
OFFICE OF GOVERNOR RONNIE MUSGROVE
INTEROFFICE MEMORANDUM

TO: GOVERNOR
FROM: SMITH
SUBJECT: UPDATE-MCKESSON DISEASE MANAGEMENT PROGRAM/PHARMACISTS ISSUES
DATE: 11/7/02
CC: RENICK, TELL, MAYO, KINNEY, BOYD

As a reminder, staff from the Division of Medicaid said that the opt-out period applies only to McKesson and the Disease Management Program, not Health Alliance. McKesson said that the information sent to beneficiaries would be clear that they have a **choice of pharmacy providers**. **This applies to the opt-out period and anytime while a patient is enrolled in the program.** The patient will never be locked in to Health Alliance and **any pharmacy provider that the patient chooses will be reimbursed**, provided that the pharmacy is enrolled as a Medicaid provider.

We have received the data you requested about the potential lose of revenue to the independent pharmacists. A copy of a summary is attached for your review. Please consider the following when reviewing the data:

- The totals are duplicated between diseases in that a beneficiary who has asthma, diabetes, and hypertension is counted in the numbers for all three diseases and for each of the years. (The likelihood of a patient having diabetes and hypertension is _____% according to the Department of Health)
- These numbers represent if all beneficiaries enroll in the mail order program. (The average number of Medicaid beneficiaries choosing mail order service in states that the option is available is about 20%).
- The third column, or the first quarter of FY03, reflects the following:
 1. HB1200- Decrease in the number of prescriptions from 10 to 7 per month. (PA required for the 6th and 7th prescription)
 2. HB1200- Change in the AWP from AWP-10% to AWP-12%
 3. HB1200- Decrease in the dispensing fee from \$4.91 to \$3.91 per prescription
 4. HB1200- Generics mandated (This is mandated but DOM has not been able to enforce it since the P and T Committee must also approve and make recommendations regarding the new DOM policy. The PT and T Committee

will be reviewing the new DOM policy at the next meeting and DOM hopes to implement January 1, 2003. This will most likely generate more cost savings since they will be able to enforce the policy with a change to their system to deny payment when a generic is as effective as a brand name. Until then, only the voluntary efforts of pharmacists and doctors that are recommending generics are reflected in this data).

5. The prior approval (PA) process was effective June 1, 2002 and is generating significant savings.

If you have questions, please do not hesitate to let me know.

Do you want to instruct the Rica and the Division of Medicaid to submit the contract to the Contract Review Board and get it on the November 14th meeting agenda?

YES _____

NO _____