

TPA Communications

From: TPA Communications [communications@tnpharm.org]
Sent: Thursday, November 17, 2005 7:15 PM
To: broadcast@tnpharm.org
Subject: ALERT: Medicaid Cuts Coming to a Vote!

To: TPA Members

NCPA has provided TPA with the following information.

ALERT - Medicaid Cuts Coming to a Vote

Message to Congress: Vote NO to HR 4241 [Take Action!](#)
Medicaid Cuts will be disastrous to Pharmacy

Call your Congressional Office and tell them to vote NO to HR 4241.

A recent change to the bill by Congressional leadership calls for a study of the Medicaid cuts. THIS IS A RED HERRING! AMP will still replace AWP. You will still lose money on every Medicaid prescription filled. Simply put, your pharmacy will be driven out of the Medicaid business.

Votes are expected Friday or Saturday, November 18-19. No further changes to the bill will be allowed: This legislation must be defeated. [Take Action!](#) Click here:
<http://capwiz.com/ncpa/callalert/index.tt?alertid=8214146>.

The following information from APhA provides additional details:

The House Rules Committee has passed H.R. 4241, the budget reconciliation bill, with a “manager’s amendment” including some changes for pharmacy. According to a source, the majority party’s summary of the manager’s amendment is attached below. This clears the path for a floor vote in the House either tonight or tomorrow. Earlier today, the House voted down the HHS/Labor appropriations bill, which led to speculation that the Speaker may wait until tomorrow for a vote on the Budget bill.

HR 4241, H Res 560

Rule for Floor Consideration of HR 4241, Budget Reconciliation/Vote to Report

Provide a closed rule to govern floor debate on HR 4241, which would provide about \$50 billion in mandatory budget savings over five years.

The rule would provide for two hours of floor debate, to be equally divided and controlled by the chairman and ranking Democrat of the Budget Committee.

It would waive all points of order against consideration of the bill, and the bill as amended. It also would provide for one motion to recommit, with or without instructions.

The rule would provide that the amendment printed in the Rules Committee report accompanying the resolution shall be considered as adopted.

It would provide that, notwithstanding the operation of the previous question, the presiding officer may postpone further consideration of the bill to a time designated by the Speaker.

The rule would provide that after passage of HR 4241, it shall be in order for the House to consider S 1932, the companion Senate-passed bill.

The rule would waive all points of order against S 1932 and against its consideration. It would provide for a motion to strike all after the enacting clause of S 1932 and to insert the provisions of HR 4241, as passed by the House.

It would consider as adopted a Nussle, R-Iowa, manager's amendment accompanying the rule that would:

- Modify the food stamp eligibility requirement by granting an exception to certain legal immigrants who are over 60 or who have pending applications for U.S. citizenship.
- Preserve categorical eligibility for school lunch programs for students who receive non-cash services under the Temporary Assistance for Needy Families Program.
- Increase the home equity limit for determining Medicaid eligibility from \$500,000, as proposed in the bill, to \$750,000.
- Maintain the current \$3 Medicaid co-payment (the bill would increase the co-payment to \$5).
- Permit the secretary of Health and Human Services to delay a change in Medicaid <pharmacy> reimbursement rates if a Government Accountability Office report finds that the average prices paid by <pharmacies are more than the new reimbursable levels.
- Expand the use of Medicaid Transformation Grants to encourage the use of generic drugs.
- Strike a provision in the bill allowing oil and natural gas leasing in a portion of the Arctic National Wildlife Refuge (ANWR).
- Strike a provision in the bill allowing oil and natural gas leasing in the Outer Continental Shelf (OCS), including payments to State and local governments from OCS receipts.

Reported favorably to the full House by voice vote; Nov. 17, 2005.

Note: The rule was approved on the legislative day of Wednesday, Nov. 16

Title III's Four Changes: Energy and Commerce (Medicaid)

The reported bill provides that an individual is not eligible for long-term care services if the individual's equity interest in his home exceeds \$500,000. This provision will not apply if the individual's spouse, children under the age of 21, or child who is blind or disabled, are living in the home, and the Secretary is directed to establish a process for waiving this provision in light of demonstrated hardship. Under current law, the value of the applicant's home is not considered while determining eligibility, meaning, if an individual owns a home worth \$2 million, it is not taken into consideration when determining the individual's need for Medicaid assistance.

The self-executing amendment will increase the limit of the value of the home for purposes of determining eligibility to \$750,000 (up from \$500,000, in the reported bill). Essentially, this change allows a person to own a more expensive home and still qualify for Medicaid.

The reported bill increases the current co-payment limit (known as "nominal amounts") from \$3 to \$5 over a period of three years. Under current law, states are permitted to require cost sharing, however few states actually implement the co-payment requirement.

The self-executing amendment will eliminate the increase in co-payments, leaving the limit at current law, which is \$3.

The reported bill adjusts Medicaid payments to pharmacists by basing them on "retail average manufacturer price" (RAMP) instead of the current system, which is based on the average

wholesale price (AWP). RAMP is defined as the average price paid to a manufacturer for the drug in the United States by wholesalers for drugs distributed to retail pharmacies (excluding mail-order pharmacies). In addition, the definition for RAMP includes a detailed list of discounts given by manufacturers to certain buyers, which are to be included in the calculation of RAMP. Additionally, the legislation requires the Government Accountability Office (GAO) to conduct a study examining (1) the appropriateness of using the RAMP and (2) the payment to specialty pharmacies.

The self-executing amendment will modify this provision, by requiring the GAO to also study whether the estimated average payment amounts to pharmacies for covered outpatient drugs under the Medicaid program after implementation of the underlying bill are below the average prices paid by pharmacies for acquiring those drugs. Additionally, the amendment permits (but does not require) the Secretary to delay implementing the changes in pharmacy reimbursement rates if the GAO study finds the average prices paid by pharmacies are above the new reimbursable amounts.

The reported bill authorizes \$100 million over two years for new payments to states for the adoption of innovative methods to improve the effectiveness and efficiency in providing medical assistance. States are not required to match federal funds to receive these payments. Specifically, the bill outlines the following methods to be included:

- a. Methods for reducing patient error rates through the implementation and use of electronic health records and supplies;**
- b. Methods for improving rates of collection from estates of amounts owed;**
- c. Methods for reducing waste, fraud, and abuse under the program; and**
- d. Implementation of a risk management program as part of a drug use review program.**

The self-executing amendment adds the following method to the above list of methods to be included:

"Methods in reducing, in clinically appropriate ways, expenditures under this title for covered outpatient drugs, particularly in the categories of greatest drug utilization, by increasing the utilization of generic drugs through the use of education programs and other incentives to promote greater use of generic drugs."

According to the committee, this will encourage the use of generic drugs and reduce Medicaid drug spending.

To help you stay informed of important developments, the Tennessee Pharmacists Association is pleased to provide you with legislative, healthcare-related, regulatory and other notices as a benefit of membership.

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