

THOMAS JOHNSON OP-ED

I do not envy Pennsylvania lawmakers as they head into the closing months of this fiscal year with a budget deficit that could reach \$3 billion. The stakes are, obviously, enormous and budget decisions in perilous times will by definition have a longer and deeper impact on all Pennsylvanians.

On behalf of Medicaid Health Plans of America (MPHA), I was privileged to testify before the PA House Committee on Health and Human Services regarding a critical component of the state budget – the Medical Assistance (Medicaid) program.

MPHA is the leading trade association solely focused on representing health plans in Medicaid. We have a bias, obviously, but we also bring to the table a national perspective that might prove useful throughout the ensuing months.

Medicaid is the safety net for approximately 2 million men, women and children in your Commonwealth who are the most vulnerable among us. Medicaid enrollees include the chronically ill, children, and pregnant women in every county across the state.

As part of this year's budget proposal, the Rendell administration has proposed to assume the responsibility of managing the delivery of pharmacy benefits for 1.2 million Medicaid recipients are enrolled in managed care plans.

This proposal to "carve out" pharmacy benefits from our companies and bring the service "in house" to DPW is the centerpiece of the Rendell administration's overall Medicaid budget. Essentially, DPW will assume the responsibility of managing this benefit for 1.2 million people in the state – a staggering responsibility.

Our association remains opposed to this initiative - as we have in each of the past three years that it has been proposed. The success of the managed care model depends on the ability of health plans to administer a comprehensive set of benefits and services for members, including pharmacy benefits. Pharmacy benefits are essential components of treating disease and helping patients live longer, healthier lives.

MHPA and its member plans oppose efforts to carve out individual components, such as pharmacy benefits, that take away the tools vital to care coordination and disease management. Any proposals that tear apart the fully-integrated care could have a negative impact on Medicaid patients.

Patients' quality of care could suffer if DPW were to take over this service – and not because the department is less caring about this population. The fact is that our member plans have hundreds of employees dedicated to pharmacy issues alone.

These staffers work hand in glove with aggressive case managers and disease specialists. Absent this coordinated care, I fear more patients will end up in the emergency room, at a far steeper cost to the state.

Finally, it is critical to understand that a carve-out could actually drive up the cost of the Medicaid budget. A 2005 report by the nationally respected Lewin Group found that managed care delivered roughly \$2.7 billion in savings in a five-year period to state taxpayers. The appeal of short-term savings – speculative savings, at that – should not drive lawmakers to put at risk a healthcare delivery system that works.