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House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

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April 17, 2007

Governor Edward G. Rendell
215 Main - Capitol Building
Harrisburg, PA 17103

Subject: DFW Budget Proposals

Dear Governor Rendell,

In light of the House Health and Human Services Committee Public Hearing held on March 22, 2007, we strongly urge you to reconsider two proposals set forth by the Department of Public Welfare (DPW) as part of the FY 2008-09 budget - DPW's decision to eliminate voluntary Medicaid managed care and to carve pharmacy services out of the contracts with the Medicaid managed care plans. These proposals will negatively impact 1 million Medicaid recipients as well as the providers and managed care plans who serve them.

Many of us have received letters and phone calls from health care providers and Medicaid recipients who oppose DPW's decision to eliminate voluntary managed care. Additionally, many providers have indicated that they will not accept Medicaid patients if DPW eliminates voluntary managed care. They report that the higher compensation offered by the managed care plans has offset the losses they incur under ACCESS Plus.

DPW has acknowledged in public hearings that the existing ACCESS Plus provider network is not as robust as the networks established by the Voluntary Managed Care Plans. We fear that eliminating Voluntary Managed Care would result in even more ACCESS Plus physicians and clinics leaving the ACCESS Plus program.

In addition to reduced access to care, we reiterate that many Medicaid recipients will lose benefits and pay higher copayments under ACCESS Plus. It seems to us that reducing access to care, reducing benefits, and increasing out-of-pocket costs will drive Medicaid recipients to delay receiving care and will result in increased utilization of hospitals and emergency rooms, at an increased cost to the Commonwealth.

We understand that Secretary Richman recently announced that DPW will be reevaluating this proposal and will be reviewing all concerns that have been brought to the Department's attention, as well as specifically looking at an analysis of the impact of

PAGE TWO

Governor Edward G. Kosciak
DPW Budget Proposals

this change on clients' benefits and access to care. We are pleased that the Department has agreed to further review this proposal and hope the above concerns are seriously considered as part of the consultation process.

We are also concerned about DPW's proposal to curtail pharmacy services out of managed care. It is important to note that this same proposal was rejected just last year by many members of the General Assembly. We cannot support a proposal that has the Commonwealth and its taxpayers accept direct financial risk for nearly \$1 billion in pharmacy expenditures in the hope of saving \$45 million. The prospect is simply too risky considering DPW has very limited experience managing pharmacy benefits, and the current system works. We are advised that the managed care plans have held pharmacy costs trends nearly flat for the past few years. Maintaining the pharmacy benefits with the managed care plans will continue to offer predictability in the budget and will eliminate the inherent confusion and problems associated with attempting to transition 1 million Medicaid recipients into what amounts to a fragmented service delivery model.

Again, we strongly urge you to direct DPW to go back to the drawing board on these two proposals.

Sincerely,



Rep. Frank L. Oliver, Chair, (D)
Health & Human Services Committee


Rep. George T. Kosciak, Jr., Chair, (D)
Health & Human Services Committee

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PAGE THREE

Governor Edward G. Rendell
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