

Round all amounts to nearest dollar or whole number.

SECTION IIA -- SALES AND FLOOR SPACE

	Prescription Drugs Only	Total Store Including Prescription Drugs	Line No.
Sales (Excluding Sales Tax)	_____	_____	(1)
Cost of Goods Sold	_____	_____	(2)
Floor Space (Retail area only). Measure. Do not estimate.	_____ Sq. Ft.	_____ Sq. Ft.	(3)

SECTION IIB -- OVERHEAD EXPENSES

Complete this section using your internal financial statement or tax return. If you are using a tax return, please refer to the line numbers in the left columns that correspond to federal income tax return lines. Use your most recently completed fiscal year for which financial records are available and complete (e.g., December 31, 2011 or December 31, 2010 if 2011 records are not yet complete).

The following information is from fiscal / tax year ending..... _____ / _____ / _____ (4)

2010 Tax Form Number

1040C	1065	1120	1120S		Total Expense	Myers and Stauffer Use Only	Line No.
13	16a	20	14	Depreciation (this fiscal year only - not accumulated).....	_____	_____	(5)
23	14	17	12	Taxes			
				(a) Personal Property Taxes Paid.....	_____	_____	(6a)
				(b) Real Estate Taxes.....	_____	_____	(6b)
				(c) Payroll Taxes.....	_____	_____	(6c)
				(d) Sales Taxes	_____	_____	(6d)
				(e) State Income Tax (Corporations Only).....	_____	_____	(6e)
				(f) Any other taxes (specify each type and amount).....	_____	_____	(6f)
20b	13	16	11	Rent			
				(a) Building Rent (See Instructions).....	_____	_____	(7a)
20a	13	16	11	(b) Equipment and Other.....	_____	_____	(7b)
21	11	14	9	Repairs.....	_____	_____	(8)
15	20	26	19	Insurance			
				(a) Workers Comp. and Employee Medical.....	_____	_____	(9a)
15	20	26	19	(b) Other.....	_____	_____	(9b)
16a&b	15	18	13	Interest.....	_____	_____	(10)
17	20	26	19	Legal and Professional Fees.....	_____	_____	(11)
27	20	26	19	Dues and Publications.....	_____	_____	(12)
27	12	15	10	Bad Debts (this fiscal year only - not accumulated).....	_____	_____	(13)
			19	Charitable Contributions (Corporations Only)	_____	_____	(14)
25	20	26	19	Utilities			
				(a) Telephone	_____	_____	(15)
				(b) Heat, Water, Lights, Sewer, Trash and other Utilities	_____	_____	(16)
				Operating and Office Supplies (Exclude Rx containers and labels)			
18&22	20	26	19	_____	_____	(17)
8	20	22	16	Advertising	_____	_____	(18)
27	20	26	19	Computer Expenses	_____	_____	(19)
9,27	20	26	19	Rx Delivery Expenses	_____	_____	(20)
27	20	26	19	Rx Containers and Labels (See Instructions)	_____	_____	(21)

SECTION IIB -- OVERHEAD EXPENSES, CONTINUED

Other non-labor expenses not included on lines (5) through (21)

Examples: Security expense, janitorial expense, bank fees, credit card fees, franchise fees, switching fees, e-prescribing transaction fees, restocking fees, postage, etc.

Specify each item and the corresponding amount. Note that labor expenses are reported on Page 5.

	Total Expense	Myers and Stauffer Use Only	Line No.
(a) _____	_____	_____	(22a)
(b) _____	_____	_____	(22b)
(c) _____	_____	_____	(22c)
(d) _____	_____	_____	(22d)
(e) _____	_____	_____	(22e)
(f) _____	_____	_____	(22f)
(g) _____	_____	_____	(22g)
(h) _____	_____	_____	(22h)
(i) _____	_____	_____	(22i)
(j) _____	_____	_____	(22j)
(k) _____	_____	_____	(22k)
(l) _____	_____	_____	(22l)
(m) _____	_____	_____	(22m)
(n) _____	_____	_____	(22n)
(o) _____	_____	_____	(22o)
(p) _____	_____	_____	(22p)
(q) _____	_____	_____	(22q)
(r) _____	_____	_____	(22r)
Total Overhead Expenses [Add Line (5) through Line (22)]	_____	_____	(23)

SECTION IIC -- PERSONNEL COSTS -- List each person separately (except Line 4). Attach schedule if necessary.

Complete these forms using your most recently completed fiscal year for which financial records are available and complete (e.g., December 31, 2010 or December 31, 2009 if 2011 records are not yet complete).

	Check if RPh	Estimate Percent of Rxs Dispensed by Each RPh	Annual Salaries, Bonuses and/or Drawings	No. Weeks Employed This Fiscal Year	Average Weekly Hours		Line No.
					Total Store Including Rx Dept.	Rx Dispensing Related Duties Only	
Owners, Individual Proprietors, Partners, and Stockholders	(a)						(1a)
	(b)						(1b)
	(c)						(1c)
	(d)						(1d)
	(e)						(1e)
Employee and Relief Pharmacists	(a)						(2a)
	(b)						(2b)
	(c)						(2c)
	(d)						(2d)
	(e)						(2e)
	(f)						(2f)
	(g)						(2g)
	(h)						(2h)
	(i)						(2i)
	(j)						(2j)
	Subtotal:		100%	XXXXX	XXXXX	XXXXX	XXXXX
Other Employees with Time in Rx Dept. (including technicians, delivery, etc.)	(a)	XXX	XXXXXXXXXX				(3a)
	(b)	XXX	XXXXXXXXXX				(3b)
	(c)	XXX	XXXXXXXXXX				(3c)
	(d)	XXX	XXXXXXXXXX				(3d)
	(e)	XXX	XXXXXXXXXX				(3e)
	(f)	XXX	XXXXXXXXXX				(3f)
	(g)	XXX	XXXXXXXXXX				(3g)
	(h)	XXX	XXXXXXXXXX				(3h)
All Non-Rx Employee Salaries							(4)
Pension, Profit-sharing etc.							(5)
Other Employee Benefits							(6)
TOTAL - Salaries and Benefits							(7)

SECTION II D -- RECONCILIATION WITH FINANCIAL STATEMENT OR TAX RETURN

Complete these forms using your most recently completed fiscal year for which financial records are available and complete (e.g., December 31, 2010 or December 31, 2009 if 2011 records are not yet complete).

2010 Tax Form Number			
1040C	1065	1120	1120S

Column 1
Cost Survey Amounts

Column 2
Financial Statement or Tax Return Amounts

28	21	27	20	Total Expenses per Financial Statement or Tax Return			(1)
				Enter Amount from Section IIB, Line (23)			(2)
				Enter Amount from Section IIC, Line (7)			(3)
				Total Expenses per Cost Survey [add Lines (2) and (3)]			(4)
				Specify Items with Amounts that are on Cost Survey but not on Financial Statement or Tax Return			
				(a)			(5a)
				(b)			(5b)
				(c)			(5c)
				(d)			(5d)
				(e)			(5e)
				Specify Items with Amounts that are on Financial Statement or Tax Return but not on this Cost Survey			
				(a)			(6a)
				(b)			(6b)
				(c)			(6c)
				(d)			(6d)
				(e)			(6e)
				Total [add Lines (1) to (6e)] Column Totals Must be Equal			(7)

Alaska Medicaid Pharmacy Cost of Dispensing Survey

Instructions

Survey Forms by

Myers and Stauffer LC
Certified Public Accountants
11440 Tomahawk Creek Parkway
Leawood, Kansas 66211
800-374-6858
disp_survey@mslc.com

PURPOSE: The purpose of this survey is to determine the approximate cost of dispensing prescriptions in the State of Alaska.

WHO SHOULD FILE THIS FORM

Except for the following, all Alaska Medicaid pharmacies must file this cost survey:

- New pharmacies that were in business less than six months during the reporting period
- Pharmacies with a change of ownership that resulted in less than six months in business during the reporting period

If your pharmacy meets either of the two exceptions listed above, check the box next to the explanation describing your business, write your pharmacy name and provider number, provide a contact telephone number, sign your name and return only this page to the address above.

Provider No. (NPI)	Name of Pharmacy
Phone No.	Signature/Title

GENERAL INSTRUCTIONS

If any assistance is needed in completing this survey, call toll-free (800) 374-6858 or e-mail disp_survey@mslc.com. Complete these forms using your most recently completed fiscal year for which financial records are available and complete (e.g., December 31, 2011 or December 31, 2010 if 2011 records are not yet complete) and **return them by February 29, 2012**. Most retail pharmacies can complete the survey form by using their most recent annual financial statement or federal income tax return. If you are using an income tax return, most expense line items can be transferred directly from a line on a tax return to a line on the cost survey. Line reference numbers of four tax forms are listed on the left side of the cost survey. Simply locate the column for your tax form.

Alaska Medicaid Pharmacy Cost Survey – Instructions

If you prefer, send us a copy of your financial statements or income tax return (Form 1065, 1120, 1120S, or Schedule C of Form 1040 including supporting schedules) and we will complete the overhead expenses, Section IIB, Pages 3 & 4 and Section IID, Page 6, for you. **You will still need to fill in the remaining sections of the cost survey.** If you send a copy of your financial statement or tax return, identify any expenses that are 100% Rx-Department expenses such as continuing education, and identify any expenses that are 100% non-Rx Department expenses.

Round all amounts to the nearest dollar or whole number.

Multiple Location/Chain Pharmacies

Central administration expenses incurred by multiple location and/or chain pharmacies should be reported on lines (22a)-(22r). Report the expense allocated to each store. Methods of allocation should be reasonable and conform to generally accepted accounting principles. Warehousing expense should be separately identified and entered on lines (22a)-(22r).

SECTION IA --- PHARMACY ATTRIBUTES

The information gathered from your answers to these questions will be analyzed to determine its relationship to your cost of dispensing a prescription. It may be necessary to provide estimates for some answers; estimate as carefully and accurately as possible.

Line (a) “Prescriptions Dispensed.” Report the total number of all prescriptions filled **during the fiscal year** of the costs reported on pages 3 through 6 of this cost survey. This information may be kept on a daily or monthly log or on your computer.

SECTION IIA --- SALES AND FLOOR SPACE

Line (1) **List total store sales excluding sales tax.** Total store sales and cost of goods sold are shown on the federal income tax return. If there is no separate record of prescription drug sales, estimate it as accurately as possible. Sales of prescription drug items should NOT include nonprescription OTC’s, durable medical equipment, or other nonprescription items. One method to estimate sales of prescription drug items is to use a sales tax return.

Line (2) **Cost of Goods Sold.** If Rx cost of goods sold is not readily available, leave that line blank.

Line (3) Since **floor space** will be used in allocating certain expenses, accuracy is important. When measuring the total store, include only the retail area and exclude any storage area (e.g., basement, attic, off-the-premises areas or freight in-out areas). When measuring the prescription department, exclude patient waiting area, counseling area, prescription department office space and prescription department storage. These should be included in total store area. A factor will be added to the prescription department to account for waiting area, counseling area, prescription department office space and prescription department storage.

SECTION IIB --- OVERHEAD EXPENSES

[FINANCIAL STATEMENT OR TAX RETURN CAN BE SUBSTITUTED]

Overhead costs reported on the cost survey should be resulting from arms-length transactions between non-related parties. Related parties include, but are not limited to, those related by family, by business or financial association, and by common ownership or control. **The most common non-arms-length transaction involves rental of property between related parties. The only allowable expense of such transactions for cost determination purposes would be the actual costs of ownership (depreciation, taxes, interest, etc., for the store area only). The rental amount will be disallowed. Show this as a reconciling item in Section IID.**

Alaska Medicaid Pharmacy Cost Survey – Instructions

- Line (6a) & (6b) Personal Property Taxes and Real Estate Taxes.** Include only personal property taxes or real estate taxes paid on property used in this pharmacy's business.
- Line (6c) Payroll Taxes.** Include the employer's share of Social Security, Medicare and state/federal unemployment taxes.
- Line (6d) Sales Tax.** Include sales tax only if it is included in expenses reported on your financial statement or tax return. If sales tax is not included in expenses reported on your financial statement or tax return, leave this line blank.
- Line (7a) Building Rent.** Include only rent that applies to the store. **Report only rental expense incurred by transactions between non-related parties. See the first paragraph of this section for expenses allowed in lieu of rent paid to a related party.**
- Line (13) Bad Debts.** Include bad debt expense for this fiscal year only – not accumulated bad debts.
- Line (17) Operating and Office Supplies.** If prescription containers and labels are included in your supplies, exclude them from this line and show them on line (21).
- Line (20) Rx Delivery Expenses.** If you deliver Rx items only, include expenses paid for your delivery vehicle here, including expenses paid to a delivery service for delivery of Rx items. These expenses should not be duplicated on any other line. If your delivery vehicle is used by other departments of the pharmacy or for miscellaneous purposes, do not enter anything on this line and enter delivery expenses on line (22a)-(22r).
- Line (21) Rx Containers and Labels.** The cost of prescription containers and labels should be included here if separately identified on your financial statement or as "other deductions" on your federal income tax return. If this expense is included in cost of goods sold on your federal income tax return and if your accounting records are such that this figure is difficult to determine, leave this line blank. An allowance will be made for Rx containers and labels.
- Lines (22a)-(22r)** On these lines identify any non-labor expenses not already included on your cost survey but listed on your financial statement or as other deductions on your federal income tax return. **Identify each item and the amount, rather than labeling all such expenses as "miscellaneous." If you wish, you can simply attach a schedule that lists these expenses.** Clearly label any items that are 100% Rx-related or that are 100% non-Rx-related.

SECTION IIC -- PERSONNEL COSTS

- Lines (1a)-(2j) Percent of Prescriptions Dispensed.** Provide your best estimate of the percentage of prescriptions dispensed by each pharmacist. This column should total 100%.
- Lines (1a)-(3h) Average Weekly Hours.** You may not have detailed records of where each employee worked; however, provide your best estimate of an average or "typical" week. Report the average number of hours the employee worked per week in the "Total Store" column. The "Rx Dispensing Related Duties Only" column should show the average number of hours per week spent performing Rx-related duties. Rx-related duties are defined as time spent filling prescriptions as well as doing the related administrative work including ordering and stocking prescription ingredients, taking inventory, maintaining prescription files, third party reimbursement claims

Alaska Medicaid Pharmacy Cost Survey – Instructions

management and delivering prescriptions. Pharmacists providing consultation to long-term care facilities should be identified and listed separately.

- Lines (1a)-(1e) Owners.** All individual proprietors, partners, or stockholders should list their total drawings and/or salaries for the year. Do not show net profit as the owner's salary but **only actual drawings or salary**. For those owners who took no salary or drawings, show zero to indicate you have not overlooked this line – an allowance for salary will be imputed based on time worked and/or prescriptions dispensed.
- Lines (3a)-(3h) Other Employees with Time in Rx. Dept.** Rx Technicians, nonprofessional, clerical, and delivery personnel who perform Rx-related duties should be listed.
- Line (4) All Non-Rx Employees.** List total salaries for all employees who spend no time in Rx-related duties.
- Lines (5)&(6) Pension, profit sharing etc. and Other Employee Benefits.** List total expenses associated with pension plans, retirement plans and other employee benefits not reported elsewhere. These labor-related expenses will be allocated to employee salaries.

SECTION IID -- 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. For example, pharmacies operating as sole proprietors will normally need to list owner's salaries, drawings, and benefits as a reconciling item. Other examples of reconciling items are the 50% meals deduction, rent paid to related party, etc.