

7TH DISTRICT
VINCENT HUGHES
SENATE BOX 203007
THE STATE CAPITOL
HARRISBURG, PA 17120-3007
717-787-7112
FAX: 717-772-0579

CENTER FOR HUMAN ADVANCEMENT
4601 MARKET STREET
PHILADELPHIA, PA 19139
215-471-0490
FAX: 215-560-3434

vhughes@dem.pasen.gov



Senate of Pennsylvania

Original: 2297

STANDING COMMITTEES

PUBLIC HEALTH & WELFARE,
DEMOCRATIC CHAIRMAN
APPROPRIATIONS
EDUCATION
MILITARY & VETERANS AFFAIRS
POLICY

APPOINTMENTS

PHILADELPHIA SENATE DEMOCRATIC DELEGATION,
CHAIRMAN
COMMUNITY SERVICE ADVISORY BOARD
HUMAN RESOURCE INVESTMENT COUNCIL
JOINT STATE GOVERNMENT COMMISSION
EXECUTIVE COMMITTEE
PA HIGHER EDUCATION ASSISTANCE AGENCY BOARD
PA LEGISLATIVE BLACK CAUCUS
PA MINORITY BUSINESS DEVELOPMENT AUTHORITY
PA TRAUMA SYSTEMS FOUNDATION
STATE SYSTEM OF HIGHER EDUCATION
BOARD OF GOVERNORS
STROKE PREVENTION TASK FORCE

November 21, 2002

Hon. Feather O. Houston
Secretary of Public Welfare
Room 333
Health & Welfare Building
Harrisburg, PA 17105

Re: Department of Public Welfare (DPW)
Proposed Regulation 14-479:
Pharmaceutical Services
Revisions to Reimbursement

Dear Secretary Houston:

I am writing in my capacity as Minority Chair of the Senate Public Health & Welfare Committee. I specifically object to the proposal to reduce reimbursement to pharmacies because I am not convinced that the department has adequately explored alternatives to reducing reimbursement.

For a number of years, the possibility of "carving-out" pharmaceutical services from managed care has been discussed. As I understand it, the "carve-out" would entitle DPW to receive directly pharmaceutical manufacturers' rebates totaling in the tens, if not hundreds of millions of dollars. It has always been unclear whether the "carve-out" would result in a net gain, or net loss to the Commonwealth since there would be an increase in costs to run pharmaceutical services on a fee-for-service basis and it has never been shown whether the rebates would exceed the increased costs. I suggest that a comprehensive analysis be done of this question, once and for all. If carve-out would increase revenues, let's do that instead of this proposal. I am deeply concerned that this proposal may result in the loss of a significant number of small, independent pharmacies. This loss may result in a serious compromise to the adequacy of the network of providers that the public will have and that the department will have available

