



# ***Carve Outs - The Trend Continues***

**Presentation to the**

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- Background on Medicaid Managed Care in Pennsylvania
- The Carve Out Debate
- Efforts for Federal resolution

# Pennsylvania History

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- Medicaid Managed Care began in early 1980's
- HealthChoices mandatory managed care began in 1997
- Always included all eligibility categories
- Always included Pharmacy

# Pennsylvania History

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- State's original intent was to expand HealthChoices statewide
- New Administration in 2003 took different approach
  - Expansion halted
  - Access Plus Program
  - Preferred Drug List
  - Department of Public Welfare began to view itself as a Managed Care entity

## New Pharmacy Proposal - 2005-06

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- DPW requested that CMS allow new Pharmacy design
  - MCOs would use DPW's PDL
  - State would draw down rebates
- CMS said proposed design did not meet OBRA '90

## Carve Out Proposal

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- Administration proposed carving Pharmacy out of MCO Managed Care
  - First proposed for 2006-07
  - Again in 2007-08
  - Yet again in 2008-09
- Legislature said “No Carve Out” each year in Appropriations Bill



## Department of Public Welfare Arguments for Carve Out

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- State-level Rebate savings
- No impact on Consumers
- Easier for Providers



# Opposing Carve Out – Coalition Building

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- Managed Care Plans
- PHRMA
- Advocates and Consumers
- Legislature

# Supporting Carve Out

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- Behavioral Health Advocates
- Physicians
- Pharmacy Associations - Neutral

## Arguments that have been successful

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- Carve Out will not save as much money as estimated
- Department of Public Welfare does not have capacity to manage as well as Managed Care Organizations
- This will have negative impact on consumers
- This will have negative impact on integration of care

## Outlook for the Future

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- Governor will pursue Carve Out for 2010/11
- Pennsylvania's financial situation is expected to worsen in upcoming year

# Drug Rebate Equalization Act

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- DRE would address the issue
- Have been working to enlist co-sponsors (4 from PA to date)
- Working on additional co-sponsors
- Working with Governor's Washington office



# AmeriHealth Mercy Health Plan

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- AmeriHealth Mercy Health Plan, part of the AmeriHealth Mercy Family of Companies, is a Medicaid MCO serving nearly 100,000 Medicaid enrollees in Central and Northeastern Pennsylvania.
- We are a mission-driven organization dedicated to ensuring the delivery of quality health care to low-income populations covered by publicly-funded programs throughout the United States.



# AmeriHealth Mercy Health Plan

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- Our Companies and divisions include health plans, pharmacy management, case management, and behavioral health. We touch more than 6.2 million members in 14 states.
- We help people get care, stay well, and build healthy communities.