
OFFICE OF GOVERNOR RONNIE MUSGROVE
INTEROFFICE MEMORANDUM

TO: GOVERNOR
FROM: SMITH
SUBJECT: MCKESSON DISEASE MANAGEMENT PROGRAM
DATE: 10/29/02
CC: RENICK, LEE ANN, TELL, BOYD, PROSPERE

The following are bullet points supporting the need of a disease management program:

- McKesson Corporation and Columbia United Providers were awarded “Best Disease Management Program for Medicaid” at the 4th Annual Disease Management Association of America held in San Antonio on October 25, 2002
- On September 20th, 2002, 40 states announced cuts in their Medicaid budgets for 2003
- States have tried to reduce spending by limiting benefits, increasing co-payments, reducing dispensing fees, eliminating optional benefits, developing drug formularies, reducing provider payments, and implementing disease management programs
- 22 states use a formulary, a preferred drug list or some other type prior authorization process to contain cost
- 22 states use a pharmacy benefits management company to help contain costs
- 15 states limit the number of prescriptions or the number of days supply that beneficiaries can receive without prior authorization
- 15 states have changed pharmacists reimbursement systems
- **17 states use disease management programs**
- Disease management programs improve quality and access of healthcare to beneficiaries with chronic disease while decreasing costs in the Medicaid population
- Management is a win/win strategy to help avoid further deterioration in healthcare quality, access and costs for Medicaid recipients
- Chronic illness is a major cost driver for Medicaid and for healthcare in general in the U.S. An estimated 125 million Americans had one or more chronic illness and were responsible for 75% of all healthcare spending
- We need to aggressively look for new solutions to help meet the challenge of providing quality healthcare efficiently and at a lower cost
- Disease management programs empower people to learn and manage their diseases while improving their quality of life

- Medicaid is 20% of state budgets (National Academy for State Health Policy)
- States faced \$38 billion in shortfall in 2002 (National Academy for State Health Policy)
- State and local tax revenue growth is the slowest since records kept in 1950's (Zandi, NGA)
- Most states have or will cut K-12 (17 states), higher ed (29 states), Medicaid (22 states), TNAF (16 states), corrections (25 states), local revenue sharing (10 states) (NCSL)
- Cost containment strategies that address only one aspect of the problem are a haphazard approach to cost containment which will not achieve or sustain its objectives. A comprehensive strategy is essential that is sensitive to the complexities and idiosyncrasies of the health care marketplace. Such an approach will require re-thinking the entire health care delivery system to assure that clear goals are set and incentives properly aligned in order to reach them
- Mississippi is number one in Obesity, number two in Diabetes, and number 5 in Heart Disease. Mississippi ranked number one of the "Top Ten State with highest combined rates of Obesity, Diabetes, and Heart Disease" according to the Physicians Committee for Responsible Medicine

