RDS 1574
Due Date 11/12/02

#14-479-22 176902

PACDS

PENNSYLVANIA ASSOCIATION OF CHAIN DRUG STORES, INC.

224 PINE STREET
THIRD FLOOR
HARRISBURG, PA 17101

PHONE: (717) 238-1222
FAX: (717) 238-9512
E-MAIL: pacds@fiftyfirstassociates.com

OFFICE OF THE SECRETARY
DEPT OF PUBLIC WELFARE
REF: Regulations
Please Respond
2002 OCT 28 A 9:15
RECEIVED

014006

2002 OCT 28 P 4:01
REFER TO: Love
cc. Dierkens
Robert
Bowser
Ridge
Critchlo

October 24, 2002
Original: 2297

OCT 29 2002

The Honorable Feather O. Houstoun
Secretary, Department of Public Welfare
333 Health and Welfare Building
Harrisburg, PA 17105

Dear Secretary Houstoun:

Thank you for providing the Pennsylvania Association of Chain Drug Stores (PACDS) with an opportunity to comment on the proposal by the Department of Public Welfare to reduce the Pennsylvania Medical Assistance pharmacy product reimbursement from AWP minus 10% to AWP minus 15% and to increase the Medical Assistance pharmacy dispensing fee from $4.00 to $4.25. While PACDS understands and is sympathetic to the financial pressures that the Pennsylvania Medical Assistance Program is experiencing, we do not believe that the short-term solution of reducing pharmacy product reimbursement is the appropriate response to addressing those pressures.

In fact, the Department's recommendation for reducing product reimbursement is based on two faulty premises:

(1) an August 2001 miscalculation of pharmacy brand-name drug acquisition costs by the Office of the Inspector General of the federal Department of Health and Human Services that was only last month revised upward; and

(2) the false supposition that Medicaid reimbursement rates are higher than those paid by third-party private payers.

We do support the 25-cent increase in dispensing fees put forth under Proposed Regulation #14-479. However, the proposed increase would still leave those fees, at $4.25, well below the $7.35 that it costs to dispense a prescription in the Commonwealth of Pennsylvania in the year 2001.

PACDS represents 38 chain companies that operate 1852 pharmacies, employ over 114,000 people, and pay over $769 million in state taxes each year. We are the trusted community pharmacist who provides medication management in every corner drugstore. We provide employment in every Pennsylvania community and pay the taxes that support those

communities.

The Department cites as justification for this reduction in product reimbursement the August 2001 OIG report on drug acquisition costs in 216 pharmacies in eight states, none of them in Pennsylvania. In that report, the OIG projected from large invoices collected from retail pharmacies that the average invoice price for brand-name drugs was an average of 21.84% below the average wholesale price (AWP).

Initial OIG Report was Flawed

The University of Texas at Austin's Center for Pharmacoeconomic Studies, after reviewing the OIG report, reported last December that the study was flawed in a number of respects:

(1) the invoices studied did not reflect the typical Medicaid market basket of drugs used;
(2) the agency "sampled" five categories of pharmacy (urban chain, rural chain, urban independent, rural independent, and non-traditional) equally, even though the categories of pharmacy are not equally represented in the marketplace;
(3) results were not weighted on the basis of Medicaid prescription volume;
(4) only the largest invoices from each pharmacy were reviewed, even though these large invoices may have included significant discounts for bulk purchasing that are not otherwise generally available; and
(5) most importantly, the OIG had included branded multi-source drugs in the group of branded drugs being priced, even though multi-source drugs are always priced significantly lower than branded single-source drugs.

Lower Discount Found in Revised Report Still Not Representative of Medicaid Reimbursement

In response to the skepticism concerning the validity of its first report, the OIG issued a revision on September 16, 2002, which stated that the average invoice price of a brand-name drug in the eight states studied was AWP minus 17.2 percent — rather than the almost 22 percent previously calculated — while the average invoice price of a branded multi-source drug for which no FUL has been adopted was AWP minus 24.4 percent. While the OIG may have corrected some of the flaws in the study design and analysis of the 2001 Report, remaining problems with data and methodology may render the conclusions of the 2002 Report unreliable for the purpose of estimating pharmacy acquisition costs.

Even if these estimates are correct, a pharmacy's acquisition cost is more than simply its invoice price. Pharmacies have other costs in acquiring, storing, distributing and managing a drug inventory, including costs relating to returned goods, complying with state and Federal regulations, and investment in pharmaceutical inventory. OIG did a disservice to public

policymakers by simply focusing on invoice prices, and not these other costs. While the OIG, in its revised study, did acknowledge that the agency had failed to accord any consideration to these additional costs, the Department of Public Welfare does not similarly acknowledge that these additional costs add to drug costs.

Reimbursement Often Based on Usual and Customary Charges

In fact, Pennsylvania law states that, AWP aside, a pharmacy provider "will not pay a provider an amount that exceeds the provider's usual and customary charge to the general public." The usual and customary charge is defined as "the pharmacy's lowest net charge a Medicaid recipient would pay for a prescription as a non-Medicaid patient at the time of dispensing for the same quantity and strength of a particular drug or product, including all applicable discounts, such as special rates to nursing home residents, senior citizens, or other discounts extended to a particular group of patients." This provision of law means that, in a large number of cases involving branded drugs, the AWP never kicks in as a method of determining reimbursement. And in a larger number of cases involving generic drugs, the federal upper limit or state MAC sets reimbursement, according to the OIG, as low as AWP minus 72.1 percent.

Allegation that Pharmacy Accepts Lower Reimbursement from Private Pay Plans Fails to Consider the Differences in the Plans

The second premise on which the Department justifies its reduction in reimbursement is its contention that pharmacy providers accept lower reimbursement from private pay providers. In fact, comparing Medicaid payment rates to private sector payment rates is like comparing apples to oranges. Medicaid differs from third-party plans in the following very important ways:

• **Variability of Plan Parameters:** Enrollment in most private plans is fairly static. Plan parameters (drugs on formulary, claims processing procedures) rarely change from month to month. On the other hand, Medicaid program parameters can be fluid and difficult to track. For example, Medicaid eligibility may change from month to month. A pharmacy is more likely to submit a claim for an ineligible beneficiary under a state Medicaid program than under a private program. Also, procedures that determine the conditions under which a certain medication may be covered change more frequently in state Medicaid programs than private plans. The result is that pharmacies are much more likely to provide medications for which claims are ultimately rejected under state Medicaid programs. This increases the pharmacy's costs.

• **Medicaid Rate Represents a Reimbursement "Ceiling":** In many cases, the Medicaid prescription reimbursement rate appears higher than private sector rates, but the Medicaid rate is a "ceiling." Pharmacies are required to be paid the "lower of" the Medicaid rate or their "usual and customary" prescription price. A significant percentage of the prescriptions are reimbursed at the lower "usual and customary" rate, not the determined rate.

• **Private Plans Provide Incentive Payments Not Provided by Medicaid:** Moreover, private plans generally provide incentives to pharmacies that increase pharmacy's overall reimbursement, such as generic utilization incentives or formulary compliance enhancement. Plans establish restrictive formularies to obtain concessions from drug manufacturers that seek to gain access to these formularies and shut out competitors. Community pharmacies are reimbursed by health plans to help them manage their formularies. These extra payments may make a deeply-discounted pharmacy reimbursement rate more reasonable for pharmacies to accept. On the other hand, state Medicaid programs are not legally allowed to establish restrictive formularies, and they do not reimburse pharmacies for compliance with preferred drug lists.

• **Closed Pharmacy Networks:** A private plan may develop a closed network of pharmacies. A pharmacy may agree to accept a lower reimbursement rate in order to participate in the closed network, and thus gain a competitive advantage over other pharmacies that are shut out of the plan. Because Medicaid recipients may be less mobile than other members of the population and may be unable to get to pharmacies in a closed network, Medicaid does not establish restrictive pharmacy networks.

• **Cost-Sharing**: Most private plans require co-payments from enrollees. Pharmacies must collect co-payments before dispensing the prescription. These co-payments provide pharmacies with cash up front at the point of purchase. On the other hand, by Federal law, pharmacies are required to dispense prescriptions to Medicaid recipients even if the recipient does not pay the co-payment. Moreover, even when these co-payments are collected, they are nominal ($3.00 at most) and do not constitute significant cash up front.

• **Coordination of Benefits**: Private plans do not require pharmacies to coordinate benefits. By contrast, under Federal law, Medicaid is the payor of last resort. Medicaid pharmacies must determine if Medicaid recipients have another source of prescription drug coverage and bill that payor before billing Medicaid. Pharmacies may incur significant costs to coordinate these benefit packages.

For all of these reasons, it is clearly inappropriate to justify a reduction in Medicaid pharmacy reimbursement on the basis of the allegedly lower reimbursement rates paid by private payors.

Reducing Utilization, and Product Drug Costs, is the Appropriate Long-Term Approach

We believe that reducing pharmacy product reimbursement is a short-term solution that fails to address the real reasons for the skyrocketing increases in Medicaid prescription drug costs — increases in prescription drug utilization, increases in the prices of medications, and consumer switching to the more expensive, newer medications. Seventy-eight percent of the cost of any drug is attributable to manufacturer and wholesale costs and, at the end of the day, the neighborhood pharmacists takes home less than two percent of the cost of that drug.

Instead, we would recommend a number of the long-term drug utilization measures currently being launched or expanded in other states, such as the use of step therapy, increased generic substitution, prior authorization by the prescriber using preferred drug lists, 4-brand prescription/per month limits, enhanced retrospective drug utilization review and limiting the poly-prescribing of medications, counter-detailing, expanding coverage of over-the-counter medications, and the stepped up collection of manufacturer rebates.

We stand ready to work with the Department in developing these and other long-term solutions to escalating Medical Assistance pharmacy costs.

Thank you for the opportunity to comment on the DPW proposed regulations.

Sincerely,

Brian A. Rider

Brian Rider
PACDS

Long Term Care Pharmacy Alliance

Original: 2297
October 22, 2002

John R. McGinley, Jr.
Chairman
Independent Regulatory Review Commission
333 Market Street, 14th Floor
Harrisburg, PA 17101

Dear Chairman McGinley:

On Saturday, October 5, 2002, the Department of Public Welfare published regulations that would significantly impact pharmacy reimbursement within the fee-for-service delivery system of the Medical Assistance (MA) Program (55 Pa. Code Chapter 1121). Last week, the House Health and Human Services rejected the regulations, noting that they wanted to "send a message to DPW" that the Committee strongly opposed the regulations.

As the Independent Regulatory Review Commission performs its review of the regulations, the Pennsylvania Chapter of the Long Term Care Pharmacists Association respectfully asks that you and the other Commissioners consider the potential ramifications if these regulations are implemented.

Of all the services provided by the MA program, we do not believe pharmacy services should be singled out without a thorough discussion among all of the stakeholders including the Administration, the legislature, drug manufacturers, wholesalers, physicians, pharmacists, patients and other provider groups.

As you may know, the services provided to MA patients by long-term care pharmacists are unique because we provide many additional services not commonly provided to customers of traditional retail pharmacies. Some of these unique services include:

- **Providing dispensing services 24 hours a day/7 days a week/ 365 days a year.**
- **Delivering quality care that focuses on the resident, and not solely on the drugs in isolation from the resident outcomes.**
- **Providing and maintaining emergency drug kits.**
- **Developing comprehensive resident medication profiles as part of the patient's plan of care and clinical record.**
- **Developing detailed components of care plans with instructions for those administering the dispensed medication.**

Pennsylvania Chapter

- **Developing expanded control and distribution systems to account for the use of medication by the residents.**
- **Delivering medications on a routine and urgent/emergency basis.**
- **Returning and disposing of unused medication.**

Our rough estimate of the fiscal impact of the proposed regulation to all of pharmacy in the MA program is nearly $30 million, with approximately 75 percent of the total impact (or $22 million) being borne by the long-term care pharmacists. Of the $22 million hit on long-term care pharmacists, 90 percent would be incurred by the members of the Pennsylvania Chapter of the Long Term Care Pharmacy Alliance (LTCPA).

These cuts in reimbursement are incredibly disheartening when the long-term care pharmacists have argued for several years that the added services they provide to the frail and elderly population warrant additional reimbursement through the MA program (due in large part to additional state and federal requirements that do NOT impact retail pharmacists). These additional reimbursements that we have been seeking are well documented and were confirmed by the Legislative Budget & Finance Committee's report released in December 2000.

Additionally, a study conducted by the accounting firm of BDO Seidman found that the cost for a long-term care pharmacy to dispense a prescription is $11.37 as compared to $7.05 for a retail chain. These cuts will be extremely harmful for the retail pharmacies but will be even greater for long-term care pharmacies. If the Department moves forward with its proposal to drastically reduce the AWP formula for reimbursement, there absolutely needs to be a more significant increase in the dispensing fee payment so that dispensing costs are more accurately reflected.

As Dan Carto of Omnicare stated recently at the Republican Policy Committee meeting in Somerset, PA: "Rather than issue a proposal to cut reimbursement rates to pharmacies, the Department of Public Welfare and other Pennsylvania policy makers should call on all parties – drug manufacturers, wholesalers, physicians, pharmacists and patients – to come to the table and discuss how we might all work together to manage drug costs without jeopardizing patients' outcomes and access to appropriate pharmaceutical care."

The high quality of care provided by pharmacists cannot be compromised. A reduction in the Department's payment for medications, particularly without a significant increase in the dispensing fee, will make it increasingly more difficult for pharmacists, and long-term care pharmacists in particular, to be able to continue to provide the full range of services they currently offer.

Other state Medicaid programs have instituted revenue enhancement programs rather than cost reduction programs to deal with budget issues. Any such options should be explored before eligibility, rates of payments and services are reduced.

We ask that you and your fellow Commissioners take the necessary action to ensure that these regulations do not move forward. On behalf of the long-term care pharmacists that LTCPA represents, thank you for your attention to this urgent matter.

Sincerely,

John Walker

John Walker, President
Pennsylvania Chapter LTCPA

cc: Robert E. Nyce
Richard M. Sandusky

14-479-21

OCT 2 8 2002

Long Term Care Pharmacy Alliance

REFER TO: Love

#148 Appropriate Action
cc. Dierkers
Robert
Ridge
Urlowski
(File Pharmacy)

Due Date
11/8/02

October 22, 2002

Original: 2297

Department of Public Welfare
Office of Medical Assistance Programs
c/o Deputy Secretary's Office
Attention: Regulations Coordinator
Health and Welfare Building, Room 515
Harrisburg, PA 17120

Dear Department of Public Welfare Officials:

As President of the Pennsylvania Chapter of the Long Term Care Pharmacy Alliance (LTCPA), I am writing to express LTCPA's strong opposition to the proposed pharmacy reimbursement regulations as published by the Department of Public Welfare in the October 5, 2002 edition of the Pennsylvania Bulletin.

As LTCPA noted in its prior correspondence with Deputy Secretary Dierkers, of all the services provided by the MA program, we do not believe pharmacy services should be singled out without a thorough discussion among all of the stakeholders including the Administration, the legislature, drug manufacturers, wholesalers, physicians, pharmacists, patients and other provider groups.

As the Department is well aware, the services provided to MA patients by long-term care pharmacists are unique because we provide many additional services not commonly provided to customers of traditional retail pharmacies. Some of these unique services include:

- **Providing dispensing services 24 hours a day/7 days a week/ 365 days a year.**
- **Delivering quality care that focuses on the resident, and not solely on the drugs in isolation from the resident outcomes.**
- **Providing and maintaining emergency drug kits.**
- **Developing comprehensive resident medication profiles as part of the patient's plan of care and clinical record.**
- **Developing detailed components of care plans with instructions for those administering the dispensed medication.**
- **Developing expanded control and distribution systems to account for the use of medication by the residents.**
- **Delivering medications on a routine and urgent/emergency basis.**
- **Returning and disposing of unused medication.**

Pennsylvania Chapter
240 North Third Street Suite 700 Harrisburg PA 17101
Telephone 717 238 2370 Fax 717 238 2390

Our rough estimate of the fiscal impact of the proposed regulation to all of pharmacy in the MA program is nearly $30 million, with approximately 75 percent of the total impact (or $22 million) being borne by the long-term care pharmacists. Of the $22 million hit on long-term care pharmacists, 90 percent would be incurred by the members of the Pennsylvania Chapter of the Long Term Care Pharmacy Alliance (LTCPA).

These cuts in reimbursement are incredibly disheartening when the long-term care pharmacists have argued for several years that the added services they provide to the frail and elderly population warrant additional reimbursement through the MA program (due in large part to additional state and federal requirements that do NOT impact retail pharmacists). These additional reimbursements that we have been seeking are well documented and were confirmed by the Legislative Budget & Finance Committee's report released in December 2000.

Additionally, a study conducted by the accounting firm of BDO Seidman found that the cost for a long-term care pharmacy to dispense a prescription is $11.37 as compared to $7.05 for a retail chain. These cuts will be extremely harmful for the retail pharmacies but will be even greater for long-term care pharmacies. If the Department moves forward with its proposal to drastically reduce the AWP formula for reimbursement, there absolutely needs to be a more significant increase in the dispensing fee payment so that dispensing costs are more accurately reflected.

As Dan Carto of Omnicare, one of LTCPA's member companies, stated recently at the Republican Policy Committee meeting in Somerset, PA: "Rather than issue a proposal to cut reimbursement rates to pharmacies, the Department of Public Welfare and other Pennsylvania policy makers should call on all parties – drug manufacturers, wholesalers, physicians, pharmacists and patients – to come to the table and discuss how we might all work together to manage drug costs without jeopardizing patients' outcomes and access to appropriate pharmaceutical care."

The high quality of care provided by pharmacists cannot be compromised. A reduction in the Department's payment for medications, particularly without a significant increase in the dispensing fee, will make it increasingly more difficult for pharmacists, and long-term care pharmacists in particular, to be able to continue to provide the full range of services they currently offer.

Other state Medicaid programs have instituted revenue enhancement programs rather than cost reduction programs to deal with budget issues. Any such options should be explored before eligibility, rates of payments and services are reduced.

We ask that the Department of Public Welfare take the necessary action to ensure that these regulations do not move forward. On behalf of the long-term care pharmacists that LTCPA represents, thank you for your attention to this urgent matter.

Sincerely,

John Walker

John Walker, President
Pennsylvania Chapter LTCPA

DIAMOND PHARMACY SERVICES
645 KOLTER DRIVE • COMMERCE PARK • INDIANA, PA 15701-3570
PHONE: 724.349.1111 FAX: 724.349.2945

October 21, 2002

Original: 2297

John McGinley, Chairman
IRRC
333 Market Street, 14th Floor
Harrisburg, PA 17101

Dear John McGinley,

Diamond Pharmacy Services is the largest privately owned pharmacy in Pennsylvania providing medication to personal care homes. We have recently been named to the Inc. magazines fastest growing private companies in the U.S.

I am writing to express my opposition to the new lower pharmacy reimbursement to AWP-15% with a dispensing fee of $4.25. As a long term care pharmacy supplying personal care homes and skilled nursing facilities this lower rate is very disappointing. I was under the impression the legislative Budget and Finance Committee reviewed long-term care pharmacy cost and reimbursement. If this is true, they must realize the extra time and effort put forth to servicing residents in long term care facilities as opposed to a retail setting.

1. Unit dose packaging – at least $.16 per package.
2. Resending changes in medications during the month meaning additional packaging and delivery.
3. Labor involved in maintaining Medication Administration Reports and Physicians Order Sheets, which are printed each month.
4. Labor and cost involved in delivery.
5. Emergency deliveries many times daily.

Wages have increased, particularly pharmacist wages which now average $75,000 per year, gasoline prices have gone up, and most facilities require placing new meds into med carts by our employees.

We take the service required for long term care pharmacy very seriously. If reimbursement lowers we expect a negative impact on care to residents. We have JCAHO regulation to abide by besides keeping homes in compliance with surveyors and inspectors.

Please consider alternative methods of cost reduction such as revenue enhancement programs.

I urge you to heed opinion by pharmacists who have long term care experience.

Yours Truly,

Joan Zilner

Joan Zilner, R.Ph
President Diamond Pharmacy Services

October 21, 2002

John McGinley, Chairman
IRRC
333 Market Street, 14th Floor
Harrisburg, PA 17101

Original: 2297

Dear Sir:

It has come to my attention that the Department of Public Welfare has promulgated regulations that would decrease the current reimbursement rate for pharmaceuticals covered under the fee for service portion of the Medical Assistance program.

Estimates are that 75% of this burden will be borne by long-term care pharmacies who serve the frail elderly population residing in facilities across the state.

These proposed cuts are very concerning to our membership due to the increased services we already provide at no additional cost to the program. As you are aware, residents of long-term care facilities receive several elements of enhanced pharmaceutical care. Namely, routine and after-hours delivery of medications, 24 hour a day/7 day a week pharmacy service availability, comprehensive review of medication regimens, and specialized packaging systems designed to minimize risk of negative outcomes to these at risk residents are but a few of the additional services provided. Justification, in fact, for increased reimbursement was demonstrated by the Legislative and Budget Finance Committee's study released in December 2000. You may be interested in learning that most long-term care pharmacies are actively *saving* the program money by utilization of formularies and preferred drug lists. The impact of these interventions to the program has not been studied to the best of my knowledge. Clearly, any cut in reimbursement would be damaging to our ability to serve these frail residents who require additional services. It would also discourage ongoing initiatives that may already be benefiting the program.

We would ask that options be reviewed before implementing these regulations, and are more than willing to meet for a discussion of how long-term care pharmacies can help the Department meet its goals.

Sincerely,

Brian D. Stwalley Pharm.D. CGP FASCP
Director of the Pennsylvania Chapter, American Society of Consultant Pharmacists

#14-479-18

DIAMOND PHARMACY SERVICES
645 KOLTER DRIVE • COMMERCE PARK • INDIANA, PA 15701-3570
PHONE: 724.349.1111 FAX: 724.349.2945

Original: 2297

2002 OCT 24 A 11:50

October 21, 2002

REFER TO:

Department of Public Welfare
Office of Medical Assistance Programs
Attention: Regulations Coordinator
Health and Welfare building, Room 515
Harrisburg, PA 17120

Dear Regulations Coordinator:

Diamond Pharmacy Services is the largest privately owned pharmacy in Pennsylvania providing medication to personal care homes. We have recently been named to the Inc. magazines fastest growing private companies in the U.S.

I am writing to express my opposition to the new lower pharmacy reimbursement to AWP-15% with a dispensing fee of $4.25. As a long term care pharmacy supplying personal care homes and skilled nursing facilities this lower rate is very disappointing. I was under the impression the legislative Budget and Finance Committee reviewed long-term care pharmacy cost and reimbursement. If this is true, they must realize the extra time and effort put forth to servicing residents in long term care facilities as opposed to a retail setting.

1. Unit dose packaging – at least $.16 per package.
2. Resending changes in medications during the month meaning additional packaging and delivery.
3. Labor involved in maintaining Medication Administration Reports and Physicians Order Sheets, which are printed each month.
4. Labor and cost involved in delivery.
5. Emergency deliveries many times daily.

Wages have increased, particularly pharmacist wages which now average $75,000 per year, gasoline prices have gone up, and most facilities require placing new meds into med carts by our employees.

We take the service required for long term care pharmacy very seriously. If reimbursement lowers we expect a negative impact on care to residents. We have JCAHO regulation to abide by besides keeping homes in compliance with surveyors and inspectors.

Please consider alternative methods of cost reduction such as revenue enhancement programs.

I urge you to heed opinion by pharmacists who have long term care experience.

Yours Truly,

Joan Zilner

Joan Zilner, R.Ph
President Diamond Pharmacy Services

#14-499-15

Original: 2297

October 21, 2002

Department of Public Welfare
Office of Medical Assistance Programs
Attention: Regulations Coordinator
Health and Welfare Building, Room 515
Harrisburg, PA 17120

Dear Sir or Madam:

It has come to my attention that the Department has promulgated regulations that would decrease the current reimbursement rate for pharmaceuticals covered under the fee for service portion of the Medical Assistance program.

Estimates are that 75% of this burden will be borne by long-term care pharmacies who serve the frail elderly population residing in facilities across the state.

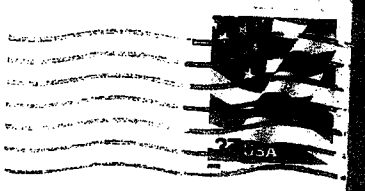
These proposed cuts are very concerning to our membership due to the increased services we already provide at no additional cost to the program. As you are aware, residents of long-term care facilities receive several elements of enhanced pharmaceutical care. Namely, routine and after-hours delivery of medications, 24 hour a day/7 day a week pharmacy service availability, comprehensive review of medication regimens, and specialized packaging systems designed to minimize risk of negative outcomes to these at risk residents are but a few of the additional services provided. Justification, in fact, for increased reimbursement was demonstrated by the Legislative and Budget Finance Committee's study released in December 2000. You may be interested in learning that most long-term care pharmacies are actively *saving* the program money by utilization of formularies and preferred drug lists. The impact of these interventions to the program has not been studied to the best of my knowledge. Clearly, any cut in reimbursement would be damaging to our ability to serve these frail residents who require additional services. It would also discourage ongoing initiatives that may already be benefiting the program.

We would ask that options be reviewed before implementing these regulations, and are more than willing to meet for a discussion of how long-term care pharmacies can help the Department meet its goals.

Sincerely,

Brian D. Stwalley Pharm.D. CGP FASCP
Director of the Pennsylvania Chapter, American Society of Consultant Pharmacists

PA-ASCP
6 N. Alydar Blvd.
Dillsburg, PA 17019



Department of Public Welfare
Office of Medical Assistance Programs
Attention: Regulations Coordinator
Health and Welfare Building, Room 215
Harrisburg, PA 17120

17120/0052

Harvey C. Rappaport
Pharmacist
149 North Dawes Avenue
Kingston, Pennsylvania 18704-5705

#14-479-16

October 20, 2002

Department of Public Welfare
Office of Medical Assistance Programs
c/o Deputy Secretary's Office
Attention: Regulations Coordinator
Room 515, Health and Welfare Building
Harrisburg, PA 17120

DUE DATE 11/5/02 REFER TO: Love
Appropriate Action
cc. Dierkes 147
Robert
File (Pharmacy)

Original: 2297

Dear Sir/Madam:

The proposal to reduce reimbursement payments from AWP-10% to AWP-15% will make it impossible for pharmacists to fill prescriptions for Medicaid recipients. The token increase in the fee from $4.00 per prescription to $4.25 per prescription is just that...a token. Proponents of the change must realize that ANY "minus AWP" plan has a built-in anti inflation factor for pharmacy and with the ever-increasing prices of medication, the Pennsylvania Department of Welfare is asking pharmacists to absorb those increases and more. For example, under the present pricing system, if the AWP of a prescription is $100.00, the Department deducts 10% ($10.00) from the pharmacy; when the manufacturer increases that same prescription cost to $120.00, the pharmacy loses $12.00. Applying the same figures to the proposed AWP - 15% plan will allow the Department to deduct $15.00 from the pharmacy initially and $18.00 following a manufacturer's price increase. The twenty-five cent increase in the dispensing fee does not even approach the loss encountered by the excessive percentage discount planned by the Department of Public Welfare.

Statistics showing prices at which pharmacies purchase drugs are grossly misquoted and are not representative of discounts offered within this Commonwealth. While the Department would like to make a case that pharmacies can purchase at AWP –20%, those statistics were derived from data outside the Commonwealth of Pennsylvania where discounts to pharmacies are higher than those within the Commonwealth. Furthermore, the studies quoted fail to show that ALL drugs bought by ALL pharmacies may be purchased at that rate; the statistics do not separate apothecary pharmacies that do not sell over-the-counter items. It also makes the incorrect assumption that retail pharmacies are able to supplement their losses in the prescription department with volume from the rest of the store. The data that shows this was gathered prior to the proliferation of Internet drugstores where anyone can order discounted items from their own home and the increase of discount-oriented "Club Stores". Finally, even if one were to accept these statistics as valid, why does the Department feel it should be able to determine profitability of private, independent business?

I manage an apothecary in a rural area. I do not purchase a large, varied quantity of prescription drugs or any over-the counter products that would lend to discounted volume purchasing. We do not participate in any prescription program that demands greater that AWP -10%; we simply cannot afford it; AWP -15% is greater than the discount we receive from our wholesaler.

Perhaps the Department should gather statistics from within our own Commonwealth prior to making an unreasonable proposal. Last year Luzerne County lost six (6) independent community pharmacies. Pennsylvania Pharmacy can no longer bear the burden of manufacturer price increases and the irrational justification that it should.

I oppose the implementation of this proposal. It would make continued participation in the program nearly impossible.

Sincerely,

Harvey C Rappaport RPh

PHARMACY PARTNERS, INC.

11 West William Street • Schuylkill Haven, PA 17972
(717) 385-7880 • (888) 580-7880
Fax: (717) 385-7870

October 16, 2002 Original: 2297

Department of Public Welfare
Office of Medical Assistance Programs
Attention: Regulations Coordinator
Health and Welfare Building, Room 515
Harrisburg, PA

Dear Sir or Madam:

DPW's proposed regulations (Regulation 14-479) will negatively affect pharmacy providers across the Commonwealth, especially long-term care pharmacy providers.

Pharmacy Partners, Inc., a long-term care pharmacy company, provides many professional services in addition to the correct interpretation and accurate filling of each resident's prescriptions, including but not limited to:

1. A specialized delivery system that improves quality of care by assisting the nursing staff to accurately and conveniently administer the right drugs in the right doses to the right residents at the right times.

2. Medication carts with compartments that organize each resident's medications.

3. Develop, update, edit and print every month the following medical records for each resident of the facility, a responsibility that necessitates a pharmacist's involvement on a monthly basis.

    a. An accurate and timely physician's order sheet. This document contains time, date, product, strength and any special requirements that the prescription would need, such as: blood pressure monitoring, pulse monitoring, etc.

    b. A corresponding medication administration record. This record must include all of the pharmaceuticals actively being received by the resident. It must be printed so as to separate maintenance medications from "as needed" medications and each product must have corresponding information related to all of the cautions and necessary steps needed to properly provide that medication to the resident.

    c. The treatment card needed to accurately administer topical treatments and therapies to a resident.

4. Long-term care pharmacies prepare and dispense intravenous medication solutions, a service that retail pharmacies typically do not provide.

5. Long-term care pharmacists are uniquely committed to providing products and services 24 hours a day, 365 days a year. Long-term care pharmacies are designed to address emergency as well as regular needs. They have developed special practices with protocols that give them the ability to provide medications to the nursing homes within two hours.

6. Long-term care pharmacy providers must supply each long-term care facility it services with emergency medication kits that are maintained and controlled by the pharmacy.

7. A Pharmacy Policy and Procedures Manual, which establishes the pharmacy-nursing procedures necessary for the proper storage and distribution of medications in the nursing home setting, must be provided; the current nursing staff must be inserviced on these procedures and, in addition, new medication nurses must be trained in this area as part of their orientation.

8. Inservices must be presented by the pharmacist to the nursing staff on the most commonly used pharmaceuticals in the facility.

9. Long-term care pharmacies optimize drug therapies through the services of consultant pharmacists, who leave the pharmacy and go directly to facilities to help physicians and nurses improve therapeutic outcomes and reduce medication-related problems for their residents. Consultant pharmacists review the medication regimen of each resident at least monthly, utilizing federally mandated standards of care in addition to other applicable standards, and documenting the review and findings in the resident's medical record.

10. Long-term care pharmacies must help to ensure that the facility has medication error rates of less than five percent (5) percent and that residents are free of any significant medication errors.

In light of the additional services provided by long-term care pharmacy, Pharmacy Partners, Inc. recommends exploring the revenue enhancement programs utilized by other state Medicaid programs.

The implementation of the cost reduction programs proposed by DPW will force pharmacy to reduce staffing, which will subsequently reduce the quality of care that our elderly not only deserve but require.

Long-term care providers rely on adequate Medicaid payments to sustain the specialized services they provide. More than half of all prescriptions dispensed by long-term care pharmacies are for Medical Assistance residents, resulting in higher receivables, greater working capital requirements and a higher percentage of bad debts than generally experienced in the retail setting. Furthermore, long-term care pharmacies don't have retail storefronts or other operations that would help them offset a drastic reimbursement rate cut.

Pharmacy Partners, Inc. opposes the proposed regulations and will welcome the opportunity to meet with the Department and other interested parties to develop more appropriate options for dealing with this issue.

Sincerely,

Margo Warnick RPh

cc: John McGinley Chairman
Independent Regulatory Review Commission
333 Market Street, 14th Floor
Harrisburg, PA 17101

PHARMACY PARTNERS, INC.

11 West William Street • Schuylkill Haven, PA 17972
(570) 385-7880 • (888) 580-7880
Fax: (570) 385-7870

October 16, 2002

Original: 2297

Department of Public Welfare
Office of Medical Assistance Programs
Attention: Regulations Coordinator
Health and Welfare Building, Room 515
Harrisburg, PA

Dear Sir or Madam:

DPW's proposed regulations (Regulation 14-479) will negatively affect pharmacy providers across the Commonwealth, especially long-term care pharmacy providers.

Pharmacy Partners, Inc., a long-term care pharmacy company, provides many professional services in addition to the correct interpretation and accurate filling of each resident's prescriptions, including but not limited to:

1. A specialized delivery system that improves quality of care by assisting the nursing staff to accurately and conveniently administer the right drugs in the right doses to the right residents at the right times.

2. Medication carts with compartments that organize each resident's medications.

3. Develop, update, edit and print every month the following medical records for each resident of the facility, a responsibility that necessitates a pharmacist's involvement on a monthly basis.

    a. An accurate and timely physician's order sheet. This document contains time, date, product, strength and any special requirements that the prescription would need, such as: blood pressure monitoring, pulse monitoring, etc.

    b. A corresponding medication administration record. This record must include all of the pharmaceuticals actively being received by the resident. It must be printed so as to separate maintenance medications from "as needed" medications and each product must have corresponding information related to all of the cautions and necessary steps needed to properly provide that medication to the resident.

    c. The treatment card needed to accurately administer topical treatments and therapies to a resident.

4. Long-term care pharmacies prepare and dispense intravenous medication solutions, a service that retail pharmacies typically do not provide.

5. Long-term care pharmacists are uniquely committed to providing products and services 24 hours a day, 365 days a year. Long-term care pharmacies are designed to address emergency as well as regular needs. They have developed special practices with protocols that give them the ability to provide medications to the nursing homes within two hours.

6. Long-term care pharmacy providers must supply each long-term care facility it services with emergency medication kits that are maintained and controlled by the pharmacy.

7. A Pharmacy Policy and Procedures Manual, which establishes the pharmacy-nursing procedures necessary for the proper storage and distribution of medications in the nursing home setting, must be provided; the current nursing staff must be inserviced on these procedures and, in addition, new medication nurses must be trained in this area as part of their orientation.

8. Inservices must be presented by the pharmacist to the nursing staff on the most commonly used pharmaceuticals in the facility.

9. Long-term care pharmacies optimize drug therapies through the services of consultant pharmacists, who leave the pharmacy and go directly to facilities to help physicians and nurses improve therapeutic outcomes and reduce medication-related problems for their residents. Consultant pharmacists review the medication regimen of each resident at least monthly, utilizing federally mandated standards of care in addition to other applicable standards, and documenting the review and findings in the resident's medical record.

10. Long-term care pharmacies must help to ensure that the facility has medication error rates of less than five percent (5) percent and that residents are free of any significant medication errors.

In light of the additional services provided by long-term care pharmacy, Pharmacy Partners, Inc. recommends exploring the revenue enhancement programs utilized by other state Medicaid programs.

The implementation of the cost reduction programs proposed by DPW will force pharmacy to reduce staffing, which will subsequently reduce the quality of care that our elderly not only deserve but require.

Long-term care providers rely on adequate Medicaid payments to sustain the specialized services they provide. More than half of all prescriptions dispensed by long-term care pharmacies are for Medical Assistance residents, resulting in higher receivables, greater working capital requirements and a higher percentage of bad debts than generally experienced in the retail setting. Furthermore, long-term care pharmacies don't have retail storefronts or other operations that would help them offset a drastic reimbursement rate cut.

Pharmacy Partners, Inc. opposes the proposed regulations and will welcome the opportunity to meet with the Department and other interested parties to develop more appropriate options for dealing with this issue.

Sincerely,

Gloria T. Felty
Executive Vice President

cc: John McGinley Chairman
Independent Regulatory Review Commission
333 Market Street, 14th Floor
Harrisburg, PA 17101

Duplicate- Fexed letter

#14-479-7

PHARMACY PARTNERS, INC.

11 West William Street • Schuylkill Haven, PA 17972
(570) 385-7880 • (888) 580-7880
Fax: (570) 385-7870

Original: 2297

October 16, 2002

Department of Public Welfare
Office of Medical Assistance Programs
Attention: Regulations Coordinator
Health and Welfare Building, Room 515
Harrisburg, PA

Dear Sir or Madam:

On Saturday, October 5, 2002, DPW published regulations that would lower pharmacy reimbursement to AWP – 15% with a dispensing fee of $4.25. This reduction in reimbursement will have a very negative impact on pharmacy in general and long-term care providers in particular.

Cutting reimbursement to long-term care pharmacies for drugs is not the answer in controlling prescription drug spending. The professional services that long-term care pharmacies provide to the frail elderly ensure that their health care is both of high quality and cost effective and health plans should reimburse pharmacies for these valuable services.

There are a variety of tools at DPW's disposal for controlling prescription drug spending and employing those tools makes much more sense than cutting reimbursement rates to pharmacies that neither set drug prices nor write drug prescriptions.

We oppose the implementation of the proposed regulations but would welcome the opportunity to meet with you and others to assist in the development of more appropriate options for dealing with this issue.

Sincerely,

W. Palembas

William C. Palembas, R.Ph.
Staff Pharmacist

cc: John McGinley Chairman
Independent Regulatory Review Commission
333 Market Street, 14th Floor
Harrisburg, PA 17101

IRRC #2297
Title: Pharmaceutical Services

(Form C)		
NAME	ADDRESS	DATE of CORRESPONDENCE
Nicoletta F. Feeney, R.Ph.	11 West William Street, Schuylkill Haven, PA 17972	10/16/02
Kristen K. Chowansky, Pharm D.	11 West William Street, Schuylkill Haven, PA 17972	10/16/02
Sally Weisacosky	11 West William Street, Schuylkill Haven, PA 17972	10/16/02

PHARMACY PARTNERS, INC.

11 West William Street • Schuylkill Haven, PA 17972
(570) 385-7880 • (888) 580-7880
Fax: (570) 385-7870

October 16, 2002

Original: 2297 Form C

Department of Public Welfare
Office of Medical Assistance Programs
Attention: Regulations Coordinator
Health and Welfare Building, Room 515
Harrisburg, PA

Dear Sir or Madam:

This letter is to inform you that we are opposed to DPW's proposed regulations that would lower pharmacy reimbursement to AWP-15% plus a $4.25 dispensing fee.

Long-term care pharmacies do not control the prices of drugs set by the manufacturers or wholesalers and they do not have much control over the prescriptions written by physicians. Long-term care pharmacy does control the safe, efficient and responsible delivery of high-quality care to the frail elderly and the facilities that serve them. A reduction in pharmacy reimbursement will necessitate the reduction of staff, therefore, a reduction in efficiencies and the reduction in the over-all quality of care to the elderly, which could be detrimental to their well being.

Rather than implementing cost reduction programs it is recommended that revenue enhancement programs be explored.

Sincerely,

Nicoletta F. Feeney R.Ph.

Nicoletta F. Feeney, R.Ph.
Staff Pharmacist

cc: John McGinley Chairman
Independent Regulatory Review Commission
333 Market Street, 14th Floor
Harrisburg, PA 17101

IRRC #2297
Title: Pharmaceutical Services

(Form B)		
NAME	ADDRESS	DATE of CORRESPONDENCE
Colleen M. Brennan, R.Ph.	11 West William Street, Schuylkill Haven, PA 17972	10/16/02
Nicole Peyakovich Lesher	11 West William Street, Schuylkill Haven, PA 17972	10/16/02
William C. Palembas, R.Ph.	11 West William Street, Schuylkill Haven, PA 17972	10/16/02
Debra L. Lipinski, R.Ph.	11 West William Street, Schuylkill Haven, PA 17972	10/16/02

PHARMACY PARTNERS, INC.

11 West William Street • Schuylkill Haven, PA 17972
(570) 385-7880 • (888) 580-7880
Fax: (570) 385-7870

October 16, 2002

Original: 2297 Form B

Department of Public Welfare
Office of Medical Assistance Programs
Attention: Regulations Coordinator
Health and Welfare Building, Room 515
Harrisburg, PA

Dear Sir or Madam:

On Saturday, October 5, 2002, DPW published regulations that would lower pharmacy reimbursement to AWP – 15% with a dispensing fee of $4.25. This reduction in reimbursement will have a very negative impact on pharmacy in general and long-term care providers in particular.

Cutting reimbursement to long-term care pharmacies for drugs is not the answer in controlling prescription drug spending. The professional services that long-term care pharmacies provide to the frail elderly ensure that their health care is both of high quality and cost effective and health plans should reimburse pharmacies for these valuable services.

There are a variety of tools at DPW's disposal for controlling prescription drug spending and employing those tools makes much more sense than cutting reimbursement rates to pharmacies that neither set drug prices nor write drug prescriptions.

We oppose the implementation of the proposed regulations but would welcome the opportunity to meet with you and others to assist in the development of more appropriate options for dealing with this issue.

Sincerely,

Colleen M Brennan RPh

Colleen M. Brennan, R.Ph.
Staff Pharmacist

cc: John McGinley Chairman
Independent Regulatory Review Commission
333 Market Street, 14th Floor
Harrisburg, PA 17101

IRRC #2297
Title: Pharmaceutical Services

(Form A)		
NAME	ADDRESS	DATE of CORRESPONDENCE
Gloria T. Felty	120 Summer Hill Rd., Auburn, PA 17922	10/16/02
Lisa M. Gerber	11 West William Street, Schuylkill Haven, PA 17972	10/16/02
Christopher B. Commings, R.Ph.	11 West William Street, Schuylkill Haven, PA 17972	10/16/02
Russell E. Dinger	521 Parkmeadow Drive, Pottsville, PA 17901	10/16/02

October 16, 2002

Original: 2297 Form A

Department of Public Welfare
Office of Medical Assistance Programs
Attention: Regulations Coordinator
Health and Welfare Building, Room 515
Harrisburg, PA

Dear Sir or Madam:

This letter is in response to DPW's proposed regulations that would lower pharmacy reimbursement to AWP-15% plus a $4.25 dispensing fee.

Long-term care pharmacies provide a standard of service and care that goes well beyond that found in retail pharmacies whose customers can walk in the front door and manage their own medication regimens. Prescriptions dispensed by long-term care pharmacies go to residents who are older, sicker and have more complex drug regimens than the general population. As healthcare costs exploded, long-term care pharmacies have been at the forefront in developing new healthcare quality initiatives and operational policies to ensure that the needs of the frail elderly are met responsibly, efficiently and ethically.

Given the specialized and critical services they provide, long-term care pharmacies incur greater operating costs than pharmacies that offer more traditional prescription services. The reduction in reimbursement to these pharmacies will force them to reduce staffing and by so doing, reduce essential services to our elderly and frail population.

We oppose the proposed regulations and highly recommend that other options be considered to deal with this issue.

Sincerely,

Russell E. Dinger

Russell E. Dinger
521 Parkmeadow Drive
Pottsville, PA 17901

cc: John McGinley Chairman
Independent Regulatory Review Commission
333 Market Street, 14th Floor
Harrisburg, PA 17101

PHARMACY PARTNERS, INC.

11 West William Street • Schuylkill Haven, PA 17972
(570) 385-7880 • (888) 580-7880
Fax: (570) 385-7870

Original: 2297 Form A

October 16, 2002

Department of Public Welfare
Office of Medical Assistance Programs
Attention: Regulations Coordinator
Health and Welfare Building, Room 515
Harrisburg, PA 17120

Dear Sir or Madam:

This letter is in response to DPW's proposed regulations that would lower pharmacy reimbursement to AWP-15% plus a $4.25 dispensing fee.

Long-term care pharmacies provide a standard of service and care that goes well beyond that found in retail pharmacies whose customers can walk in the front door and manage their own medication regimens. Prescriptions dispensed by long-term care pharmacies go to residents who are older, sicker and have more complex drug regimens than the general population. As healthcare costs exploded, long-term care pharmacies have been at the forefront in developing new healthcare quality initiatives and operational policies to ensure that the needs of the frail elderly are met responsibly, efficiently and ethically.

Given the specialized and critical services they provide, long-term care pharmacies incur greater operating costs than pharmacies that offer more traditional prescription services. The reduction in reimbursement to these pharmacies will force them to reduce staffing and by so doing, reduce essential services to our elderly and frail population.

We oppose the proposed regulations and highly recommend that other options be considered to deal with this issue.

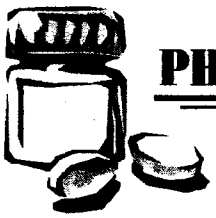
Sincerely,

Christopher Commings RPh

Christopher B. Commings, R.Ph.
Staff Pharmacist

cc: John McGinley Chairman
Independent Regulatory Review Commission
333 Market Street, 14th Floor
Harrisburg, PA 17101

#14-479-12 RDS 1567
Due Date 11/4/02



PHARMACY PARTNERS, INC.

11 West William Street • Schuylkill Haven, PA 17972
(570) 385-7880 • (888) 580-7880
Fax: (570) 385-7870

02 OCT 21 A 10:09

REVIEW TO: Love
cc. Dinkens
Kane
Eckley
Robert
Orlowski

Original: 2297

OCT 22 2002

October 16, 2002

Department of Public Welfare
Office of Medical Assistance Programs
Attention: Regulations Coordinator
Health and Welfare Building, Room 515
Harrisburg, PA

Dear Sir or Madam:

This letter is to inform you that we are opposed to DPW's proposed regulations that would lower pharmacy reimbursement to AWP-15% plus a $4.25 dispensing fee.

Long-term care pharmacies do not control the prices of drugs set by the manufacturers or wholesalers and they do not have much control over the prescriptions written by physicians. Long-term care pharmacy does control the safe, efficient and responsible delivery of high-quality care to the frail elderly and the facilities that serve them. A reduction in pharmacy reimbursement will necessitate the reduction of staff, therefore, a reduction in efficiencies and the reduction in the over-all quality of care to the elderly, which could be detrimental to their well being.

Rather than implementing cost reduction programs it is recommended that revenue enhancement programs be explored.

Sincerely,

Sally Weisacosky

Sally Weisacosky
Human Resources Coordinator

cc: John McGinley Chairman
Independent Regulatory Review Commission
333 Market Street, 14th Floor
Harrisburg, PA 17101

#14-479-10

PHARMACY PARTNERS, INC.

11 West William Street • Schuylkill Haven, PA 17972
(570) 385-7880 • (888) 580-7880
Fax: (570) 385-7870

Original: 2297

October 16, 2002

OCT 28 2002

Department of Public Welfare
Office of Medical Assistance Programs
Attention: Regulations Coordinator
Health and Welfare Building, Room 515
Harrisburg, PA

Dear Sir or Madam:

On Saturday, October 5, 2002, DPW published regulations that would lower pharmacy reimbursement to AWP – 15% with a dispensing fee of $4.25. This reduction in reimbursement will have a very negative impact on pharmacy in general and long-term care providers in particular.

Cutting reimbursement to long-term care pharmacies for drugs is not the answer in controlling prescription drug spending. The professional services that long-term care pharmacies provide to the frail elderly ensure that their health care is both of high quality and cost effective and health plans should reimburse pharmacies for these valuable services.

There are a variety of tools at DPW's disposal for controlling prescription drug spending and employing those tools makes much more sense than cutting reimbursement rates to pharmacies that neither set drug prices nor write drug prescriptions.

We oppose the implementation of the proposed regulations but would welcome the opportunity to meet with you and others to assist in the development of more appropriate options for dealing with this issue.

Sincerely,

Debra L. Lipinski, R.Ph.
Pharmacist Manager

cc: John McGinley Chairman
Independent Regulatory Review Commission
333 Market Street, 14th Floor
Harrisburg, PA 17101

#14-479-8

PHARMACY PARTNERS, INC.

11 West William Street • Schuylkill Haven, PA 17972
(570) 385-7880 • (888) 580-7880
Fax: (570) 385-7870

2002 OCT 21 A 10:07

REFER TO:

Original: 2297

October 16, 2002

OCT 22 2002

INDEPENDENT REGULATORY REVIEW COMMISSION

Department of Public Welfare
Office of Medical Assistance Programs
Attention: Regulations Coordinator
Health and Welfare Building, Room 515
Harrisburg, PA

Dear Sir or Madam:

On Saturday, October 5, 2002, DPW published regulations that would lower pharmacy reimbursement to AWP – 15% with a dispensing fee of $4.25. This reduction in reimbursement will have a very negative impact on pharmacy in general and long-term care providers in particular.

Cutting reimbursement to long-term care pharmacies for drugs is not the answer in controlling prescription drug spending. The professional services that long-term care pharmacies provide to the frail elderly ensure that their health care is both of high quality and cost effective and health plans should reimburse pharmacies for these valuable services.

There are a variety of tools at DPW's disposal for controlling prescription drug spending and employing those tools makes much more sense than cutting reimbursement rates to pharmacies that neither set drug prices nor write drug prescriptions.

We oppose the implementation of the proposed regulations but would welcome the opportunity to meet with you and others to assist in the development of more appropriate options for dealing with this issue.

Sincerely,

Nicole Peyakovich Lesher

Nicole Peyakovich Lesher
Vice President, Business Development

cc: John McGinley Chairman
Independent Regulatory Review Commission
333 Market Street, 14th Floor
Harrisburg, PA 17101

#14-479-6

OCT 2 2 200

Original: 2297

October 16, 2002

Department of Public Welfare
Office of Medical Assistance Programs
Attention: Regulations Coordinator
Health and Welfare Building, Room 515
Harrisburg, PA

Dear Sir or Madam:

This letter is in response to DPW's proposed regulations that would lower pharmacy reimbursement to AWP-15% plus a $4.25 dispensing fee.

Long-term care pharmacies provide a standard of service and care that goes well beyond that found in retail pharmacies whose customers can walk in the front door and manage their own medication regimens. Prescriptions dispensed by long-term care pharmacies go to residents who are older, sicker and have more complex drug regimens than the general population. As healthcare costs exploded, long-term care pharmacies have been at the forefront in developing new healthcare quality initiatives and operational policies to ensure that the needs of the frail elderly are met responsibly, efficiently and ethically.

Given the specialized and critical services they provide, long-term care pharmacies incur greater operating costs than pharmacies that offer more traditional prescription services. The reduction in reimbursement to these pharmacies will force them to reduce staffing and by so doing, reduce essential services to our elderly and frail population.

We oppose the proposed regulations and highly recommend that other options be considered to deal with this issue.

Sincerely,

Gloria T. Felty

Gloria T. Felty
1120 Summer Hill Road
Auburn, PA 17922

cc: John McGinley Chairman
Independent Regulatory Review Commission
333 Market Street, 14th Floor
Harrisburg, PA 17101

#14-479-11

PHARMACY PARTNERS, INC.

11 West William Street • Schuylkill Haven, PA 17972
(570) 385-7880 • (888) 580-7880
Fax: (570) 385-7870

Original: 2297

October 16, 2002

OCT 22 2002

Department of Public Welfare
Office of Medical Assistance Programs
Attention: Regulations Coordinator
Health and Welfare Building, Room 515
Harrisburg, PA

Dear Sir or Madam:

This letter is in response to DPW's proposed regulations that would lower pharmacy reimbursement to AWP-15% plus a $4.25 dispensing fee.

Long-term care pharmacies provide a standard of service and care that goes well beyond that found in retail pharmacies whose customers can walk in the front door and manage their own medication regimens. Prescriptions dispensed by long-term care pharmacies go to residents who are older, sicker and have more complex drug regimens than the general population. As healthcare costs exploded, long-term care pharmacies have been at the forefront in developing new healthcare quality initiatives and operational policies to ensure that the needs of the frail elderly are met responsibly, efficiently and ethically.

Given the specialized and critical services they provide, long-term care pharmacies incur greater operating costs than pharmacies that offer more traditional prescription services. The reduction in reimbursement to these pharmacies will force them to reduce staffing and by so doing, reduce essential services to our elderly and frail population.

We oppose the proposed regulations and highly recommend that other options be considered to deal with this issue.

Sincerely,

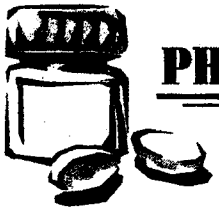
Lisa M. Gerber RPh

Lisa M. Gerber
Assistant Pharmacist Manager

cc: John McGinley Chairman
Independent Regulatory Review Commission
333 Market Street, 14th Floor
Harrisburg, PA 17101

REVIEW COMMISSION

These two letters are from the same person #14-479-5



PHARMACY PARTNERS, INC.

11 West William Street • Schuylkill Haven, PA 17972
(570) 385-7880 • (888) 580-7880
Fax: (570) 385-7870

October 16, 2002

Original: 2297

Department of Public Welfare
Office of Medical Assistance Programs
Attention: Regulations Coordinator
Health and Welfare Building, Room 515
Harrisburg, PA

Dear Sir or Madam:

DPW's proposed regulations (Regulation 14-479) will negatively affect pharmacy providers across the Commonwealth, especially long-term care pharmacy providers.

Pharmacy Partners, Inc., a long-term care pharmacy company, provides many professional services in addition to the correct interpretation and accurate filling of each resident's prescriptions, including but not limited to:

1. A specialized delivery system that improves quality of care by assisting the nursing staff to accurately and conveniently administer the right drugs in the right doses to the right residents at the right times.

2. Medication carts with compartments that organize each resident's medications.

3. Develop, update, edit and print every month the following medical records for each resident of the facility, a responsibility that necessitates a pharmacist's involvement on a monthly basis.

    a. An accurate and timely physician's order sheet. This document contains time, date, product, strength and any special requirements that the prescription would need, such as: blood pressure monitoring, pulse monitoring, etc.

    b. A corresponding medication administration record. This record must include all of the pharmaceuticals actively being received by the resident. It must be printed so as to separate maintenance medications from "as needed" medications and each product must have corresponding information related to all of the cautions and necessary steps needed to properly provide that medication to the resident.

    c. The treatment card needed to accurately administer topical treatments and therapies to a resident.

4. Long-term care pharmacies prepare and dispense intravenous medication solutions, a service that retail pharmacies typically do not provide.

5. Long-term care pharmacists are uniquely committed to providing products and services 24 hours a day, 365 days a year. Long-term care pharmacies are designed to address emergency as well as regular needs. They have developed special practices with protocols that give them the ability to provide medications to the nursing homes within two hours.

6. Long-term care pharmacy providers must supply each long-term care facility it services with emergency medication kits that are maintained and controlled by the pharmacy.

7. A Pharmacy Policy and Procedures Manual, which establishes the pharmacy-nursing procedures necessary for the proper storage and distribution of medications in the nursing home setting, must be provided; the current nursing staff must be inserviced on these procedures and, in addition, new medication nurses must be trained in this area as part of their orientation.

8. Inservices must be presented by the pharmacist to the nursing staff on the most commonly used pharmaceuticals in the facility.

9. Long-term care pharmacies optimize drug therapies through the services of consultant pharmacists, who leave the pharmacy and go directly to facilities to help physicians and nurses improve therapeutic outcomes and reduce medication-related problems for their residents. Consultant pharmacists review the medication regimen of each resident at least monthly, utilizing federally mandated standards of care in addition to other applicable standards, and documenting the review and findings in the resident's medical record.

10. Long-term care pharmacies must help to ensure that the facility has medication error rates of less than five percent (5) percent and that residents are free of any significant medication errors.

In light of the additional services provided by long-term care pharmacy, Pharmacy Partners, Inc. recommends exploring the revenue enhancement programs utilized by other state Medicaid programs.

The implementation of the cost reduction programs proposed by DPW will force pharmacy to reduce staffing, which will subsequently reduce the quality of care that our elderly not only deserve but require.

Long-term care providers rely on adequate Medicaid payments to sustain the specialized services they provide. More than half of all prescriptions dispensed by long-term care pharmacies are for Medical Assistance residents, resulting in higher receivables, greater working capital requirements and a higher percentage of bad debts than generally experienced in the retail setting. Furthermore, long-term care pharmacies don't have retail storefronts or other operations that would help them offset a drastic reimbursement rate cut.

Pharmacy Partners, Inc. opposes the proposed regulations and will welcome the opportunity to meet with the Department and other interested parties to develop more appropriate options for dealing with this issue.

Sincerely,

Gloria T. Felty
Executive Vice President

cc: John McGinley Chairman
Independent Regulatory Review Commission
333 Market Street, 14th Floor
Harrisburg, PA 17101

14-479-13

PHARMACY PARTNERS, INC.

11 West William Street • Schuylkill Haven, PA 17972
(570) 385-7880 • (888) 580-7880
Fax: (570) 385-7870

Original: 2297

October 16, 2002

Department of Public Welfare
Office of Medical Assistance Programs
Attention: Regulations Coordinator
Health and Welfare Building, Room 515
Harrisburg, PA

Dear Sir or Madam:

This letter is to inform you that we are opposed to DPW's proposed regulations that would lower pharmacy reimbursement to AWP-15% plus a $4.25 dispensing fee.

Long-term care pharmacies do not control the prices of drugs set by the manufacturers or wholesalers and they do not have much control over the prescriptions written by physicians. Long-term care pharmacy does control the safe, efficient and responsible delivery of high-quality care to the frail elderly and the facilities that serve them. A reduction in pharmacy reimbursement will necessitate the reduction of staff, therefore, a reduction in efficiencies and the reduction in the over-all quality of care to the elderly, which could be detrimental to their well being.

Rather than implementing cost reduction programs it is recommended that revenue enhancement programs be explored.

Sincerely,

Nicoletta F. Feeney R.Ph.

Nicoletta F. Feeney, R.Ph.
Staff Pharmacist

cc: John McGinley Chairman
Independent Regulatory Review Commission
333 Market Street, 14th Floor
Harrisburg, PA 17101

Duplicate Form Letter
#14-479-17

Original: 2297

2002 OCT 24 A 11:52

REVIEW

October 16, 2002

Department of Public Welfare
Office of Medical Assistance Programs
Attention: Regulations Coordinator
Health and Welfare Building, Room 515
Harrisburg, PA

Dear Sir or Madam:

This letter is in response to DPW's proposed regulations that would lower pharmacy reimbursement to AWP-15% plus a $4.25 dispensing fee.

Long-term care pharmacies provide a standard of service and care that goes well beyond that found in retail pharmacies whose customers can walk in the front door and manage their own medication regimens. Prescriptions dispensed by long-term care pharmacies go to residents who are older, sicker and have more complex drug regimens than the general population. As healthcare costs exploded, long-term care pharmacies have been at the forefront in developing new healthcare quality initiatives and operational policies to ensure that the needs of the frail elderly are met responsibly, efficiently and ethically.

Given the specialized and critical services they provide, long-term care pharmacies incur greater operating costs than pharmacies that offer more traditional prescription services. The reduction in reimbursement to these pharmacies will force them to reduce staffing and by so doing, reduce essential services to our elderly and frail population.

We oppose the proposed regulations and highly recommend that other options be considered to deal with this issue.

Sincerely,

Russell E. Dinger

Russell E. Dinger
521 Parkmeadow Drive
Pottsville, PA 17901

cc: John McGinley Chairman
Independent Regulatory Review Commission
333 Market Street, 14th Floor
Harrisburg, PA 17101

#14-479-29

PHARMACY PARTNERS, INC.

11 West William Street • Schuylkill Haven, PA 17972
(570) 385-7880 • (888) 580-7880
Fax: (570) 385-7870

02 OCT 24 A 11:51

REFER TO:

October 16, 2002

Original: 2297

Department of Public Welfare
Office of Medical Assistance Programs
Attention: Regulations Coordinator
Health and Welfare Building, Room 515
Harrisburg, PA 17120

Dear Sir or Madam:

This letter is in response to DPW's proposed regulations that would lower pharmacy reimbursement to AWP-15% plus a $4.25 dispensing fee.

Long-term care pharmacies provide a standard of service and care that goes well beyond that found in retail pharmacies whose customers can walk in the front door and manage their own medication regimens. Prescriptions dispensed by long-term care pharmacies go to residents who are older, sicker and have more complex drug regimens than the general population. As healthcare costs exploded, long-term care pharmacies have been at the forefront in developing new healthcare quality initiatives and operational policies to ensure that the needs of the frail elderly are met responsibly, efficiently and ethically.

Given the specialized and critical services they provide, long-term care pharmacies incur greater operating costs than pharmacies that offer more traditional prescription services. The reduction in reimbursement to these pharmacies will force them to reduce staffing and by so doing, reduce essential services to our elderly and frail population.

We oppose the proposed regulations and highly recommend that other options be considered to deal with this issue.

Sincerely,

Christopher Commings RPh

Christopher B. Commings, R.Ph.
Staff Pharmacist

cc: John McGinley Chairman
Independent Regulatory Review Commission
333 Market Street, 14th Floor
Harrisburg, PA 17101

14-479-14

PHARMACY PARTNERS, INC.

11 West William Street • Schuylkill Haven, PA 17972
(570) 385-7880 • (888) 580-7880
Fax: (570) 385-7870

2002 OCT 21 A 10:05

Original: 2297

October 16, 2002

Department of Public Welfare
Office of Medical Assistance Programs
Attention: Regulations Coordinator
Health and Welfare Building, Room 515
Harrisburg, PA

Dear Sir or Madam:

This letter is to inform you that we are opposed to DPW's proposed regulations that would lower pharmacy reimbursement to AWP-15% plus a $4.25 dispensing fee.

Long-term care pharmacies do not control the prices of drugs set by the manufacturers or wholesalers and they do not have much control over the prescriptions written by physicians. Long-term care pharmacy does control the safe, efficient and responsible delivery of high-quality care to the frail elderly and the facilities that serve them. A reduction in pharmacy reimbursement will necessitate the reduction of staff, therefore, a reduction in efficiencies and the reduction in the over-all quality of care to the elderly, which could be detrimental to their well being.

Rather than implementing cost reduction programs it is recommended that revenue enhancement programs be explored.

Sincerely,

Kristen K. Chowansky Pharm D

Kristen K. Chowansky, Pharm D.
Staff Pharmacist

cc: John McGinley Chairman
Independent Regulatory Review Commission
333 Market Street, 14th Floor
Harrisburg, PA 17101

Duplicate- Form letter

14-479-9

PHARMACY PARTNERS, INC.

11 West William Street • Schuylkill Haven, PA 17972
(570) 385-7880 • (888) 580-7880
Fax: (570) 385-7870

REFER TO:

Original: 2297

October 16, 2002

Department of Public Welfare
Office of Medical Assistance Programs
Attention: Regulations Coordinator
Health and Welfare Building, Room 515
Harrisburg, PA

Dear Sir or Madam:

On Saturday, October 5, 2002, DPW published regulations that would lower pharmacy reimbursement to AWP – 15% with a dispensing fee of $4.25. This reduction in reimbursement will have a very negative impact on pharmacy in general and long-term care providers in particular.

Cutting reimbursement to long-term care pharmacies for drugs is not the answer in controlling prescription drug spending. The professional services that long-term care pharmacies provide to the frail elderly ensure that their health care is both of high quality and cost effective and health plans should reimburse pharmacies for these valuable services.

There are a variety of tools at DPW's disposal for controlling prescription drug spending and employing those tools makes much more sense than cutting reimbursement rates to pharmacies that neither set drug prices nor write drug prescriptions.

We oppose the implementation of the proposed regulations but would welcome the opportunity to meet with you and others to assist in the development of more appropriate options for dealing with this issue.

Sincerely,

Colleen M Brennan RPh

Colleen M. Brennan, R.Ph.
Staff Pharmacist

cc: John McGinley Chairman
Independent Regulatory Review Commission
333 Market Street, 14th Floor
Harrisburg, PA 17101

#14-479-19

Genesis Health Ventures℠

RECEIVED

OCT 25 2002

Audit Advisory Committee

101 East State Street
Kennett Square, PA 19348
Tel 610 444 6350
Fax 610 925 4000

Pennsylvania Department of Public Welfare
Office of Medical Assistance Programs
Attention: Regulations Coordinator
Health and Welfare Building, Room 515
Harrisburg, PA 17120

October 16, 2002 Original: 2297

Re: Comments on Proposed Rule 32 Pa.B 4864. Pharmaceutical Services

Genesis Health Ventures, and its NeighborCare subsidiary, are providers of long-term care services in the Commonwealth of Pennsylvania. Our comments are directed at the proposed rule to reduce Medicaid pharmacy reimbursement from the current rate of average wholesale price (AWP) less 10% to AWP less 15%.

NeighborCare provides pharmacy services to residents of skilled nursing facilities in the Commonwealth. Approximately 60% of these residents are Medical Assistance beneficiaries, a much higher percentage than is served by the more traditional retail pharmacy.

This proposed rule would inflict a serious hardship on NeighborCare and other providers of institutional pharmacy services in Pennsylvania. Our objections to this proposed reimbursement reduction are based on the following:

- Long-term care pharmacy provides a more resource intensive level of service than does traditional retail pharmacy. All medicines ordered by physicians for residents of skilled facilities must be packaged in systems that minimize drug errors and facilitate their administration by nursing personnel.

- Long-term care pharmacy providers deliver medications to nursing facilities. This is a cost unique to this pharmacy sector that is not shared by retail pharmacy. Often these deliveries are made several times per day in order to accommodate the immediate needs of residents.

- According to a survey of long-term care pharmacy financial data by BDO Seidman, the cost to dispense a prescription in a long-term care pharmacy is $11.37. This is approximately 50% higher than the cost to fill a retail prescription, as reported by the National Association of Chain Drug Stores, at $7.05.

- Long-term care pharmacies are already among the most cost-effective providers in the Medicaid program. We estimate that the average per prescription claim for long-

term care is approximately 20% lower than the average retail claim. We manage to keep claim costs low by aggressive therapeutic interchange programs and careful drug regimen reviews by skilled consultant pharmacists working collaboratively with physicians.

- Long-term care pharmacies typically have a higher utilization of generic drugs than does retail. Because of the federal upper limits (FUL), a higher percentage of our claims are subject to the FUL than other channels of pharmacy distribution.

Long-term care pharmacies are among the most efficient providers of services in the Medicaid program. We have continued to innovate in spite of continuing reimbursement pressures. Pennsylvania has the second oldest average population in the United States, following Florida. Access to a reliable pool of pharmacy providers for the nursing home population is a vital element of the Commonwealth's safety net. Efforts to compromise the system through across-the-board reductions in pharmacy reimbursement are ill-advised and could have significant unintended consequences in the future.

We recommend at the very least, that the Department of Public Welfare exempt prescription drug claims for Medicaid residents of skilled nursing facilities from these reimbursement reductions.

Over the longer term, we would be happy to work with the Department on alternatives that result in cost savings without compromising patient safety or access to the valuable services offered by professional long-term care pharmacy providers.

Sincerely,

Paul Baldwin
Director, Government Relations

Cc: John McGinley
Chairman, IRRC

Dear Joe

PR 1518
Due Date 10/24/02

Tom Close Pharmacy
400 W Spruce St
Shamokin Pa 17872

Original: 2297

Phone 570-648-7891 Fax 570-648-2007

Attention: Regulations Coordinator

TO: Love
cc. Dierkes
Robert
Gotor
Orlowski

I am asking you to oppose regulation 14-479. That proposal would put a significant financial burden on pharmacies. The manufacturers control the cost of drugs not the pharmacists. Pharmacists provide many services such as consultation with patients and doctors, delivery of prescriptions and many other services all of which a reimbursement is not taken into consideration.

Thank you,

Janice E Mroz RPh

RECEIVED
OCT 11 2002
BUREAU ... AND PLANNING

PHARMERICA

October 10, 2002

John McGinley, Chairman
IRRC
333 Market Street, 14th Floor
Harrisburg, PA. 17101

Dear Mr. McGinley Original: 2297

I am writing on behalf of the Long Term Care Pharmacy Alliance (LTCPA), a national trade association located in Alexandria, Virginia. The Pennsylvania chapter is a coalition of four long-term care pharmacy providers that operate more than 30 pharmacies in Pennsylvania. Our members service approximately 103,000 beds in skilled nursing and other institutional settings with a total of 1,700 full time employees whose mission is to promote greater understanding of the important role that long-term care pharmacies play in serving the health needs of Pennsylvania residents in long term care facilities.

Recently, it has come to our attention that the Department of Public Welfare is promulgating regulations that would significantly impact pharmacy reimbursement within the fee-for-service delivery system of the Medical Assistance (MA) Program.

Of all the services provided by the MA program, we do not believe pharmacy services should be singled out without a thorough discussion among all of the stakeholders including the Administration, the legislature, drug manufacturers, wholesalers, physicians, pharmacists, patients and other provider groups.

As you know, the services provided to MA patients by long-term care pharmacists are unique because we provide many additional services not commonly provided to customers of traditional retail pharmacies. Some of these unique services include:

- **Providing dispensing services 24 hours a day/7 days a week/ 365 days a year.**
- **Delivering quality care that focuses on the resident, and not solely on the drugs in isolation from the resident outcomes.**
- **Providing and maintaining emergency drug kits.**
- **Developing comprehensive resident medication profiles as part of the patient's plan of care and clinical record.**
- **Developing detailed components of care plans with instructions for those administering the dispensed medication.**
- **Developing expanded control and distribution systems to account for the use of medication by the residents.**
- **Delivering medications on a routine and urgent/emergency basis.**
- **Returning and disposing of unused medication.**

Our rough estimate of the fiscal impact of the proposed regulation to all of pharmacy in the MA program is nearly $30 million, with approximately 75 percent of the total impact (or $22 million) being borne by the long-term care pharmacists. Of the $22 million hit on long-term care pharmacists, 90 percent would be incurred by the members of the Pennsylvania Chapter of the Long Term Care Pharmacy Alliance.

These cuts in reimbursement are incredibly disheartening. The long-term care pharmacists have argued for several years that the added services they provide to the frail and elderly population warrant additional reimbursement through the MA program (due in large part to additional state and federal requirements that do not impact retail pharmacists). These additional reimbursements that we have been seeking are well documented and were confirmed by the Legislative Budget & Finance Committee's report released in December 2000.

Additionally, a study conducted by the accounting firm of BDO Seidman found that the cost for a long-term care pharmacy to dispense a prescription is $11.37 as compared to $7.05 for a retail chain. These cuts will be extremely harmful for the retail pharmacies but will be even greater for long-term care pharmacies. If the Department moves forward with its proposal to drastically reduce the AWP formula for reimbursement, there absolutely needs to be a more significant increase in the dispensing fee payment so that dispensing costs are more accurately reflected.

The high quality of care provided by pharmacists cannot be compromised. A reduction in the Department's payment for medications, particularly without a significant increase in the dispensing fee, will make it increasingly more difficult for pharmacists, and long-term care pharmacists in particular, to be able to continue to provide the full range of services they currently offer.

We ask that you contact your leadership and Department of Public Welfare Secretary Feather Houston and ask that the publication of these regulations be stopped until further review. If you have any questions or require additional explanation of this issue, please contact Brad Shopp at 717-238-2970, Extension 234.

Sincerely,

Michael F. Samueloff, R.Ph.
General Manager
Erie, Pennsylvania

14-479 - 1

RURAL HEALTH CORPORATION
OF NORTHEASTERN PA
An affiliate of WYOMING VALLEY HEALTH CARE SYSTEM.
1084 Route 315 • Wilkes-Barre, PA 18702-7012 • 570-825-8741 • Fax: 570-825-8990

October 11, 2002

Original: 2297

REFER TO: Love
#144 Appropriate Action
Due Date 10/31/02
cc. Dinkens
Robert
File (Pharmacy)

Department of Public Welfare
Office of Medical Assistance Programs
Attention: Regulations Coordinator
Health and Welfare Building, Room 515
Harrisburg, PA 17120

RE: Proposed Regulation 14-479

To Whom It May Concern:

This letter is in response to the Pennsylvania Department of Public Welfare proposed regulations 14-479 which will negatively affect pharmacy providers across the Commonwealth.

Rural Health Corporation of Northeastern PA is a non-profit organization created in January 1971 as one small rural community health center. Presently, we have six rural sites in Luzerne and Wyoming Counties providing service to the underserved and uninsured. We have been fortunate to establish a pharmacy which enables our population access to medications. Without our locations, many individuals would be required to drive 15 to 20 miles to the nearest pharmacy for their medications. This would be a hardship to many individuals who lack transportation.

Since our numbers are lower then the pharmacy chains, our purchasing power is as equally lowered. We cannot buy huge quantities of drugs in order to receive the special discount the pharmaceutical companies offer.

This new regulation will definitely impact our ability to continue this service to the rural population. Many other rural pharmacies will be affected as well and cause a significant number of people anxiety of receiving their medication on time. The rural areas always get penalized when new regulations are introduced. Then the state wonders why there are access problems in the rural areas. These regulations remove any incentive for providers to venture to the rural areas.

I urge you to reconsider this regulation 14-479 because you will continue to drain and eliminate rural providers.

Sincerely,

Edward P. Michael

Edward P. Michael
President

EPM/mas

LINCOLN ENTERPRISES

MAIN OFFICE 224 NORTH AVENUE MILLVALE, PA 15209 PHONE 412.821.3332 FAX 412.821.2036 www.lincolnpharmacy.com

Department of Public Welfare
Office of Medical Assistance Programs
Attention: Regulations Coordinator
Health and Welfare Building, Room 515
Harrisburg, PA 17120

10/10/02

Original: 2297

Dear Regulations Coordinator,

As a pharmacy provider for DPW and the PACE program in Pennsylvania I agree that changes need to be made to preserve pharmaceutical care to the public. However, I do not agree with the DPW's proposed regulations (Regulation 14-479). This will negatively affect pharmacy providers across the Commonwealth, and Long-term care providers in particular.

Currently pharmacies are being reimbursed solely for the product they are dispensing and not the professional services they provide to a community. I am an independent pharmacy owner.
I own two institutional pharmacies and one retail pharmacy, servicing a diverse group of customers.
I do not receive the purchasing opportunities of name brand drugs at an average of 21-31% below AWP.
As you move to EAC for single-source brand-name drugs and with the current MAC listing it becomes more and more difficult to offer the professional services.

Some of our pharmaceutical services and expenses associated:

- Pharmacist on call 24/7
- Medication Carts
- Unit Dose packaging
- Cost of restocking inventory while waiting for payments.
- Accounts receivable - ADMINISTRATIVE
- Free Medication Delivery – Auto and Insurance
- Emergency Drug Boxes
- Compounds - IV medications and the costs associated with supplies and Maintaining Laminar Flow Hood.
- HIPAA
- Technology
- Pharmacist and tech wages

As a provider of PACE and DPW I understand how important these programs are to the public.
Before regulations are implemented other options should be considered.
I would like to meet with the Department and other stakeholders to explore other options and help develop a better system for all involved.

Thank you,

Jennifer Lee Cohen
Lincoln Enterprises

Cc: John McGinley, Chairman IRRC

OTHER LOCATIONS

LINCOLN PHARMACY 232 NORTH AVENUE MILLVALE, PA 15209 PHONE 412.821.2379 FAX 412.821.8071

LINCOLN CARE 119 FORNOFF STREET MILLVALE, PA 15209 PHONE 412.821.4564 FAX 412.821.7451

LINCOLN CARE OF OHIO, INC. 20255 EMERY ROAD, SUITE 5 NORTH RANDALL, OH 44128 PHONE 216.662.9191 FAX 216.662.9189

I-14-479-16

PHARMERICA

OCT 24 2002

October 10, 2002

Department of Public Welfare
Office of Medical Assistance Programs
Health and Welfare Building, Room 515
Harrisburg, PA. 17120

Original: 2297

Attention: Regulations Coordinator

Love (FYI)
cc. Dinkens
Robert
File (Pharmacy)

I am writing on behalf of the Long Term Care Pharmacy Alliance (LTCPA), a national trade association located in Alexandria, Virginia. The Pennsylvania chapter is a coalition of four long-term care pharmacy providers that operate more than 30 pharmacies in Pennsylvania. Our members service approximately 103,000 beds in skilled nursing and other institutional settings with a total of 1,700 full time employees whose mission is to promote greater understanding of the important role that long-term care pharmacies play in serving the health needs of Pennsylvania residents in long term care facilities.

Recently, it has come to our attention that the Department of Public Welfare is promulgating regulations that would significantly impact pharmacy reimbursement within the fee-for-service delivery system of the Medical Assistance (MA) Program.

Of all the services provided by the MA program, we do not believe pharmacy services should be singled out without a thorough discussion among all of the stakeholders, including the Administration, the legislature, drug manufacturers, wholesalers, physicians, pharmacists, patients and other provider groups.

As you know, the services provided to MA patients by long-term care pharmacists are unique because we provide many additional services not commonly provided to customers of traditional retail pharmacies. Some of these unique services include:

- **Providing dispensing services 24 hours a day/7 days a week/ 365 days a year.**
- **Delivering quality care that focuses on the resident, and not solely on the drugs in isolation from the resident outcomes.**
- **Providing and maintaining emergency drug kits.**
- **Developing comprehensive resident medication profiles as part of the patient's plan of care and clinical record.**
- **Developing detailed components of care plans with instructions for those administering the dispensed medication.**
- **Developing expanded control and distribution systems to account for the use of medication by the residents.**
- **Delivering medications on a routine and urgent/emergency basis.**
- **Returning and disposing of unused medication.**

Our rough estimate of the fiscal impact of the proposed regulation to all of pharmacy in the MA program is nearly $30 million, with approximately 75 percent of the total impact (or $22 million) being borne by the long-term care pharmacists. Of the $22 million hit on long-term care pharmacists, 90 percent would be incurred by the members of the Pennsylvania Chapter of the Long Term Care Pharmacy Alliance.

These cuts in reimbursement are incredibly disheartening. The long-term care pharmacists have argued for several years that the added services they provide to the frail and elderly population warrant additional reimbursement through the MA program (due in large part to additional state and federal requirements that do not impact retail pharmacists). These additional reimbursements that we have been seeking are well documented and were confirmed by the Legislative Budget & Finance Committee's report released in December 2000.

Additionally, a study conducted by the accounting firm of BDO Seidman found that the cost for a long-term care pharmacy to dispense a prescription is $11.37 as compared to $7.05 for a retail chain. These cuts will be extremely harmful for the retail pharmacies but will be even greater for long-term care pharmacies. If the Department moves forward with its proposal to drastically reduce the AWP formula for reimbursement, there absolutely needs to be a more significant increase in the dispensing fee payment so that dispensing costs are more accurately reflected.

The high quality of care provided by pharmacists cannot be compromised. A reduction in the Department's payment for medications, particularly without a significant increase in the dispensing fee, will make it increasingly more difficult for pharmacists, and long-term care pharmacists in particular, to be able to continue to provide the full range of services they currently offer.

We ask that you contact your leadership and Department of Public Welfare Secretary Feather Houston and ask that the publication of these regulations be stopped until further review. If you have any questions or require additional explanation of this issue, please contact Brad Shopp at 717-238-2970, Extension 234.

Sincerely,

Michael F. Samueloff, R.Ph.
General Manager
Erie, Pennsylvania

PHARMERICA

2337 West 50th Street
Erie, PA 16506

ERIE PA 165
PM
16 OCT
2002

USA

Department of Public Welfare
Office of Medical Assistance Programs
Health and Welfare Building, Room 515
Harrisburg PA 17120

17120+0035

PR 1520
Due Date 10/31/02

LINCOLN ENTERPRISES

Original: 2297

MAIN OFFICE 224 NORTH AVENUE MILLVALE, PA 15209 PHONE 412.821.3332 FAX 412.821.2036 www.lincolnpharmacy.com

Department of Public Welfare
Office of Medical Assistance Programs
Attention: Regulations Coordinator
Health and Welfare Building, Room 515
Harrisburg, PA 17120

10/10/02

Love
cc Dickens
Robert
Colombi
Eckley

Dear Regulations Coordinator,

As a pharmacy provider for DPW and the PACE program in Pennsylvania I agree that changes need to be made to preserve pharmaceutical care to the public. However, I do not agree with the DPW's proposed regulations (Regulation 14-479). This will negatively affect pharmacy providers across the Commonwealth, and Long-term care providers in particular.

Currently pharmacies are being reimbursed solely for the product they are dispensing and not the professional services they provide to a community. I am an independent pharmacy owner.
I own two institutional pharmacies and one retail pharmacy, servicing a diverse group of customers.
I do not receive the purchasing opportunities of name brand drugs at an average of 21-31% below AWP.
As you move to EAC for single-source brand-name drugs and with the current MAC listing it becomes more and more difficult to offer the professional services.

Some of our pharmaceutical services and expenses associated:

- Pharmacist on call 24/7
- Medication Carts
- Unit Dose packaging
- Cost of restocking inventory while waiting for payments.
- Accounts receivable - ADMINISTRATIVE
- Free Medication Delivery – Auto and Insurance
- Emergency Drug Boxes
- Compounds - IV medications and the costs associated with supplies and Maintaining Laminar Flow Hood.
- HIPAA
- Technology
- Pharmacist and tech wages

As a provider of PACE and DPW I understand how important these programs are to the public.
Before regulations are implemented other options should be considered.
I would like to meet with the Department and other stakeholders to explore other options and help develop a better system for all involved.

Thank you,

Jennifer Lee Cohen
Lincoln Enterprises

Cc: John McGinley, Chairman IRRC

OTHER LOCATIONS

LINCOLN PHARMACY 232 NORTH AVENUE MILLVALE, PA 15209 PHONE 412.821.2379 FAX 412.821.8071

LINCOLN CARE 119 FORNOFF STREET MILLVALE, PA 15209 PHONE 412.821.4564 FAX 412.821.7451

LINCOLN CARE OF OHIO, INC. 20255 EMERY ROAD, SUITE 5 NORTH RANDALL, OH 44128 PHONE 216.662.9191 FAX 216.662.9189

Voice

From: Rob Zwally

To: [redacted]

Dept of Public Welfare, cc to John McGilley Jr

Date: 10/6/2002 2:27:39 PM

Subject: Lower Pharmacists Fees

Original: 2297

Dear Representatives:

As a pharmacist and health care provider, I strongly support providing Medicare and Medicaid beneficiaries with coverage for prescription medication expenses. However, I have concerns with the various approaches currently under consideration both at state and federal levels. I understand that this a very complex issue

but it is not an issue that should be solved with a "band aid fix" as is being requested when discount cards and lowering the fee for service to pharmacists is used as the "quickest way out" of the problem.

Discount cards offer very little savings to anyone because the original price of the medication is not controlled by pharmacy but by the DRUG MANUFACTURERS! I know you are already aware of this but taking more from pharmacy when we have no more to give is asking the impossible.

Consumers and pharmacies all know that Drug manufacturers and PBM's are owned or have contracts with each other in order to benefit each other.

They are the only two groups that are making a terrific profit at everyone else expense!!

Why not start looking into regulating these two organizations ?? Remember, elections are every year and we as consumers are becoming very tired of the illusions of "fixes" by our elected government officinal. We are all watching quite carefully about how these issues will be resolved.

You are more than welcome to make arrangements with me to see how a conscientious, caring pharmacy works.
This would answer your questions as to why:
1. People should not go mail order- they lose so much personal care and overseeing of their medical file for medical interactions etc.
2. People want to speak personally with someone they trust. That takes time and cost money but in the end- LOWERS OVERALL HEALTHCARE COSTS
BECAUSE WE KEEP THEM HEALTHIER WITH PREVENTIVE MEDICINE!

Please feel free to contact myself or a community pharmacy near you to see how we do save lives and actually cut costs. Our biggest enemy is the drug manufacturers constantly raising prices and elected officials not supporting us! Thank you for taking the time to read this letter.

Sincerely,

(Zwally)

--- Valerie J George R Ph.

Weis Pharmacies (717) 392-2874

--- valrob@infi.net
--- EarthLink: The #1 provider of the Real Internet.

P.S. We all know that a study was done several years ago that showed we should be getting at least $7.00 a that was several years ago!

Why does pharmacy always get hit as the group to "Take from"?

- Why not cut Back what you give call other health care professionals + esp. go after Drug manufacturers.

→ Good, quality health care is out there but it's in the form of underpaid pharmacists.

→ Start paying us for all the services we can offer customers + you'll see Better health care at decreased costs.

→ LOOK at other States studies that prove this fact!

→ Thanks again for your time.

PR 1521
Due Date 10/31/02

Joseph P. Lech, R.Ph.
13 Rockledge Lane
Tunkhannock, Pa. 18657
(570)836-8015

cc. Dierkes
Eckley
Robert
Orlowski

October 4, 2002

Original: 2297

Department of Public Welfare
Office of Medical Assistance Programs
c/o Deputy Secretary's Office
Attention: Regulations Coordinator, Room 515,
Health and Welfare Building
Harrisburg, Pennsylvania 17120

This is in response to proposed regulations submitted by the Department of Public Welfare to change the reimbursement rate paid to pharmacy providers. I own and operate 5 independent retail community pharmacies in rural northeast Pennsylvania, specifically Wyoming and Sullivan counties. Our pharmacies are located in service areas that, prior to our presence, no pharmacy existed. We have established ourselves as primary to health care needs of our communities. Additionally, we employ some 30 full-time employees. We originated in 1983. The regulations submitted reducing the reimbursement from AWP -10% plus $4.00 to AWP -15% plus $4.25 are unacceptable for me. Medical Assistance comprises 20% of my prescription mix, Pace about 15%, 50% is comprised of private sector payers and 15% still pays usual and customary. The background and need for the regulatory change states that AWP -14/15 is standard. This is not true in my client-service base. Only about 5% of my private insurance payment base is less than 10% below AWP. In fact 90% of my private insurance is reimbursed at 5% below AWP. Medical Assistance and PACE are the lowest reimbursement among major payers.

Located in a rural section of Pennsylvania presents a unique situation. We aren't afforded the traffic and have limitations on prescription volume. The private payers have realized this and the necessity of a provider base to service their beneficiaries. Therefore, the acceptable rate of AWP minus 5%.

Next, I would like to address these reports floating around misstating our actual acquisition cost of our inventory. The OIG report is off base. I cannot understand what methodology they selected to reach their conclusions. We can purchase for better than AWP minus 10%, but, when I service my patients and consumers, I expect to make enough profit to stay in business. If we are to maintain and adequate pharmacy provider base for Medical Assistance recipients we cannot exclude profit in our calculation for reimbursement. If there is consensus within the Department of Public Welfare that exorbitant profits are being extracted by pharmacy providers then I suggest a cost-of-dispensing study to help determine how to satisfy this part of the equation. A formula employing cost of product, cost of inventory, cost for professional services and reasonable profit makes fiscal sense.

Finally, I feel that the Department needs to look at the largest piece of the spiraling cost of prescription drugs pie- the drug manufacturers. Firmer cost restraints are required if we are going to achieve some level of control. A good hard look at the reasons we see cost increases combined with the proper selection and use of pharmaceuticals to produce the optimal effect is where our sites need to be set.

Sincerely,

Joseph P. Lech R.Ph.

Joseph P. Lech, R.Ph.
13 Rockledge Lane
Tunkhannock, Pa. 18657
(570)836-8015

October 4, 2002

Department of Public Welfare
Office of Medical Assistance Programs
c/o Deputy Secretary's Office
Attention: Regulations Coordinator, Room 515,
Health and Welfare Building
Harrisburg, Pennsylvania 17120

Original: 2297
CC Commissioners

This is in response to proposed regulations submitted by the Department of Public Welfare to change the reimbursement rate paid to pharmacy providers. I own and operate 5 independent retail community pharmacies in rural northeast Pennsylvania, specifically Wyoming and Sullivan counties. Our pharmacies are located in service areas that, prior to our presence, no pharmacy existed. We have established ourselves as primary to health care needs of our communities. Additionally, we employ some 30 full-time employees. We originated in 1983. The regulations submitted reducing the reimbursement from AWP -10% plus $4.00 to AWP -15% plus $4.25 are unacceptable for me. Medical Assistance comprises 20% of my prescription mix, Pace about 15%, 50% is comprised of private sector payers and 15% still pays usual and customary. The background and need for the regulatory change states that AWP -14/15 is standard. This is not true in my client-service base. Only about 5% of my private insurance payment base is less than 10% below AWP. In fact 90% of my private insurance is reimbursed at 5% below AWP. Medical Assistance and PACE are the lowest reimbursement among major payers.

Located in a rural section of Pennsylvania presents a unique situation. We aren't afforded the traffic and have limitations on prescription volume. The private payers have realized this and the necessity of a provider base to service their beneficiaries. Therefore, the acceptable rate of AWP minus 5%.

Next, I would like to address these reports floating around misstating our actual acquisition cost of our inventory. The OIG report is off base. I cannot understand what methodology they selected to reach their conclusions. We can purchase for better than AWP minus 10%, but, when I service my patients and consumers, I expect to make enough profit to stay in business. If we are to maintain and adequate pharmacy provider base for Medical Assistance recipients we cannot exclude profit in our calculation for reimbursement. If there is consensus within the Department of Public Welfare that exorbitant profits are being extracted by pharmacy providers then I suggest a cost-of-dispensing study to help determine how to satisfy this part of the equation. A formula employing cost of product, cost of inventory, cost for professional services and reasonable profit makes fiscal sense.

Finally, I feel that the Department needs to look at the largest piece of the spiraling cost of prescription drugs pie- the drug manufacturers. Firmer cost restraints are required if we are going to achieve some level of control. A good hard look at the reasons we see cost increases combined with the proper selection and use of pharmaceuticals to produce the optimal effect is where our sites need to be set.

Sincerely,

Joseph P. Lech R.Ph.

Lech's Pharmacy
P.O. Box T, 56 Main Street
Nicholson, PA 18446

cc. John McKinley Jr., chairman, IRRC