



STATE OF MISSISSIPPI  
OFFICE OF THE GOVERNOR  
DIVISION OF MEDICAID  
RICA LEWIS-PAYTON  
EXECUTIVE DIRECTOR

# MEMORANDUM

TO: ALL MEDICAID PHARMACY PROVIDERS

FROM: Rica Lewis-Payton   
Executive Director

DATE: September 30, 2002

SUBJECT: Medicaid Pharmacy Program

I am aware that many of you have concerns regarding the recent changes in the Medicaid program. As a result of a FY '02 budget shortfall of \$158 million, and a current projected shortfall of \$75 million for FY '03, a number of reductions in services and cuts in reimbursement were mandated by the Legislature during the 2002 Session. These were not reductions or cuts that I wanted to make, but I was obligated to make because the law required it.

Some of you also have raised concerns about my decision to enter into a contract with Health Alliance to provide diabetes supplies and medications. This is a pilot program involving only seven counties (Bolivar, Hinds, Leflore, Madison, Rankin, Sunflower, and Washington) and only one percent (approximately 7,000) of Medicaid enrollees. Because of the budget shortfall I have an obligation to reduce costs in the program, and thus must explore every available option to do so. Health Alliance is providing this service for a dispensing fee of \$3.25 compared to \$3.91 for other pharmacy providers. In addition, their reimbursement is AWP - 15% for name brand drugs and AWP - 20% for generic drugs, compared to AWP - 12% for other pharmacy providers.

The Governor and I have been fighting for adequate funding of the Medicaid Program. We have continuously stressed that cuts in Medicaid funding not only adversely affect the health status of beneficiaries enrolled in the program, but also the healthcare economy in this State. The federal government provides three (3) dollars for every dollar the State provides to the Medicaid Program. Conversely, every dollar the State cuts results in a loss of three federal dollars.

Please be assured that the Governor and I will continue to fight for the Medicaid Program and adequate reimbursement for providers. The health of our beneficiaries, as well as our economy, depends on it. If you have questions or need additional information, please do not hesitate to call me.

cc: Terry Childress, DOM  
Lee Jackson, DOM  
Melzana Fuller, DOM