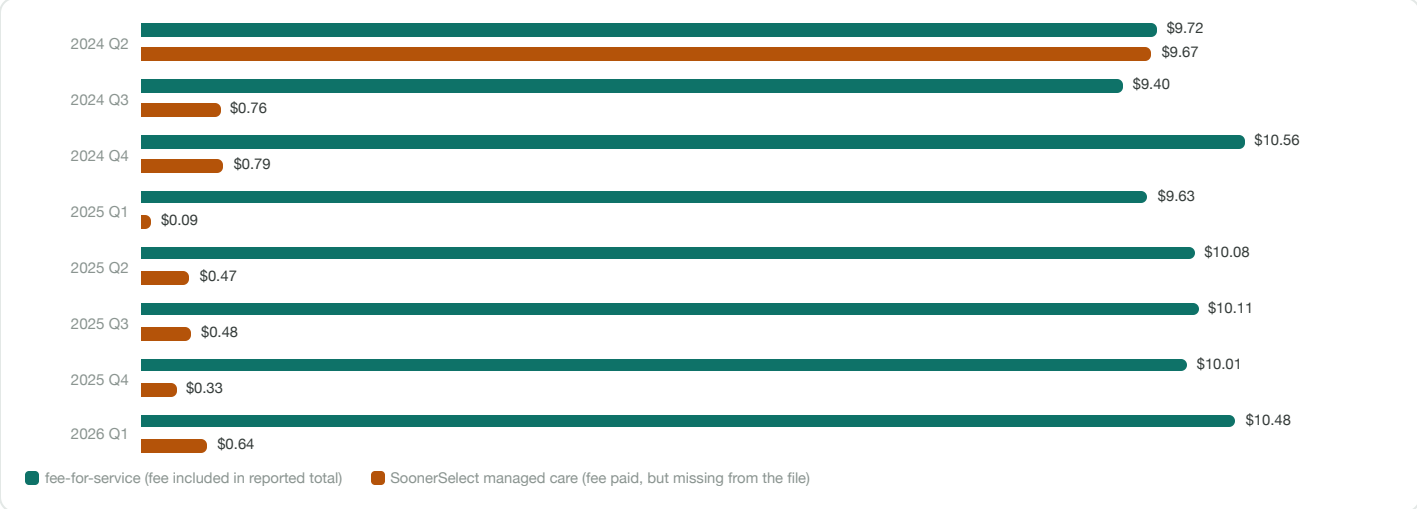
Oklahoma Medicaid pharmacy reimbursement: what the federal file shows — and what it leaves out

An audit of generic-drug reimbursement in Oklahoma Medicaid using the program's own federal reporting, before and after pharmacy benefits moved to SoonerSelect managed-care plans in April 2024. Findings only — every number traces to a public dataset and a published script, and the reader is welcome to check both.

1. Oklahoma's federal data file understates what managed-care plans pay pharmacies — by the entire dispensing fee. The fee-for-service rows include the state's $11.41 professional dispensing fee (OAC 317:30-5-78); the managed-care rows report ingredient cost only. Dispensing pharmacists in Oklahoma confirm the fee is actually paid. For 2025 that is roughly **$44 million of real pharmacy payments missing** from the national file — and every state-to-state comparison built on it inherits the gap.

2. Under managed care, the dispensing fee has become the pharmacy's entire gross profit. Managed-care ingredient reimbursement sits almost exactly at the national-average acquisition cost — **$0.34 per prescription above it in 2025**, versus $9.96 under fee-for-service (fee included). A pharmacy whose actual invoice runs above the national average loses money on ingredients, and on expensive generics the gap swallows the fee whole.

Reported payment above ingredient cost, per generic prescription



One limit stated plainly: no public dataset itemizes the dispensing fee on either side — the chart shows the reported residual above national-average ingredient cost, which is all that is measurable. For fee-for-service that residual is *consistent with* the $11.41 fee net of lower-of ingredient pricing; for managed care, the fee amounts actually paid each quarter are known only from pharmacists' reports ($11–13) and appear in no file we can check.

The discontinuity is visible to the quarter: in 2024 Q2 — SoonerSelect's launch quarter — managed-care rows still carried the fee ($9.67). From Q3 2024 onward it vanishes from the reporting while pharmacists continued to receive it. The fee-for-service rows, covering the members who remained, never skip a beat. Since the same drugs appear on both sides in the same quarters, drug mix cannot explain the gap.

Why it matters beyond Oklahoma: the State Drug Utilization Data file is the only national record of Medicaid pharmacy payments. If one state's managed-care totals silently exclude dispensing fees while another's include them, every comparison, academic study, and policy analysis built on this file is comparing unlike things — and understating what pharmacy care actually costs.

The fee is now the whole margin

NADAC is a national *average* of pharmacy invoice prices — by construction, roughly half of pharmacies pay more than it for any given drug. Under fee-for-service, Oklahoma reimburses each pharmacy's acquisition cost plus the fee, so the average store breaks even on ingredients and earns the fee. Under managed care, ingredient reimbursement is pinned to the national average — so the store that pays more than average eats the difference, and the $11–13 fee absorbs the loss before any of it becomes income. Dispensing pharmacists describe exactly this: "cost" reimbursed below what the drug actually cost them, with the fee covering the gap.

On cheap generics the fee usually covers it. On expensive ones it can't: among managed-care generic fills with $500+ of ingredient cost in 2025, **74% were reimbursed below even the national-average cost** — a $233,000 shortfall before counting a cent of the pharmacist's labor.

Largest below-average reimbursements — managed care, 2026 Q1

DRUG	NADAC / UNIT	PAID / UNIT	PRESCRIPTIONS	QUARTER SHORTFALL
Cetirizine hydrochloride	$0.1385	$0.0325	3,284	–$53,633
Zafemy (contraceptive patch)	$32.38	$27.46	785	–$14,544
Xulane (contraceptive patch)	$36.82	$28.57	420	–$12,765
Cholestyramine	$0.7956	$0.1788	109	–$10,748
Daptomycin (IV antibiotic)	$20.77	$13.99	169	–$5,738
Norelgestromin/ethinyl estradiol	$36.15	$31.07	210	–$4,190

"Shortfall" compares reported payment against the national-average acquisition cost (units × NADAC); an individual pharmacy's actual invoice may be higher or lower. Generic NDCs with 100+ prescriptions in the quarter.

Questions this data raises

- Why do Oklahoma's managed-care encounter submissions to CMS omit dispensing fees that its fee-for-service claims include — and how many other states' files share the defect?
- Is ingredient reimbursement pinned to the national average an intended feature of the SoonerSelect contracts — and does the legislated rate floor (100% of the OHCA fee schedule) govern each fill's ingredient cost, or only the fee?
- What happens to pharmacies whose acquisition costs structurally exceed the national average — small stores without wholesaler leverage — under a model where the fee is the only margin?

Methodology — every number, traceable

Sources. CMS State Drug Utilization Data 2022–2026, Oklahoma rows at full grain (NDC × quarter × fee-for-service vs managed care), data.medicaid.gov · CMS NADAC weekly files and monthly archives, same portal · FDA NDC Directory application numbers via openFDA (ANDA = generic) · Oklahoma professional dispensing fee, $11.41, OAC 317:30-5-78.

Computation. Quarterly NADAC per NDC = latest monthly average observation at or before quarter end (6-month look-back cap). Ingredient margin = total amount reimbursed − units × quarterly NADAC; per-prescription figures divide by prescription count. Sums cover generic NDCs with a NADAC price that quarter — 94–97% of Oklahoma's generic reimbursement dollars in every quarter shown.

Exclusions. Brand drugs (statutory rebates make gross prices incomparable); cells CMS suppresses (fewer than 11 claims); NDCs without a NADAC price in the quarter.

Verification. The reading of the managed-care rows — fee paid but unreported — was checked with dispensing pharmacists practicing in Oklahoma, who confirmed receiving an $11–13 professional fee per SoonerSelect prescription, and confirmed ingredient reimbursement at or below actual invoice cost on a portion of fills.

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