option of having Myers and Stauffer complete certain sections of the survey for those that were willing to submit copies of financial statements and/or tax returns. For convenience in completing the cost of dispensing survey, the survey forms were made available in both a printed format and in an electronic format (Microsoft Excel).

Myers and Stauffer hosted informational presentations on April 29, 2025 and May 1, 2025. Providers were given an overview of the cost of dispensing survey process and the survey tool. Providers were given the opportunity to ask questions during the presentation and encouraged to reach out to the survey help desk if they had further questions or needed assistance completing the survey.



DISPENSING COST SURVEY AND ANALYSIS

A reminder postcard was sent on May 8, 2025 to all non-respondent pharmacies (Exhibit 5). A second postcard was sent on May 29, 2025 to non-respondent pharmacies extending the due date from May 29, 2025 to June 12, 2025 (Exhibit 6). Multiple reminder emails were sent to non-respondent pharmacies from May 16, 2025 through June 9, 2025.

Providers were given instructions to report themselves as ineligible for the survey if they met certain criteria. Pharmacies were deemed exempt or ineligible if they had closed their pharmacy, had a change of ownership, or had less than six months of cost data available (e.g., due to a pharmacy that recently opened or changed ownership). Of the 1,264 surveyed pharmacies, 39 pharmacies were determined to be exempt or ineligible to participate (based on the returned surveys).

Surveys were accepted through June 23, 2025. Some of the submitted cost surveys contained errors or did not include complete information necessary for full evaluation. For cost surveys with such errors or omissions, the pharmacy was contacted for clarification. There were limited instances in which issues on the cost survey were not resolved in time for inclusion in the final analysis.² As indicated in Table 2.1, there were 243 surveyed pharmacies that submitted a usable cost survey for this study resulting in a response rate of 19.8 percent.

Table 2.1 Dispensing Cost Survey Response Rate

Pharmacy Category	Surveyed Pharmacies	Pharmacies Exempt or Ineligible from Filing	Eligible Pharmacies	Usable Cost Surveys Received	Response Rate
Chain ³	509	6	503	132	26.2%
Non-chain	755	33	722	111	15.4%
TOTAL	1,264	39	1,225	243	19.8%
In-State Urban ⁴	226	7	219	68	31.1%
In-State Rural	163	3	160	63	39.4%
Out-of-State	875	29	846	112	13.2%
TOTAL	1,264	39	1,225	243	19.8%

Any assessment of the survey response rate of 19.8 percent should consider the relatively high number of pharmacies invited to participate in the survey based on the Board of Pharmacy data.

² There were 18 incomplete surveys received on or before June 23, 2025 that were eventually determined to be unusable because they were substantially incomplete or missing essential information. These issues could not be resolved in a timely manner with the submitting pharmacy. These incomplete surveys were not included in the count of 243 usable surveys received.

³ For purposes of this survey, a chain was defined as an organization having four or more pharmacies under common ownership or control on a national level. Additionally, the chain pharmacy classification includes pharmacies that were related to a hospital system, clinic, or community health center.

⁴ For measurements that refer to the urban or rural location of a pharmacy, Myers and Stauffer used the pharmacies zip code and the "Zip Code to Carrier Locality File" from the Centers for Medicare & Medicaid Services to determine if the pharmacy was located in an urban or rural area.



Notably, the pharmacy survey population derived from the Board of Pharmacy list was larger than several other measures of the number of pharmacies operating within the state of Idaho. For example, for a previous survey conducted by Myers and Stauffer in 2011 for the Department of Health and Welfare, there were 357 pharmacies actively participating in the Idaho Medicaid program at that time which were invited to participate in the survey. Additionally, a list of pharmacies Myers and Stauffer derived from data maintained by the National Council for Prescription Drug Programs (NCPDP) suggests that there are currently 477 pharmacies which are physically located in the state of Idaho. A majority of the pharmacies on the Board of Pharmacy list of pharmacies licensed in the state of Idaho were located outside of the state of Idaho (i.e., 875 of the 1,264 pharmacies or 69.2 percent). The response rate for this voluntary survey for these out of state locations was markedly less than the response rate for in-state pharmacies.

Tests for Reporting Bias

For the pharmacy traits of affiliation (i.e., chain or non-chain) and location (i.e., urban or rural), the response rates of the submitted surveys were tested to determine if they were representative of the population of provider pharmacies. Since the overall response rate of the surveyed pharmacies was less than 100 percent, the possibility of bias in the response rate should be considered. To measure the likelihood of this possible bias, chi-square (χ^2) tests were performed. A χ^2 test evaluates differences between proportions for two or more groups in a data set.

Of the 243 usable cost surveys, 132 were from chain pharmacies and 111 were from non-chain pharmacies. There was a response rate of 26.2 percent for chain pharmacies compared to a response rate of 15.4 percent for non-chain pharmacies. The results of the χ^2 test indicated that the difference in response rate between chain and non-chain pharmacies was statistically significant at the 5 percent confidence level. This implies that non-chain pharmacies were underrepresented in usable surveys received. All pharmacies that are licensed to dispense prescriptions in Idaho were given an opportunity to participate in the pharmacy cost of dispensing survey, therefore no adjustments to the cost of dispensing data were made as a result of this observation.

A χ^2 test was also performed with respect to the urban versus rural location for responding pharmacies located in Idaho. Of the 379 non-exempt pharmacies located in Idaho, 219 pharmacies (or 57.8 percent) were in an urban area. The remaining 160 pharmacies (or 42.2 percent) were in a rural area. There were 68 usable surveys submitted by pharmacies in an urban location (a response rate of 31.1 percent). There were 63 usable surveys submitted by pharmacies in a rural location (a response rate of 39.4 percent). The results of the χ^2 test indicated that the difference in response rate between urban and rural pharmacy locations was not statistically significant at the 95 percent confidence level.

Desk Review Procedures

A desk review was performed for 100 percent of surveys received. This review identified incomplete cost surveys; pharmacies submitting these incomplete cost surveys were contacted by telephone and/or email to obtain information necessary for completion. The desk review process also incorporated several tests to determine the reasonableness of the reported data. In



many instances, pharmacies were contacted to correct or provide confirmation of reported survey data that was flagged for review because of these tests for reasonableness.

Cost Finding Procedures

For all pharmacies, the basic formula used to determine the average dispensing cost per prescription was to calculate the total dispensing-related cost and divide it by the total number of prescriptions dispensed:

$$\text{Average Dispensing Cost} = \frac{\text{Total (Allowable) Dispensing Related Cost}}{\text{Total Number of Prescriptions Dispensed}}$$

Although the denominator of the cost of dispensing formula (i.e., the “total number of prescriptions dispensed”) is relatively straight-forward, the calculation of the numerator of the formula (i.e., “total allowable cost related to dispensing prescriptions”) can be complex. “Cost finding” principles must be applied since not all reported pharmacy expenses were strictly related to the prescription dispensing function of the pharmacy. Most pharmacies are also engaged in lines of business other than the dispensing of prescription drugs. For example, many pharmacies have a retail business with sales of groceries, durable medical equipment, medical supplies, over the counter (OTC) drugs, non-medical items and other goods. The existence of these other lines of business necessitates that procedures be applied to estimate the portion of expenses that are associated with the prescription dispensing function of the pharmacy.

“Cost finding” is the process of recasting cost data using rules or formulas to accomplish an objective. In this study, the objective is to estimate the cost of dispensing prescriptions to patients. To accomplish this objective, some pharmacy expenses must be allocated between the prescription dispensing function and other business activities. This process identified the reasonable and allowable costs necessary for dispensing prescriptions to members.

For purposes of the study, the cost of dispensing was considered as two primary components: overhead and labor. The cost finding rules employed to determine the cost of dispensing associated with the overhead and labor components are described in the following sections.

Overhead Costs

Overhead cost per prescription was calculated by summing the allocated overhead of each pharmacy and dividing this sum by the number of prescriptions dispensed. Overhead expenses that were reported for the entire pharmacy were allocated to the prescription department based on one of several methods as described on the following pages:

- **All, or 100 percent**

For overhead expenses that were considered to be entirely related to prescription functions, 100 percent of the expenses were allocated.



Overhead expenses that were considered entirely prescription-related include:

- Prescription department licenses.
 - Prescription delivery expense.
 - Prescription computer expense.
 - Prescription containers and labels. (For many pharmacies the costs associated with prescription containers and labels are captured in their cost of goods sold. Subsequently, it was often the case that a pharmacy was unable to report expenses for prescription containers and labels. To maintain consistency, a minimum allowance for prescription containers and labels was determined to use for pharmacies that did not report an expense amount for containers and labels. The allowance was set at the 95th percentile of prescription containers and labels expense per prescription for non-specialty pharmacies that did report prescription containers and labels expense, approximately \$0.72 per prescription).
 - Certain other expenses that were separately identified on Lines (32a) to (32t) of Page 8 of the cost survey (Exhibit 1).⁵
- **None, or 0 percent**

For overhead expenses that are not considered to be essential to dispensing a prescription, none of the expenses were allocated.

Overhead expenses that were not allocated as a prescription expense include:

- Income taxes ⁶
- Charitable Contributions ⁷
- Bad Debt
- Advertising
- Certain expenses reported on Lines (32a) through (32t) of Page 8 of the cost survey (Exhibit 1) were excluded if the expense was not related to the dispensing of prescription drugs.

Most expenses were assumed to be related to both prescription and nonprescription functions of the pharmacy and were allocated using either an area ratio or a sales ratio as described below:

⁵ "Other" expenses were individually analyzed to determine the appropriate basis for allocation of each expense: sales ratio, area ratio, 100 percent related to cost of dispensing or 0 percent (i.e., not allocated).

⁶ Income taxes are not considered an operational cost because they are based upon the profit of the pharmacy operation.

⁷ Individual proprietors and partners are not allowed to deduct charitable contributions as a business expense for federal income tax purposes. Any contributions made by their business are deducted along with personal contributions as itemized deductions. However, corporations are allowed to deduct contributions as a business expense for federal income tax purposes. Thus, while Line 13 on the cost report recorded the business contributions of a corporation, none of these costs were allocated as a prescription expense. This provides equal treatment for each type of ownership.



- **Area ratio**

To allocate expenses that were considered to be reasonably related to building space an area ratio was calculated. The process to calculate the area ratio included multiple steps. First, a ratio was calculated as prescription department floor space (in square feet) divided by total floor space. This initial ratio was then increased by a factor of 2.0 from the square footage values reported on the cost survey. The use of this factor creates an allowance for waiting and counseling areas for patients, a prescription department office area and common store area needed to access the prescription department. Finally, the resulting ratio was adjusted downward, when applicable, to not exceed the sales ratio (to avoid allocating 100 percent of these costs in the instance where the prescription department occupies the majority of the area of the store). This final calculation was considered to be the area ratio to use for cost allocation purposes.

Overhead expenses allocated on the area ratio include:

- Depreciation
- Real estate taxes
- Rent ⁸
- Repairs
- Utilities

- **Sales ratio**

Remaining expenses that were shared by both the prescription and non-prescription functions of the pharmacy were allocated using a sales ratio which was calculated as prescription sales divided by total sales.

Overhead expenses allocated using the sales ratio include:

- Personal property taxes
- Other taxes
- Insurance
- Interest
- Accounting and legal fees
- Telephone and supplies
- Dues and publications

⁸ The survey instrument included special instructions for reporting rent and requested that pharmacies report "ownership expenses of interest, taxes, insurance and maintenance if building is leased from a related party". Renting from a related party is not an arm's length negotiations and does not necessarily represent the true cost that would be charged to an unrelated party, therefore ownership expenses were requested.



Labor Cost

Labor cost was calculated by allocating total salaries, payroll taxes, and benefits based on the percent of time spent in the prescription department. The allocations for each labor category were summed and then divided by the number of prescriptions dispensed to calculate labor cost of dispensing per prescription. There are various classifications of salaries and wages requested on the survey (Lines (1) to (12) of Page 5 of the survey – Exhibit 1) due to the different treatment given to each labor classification.

Although some employee pharmacists spent a portion of their time performing nonprescription duties, it was assumed in this study that their economic productivity when performing nonprescription functions was less than their productivity when performing prescription duties. The total salaries, payroll taxes, and benefits of employee pharmacists were multiplied by a factor based upon the percent of prescription time. Therefore, a higher percentage of salaries, payroll taxes, and benefits was allocated to the labor cost of dispensing than would have been allocated if a simple percent of time allocation were utilized. Specifically, the percent of prescription time indicated was adjusted by the following formula:⁹

$$\frac{(2)(\%Rx\ Time)}{(1 + (\%Rx\ Time))}$$

The allocation of salaries, payroll taxes, and benefits for all other prescription employees (Line (2) and Lines (4) to (12) of Page 5 of the survey – Exhibit 1) was based directly upon the percentage of time spent in the prescription department as indicated on the survey. For example, if the reported percentage of prescription time was 75 percent and total salaries were \$10,000, then the allocated cost associated with dispensing prescriptions would be \$7,500.

Owner Compensation Issues

Since compensation reported for owners are not expenses that have arisen from arm's length negotiations, they are not similar to other expenses. Accordingly, limitations were placed upon the allocated salaries, payroll taxes, and benefits of owners. A pharmacy owner may have a different approach toward other expenses than toward his/her own salary. Owners may pay themselves above the market cost of securing the services of an employee. In this case, paying themselves above market cost effectively represents a withdrawal of business profits, not a cost of dispensing. In contrast, owners who pay themselves below market cost for business reasons also misrepresent the true cost of dispensing.

To estimate the expense that would have been incurred had an employee been hired to perform the prescription-related functions performed by the owner, upper and lower limits were imposed on owner salaries and benefits. For purposes of setting limits on owner compensation, separate

⁹ Example: An employee pharmacist spends 90 percent of his/her time in the prescription department. The 90 percent factor would be modified to 95 percent: $(2)(0.9) / (1+0.9) = 0.95$. Thus, 95 percent of the reported salaries, payroll taxes, and benefits would be allocated to the prescription department. It should be noted that most employee pharmacists spent 100 percent of their time in the prescription department.



limits were applied to owners who are pharmacists and owners who are not pharmacists. Constraints for owners were set using upper and lower thresholds for hourly compensation that represented approximately the 95th and 40th percentiles of salaries and benefits for employee pharmacists and employee non-pharmacists (adjusted by an estimate of full-time equivalent (FTE) staff count to estimate hourly wages). The upper and lower constraints that were developed are shown in Table 2.2. Adjustments to owner salaries and benefits were only applied if the reported amounts were below the lower limit or more than the upper limit in which case the reported amounts were adjusted up or down to the respective limits.

Table 2.2 Hourly Wage Limits for Owners

Owner Type	Lower Limit (Hourly)	Upper Limit (Hourly)
Pharmacist	\$60.82	\$86.54
Non-Pharmacist	\$21.19	\$85.38

A sensitivity analysis of the owner labor limits was performed in order to determine the impact of the limits on the overall analysis of pharmacy cost of dispensing. Of the 243 pharmacies in the cost analysis, owner limits impacted 31 pharmacies, or 12.8 percent. Of these, 17 pharmacies had costs *reduced* as a result of application of these limits (on the basis that a portion of owner salary “cost” appeared to represent a withdrawal of profits from the business), and 14 pharmacies had costs *increased* as a result of the limits (on the basis that owner salaries appeared to be below their market value). In total, the final estimate of average pharmacy cost of dispensing per prescription was decreased by approximately \$0.25 as a result of the owner salary limits.

Overall Labor Cost Constraints

An overall constraint was placed on the proportion of total reported labor that could be allocated as prescription labor. The constraint assumes that a functional relationship exists between the proportion of allocated prescription labor to total labor and the proportion of prescription sales to total sales. It is also assumed that a higher input of labor costs is necessary to generate prescription sales than nonprescription sales, within limits.

The parameters of the applied labor constraint are based upon an examination of data submitted by all pharmacies. These parameters are set in such a way that any resulting adjustment affects only those pharmacies with a percentage of prescription labor deemed unreasonable. For example, the constraint would come into play for an operation that reported 75 percent pharmacy sales but 100 percent pharmacy labor since, some labor must be devoted to generating the 25 percent nonprescription sales.

To determine the maximum percentage of total labor allowed, the following calculation was made:

$$\frac{0.3(\text{Sales Ratio})}{0.1 + (0.2)(\text{Sales Ratio})}$$



A sensitivity analysis of the labor cost constraint was performed in order to determine the impact of the limit on the overall analysis of pharmacy cost. The analysis indicates that of the 243 pharmacies included in the cost of dispensing analysis, this limit was applied to ten pharmacies. In total, the final estimate of average pharmacy cost of dispensing per prescription was decreased by approximately \$0.03 because of the labor cost restraint.

Inflation Factors

All allocated costs for overhead and labor were totaled and multiplied by an inflation factor. Inflation factors are intended to reflect cost changes from the middle of the reporting period of a particular pharmacy to a common fiscal period ending June 30, 2025 (specifically from the midpoint of the pharmacy's fiscal year to December 31, 2024 which is the midpoint of the fiscal period ending June 30, 2025). The midpoint and terminal month indices used were taken from the Employment Cost Index (ECI), (all civilian, all workers; seasonally adjusted) published by the Bureau of Labor Statistics (BLS) (Exhibit 7). The use of inflation factors is preferred for pharmacy cost data from various fiscal years to be compared uniformly. The majority of submitted cost surveys were based on a fiscal year which ended on or within five months of December 31, 2024.

Cost of Dispensing Analysis and Findings

The dispensing costs for surveyed pharmacies are summarized in the following tables and paragraphs. Findings for pharmacies are presented collectively and additionally are presented for subsets of the surveyed population based on pharmacy characteristics.

There are several statistical measurements that may be used to express the central tendency of a distribution, the most common of which are the mean and the median. Findings are presented in the forms of means and medians, both weighted and unweighted.

The measures of central tendency used in this report include the following:

Unweighted mean: the arithmetic average cost of dispensing for all pharmacies.

Weighted mean: the average cost of dispensing for all prescriptions dispensed by surveyed pharmacies, weighted by prescription volume. The resulting number is the average cost for all prescriptions, rather than the average for all pharmacies as in the unweighted mean. This implies that low volume pharmacies have a smaller impact on the weighted average than high volume pharmacies. This approach, in effect, sums all costs from surveyed pharmacies and divides that total cost by the total number of prescriptions from the surveyed pharmacies.

Median: the value that divides a set of observations (such as cost of dispensing) in half. In the case of this survey, the median is the value such that one half of the pharmacies in the set have a cost of dispensing that is less than or equal to the median and the other half of the pharmacies have a cost of dispensing that is greater than or equal to the median.



Weighted Median: this is determined by finding the pharmacy observation that encompasses the middle value prescription. The implication is that one half of the prescriptions were dispensed at a cost equal to or less than the weighted median, and one half of the prescriptions were dispensed at a cost equal to or more than the weighted median. In a hypothetical example, if there were 1,000,000 prescriptions dispensed by the surveyed pharmacies and the pharmacies were arrayed in order of their cost of dispensing, the median weighted by volume is the cost of dispensing of the pharmacy that dispensed the middle, or 500,000th prescription. While not specifically a measure of central tendency, weighted percentiles, as discussed within this report, are based on the same premise as the weighted median. The weighted median is equivalent to the 50th weighted percentile.

Statistical “outliers” are a common occurrence in pharmacy cost of dispensing surveys. This occurs when a small number of pharmacies have a cost of dispensing that is atypical as compared to the majority of pharmacies. The unweighted mean is particularly susceptible to the impact of these outlier values. In situations in which the magnitude of outlier values results in a measure of the unweighted mean that does not represent what might be typically thought of as an accurate measure of central tendency, weighted means or medians are often considered to be preferable.

For non-specialty pharmacies, the cost of dispensing findings are presented in Table 2.3.

Table 2.3 Dispensing Cost per Prescription

	Non-Specialty Pharmacies	In-State, Non-Specialty, Community/Retail Pharmacies
Count of Pharmacies	150	116
Unweighted Mean	\$15.44	\$14.99
Mean Weighted by Volume	\$12.26	\$12.34
Unweighted Median	\$12.38	\$11.85
Median Weighted by Volume	\$11.89	\$11.26

Dispensing costs have been inflated to the common point of December 31, 2024 (midpoint of year ending June 30, 2025).

See Exhibit 8 for a histogram of the dispensing cost for the 116 in-state, non-specialty, community/retail pharmacies. There was a large range between the highest and the lowest dispensing cost observed. However, the majority of pharmacies in this classification (approximately 70 percent) had average dispensing costs between \$9 and \$15.

Exhibit 9 includes a statistical summary with a wide variety of measures of pharmacy dispensing cost with breakdowns for many pharmacy attributes potentially of interest. For measurements that refer to the urban or rural location of a pharmacy, Myers and Stauffer used the pharmacies’ zip code and the “Zip Code to Carrier Locality File” from the Centers for Medicare & Services to determine if the pharmacy was located in an urban or rural area.



Dispensing Cost by Pharmacy Dispenser Type

Pharmacies were requested to report their primary dispenser type on page 2 of the dispensing fee survey (Exhibit 1, page 2, question (f)). This approach to pharmacy categorization is used by NCPDP and pharmacies were provided the definition from NCPDP for six categories of pharmacies. As survey responses were reviewed, Myers and Stauffer further categorized pharmacies according to a seventh pharmacy dispenser type, “Specialty Pharmacy”. NCPDP defines this term as *a pharmacy that dispenses generally low-volume and high-cost medicinal preparations to patients who are undergoing intensive therapies for illnesses that are generally chronic, complex and potentially life threatening*. Based on Myers and Stauffer’s review, there were 24 pharmacies for which the self-identified category of community/retail pharmacies was updated to the specialty dispenser type based on the pharmacies’ responses to the pharmaceutical product breakdown section of the survey.

Table 2.4 includes the mean and median, weighted by total prescription volume, according to the pharmacy dispenser type categories for the 150 non-specialty pharmacies.

Table 2.4 Cost of Dispensing by Dispenser Type – Non-Specialty Pharmacies

Pharmacy Dispenser Types	Number of Pharmacies	Mean Weighted by Total Volume	Median Weighted by Total Volume
Community/Retail Pharmacy	122	\$12.48	\$11.32
Clinic Pharmacy	3	\$12.66	\$12.21
Long-term care pharmacy	9	\$13.20	\$11.89
Mail-Order pharmacy	13	\$10.93	\$10.47
Compounding Pharmacy	3	\$15.62	\$13.65

n = 150

Dispensing costs have been inflated to the common point of December 31, 2024 (midpoint of year ending June 30, 2025).

In-State, Non-Specialty, Community/Retail Pharmacies

The analyses summarized below in Tables 2.5 through 2.8 and Chart 2.1 include the 116 in-state, non-specialty, community/retail pharmacies. It is reasonable to address issues relevant to these pharmacies separately from the cost structure of the out-of-state pharmacies, pharmacies dispensing specialty drugs, and providers that are not providing “traditional” retail community pharmacy services. Table 2.5 includes the measurements for in-state, non-specialty, community/retail pharmacies.

Table 2.5 Dispensing Cost per Prescription

	Dispensing Cost ^A
Unweighted Mean	\$14.99
Mean Weighted by Total Volume	\$12.34
Unweighted Median	\$11.85
Median Weighted by Total Volume	\$11.26

n = 116 pharmacies

^A *In-State, non-specialty, community/retail pharmacies*

Dispensing costs have been inflated to the common point of December 31, 2024 (midpoint of year ending June 30, 2025).



Relationship of Dispensing Cost with Prescription Volume

There is a significant correlation between a pharmacy's total prescription volume and the dispensing cost per prescription. This result is not surprising because many of the costs associated with a business operation, including the dispensing of prescriptions, have a fixed component that does not vary significantly with increased volume. For stores with a higher total prescription volume, these fixed costs are spread over a greater number of prescriptions resulting in lower costs per prescription. A number of relatively low volume pharmacies in the survey skew the distribution of dispensing cost and increase the measurement of the unweighted average (mean) cost of dispensing. Means and medians weighted by total prescription volume may provide a more realistic measurement of typical dispensing cost.

Pharmacies were classified into meaningful groups based upon their differences in total prescription volume. Dispensing costs were then analyzed based upon these volume classifications. Table 2.6 provides statistics for pharmacy annual prescription volume. Table 2.7 displays the calculated cost of dispensing for in-state, non-specialty, community/retail pharmacies arrayed into tiers based on total annual prescription volume.

Table 2.6 Statistics for Pharmacy Total Annual Prescription Volume

Statistic	Value ^A
Mean	70,796
Standard Deviation	38,955
10 th Percentile	22,960
25 th Percentile	44,632
Median	68,956
75 th Percentile	94,595
90 th Percentile	125,264

n= 116 pharmacies

^A *In-State, non-specialty, community/retail pharmacies*

Table 2.7 Dispensing Cost by Pharmacy Total Annual Prescription Volume

Total Annual Prescription Volume of Pharmacy	Number of Pharmacies ^A	Unweighted Mean	Mean Weighted by Volume
0 to 51,999	44	\$19.70	\$14.14
52,000 to 97,999	51	\$12.12	\$11.95
98,000 and Higher	21	\$12.08	\$11.99

n= 116 pharmacies

^A *In-State, non-specialty, community/retail pharmacies*

Dispensing costs have been inflated to the common point of December 31, 2024 (midpoint of year ending June 30, 2025).

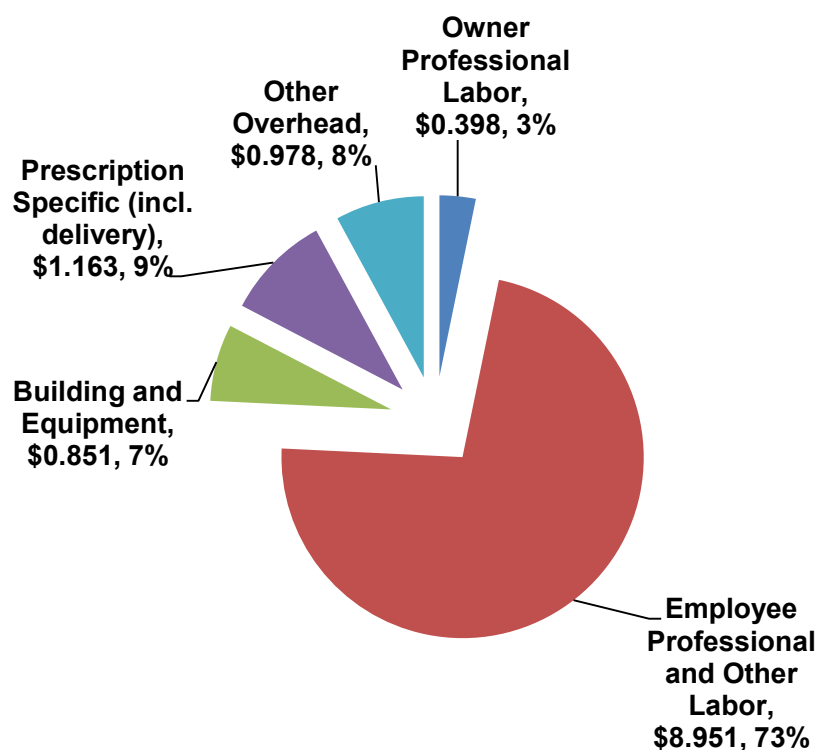
A histogram of pharmacy total annual prescription volume and a scatterplot of the relationship between dispensing cost per prescription and total prescription volume are included in Exhibit 10.



Other Observations Associated with Dispensing Cost and Pharmacy Attributes

The dispensing cost of the surveyed pharmacies were broken down into the various components of overhead and labor related costs. Chart 2.1 displays the means weighted by total prescription volume of the various cost components for surveyed pharmacies. Labor-related expenses accounted for approximately 76 percent of overall prescription dispensing costs.

Chart 2.1 Components of Prescription Dispensing Cost



Expenses in Chart 2.1 are classified as follows:

- Owner professional labor – owner’s labor costs were subject to constraints in recognition of its special circumstances as previously noted.
- Employee professional labor consists of employee pharmacists. Other labor includes the cost of delivery persons, interns, technicians, clerks and any other employee with time spent performing the prescription dispensing function of the pharmacy.
- Building and equipment expense includes depreciation, rent, building ownership costs, repairs, utilities and any other expenses related to building and equipment.
- Prescription-specific expense includes pharmacist-related dues and subscriptions, prescription containers and labels, prescription-specific computer expenses, prescription-



specific delivery expenses (other than direct labor costs) and any other expenses that are specific to the prescription dispensing function of the pharmacy.

- Other overhead expenses consist of all other expenses that were allocated to the prescription dispensing function of the pharmacy including interest, insurance, telephone, and legal and professional fees.

In addition to pharmacy dispensing cost data, several pharmacy attributes were collected on the cost survey. A summary of those attributes is provided at Exhibit 11.

Expenses Not Allocated to the Cost of Dispensing

In the following Table 2.8, measurements are provided for certain expenses that were not included in the cost of dispensing. Reasons for not including these costs were discussed previously in the report. For all the expenses below, average cost per prescription was calculated using a sales ratio as the basis for allocation.

Table 2.8 Non-Allocated Expenses per Prescription

Expense Category	Mean Weighted by Volume ^A
Bad Debts	\$0.002
Charitable Contributions	\$0.006
Advertising	\$0.166

n= 116 pharmacies

^A *In-State, non-specialty, community/retail pharmacies.*

Dispensing costs have been inflated to the common point of December 31, 2024 (midpoint of year ending June 30, 2025).



Appendix A

Specialty Pharmacies

Several pharmacies included in the cost analysis were identified as specialty pharmacies. According to Idaho Code 41-349(12) for the purposes of section 41-349 a specialty drug means a drug that is subject to restricted distribution or that requires special handling, provider coordination, or patient education that a retail pharmacy cannot provide. Pharmacies were requested to submit a pharmaceutical product breakdown as part of completing the cost survey. Pharmacies that reported revenue of 30 percent or more for drugs that met the Idaho definition of a specialty drug were classified as a specialty pharmacy for the analysis. The analysis revealed significantly higher cost of dispensing associated with pharmacies with these criteria.

In most pharmacy cost of dispensing studies in which information on clotting factor, intravenous solution, home infusion and other specialty dispensing activity has been collected by Myers and Stauffer, such activity has been found to be associated with higher cost of dispensing. Discussions with pharmacists providing these services indicate that the activities and costs involved for these types of prescriptions are significantly different from the costs incurred by other pharmacies. The reasons for this difference include:

- Costs of special equipment for mixing and storage of clotting factor, intravenous, infusion and other specialty products.
- Costs of additional services relating to patient education, compliance programs, monitoring, reporting and other support for specialty products.
- Higher direct labor costs due to more intensive activities to prepare certain specialty prescriptions in the pharmacy.

Exhibit 9 includes various statistical breakdowns for specialty pharmacies.

Pharmacies that dispense specialty drugs as a significant part of their business often have dispensing costs in excess of those found in a traditional pharmacy. As part of the survey, pharmacies that dispense specialty drugs were requested to provide a breakdown of sales and prescriptions dispensed for categories of specialty products dispensed. Based on the data obtained on the survey, Myers and Stauffer categorized specialty pharmacies into three primary categories:

- Pharmacies that dispense clotting factor products.
- Pharmacies that provide compounded infusion and other custom-prepared intravenous products.
- Pharmacies that provide other specialty products (e.g., prefilled injectable products, oral specialty medications).

Exhibit 1
Idaho Department of Insurance
Dispensing Fee Survey – Survey Form
(All Pharmacies)

Idaho Department of Insurance - Pharmacy Dispensing Fee Survey

Survey forms by Myers and Stauffer LC under contract with the Idaho Department of Insurance

M&S Use Only

Return Completed Forms to:
Myers and Stauffer LC
700 W. 47th Street, Suite 1100
Kansas City, Missouri 64112

ROUND ALL AMOUNTS TO NEAREST DOLLAR OR WHOLE NUMBER

Complete and return by **May 29, 2025**

Call toll free (800) 374-6858 or email disp_survey@mslc.com if you have any questions.

An electronic version of the Idaho Department of Insurance - Pharmacy Dispensing Fee Survey is available. The electronic version is in Excel format. The electronic version aids the user by calculating totals and transferring information to the reconciliation to help ensure the accuracy of the data. Please send an email to disp_survey@mslc.com to request the electronic version of the survey. Completed surveys can be returned via email to disp_survey@mslc.com.

Name of Pharmacy _____ Prov. No. (NPI) _____
Street Address _____ Telephone No. () _____
City _____ County _____ State _____ Zip Code _____

DECLARATION BY OWNER AND PREPARER

I declare that I have examined this cost survey including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, complete, and in agreement with the related financial statements or federal income tax return, except as explained in the reconciliation. Declaration of preparer (other than owner) is based on all information of which preparer has any knowledge.

Signature of Owner	Printed Name	Title/Position	Date
_____	_____	_____	_____
Preparer's Signature (if other than owner)	Printed Name	Title/Position	Date
_____	_____	_____	_____
Preparer's Street Address	City and State		Zip
_____	_____		_____
Phone Number	email address		
() _____	_____		

DECLARATION OF EXEMPTION

All pharmacies that dispense prescriptions to Idaho residents are requested to complete all pages of this survey unless you meet the following criteria:

1. ☐ New pharmacies that were in business less than **six months** during the most recently completed reporting period.

Enter date the pharmacy opened: _____

2. ☐ Pharmacies with a change in ownership that resulted in less than **six months** in business during the reporting period.

Enter the date pharmacy changed ownership: _____

If your pharmacy meets either of the above criteria, check the box next to the explanation describing your situation and report the relevant date. Pharmacies which are considered "exempt" do not need to complete the remaining portions of the survey. If you have any questions as to the status of your pharmacy please call Myers and Stauffer at (800)374-6858 or email disp_survey@mslc.com for assistance.

The following information is from fiscal / tax year ending _____

Complete these forms using your most recently completed fiscal year for which financial records are available and complete (e.g., December 31, 2024, or December 31, 2023, if 2024 records are not yet complete). **(Include month/day/year).**

All Pharmacies should complete questions (a) through (m).

List the total number of all prescriptions dispensed during your most recently completed fiscal year as follows:

(a) **1. New** _____ **2. Refill** _____ **3. Total** _____

"Prescriptions Dispensed." Report the total number of all prescriptions filled during the fiscal year being reported on this cost survey. This information may be kept on a daily or monthly log or on your computer.

(b) **Sales and Floor Space**

Sales (Excluding Sales Tax)

Cost of Goods Sold

Floor Space (see instructions below)

Pharmacy Department Only
Sq. Ft.

Total Store (Retail and Pharmacy Department)
Sq. Ft.

Store sales excluding sales tax. Total store sales and cost of goods sold can usually be obtained from a financial statement or a federal income tax return (if the tax return only includes the store being surveyed). "Pharmacy Department" sales should only include sales of prescription drugs should not include non-prescription over the counter drugs, durable medical equipment or other nonprescription items.

Cost of Goods Sold. If pharmacy department cost of goods sold is not readily available, leave that line blank.

Floor Space. Provide square footage for pharmacy department dispensing area and total store square footage (pharmacy department + retail area). Since floor space will be used in allocating certain expenses, accuracy is important.

For simplicity, when measuring the pharmacy department exclude all of the following:

> Patient waiting area > Counseling area > Pharmacy department office space > Pharmacy department storage

The before mentioned areas should be included in total store area, but not pharmacy department square footage. A factor will be added to the pharmacy department to account for waiting area, counseling area, pharmacy department office space and pharmacy department storage. When measuring the total store square footage exclude any storage area (e.g., basement, attic, off-the-premises areas or freight in-out areas).

(c) Amount of State Sales Tax collected during fiscal year used for survey (round to nearest whole dollar)

\$ _____

What is the approximate percentage of **prescriptions dispensed** for the following classifications?

(d) 1. Medicaid _____ % 2. Medicare Part D _____ %
3. Other Third Party _____ % 4. Cash _____ %

Ownership Affiliation

- (e) 1. ☐ Independent/Non-Chain Pharmacy (1 to 3 units)
2. ☐ Chain Pharmacy (4 or more units with common ownership or corporate identity on a national level)
3. ☐ Indian Health Services/tribal/urban Indian health (I/T/U) Pharmacy

Pharmacy Dispenser Type (report primary dispenser type only, definitions from NCPDP)

- (f) 1. ☐ **Community/Retail Pharmacy** (defined as a pharmacy where pharmacists store, prepare, and dispense medicinal preparations and/or prescriptions for a local patient population in accordance with federal and state law).
2. ☐ **Long-term care pharmacy** (defined as a pharmacy that dispenses medicinal preparations delivered to patients residing within an intermediate or skilled nursing facility).
3. ☐ **Mail-order pharmacy** (defined as a pharmacy where pharmacists compound or dispense prescriptions or other medications in accordance with federal and state law, using common carriers to deliver the medications to patient or their caregivers).
4. ☐ **Home Infusion Therapy Provider** (defined as a pharmacy-based, decentralized patient care organization with expertise in USP 797-compliant sterile drug compounding that provides care to patients with acute or chronic conditions generally pertaining to parenteral administration of drugs, biologics and nutritional formulae, administered through catheters and/or needles in home and alternate sites).
5. ☐ **Clinic Pharmacy** (defined as a pharmacy in a clinic, emergency room, or hospital (outpatient) that dispenses medications to patients for self-administration under the supervision of a pharmacist).
6. ☐ **Compounding pharmacy** (defined as a pharmacy that specializes in the preparation of components into a drug preparation. A compounding pharmacy utilizes specialized equipment and specially designed facilities necessary to meet the legal and quality requirements of its scope of compounding practice).

(g)	Indicate your status with the 340B Drug Pricing Program: 1. ☐ Do Not Participate 2. ☐ Covered Entity 3. ☐ Contract Pharmacy
(h)	Do you own your building or lease from a related party (i.e., yourself, family member, or related corporation)? If so, mark yes. On page 7 you should only report expenses related to building ownership, i.e. interest, taxes, insurance, maintenance, etc. 1. ☐ Yes 2. ☐ No
(i)	How many hours per week is your pharmacy open? _____ Hours
(j)	How many years has a pharmacy operated at this location? _____ Years
(k)	What is the percentage of total prescriptions that are delivered or mailed? _____
(l)	Are you presently providing specialty products or services (e.g., intravenous, infusion, enteral nutrition, blood factors or derivatives, other pre-filled injectable or oral specialty products)? 1. ☐ Yes 2. ☐ No If yes, you must complete the product breakdown in section IC on page 4.
(m)	What is the percentage of <u>total</u> prescriptions that were compounded? _____`

SECTION IB -- OTHER INFORMATION

List any additional information you feel contributes significantly to your cost of filling a prescription. Attach additional pages if needed.

SECTION IC -- PHARMACEUTICAL PRODUCT BREAKDOWN FOR PHARMACIES DISPENSING SPECIALTY PRODUCTS

If you answered yes to question (I) in Section IA, provide a breakdown of the specialty and non-specialty products dispensed in your pharmacy using the categories described below. Please report the number of prescriptions and dollar amount of sales in one category only, for example some clotting factor can be prefilled, however place it in "clotting factor or derivatives" only and not in "prefilled or ready to inject products". Number of prescriptions dispensed and sales should match your fiscal reporting period for the cost survey and reconcile to prescriptions and sales reported on Page 2 lines (a) and (b) in Section IA. You should also respond to the questions below the product breakdown regarding services provided in association with the dispensing of specialty products. Idaho Department of Insurance does not have a specific list of specialty products and or a specific definition for specialty drugs. The interpretation of what a specialty product is up to the provider completing the survey. Specialty products include a wide range of products from items with special handling requirements, special storage requirements, or that have a high cost. The specialty classifications that you use should be sufficient for our analysis and someone will be in contact if we have any questions during the survey review.

Product Category	Number of Prescriptions	Dollar Amount of Sales	Line No.
<u>Infusion Products</u>			
Compounded infusion products			(1a)
Total Parenteral Nutrition (TPN) products			(1b)
Clotting factor or derivatives			(1c)
Infusion supplies (e.g., tubing, needles, catheter flushes, IV site dressings, etc.)			(1d)
Total for Infusion Products			(1e)
<u>Specialty</u>			
Prefilled or ready to inject products			(2a)
Orals			(2b)
Total for Specialty			(2c)
<u>Non-specialty</u>			
Orals			(3a)
Topicals			(3b)
Injectables			(3c)
Compounded (non-infusion)			(3d)
Enteral nutrition			(3e)
All Other (including ophthalmic, otic, etc.)			(3f)
Total for Non-specialty			
Total (Should reconcile to prescriptions and Pharmacy Department sales reported in Section IA)			(4)

Additional Pharmacy Attribute Questions for Pharmacies Dispensing Specialty Products

(a) What percentage of prescriptions dispensed were for products with REMS (Risk Evaluation and Mitigation Strategy) reporting requirements?	
(b) What percentage of prescriptions dispensed were products that required patient monitoring or compliance activities by the pharmacy staff?	
(c) What percentage of prescriptions dispensed were for products that had special storage requirements (e.g., refrigeration, etc.)?	

SECTION ID -- OTHER INFORMATION

Use the section below to provide additional narrative description of the specialty products and services that are provided by your pharmacy. Use this section to describe any patient monitoring programs, patient compliance programs, case management services or disease management services provided by your pharmacy. Describe any specialized equipment used in your pharmacy. Attach additional pages as necessary.

SECTION IIA -- PERSONNEL COSTS

Page 5

Complete each employee classification line in aggregate. If there are no employees in a specific category, please leave blank. Provide your best estimate of the percentage of time spent working in each category, the rows must equal 100%. Complete these forms using the **same fiscal year as listed on page 2** and used for reporting overhead expenses. See page 6 for additional instructions.

Employee Classification			Percent of Time Spent				Line No.
Employee Classification	Estimate of FTEs ¹	Total Salaries (including bonuses and draws for owners) ²	Dispensing Activities ³	Other RX Related Duties ⁴	Non Rx Related Duties ⁵	Total ⁶	
Owner: Registered Pharmacist (if applicable)							(1)
Owner: Non-Pharmacist (if applicable)							(2)
Pharmacist							(3)
Technician							(4)
Delivery							(5)
Nurses							(6)
Customer service representatives							(7)
Billing							(8)
Other Admin							(9)
Contract Labor (Pharmacist)							(10)
Contract Labor (other)							(11)
Staff not related to RX dispensing			0.0%	0.0%	100.0%	100.0%	(12)
Total Salaries							(13)
Pension and Profit Sharing							(14)
Other Employee Benefits ⁷							(15)
Total Labor Expenses							(16)

Please review footnotes and additional instructions for reporting personnel costs on the next page.

SECTION IIA -- PERSONNEL COSTS (INSTRUCTIONS)

General

Provide your best estimate of the percentage of time each employee or group of employees spent working for each category. While it is understood that there may not be a specific report that can be generated to complete this section of the survey, use the job description of each employee and the general workflow of your pharmacy to estimate the percent of time for employee(s) in each category for which you report salaries and FTEs. Each row must equal 100%.

Footnote

1

FTE: Full-time Equivalent. Divide the total number of weekly hours worked for each job category by 40 hours to determine the estimated number of full time equivalent positions. This value can be a decimal but should be rounded to the nearest tenth. Example: 3 pharmacists; pharmacist 1 works 38 hours per week, Pharmacist 2 works 22 hours per week, Pharmacist 3 works 16 hours per week. Calculation = $(38 + 22 + 16) \div 40 = 1.9$ FTEs.

2

Total Salaries should include any bonuses and/or draws for owners.

3

Report the percent of time for any direct Dispensing Activities. This includes, but is not limited to, a pharmacist's time in checking the computer for information about an individual's coverage, performing drug utilization review and preferred drug list review activities, measurement or mixing of the covered outpatient drug, filling the container, beneficiary counseling, physically providing the completed prescription to the patient, delivery, and special packaging.

4

Report the percent of time for Other RX Related Duties. Other Rx Related Duties include, but are not limited to, time spent maintaining the facility and equipment necessary to operate the pharmacy, third party reimbursement claims management, ordering and stocking prescription ingredients, taking inventory and maintaining prescription files.

5

Non Rx Related Duties should include any duties that are not related to the prescription department.

6

Totals for the Percent of Time Spent Breakdown. Percent of time columns must total 100%

7

Other Employee Benefits includes employee medical insurance, disability insurance, education assistance, etc.

SECTION IIB -- OVERHEAD EXPENSES

Page 7

Complete this section using your internal financial statement or tax return for the **fiscal year ending listed on Page 2**. You should only use a tax return if the only store reported on the return is the store being surveyed. If you are using a tax return, the line numbers in the left columns correspond to federal income tax return lines. Use your most recently completed fiscal year for which financial records are available and completed (e.g., December 31, 2024, or December 31, 2023, if 2024 records are not yet complete). **If you prefer, you may submit a copy of your financial statement and/or tax return (including all applicable schedules) and Myers and Stauffer can complete Sections IIB and III (pages 7, 8, and 9).**

*** Notes about tax return line references**

Form 1040, Sched C, line 27a is for "other expenses" and a detailed breakdown of this category is typically reported on page 2, Part V of the form. Form 1065 (line 21), Form 1120 (line 26) and Form 1120S (line 20) are for "other deductions" and there are typically detailed breakdowns of the expenses in this category in the "Statements" attached to the returns.

2024 Tax Form				Round all amounts to nearest dollar or whole number.	Expense Amount Reported	Myers and Stauffer Use Only	Line No.
1040 Schedule C	1065	1120	1120S				
13	16a	20	14	Depreciation (this fiscal year only - not accumulated)			(1)
23	14	17	12	Taxes (a) Personal Property Taxes Paid (b) Real Estate Taxes (c) Payroll Taxes Any other taxes should be itemized separately on page 8.			(2)
23	14	17	12				(3)
23	14	17	12				(4)
20b	13	16	11	Rent - Building (if building is leased from a related party then report ownership expenses of interest, taxes, insurance and maintenance)			(5)
20a	13	16	11	Rent - Equipment and Other			(6)
21	11	14	9	Repairs & maintenance			(7)
15	21*	26*	20*	Insurance (other than employee medical)			(8)
16a&b	15	18	13	Interest			(9)
17	21*	26*	20*	Legal and Professional Fees			(10)
27a*	21*	26*	20*	Dues, Publications, and Subscriptions			(11)
27a*	12	15	10	Bad Debts (this fiscal year only - not accumulated)			(12)
n/a	n/a	19	n/a	Charitable Contributions			(13)
25	21*	26*	20*	Utilities (a) Telephone			(14)
25	21*	26*	20*	(b) Heat, Water, Lights, Sewer, Trash and other Utilities			(15)
18&22	21*	26*	20*	Operating and Office Supplies (exclude prescription containers and labels)			(16)
8	21*	22	16	Advertising/Marketing			(17)
27a*	21*	26*	20*	Computer Expenses (systems, software, maintenance, etc.)			(18)
9,27a*	21*	26*	20*	Prescription Delivery Expenses (wages to a driver should only be reported on pg. 5)			(19)
27a*	21*	26*	20*	Prescription Containers and Labels			(20)
24a&b	21*	26*	20*	Travel, Meals and Entertainment			(21)
27a*	21*	26*	20*	Switching / E-Prescribing Fees			(22)
27a*	21*	26*	20*	Security / Alarm			(23)
27a*	21*	26*	20*	Bank Charges			(24)
27a*	21*	26*	20*	Credit Card Processing Fees			(25)
27a*	21*	26*	20*	Interior Maintenance (housekeeping, janitorial, etc.)			(26)
27a*	21*	26*	20*	Exterior Maintenance (lawn care, snow removal etc.)			(27)
27a*	21*	26*	20*	Pharmacy Licenses / Permits			(28)
27a*	21*	26*	20*	Employee Training and Certification			(29)
27a*	21*	26*	20*	Continuing Education			(30)
Total Page 7 overhead expenses (lines 1 to 30)							(31)

SECTION IIB -- OVERHEAD EXPENSES, CONTINUED
(Round all amounts to nearest dollar or whole number.)

Other non-labor expenses not included on lines (1) through (30)

Examples: Franchise fees, other taxes not reported in on page 7, accreditation and/or certification fees, restocking fees, postage, administrative expenses, amortization, etc. Specify each item and the corresponding amount. **Note that labor expenses are reported in Section IIA (page 5).** For corporate overhead expenses allocated to the individual store, please attach documentation to establish the expenses included in the allocation and describe the allocation basis. For allocation from a central fill facility, provide description expenses included and the allocation method.

Expense Description (include enough detail so that expense can be properly classified).	Expense Amount Reported	Line No.
		(32a)
		(32b)
		(32c)
		(32d)
		(32e)
		(32f)
		(32g)
		(32h)
		(32i)
		(32j)
		(32k)
		(32l)
		(32m)
		(32n)
		(32o)
		(32p)
		(32q)
		(32r)
		(32s)
		(32t)
Total page 8 overhead expenses (lines 32a to 32t)		(33)

SECTION III -- RECONCILIATION WITH FINANCIAL STATEMENT OR TAX RETURN

The purpose of this reconciliation is to ensure that all expenses have been included and that none have been duplicated. Complete these forms using the same fiscal year which was used to report overhead and labor expenses.

	Cost Survey Amounts	Financial Statement or Tax Return Amounts
(1) Total Expenses per Financial Statement or Tax Return ¹		
(2) Total Labor Expenses (total from page 5, line 16)		
(3) Overhead Expenses (total from page 7, line 31)		
(4) Overhead Expenses, Continued (total from page 8, line 33)		
(5) Total Expenses per Cost Survey [add Lines (2), (3), and (4)]		
Specify Items with Amounts that are on Cost Survey but not on Financial Statement or Tax Return		
(6a)		
(6b)		
(6c)		
(6d)		
(6e)		
Specify Items with Amounts that are on Financial Statement or Tax Return but not on this Cost Survey		
(7a)		
(7b)		
(7c)		
(7d)		
(7e)		
(8) Total [add Lines (1) to (7e)] Column Totals Must be Equal		

¹ If you used a tax form to complete the cost of dispensing survey, the total expenses per tax return will be found on the following lines for 2024 tax forms:

1040C - Line 28
1065 - line 22
1120 - line 27
1120S - line 21

Exhibit 2
Informational Letter from the Idaho
Department of Insurance Regarding
Pharmacy Dispensing Fee Survey
(All Pharmacies)

State of Idaho
DEPARTMENT OF INSURANCE

BRAD LITTLE
Governor

700 West State Street, 3rd Floor
P.O. Box 83720
Boise, Idaho 83720-0043
Phone 208-334-4250
Fax 208-334-4398
Website: <https://doi.idaho.gov>

DEAN L. CAMERON
Director

April 17, 2025

RE: Idaho Department of Insurance – Pharmacy Dispensing Fee Survey

Dear Pharmacy Owner/Manager:

The Idaho Department of Insurance (the Department) is responsible for registration and oversight of pharmacy benefit managers in accordance with Idaho Code 41-349. As a component of administering those oversight responsibilities, the Department has determined that it is necessary to conduct a study of dispensing fees in Idaho in order to evaluate pharmacy dispensing fees that would be reasonable in accordance with Idaho Code 41-349(11)(i). Accordingly, the Department has engaged Myers and Stauffer LC, a national Certified Public Accountant firm with extensive experience in pharmacy reimbursement and dispensing fee surveys, to conduct a survey of costs incurred by pharmacies to dispense prescription medications.

Pharmacies dispensing prescriptions to Idaho residents are requested to complete and return the pharmacy dispensing fee survey to Myers and Stauffer by May 29, 2025. The requested information can be submitted using either the enclosed survey tool or the electronic version available from Myers and Stauffer.

If you believe any information in this survey should be exempt from public disclosure as a trade secret pursuant to Idaho Code § 74-107(1), please mark the page as “trade secret.” The Myers and Stauffer agreement prohibits the use of the data by Myers and Stauffer for any purposes other than reporting to the Department.

Your participation in this survey process is crucial to ensuring that the Department has access to adequate data to effectively evaluate and enforce reasonable dispensing fees. If you have questions regarding the survey, please direct those questions to Myers and Stauffer at 1-800-374-6858 or disp_survey@mslc.com.

We appreciate your continued service to Idaho residents, as well as your cooperation in this important study.

Sincerely,



Dean L. Cameron
Director

Exhibit 3a
Letter from Myers and Stauffer LC
Regarding Pharmacy Dispensing Fee
Survey (Non-Chain Pharmacies)



April 17, 2025

Re: Idaho Department of Insurance – Pharmacy Dispensing Fee Survey

Dear Pharmacy Owner/Manager:

The Idaho Department of Insurance (the Department) has contracted with Myers and Stauffer LC to conduct a survey of costs incurred by pharmacies to dispense prescription medications to Idaho residents. All pharmacies that dispense prescriptions to Idaho residents are requested to complete and return the pharmacy dispensing fee survey according to the following instructions:

1. Complete the enclosed “Idaho Department of Insurance - Pharmacy Dispensing Fee Survey”.
2. For your convenience, Myers and Stauffer will complete Section IIB “Overhead Expenses” and Section III “Reconciliation with Financial Statement or Tax Return” for you if you submit a copy of your store financial statements or your business federal income tax return (Forms 1065, 1120, 1120S or Schedule C of Form 1040 and accompanying schedules). The financial statements or federal income tax form must include information for only a single store/location. You will still need to complete the other sections of the survey.
3. If your financial statements or tax return have not been completed for your most recent fiscal year, complete the survey using your prior year's financial statements (or tax return) and the corresponding prescription data for that year. Myers and Stauffer will apply an appropriate inflation factor.
4. Retain a copy of the completed survey forms for your records.

Responding in an electronic format is preferred:

We strongly encourage pharmacies to respond in an electronic format. You may obtain an Excel spreadsheet version of the survey by contacting Myers and Stauffer at (800) 374-6858 or by email at disp_survey@mslc.com. The electronic version of the survey collects the same information as the paper version and will automatically complete certain calculations. Surveys that are completed electronically may be returned via email to the same email address with the Excel survey file and other supporting documentation attached.

If you prefer to respond in a paper format:

Please send completed forms to:

Myers and Stauffer LC
Certified Public Accountants
Attn: Idaho Pharmacy Dispensing Fee Survey
700 W. 47th Street, Suite 1100
Kansas City, MO 64112

You may return the survey using the enclosed Business Reply Envelope. Postage will be paid by Myers and Stauffer.

Pharmacies are encouraged to return the requested information as soon as possible, **but forms must be returned no later than May 29, 2025.**

Whether you complete the survey in paper or electronic format, we recommend that you retain a copy of the completed survey forms for your records.

It is very important that pharmacies respond with accurate information. All submitted surveys will be reviewed and validated by staff at Myers and Stauffer. If the review yields the need for additional inquiries, Myers and Stauffer staff will contact you.

Idaho Department of Insurance - Pharmacy Dispensing Fee Survey and supporting documentation submitted to Myers and Stauffer for this project will remain strictly confidential.

Myers and Stauffer will be conducting informational meetings via telephonic/internet-based webinars to further explain the survey. At these meetings, Myers and Stauffer will present more details about the survey process, discuss what information is being requested and answer any questions regarding the survey form. Please refer to the enclosed information meeting flyer for further information on the dates and times of these webinar meetings and instructions for registration.

If you have any questions, please call toll free at 1-800-374-6858 or send an email to disp_survey@mslc.com.

April 17, 2025

Page 3 of 3

Your cooperation in providing the information for this survey is greatly appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read 'Matt Hill', with a stylized, cursive script.

Matt Hill, CPA, CPhT
Senior Manager
Myers and Stauffer, LC
Email: mhill@mslc.com

Enclosures: Letter from the Idaho Department of Insurance
Idaho Department of Insurance - Pharmacy Dispensing Fee Survey
Myers and Stauffer LC Business Reply Envelope
Informational Meeting Invitation

Exhibit 3b
Letter from Myers and Stauffer LC
Regarding Pharmacy Dispensing Fee
Survey (Chain Pharmacies)



April 17, 2025

Re: Idaho Department of Insurance – Pharmacy Dispensing Fee Survey

Dear Pharmacy Owner/Manager:

The Idaho Department of Insurance (the Department) has contracted with Myers and Stauffer LC to conduct a survey of costs incurred by pharmacies to dispense prescription medications to Idaho residents. All pharmacies that dispense prescriptions to Idaho residents are requested to complete the pharmacy dispensing fee survey.

Enclosed is the “Idaho Department of Insurance - Pharmacy Dispensing Fee Survey” form. You may respond to the survey using either a electronic or paper format. You will need to submit survey information for each pharmacy that dispenses prescriptions to Idaho residents. You should complete the dispensing fee survey(s) using information and costs for the most recently completed fiscal period. In past surveys performed by Myers and Stauffer LC, most pharmacy chains have preferred to respond to the survey in electronic format.

We have enclosed a list of your organization’s pharmacies which are located in Idaho or licensed with the Idaho Board of Pharmacy. If this list is inaccurate, please notify Myers and Stauffer LC.

It is very important that all pharmacies cooperate fully by filing an accurate cost survey. Pharmacies are encouraged to return the required information as soon as possible, **but forms must be returned no later than May 29, 2025.**

Respond in an electronic format is preferred:

We strongly encourage pharmacies to respond in an electronic format. You will need to submit survey data for each store on the attached list and any additional stores/locations that dispense prescriptions to Idaho residents using an Excel spreadsheet template provided by Myers and Stauffer LC. To obtain the Excel spreadsheet, send a request by email to disp_survey@mslc.com or contact Myers and Stauffer LC staff directly (contact information below). Surveys that are completed electronically may be submitted via email or contact Myers and Stauffer for access to our Secure File Transfer Protocol portal.

If you prefer to respond in a paper format:

You will still need to submit a completed survey for each store on the attached list and any additional stores/locations that dispense prescriptions to Idaho residents. You may make copies of the enclosed survey form as needed or contact Myers and Stauffer LC and request additional copies of the survey form. Please send completed forms to:

Myers and Stauffer LC
Certified Public Accountants
Attn: Idaho Pharmacy Dispensing Fee Survey
700 W. 47th Street, Suite 1100
Kansas City, MO 64112

You may return the surveys using the enclosed Business Reply Envelope. Postage will be paid by Myers and Stauffer LC.

Whether you complete the survey in paper or electronic format, we recommend that you retain a copy of the completed survey forms for your records. Also, please describe any cost allocations used in preparing the income statement such as administrative expense, etc. Warehousing and distribution costs should be shown in cost of goods sold or listed separately.

It is very important that pharmacies respond with accurate information. All submitted surveys will be reviewed and validated by staff at Myers and Stauffer LC. If the review yields the need for additional inquiries, Myers and Stauffer LC staff will contact you.

Idaho Department of Insurance – Pharmacy Dispensing Fee surveys and supporting documentation submitted to Myers and Stauffer LC for this project will remain strictly confidential.

Myers and Stauffer LC will be conducting informational meetings via telephonic/ internet-based webinars to further explain the survey. At these meetings, Myers and Stauffer LC will present more details about the survey process, discuss what information is being requested and answer any questions about regarding the survey form. Please refer to the enclosed information meeting flyer for further information on the dates and times of these webinar meetings and instructions for registration.

Idaho Department of Insurance – Pharmacy Dispensing Fee Survey

April 17, 2025

Page 3 of 3

If you have any questions, please call toll free at 1-800-374-6858 or send an email to disp_survey@mslc.com. Your cooperation in providing the information for this survey is greatly appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read 'Matt Hill', with a stylized, cursive script.

Matt Hill, CPA, CPhT
Senior Manager
Myers and Stauffer, LC
Email: mhill@mslc.com

Enclosures: Letter from the Idaho Department of Insurance
Idaho Department of Insurance – Pharmacy Dispensing Fee Survey
List of Pharmacies located in Idaho or licensed with the Idaho Board of
Pharmacy
Myers and Stauffer LC Business Reply Envelope
Informational Meeting Invitation

Exhibit 4
Informational Meeting Flyer
(All Pharmacies)

Informational Meetings

Idaho Department of Insurance - Pharmacy Dispensing Fee Survey

The Idaho Department of Insurance (the Department) is conducting a pharmacy dispensing fee survey. The findings from this survey will be used by the Department to evaluate what a reasonable dispensing fee is in accordance with Idaho Code 41-349(11)(i). The Department has engaged Myers and Stauffer LC to perform the pharmacy dispensing fee survey.

To help prepare pharmacy owners and managers to participate in the survey, Myers and Stauffer LC, will be conducting informational meetings via telephonic/internet-based webinars. At these meetings, Myers and Stauffer LC will present more details about the survey process, discuss what information is being requested, and answer questions regarding the survey form.

Pharmacies are invited to attend one of the informational meetings. **Attendance at one of the webinar sessions requires a reservation.** Please call or email Myers and Stauffer LC for a reservation and further meeting details.

If you are unable to attend a webinar or have questions about the survey, Myers and Stauffer LC offers a help desk to answer survey questions.

To reach Myers and Stauffer LC:

1-800-374-6858

-or-

disp_survey@mslc.com

Schedule of Informational Meetings (via telephone and Internet)

Date	Time (MST)
Tuesday, April 29, 2025	8:30 AM
Thursday, May 1, 2025	3:00 PM



Exhibit 5
Survey Reminder Postcard
(All Non-Respondent Pharmacies)

REMINDER

Survey Due May 29, 2025

Idaho Department of Insurance

Dispensing Fee Survey



**MYERS^{AND}
STAUFFER^{LC}**

The Idaho Department of Insurance (the Department) has engaged Myers and Stauffer LC, a national Certified Public Accountant firm with extensive experience in pharmacy reimbursement and dispensing fee surveys, to conduct a survey of costs incurred by pharmacies to dispense prescription medications to Idaho residents.

You should have received a letter from the Department, Myers and Stauffer LC, and a copy of the pharmacy dispensing fee survey form. Your participation in the dispensing fee survey is important. This survey is being used by the Department to evaluate dispensing fees in Idaho.

If you have not received a survey form or have misplaced your survey form, you can contact Myers and Stauffer LC. If you have any questions regarding the survey or need the Excel version of the survey, please contact Myers and Stauffer LC toll free at (800) 374-6858 or via email to disp_survey@mslc.com.

**Surveys are due no later than
May 29, 2025**



**MYERS^{AND}
STAUFFER^{LC}**

Exhibit 6
Survey Reminder / Extension Postcard
(All Non-Respondent Pharmacies)

FINAL REMINDER

Due Date Extended to June 12, 2025

Idaho Department of Insurance Dispensing Fee Survey



MYERS AND
STAUFFER LC

The Idaho Department of Insurance (the Department) has engaged Myers and Stauffer LC, a national Certified Public Accountant firm with extensive experience in pharmacy reimbursement and dispensing fee surveys, to conduct a survey of costs incurred by pharmacies to dispense prescription medications to Idaho residents.

Several weeks ago you should have received a letter from the Department, Myers and Stauffer LC, and a copy of the dispensing fee survey form. Your participation in the dispensing fee survey is important. This survey is being used by the Department to evaluate dispensing fees in Idaho.

If you have not received a survey form or have misplaced your survey form, you can contact Myers and Stauffer LC. If you have any questions regarding the survey or need the Excel version of the survey, please contact Myers and Stauffer LC toll free at (800)374-6858 or via email to disp_survey@mslc.com.

Surveys are due no later than
June 12, 2025



MYERS AND
STAUFFER LC

Exhibit 7
Table of Inflation Factors for
Dispensing Fee Survey

Table of Inflation Factors for Dispensing Cost Survey

Idaho Department of Insurance

7

Fiscal Year End Date	Midpoint Date	Terminal Month		Inflation Factor	Number of Stores with Year End Date
		Midpoint Index ₁	Index (12/31/2024) ₁		
9/30/2023	6/30/2022	157.4	165.5	1.051	1
10/31/2023	7/31/2022	157.9	165.5	1.048	0
11/30/2023	8/31/2022	158.5	165.5	1.044	0
12/31/2023	9/30/2022	159.0	165.5	1.041	17
1/31/2024	10/31/2022	159.5	165.5	1.038	0
2/29/2024	11/30/2022	160.1	165.5	1.034	0
3/31/2024	12/31/2022	160.6	165.5	1.031	0
4/30/2024	1/31/2023	161.1	165.5	1.027	0
5/31/2024	2/28/2023	161.6	165.5	1.024	1
6/30/2024	3/31/2023	162.1	165.5	1.021	10
7/31/2024	4/30/2023	162.7	165.5	1.017	3
8/31/2024	5/31/2023	163.4	165.5	1.013	62
9/30/2024	6/30/2023	164.0	165.5	1.009	8
10/31/2024	7/31/2023	164.5	165.5	1.006	0
11/30/2024	8/31/2023	165.0	165.5	1.003	2
12/31/2024	9/30/2023	165.5	165.5	1.000	123
1/31/2025	10/31/2023	165.9	165.5	0.998	0
2/28/2025	11/30/2023	166.4	165.5	0.995	0
3/31/2025	12/31/2023	166.8	165.5	0.992	16

Total Number of Stores	243
-------------------------------	------------

¹ Midpoint and terminal month indices were obtained from the Employment Cost Index, (all civilian; seasonally adjusted) as published by the Bureau of Labor Statistics (BLS). Quarterly indices published by BLS were applied to last month in each quarter; indices for other months are estimated by linear interpolation.

Inflation factors are intended to reflect cost changes from the middle of the reporting period of a particular pharmacy to a common fiscal period ending June 30, 2025 (specifically from the midpoint of the pharmacy's fiscal year to December 31, 2024 which is the midpoint of the fiscal period ending June 30, 2025).

Exhibit 8
Histogram of Pharmacy Dispensing Cost

Histogram of Pharmacy Dispensing Cost
(In-State, Non-Specialty, Community/Retail Pharmacies)

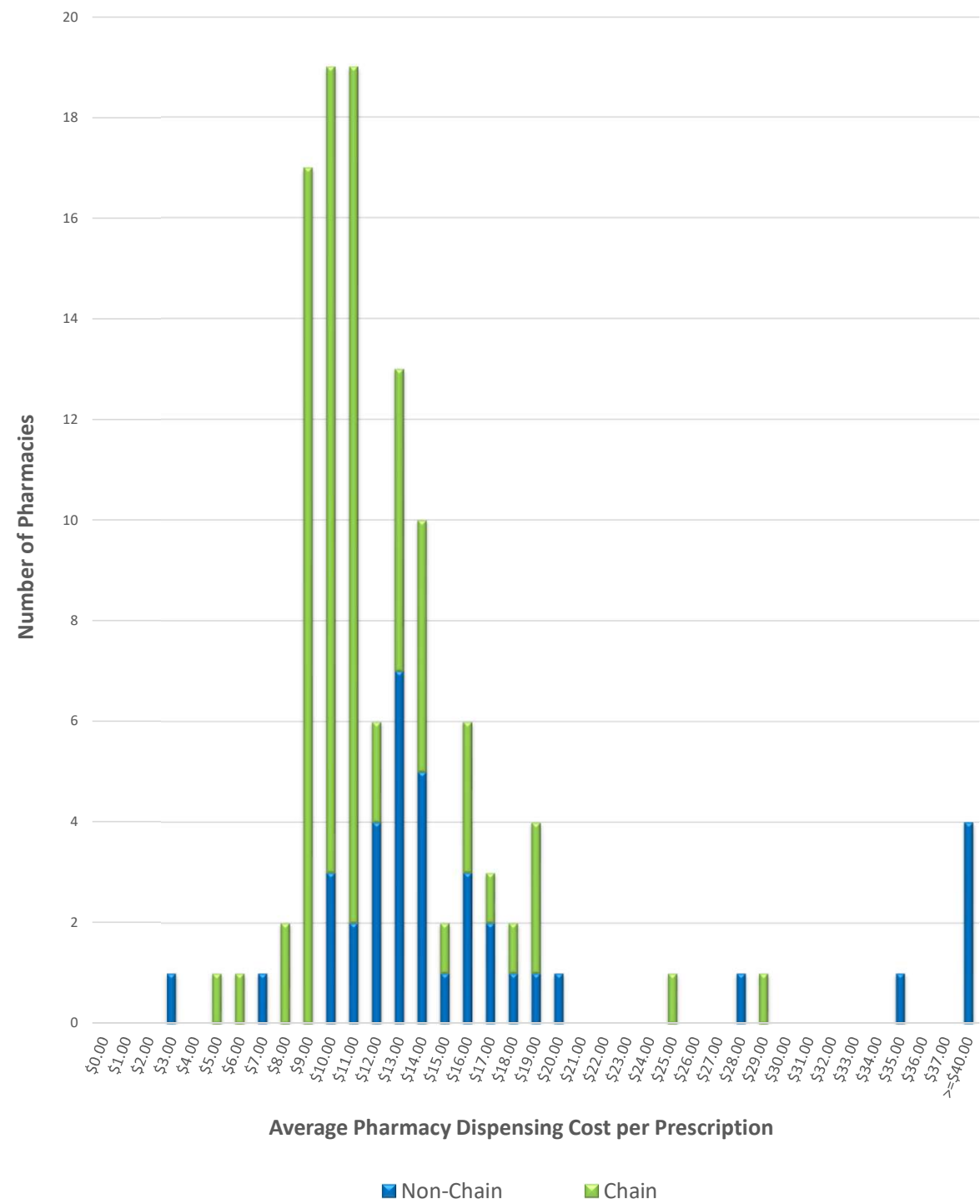


Exhibit 9
Pharmacy Dispensing Fee Survey Data -
Statistical Summary

Pharmacy Cost of Dispensing Survey
Statistical Summary
Idaho Department of Insurance

	Pharmacy Dispensing Cost per Prescription ¹									
	Measurements of Central Tendency						Other Statistics			
	n: Number of Pharmacies	Average Total Prescription Volume	Means		Medians		Standard Deviation	95% Confidence Interval for Mean (based on Student t)		
			Mean	Weighted by Total Rx Volume	Median	Weighted by Total Rx Volume		Lower Bound	Upper Bound	t Value (with n-1 degrees of freedom)
Characteristic										
Non Specialty Pharmacies Only ²										
Respondent Pharmacies	150	183,227	\$15.44	\$12.26	\$12.38	\$11.89	\$12.05	\$13.50	\$17.39	1.98
Pharmacy Dispenser Type ³										
Community/Retail Pharmacy	122	83,521	\$14.88	\$12.48	\$11.85	\$11.32	\$12.17	\$12.70	\$17.06	1.98
Long-term care pharmacy	9	904,774	\$14.99	\$13.20	\$14.82	\$11.89	\$2.52	\$13.06	\$16.93	2.31
Mail-Order pharmacy	13	654,907	\$18.14	\$10.93	\$14.72	\$10.47	\$10.75	\$11.64	\$24.64	2.18
Clinic Pharmacy	3	95,517	\$13.06	\$12.66	\$12.42	\$12.21	\$1.30	\$9.83	\$16.29	4.30
Compounding Pharmacy	3	117,087	\$30.48	\$15.62	\$16.10	\$13.65	\$27.06	(\$36.73)	\$97.69	4.30
Pharmacy Dispenser Type ³										
Community/Retail Pharmacy										
In State	116	70,796	\$14.99	\$12.34	\$11.85	\$11.26	\$12.44	\$12.70	\$17.28	1.98
Out of State	6	329,524	\$12.70	\$13.08	\$12.60	\$13.70	\$3.97	\$8.54	\$16.86	2.57
Affiliation:										
Chain ⁴	78	231,460	\$11.86	\$11.04	\$11.24	\$10.72	\$3.27	\$11.13	\$12.60	1.99
Non-Chain	72	130,975	\$19.32	\$14.59	\$14.61	\$14.09	\$16.25	\$15.50	\$23.14	1.99
Location (Urban vs. Rural): ⁵										
In State Urban	61	99,286	\$14.33	\$12.69	\$11.36	\$11.32	\$10.60	\$11.62	\$17.04	2.00
In State Rural	61	55,422	\$15.60	\$12.44	\$13.08	\$11.80	\$13.57	\$12.12	\$19.08	2.00
Out of State	28	644,530	\$17.53	\$12.08	\$14.41	\$11.89	\$11.65	\$13.01	\$22.04	2.05
In State (urban and rural combined)	122	77,354	\$14.96	\$12.60	\$12.00	\$11.48	\$12.14	\$12.79	\$17.14	1.98
Annual Rx Volume:										
0 to 51,999	44	32,221	\$19.70	\$14.14	\$14.06	\$13.76	\$18.82	\$13.98	\$25.43	2.02
52,000 to 97,999	51	79,070	\$12.12	\$11.95	\$11.38	\$11.01	\$3.25	\$11.20	\$13.04	2.01
98,000 and Higher	21	131,527	\$12.08	\$11.99	\$10.79	\$10.79	\$4.87	\$9.87	\$14.30	2.09
Provision of Compounding Services										
Provides compounding (>=10% of Rx's)	9	88,384	\$21.40	\$16.41	\$16.28	\$16.10	\$15.37	\$9.59	\$33.21	2.31
Compounding <10% of Rx's	141	189,281	\$15.06	\$12.13	\$12.02	\$11.89	\$11.78	\$13.10	\$17.02	1.98
340B Pharmacy Status										
Self-reported as 340B Covered Entity	8	42,628	\$43.34	\$24.12	\$32.69	\$29.74	\$33.50	\$15.33	\$71.34	2.36
Self-reported as 340B contract pharmacy	82	191,278	\$12.75	\$11.66	\$11.72	\$11.65	\$5.50	\$11.54	\$13.95	1.99
Neither 340B Covered Entity or 340B contract pharmacy	60	190,971	\$15.41	\$12.72	\$13.95	\$13.65	\$8.76	\$13.15	\$17.67	2.00
Additional Pharmacy Breakdowns										
All Pharmacies in Sample	243	153,457	\$91.40	\$24.55	\$15.46	\$11.89	\$291.55	\$54.56	\$128.24	1.97
Non Specialty Pharmacies	150	183,227	\$15.44	\$12.26	\$12.38	\$11.89	\$12.05	\$13.50	\$17.39	1.98
Specialty Pharmacies ⁶	93	105,442	\$213.90	\$59.02	\$93.38	\$22.35	\$445.84	\$122.08	\$305.72	1.99
Specialty Pharmacy Breakdowns ⁶										
Clotting Factor and Hemophilia Products	18	20,614	\$573.41	\$240.03	\$285.73	\$153.71	\$819.52	\$165.87	\$980.95	2.11
Compounded Infusion / Intravenous	12	50,577	\$181.42	\$183.97	\$163.02	\$197.44	\$102.83	\$116.09	\$246.75	2.20
Other	63	140,128	\$117.37	\$42.82	\$50.25	\$18.67	\$248.45	\$54.80	\$179.95	2.00
Pharmacy Dispenser Type Inclusive of Specialty Pharmacies ^{3,6}										
Community/Retail Pharmacy	122	83,521	\$14.88	\$12.48	\$11.85	\$11.32	\$12.17	\$12.70	\$17.06	1.98
Long-term care pharmacy	18	488,517	\$15.34	\$13.28	\$14.36	\$11.89	\$6.12	\$12.30	\$18.38	2.11
Mail-Order pharmacy	43	333,163	\$112.56	\$21.94	\$40.89	\$10.47	\$289.67	\$23.42	\$201.71	2.02
Home Infusion Therapy Provider	30	30,455	\$291.49	\$207.11	\$214.54	\$168.17	\$274.20	\$189.10	\$393.87	2.05
Clinic Pharmacy	3	95,517	\$13.06	\$12.66	\$12.42	\$12.21	\$1.30	\$9.83	\$16.29	4.30
Compounding Pharmacy	5	137,791	\$71.91	\$99.33	\$61.69	\$61.69	\$74.79	(\$20.95)	\$164.77	2.78
Specialty Pharmacy	22	95,099	\$278.85	\$45.89	\$49.64	\$22.35	\$755.69	(\$56.21)	\$613.90	2.08

Notes

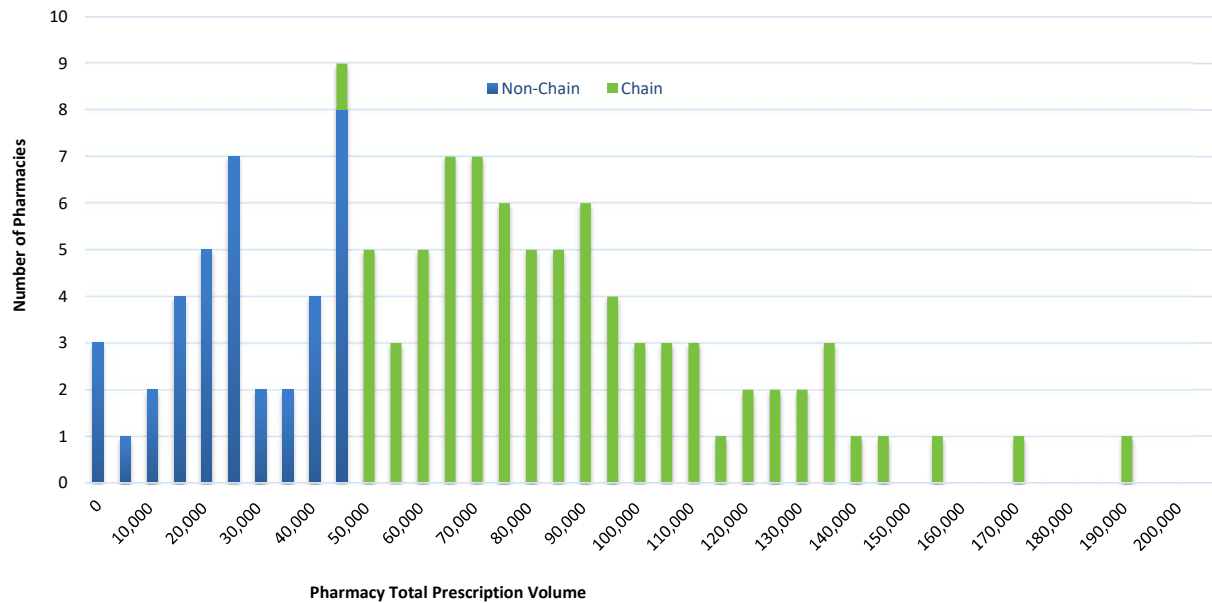
- 1) All pharmacy dispensing costs are inflated to the common point of 12/31/2024 (i.e., midpoint of a fiscal year ending 6/30/2025).
- 2) For purposes of this report a "non-specialty pharmacy" is one that reported sales of specialty drugs as defined by Idaho Code 41-349(12) for intravenous, home infusion, clotting factor and/or other specialty services of 30% or less of total prescription sales.
- 3) NCPDP Pharmacy Dispenser Type definitions can be retrieved from: <https://resdac.org/cms-data/variables/pharmacy-primary-dispenser-type-code>
- 4) For purposes of this survey, a chain was defined as an organization having four or more pharmacies under common ownership or control on a national level.
- 5) Myers and Stauffer used the pharmacies' zip code and the Zip Code to Carrier Locality File from the Centers for Medicare & Medicaid Services to determine if the pharmacy was located in an urban or rural area.
- 6) For purposes of this report a "specialty pharmacy" is one that reported sales of specialty drugs as defined by Idaho Code 41-349(12) for intravenous, home infusion, clotting factor and/or other specialty services of 30% or more of total prescription sales.

Exhibit 10
Charts Relating to Pharmacy Total
Prescription Volume:

A: Histogram of Pharmacy Total
Prescription Volume

B: Scatter-Plot of Relationship between
Dispensing Cost per Prescription and
Total Prescription Volume

Histogram of Pharmacy Total Prescription Volume
(In-State, Non-Specialty, Community/Retail Pharmacies)



Scatter Plot of Relationship Between Dispensing Cost per Prescription and Total Prescription Volume
(In-State, Non-Specialty, Community/Retail Pharmacies)

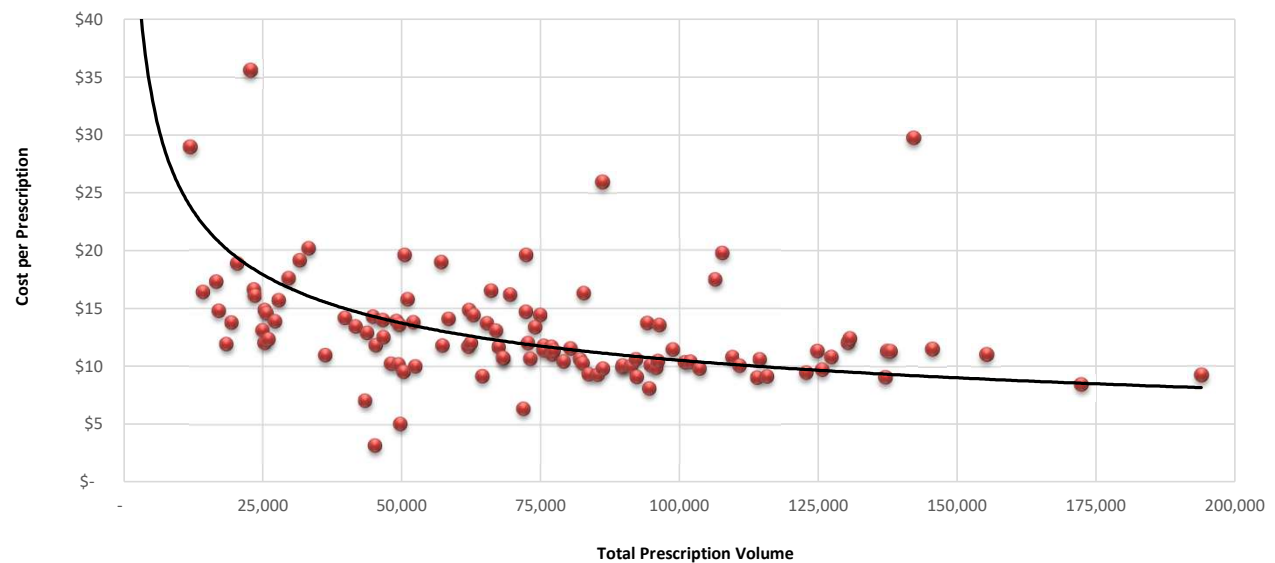


Exhibit 11
Summary of Pharmacy Attributes

Summary of Pharmacy Attributes
Idaho Department of Insurance

Attribute	Number of Pharmacies Responding	Statistics for Responding Pharmacies		
		Response	Count	Percent
Payer Type: percent of prescriptions (averages)	243	Medicaid fee for service	N/A	14.6%
		Medicaid managed care	N/A	17.5%
		Other third party	N/A	57.2%
		Cash	N/A	10.7%
		<i>Total</i>	N/A	100.0%
Pharmacy Dispenser Type (Based on NCPDP definitions)	243	Community / Retail Pharmacy	121	49.8%
		Long-term care pharmacy	18	7.4%
		Mail-order pharmacy	43	17.7%
		Home Infusion Therapy Provider	30	12.3%
		Clinic Pharmacy	2	0.8%
		Compounding pharmacy	5	2.1%
		Specialty Pharmacy	24	9.9%
		<i>Total</i>	243	100.0%
Building ownership (or rented from related party)	243	Yes, (own building or rent from related party)	81	33.3%
		No	162	66.7%
		<i>Total</i>	243	100.0%
Average Hours open per week	243	55.0 Hours	N/A	N/A
Average number of years pharmacy has operated at current location	239	15.0 years	N/A	N/A
Percent of total prescriptions delivered	243	42.0% for all pharmacies; (64.5% for 158 pharmacies reporting > 0%)	N/A	N/A
Percent of Total prescriptions compounded.	243	6.5% for all pharmacies; (28.4% for 56 pharmacies reporting >0 compounded Rx's)	N/A	N/A