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Department of Health and Family Services

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MEMORANDUM

DATE: July 12, 2004

TO: Interested Parties

FROM: Mark B. Moody, Administrator
Division of Health Care Financing

SUBJECT: Medicaid Preferred Drug List (PDL) and Supplemental Rebates

The Wisconsin Division of Health Care Financing is implementing a PDL and supplemental rebate program for Wisconsin Medicaid, BadgerCare, and SeniorCare. As part of the effort to control costs and provide clinically sound drug therapy for recipients, the Department of Health and Family Services (DHFS) will expand the selection of preferred medications based on a review of the relative clinical effectiveness and cost of products within selected therapeutic classes.

The new PDL and supplemental manufacturer rebates will result in the largest drug discounts ever received by the state for the Medicaid, BadgerCare, and SeniorCare programs. With these programs we are taking a significant step to reduce the rising cost of drugs. Supplemental rebates are an important tool to manage drug costs immediately and in the next budget cycle.

The new drug rebate agreements will reduce drug prices paid by Wisconsin Medicaid, BadgerCare, and SeniorCare on behalf of some 400,000 Wisconsin residents. The Medicaid, BadgerCare, and SeniorCare programs currently spend over \$700 million each year for prescription drugs. The Department is working to implement the PDL and supplemental rebate agreements in the next 90 days. The PDL and supplemental rebate program was authorized in the state's 2003-05 biennial budget.

DHFS has partnered with the Medicaid fiscal agent, EDS, to engage Provider Synergies to assist Wisconsin in the implementation of a PDL and to negotiate supplemental rebates with manufacturers. Provider Synergies has worked with prescription drug programs to develop PDLs and supplemental rebate programs resulting in significant savings to state Medicaid programs across the country.

Provider Synergies will staff and advise the Department and the Prescription Drug Prior Authorization Advisory Committee to accelerate the development of the PDL and to negotiate supplemental rebates. Supplemental rebate contracts being negotiated will be between the State of Wisconsin and drug manufacturers.

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Drug manufacturers should direct questions regarding supplemental rebates and the PDL to Provider Synergies:

Provider Synergies L.L.C.
5181 Natorp Boulevard, Suite 205
Mason, OH 45040

Phone: (513) 774-8500
Fax: (513) 697-5762
E-mail: Wisconsin@providersynergies.com
Web-site: www.providersynergies.com

Other public inquiries relating to the PDL may be directed to:

James Vavra, Director
Bureau of Health Care Benefits
Division of Health Care Financing
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