

*Medicare Prescription Drug, Improvement and
Modernization Act of 2003*

Presentation Outline

- MMA Program Overview
- Timeline of Critical Events
- Impact to LTC Pharmacies
- Impact to Nursing Homes
- Go Forward Plan of Action

Medicare Prescription Drug, Improvement and Modernization Act of 2003

- Medicare Provides Health Insurance for People 65 and older, People with Select Disabilities and People ESRD
- Signed by President George Bush on December 8

MMA Mandated Changes

- Adds New Medigap Plans
- Expands Preventive Benefit Coverage
- Changes Fee for Service Payments
- Replaces Medicare Choice with Medicare Advantage
- Adds New Prescription Drug Plan

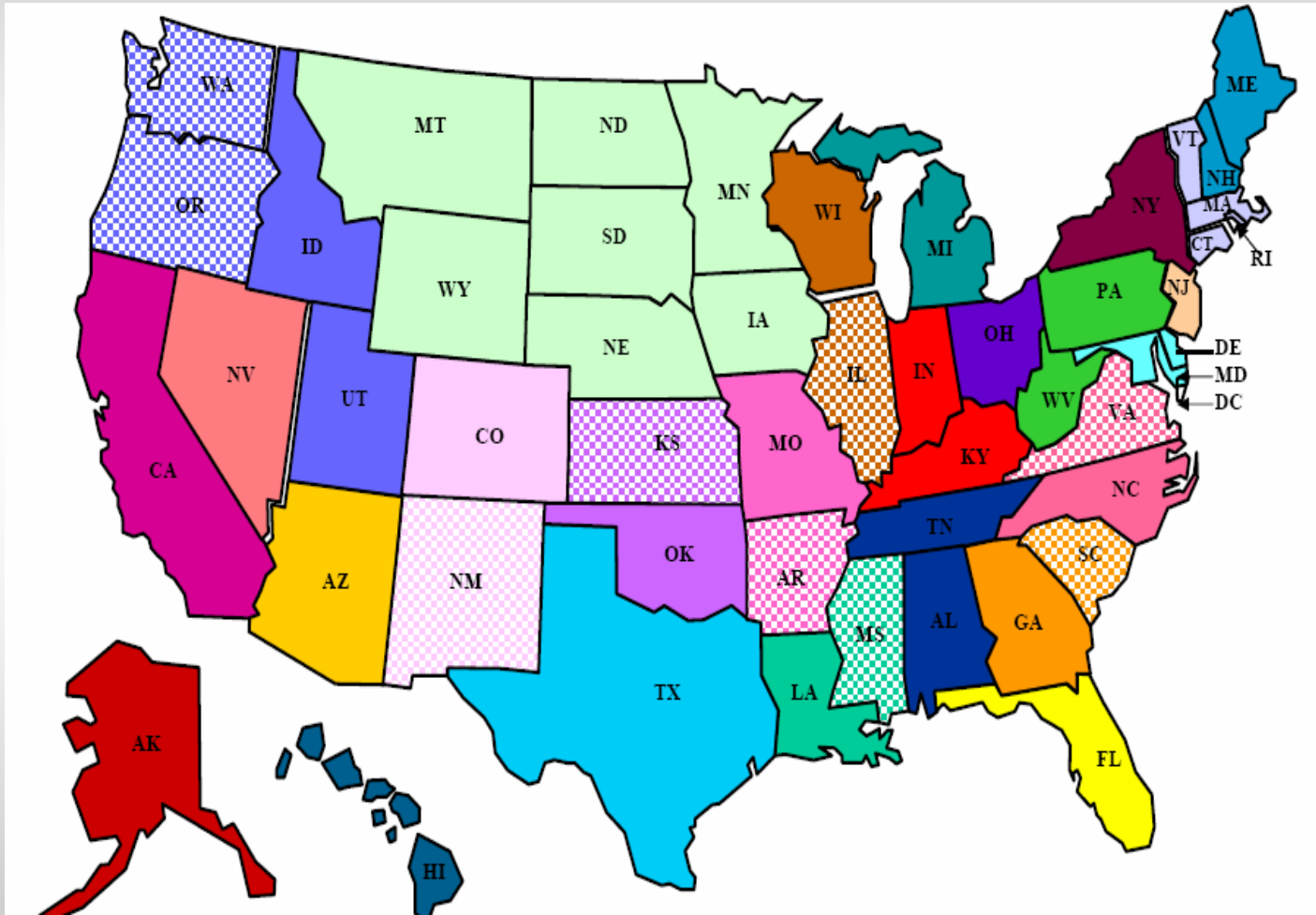
Medicare Part D Program

- Provides Outpatient Prescription Drug Coverage to Medicare Beneficiaries
- Will Not Displace Existing Programs:
 - Medicare Part A (i.e., Hospitals and LTC Covered Stays)
 - Hospice Benefits
 - Medicare Part B (TPN, Nebulized Products)
 - Physician Office (i.e., Chemotherapy)
 - ESRD (i.e., Erythropoietin)
 - Immunosuppressive and Hemophilia Agents

Medicare Part D Program

- Outpatient Drug benefits to be Administered by Independent Prescription Drug Plans (PDP's)
- There will be 34 Separate PDP Regions

Medicare Part D Program



Medicare Part D Program

- Outpatient Drug benefits to be administered by Independent Prescription Drug Plans (PDP's)
- There will be 34 separate PDP regions
- CMS: At least two PDP's per region
- CareMark, MedCo, Pacificare, Aetna and Wellpoint have announced their intent to participate
- Over 150 smaller/regional entities have filed Letters of Intent to participate

Medicare Part D Program – Excluded Drug

- Anorexia, Weight Loss or Weight Gain
- Fertility agents
- Cosmetic or Hair Growth
- Symptomatic Relief of Cough and Colds

Medicare Part D Program – Excluded Drug

- Vitamins and Minerals (except Prenatal)
- Non Prescription Drugs
- Barbiturates and Benzodiazepines

Medicare Part D Program – Covered Beneficiaries

- 40 Million Medicare Beneficiaries in the U.S.
- Mandatory for all Dual Eligible (6.1 Million)
- 1.5 Million Dual Eligible are Institutionalized
- CMS: 95% of Medicare beneficiaries who have no coverage will enroll
- CBD: 29 Million (69%) Eligible Beneficiaries will enroll by 2006

Pharmacy Performance & Service Criteria

- CMS has set specific performance and service criteria for Long Term Care Pharmacy
- Pharmacies must demonstrate that they meet these criteria to receive an LTC designation
- Plans will be required to demonstrate that they have a network of participating LTC Pharmacies that provide convenient access to LTC Pharmacies for LTC facility

Pharmacy Performance & Service Criteria

- PDP's must have a single formulary
- Formulary must include alternative dosage forms
- PDP's must have a network of Participating Long Term Care Pharmacies (NLTCP) providing convenient access to LTC patients

Pharmacy Performance & Service Criteria

- PDP's must complete LTC contracting by July 15
- CMS will not intervene in negotiations between pharmacies PDP's
- PDP's are not prevented from establishing Preferred Provider Networks

Any Willing Provider

- In order to ensure access CMS included an “any willing provider” clause in the final rule
- Plans will be required to contract with any LTC Pharmacy in their service area that is willing to meet performance and service criteria
- Pharmacies to reach agreement with plans on terms and conditions

Medicare Part D Program – Transition Process

- PDP's must provide one time prescription for drugs not on formulary
- LTC residence may require a 90 to 180 day transition period
- PDP's must submit a transition plan as part of the application process
- CMS is urging state Medicaid programs to give extended supplies (30 – 90 days)

Timeline of Critical Events

- April 18 PDP's submission of proposed formularies
- May 16 CMS formulary approval
- June 6 PDP's final bid to CMS
- July 15 Submission LTC provider network
- August 3 Release of national average monthly bid amounts

Timeline of Critical Events

September 14	Approval of PDP packages
October 15	CMS mail out “Medicare & You” Begin enrollment
Oct. 27 – Nov. 10	Auto-enrollment rollout
November 15	Auto-enrollment in dual eligibles
January 1	Begin Part D benefits

Impact to LTC Pharmacy Provider

- Elimination of Medicaid Formularies and Medicaid Reimbursement
- LTC Patients auto-enrolled into Multiple PDP's
- Multiple PDP's with varying Formularies and Reimbursement Terms
- Poor negotiating position secondary to smaller size of Independent Pharmacy
- Cost associated with non-formulary products
- Potential reduction in reimbursement

Impact to LTC Facility

- Transitioning patients from current therapy to new formulary
- Multiple formularies for nursing home residences
- Part D reimbursement does not cover cost of med carts and fax machines
- Facilitating coverage for new admissions
- Coverage for non-formulary products

Quantum Provider AssistSM Program

- Objective: To assist Quantum Pharmacy members and other independent pharmacy providers in their transition from Medicaid to Medicare Part D.

Over 20,000 LTC Beds

Quantum Provider AssistSM Program

■ Strategic Partner

– Innovatix

- Over 200,000 LTC Pharmacy Beds
- Over 16,000 LTC Customer Beds

Quantum Provider AssistSM Program

- Provide a unified negotiating position in each PDP Region. PDP's have the option to offer different rates to different pharmacies
- Survey each member to assess critical negotiating points
- Identify specific Provider network for each PDP Region
- Identify preferred PBM in each PDP Region and sign up dual-eligible into the preferred PBM
- Assure each member within a PDP Region provide uniform services which meet minimum standards

Quantum Provider AssistSM Program

- Service Uniformity
 - Formulary Management
 - Monthly Drug Utilization
 - Delivery Service
 - After Hours Support
 - Medical Reports
 - Dispensing Services
 - Ancillary Services

Quantum Provider AssistSM Program

- PowerPoint Presentation for Nursing Home
- Facilitate PDP problem resolution
- Assist Nursing Home with PDP enrollment
- Clearing house for Part D updates

Specific Pharmacy Actions

1. Do not sign any contracts mailed to you by PBM's
2. Survey your customer base to assess current level of understanding
3. Affiliate with the QPA/Innovatix Preferred Provider Group
4. Write Medicaid to encourage coverage of all excluded drugs
5. Write Medicaid to encourage 90 day transition supply
6. Negotiate extended terms with wholesalers
7. Educate Physicians

Specific Facility Actions

1. Identify key contact personnel to act as enrollee agent
2. Do not change pharmacy providers after June 1, 2005
3. Write Medicaid to encourage 90 day transition supply
4. Write Medicaid to encourage coverage of all excluded drugs
5. Educate Physicians

Questions and Answers