



June 23, 2008

I read with great interest The Inquirer's coverage of the on-going dispute regarding the state Department of Public Welfare's (DPW) proposal to "carve out" pharmacy services from the private sector and manage this benefit internally as a way to save money.

Let me be perfectly clear: Medicaid Health Plans of America (MHPA) represents the health plans participating in Medicaid managed care so we are advocates. Our plans' collective experience demonstrates that care for Medicaid members can best be provided in a coordinated fashion, as opposed to "carving-out" important benefits for its members.

Still, I believe I can add some national context to this critically-important debate while offering a cautionary note -- each state has its unique challenges so Pennsylvania policymakers cannot bank on duplicating an initiative that might have worked very well in Ohio, by way of example.

While 20 states have instituted some form of carve out as officials in Pennsylvania point out, they fail to note that nine of these 20 states have assumed responsibility for only a small subset of drugs. The PA proposal is far more sweeping and therefore brings with it far greater risks.

There are just three states with comparable Medicaid populations to Pennsylvania that have fully taken over pharmacy services - Illinois, Texas and New York. In fact, prescription drugs represent 8.5 percent to 17 percent of Medicaid acute care spending in states that have implemented a carve out.

In Pennsylvania, prescription drugs represent only 4.1 percent of total Medicaid acute care spending. In New York, pharmacy accounts for 12.1 percent of the total spending; in Illinois, it is 12.5 percent and in Texas it is 10.5 percent of the total. Again, one state's experience cannot simply be replicated in another.

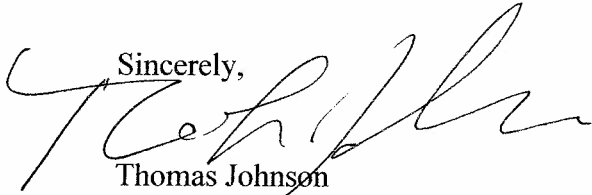
Our national trade association (MHPA) along with dozens of in-state doctors and other public health advocates, have long argued in favor of fully integrated and coordinated care for the men, women and children enrolled in the Medicaid program.

We believe that managed care makes the most sense for this population, many of whom are chronically ill and are among the most vulnerable among us. We also recognize that the health plans have developed tremendous systems for managing this benefit.

We know that, for instance, MCOs have staff on call 24 hours a day, seven days a week to field calls from consumers, doctors and pharmacists. We know that pharmacy information is shared on a real-time basis with physicians and case managers. And we know that aggressive and appropriate use of the pharmacy benefit can help reduce emergency room visits or hospital stays.

MHPA supports integrated and coordinated care for its members. A pharmacy carve out would jeopardize that care for Pennsylvania's most vulnerable men, women and children.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. Johnson', written over the printed name.

Thomas Johnson  
Executive Director