



STATE OF MISSISSIPPI
OFFICE OF THE GOVERNOR
DIVISION OF MEDICAID

DAVID J. DZIELAK, Ph.D.
EXECUTIVE DIRECTOR

****Reminder Notice****

July 16, 2012

Dear Pharmacy Owner/Manager:

The Mississippi Division of Medicaid has contracted with the accounting firm of Myers and Stauffer LC, a reputable firm with extensive experience in developing survey instruments, to conduct a comprehensive study to determine the true cost of dispensing prescriptions to Mississippi Medicaid fee-for-service beneficiaries.

Pursuant to House Bill 421, which was passed by the Legislature and signed by the Governor, the Division of Medicaid is developing a plan to revise the current reimbursement methodology for prescription drugs. HB 421 states:

The division shall develop a plan providing revisions to the current reimbursement methodology for prescription drugs.

The division shall not implement these plans, but shall submit the plans to the Public Health and Welfare Committee of the Senate and the Medicaid Committee of the House no later than October 15, 2012, including necessary legislative recommendations.

As stated in the legislative text above, the information you provide on this survey will be used only for the development of a report to the Legislature, and the Division of Medicaid will not implement any changes to reimbursement unless directed to do so under state law.

As you may know, Mississippi Medicaid used First DataBank (FDB) as the pricing source for the drug file until September 26, 2011, when FDB ceased to publish average wholesale prices (AWP) as a result of a class-action lawsuit. The lawsuit alleged McKesson Corporation and pharmaceutical data publishing company FDB entered into a secret agreement to artificially inflate the AWP of hundreds of brand-name drugs. FDB was not required to cease publishing AWP under the terms of the settlement, but chose to do so. In addition, the Mississippi Attorney General has filed litigation alleging AWP has been misrepresented and that it has been fraudulently reported. As such, the Mississippi State Legislature has determined that AWP may no longer be the most reliable method for determining the estimated acquisition cost of drugs, and other methods should be examined. In its report to the Legislature, the Division of Medicaid is considering all options for drug reimbursement, including drug ingredient reimbursement based on acquisition cost.

To assist us in ensuring that the data collected and analyzed is based on the acquisition costs experienced by a broad range of pharmacies in the State, we must measure the pharmaceutical market conditions specific to Mississippi. To ensure that the costs reflect all pharmacies located within the State of Mississippi, all pharmacies are strongly encouraged to participate. We are therefore requesting that your pharmacy provide the following information within 14 days:

Copies of all records, such as invoices, reflecting all (brand and generic) legend and OTC drug purchases transacted with all your wholesale suppliers(s) and/or drug manufacturers between June 1, 2012 and June 30, 2012, or any other recent 30-day period.

These records are to be limited to drug ingredient costs only. All costs that are not drug ingredient costs, such as those for shipping, storage, warehousing, or other administrative costs are not to be included with these records.

Information can be submitted in printed or electronic format and should include the following information:

- 1) National Drug Code (NDC)
- 2) Purchase price of drug (drug ingredient cost only)
- 3) Quantity purchased
- 4) Purchase date for each product
- 5) "Item number"-to-NDC crosswalk, if item numbers or other proprietary nomenclature is used on your invoices.

In lieu of you or your pharmacy staff manually submitting invoice records, you may contact your supplier(s) and request that the supplier(s) forward a copy of your purchasing history (as described above) for the requested period directly to Myers and Stauffer.

Information should be mailed or sent electronically to the following address within 14 days:

Myers and Stauffer LC
Attention: Mississippi Pharmacy Study
9265 Counselors Row, Suite 200
Indianapolis, IN 46240-6419

-OR-

pharmacy@mslc.com

Please be aware that information submitted will not be returned, therefore, copies or electronic files of records are preferred.

To obtain the most reliable data and results, all pharmacy providers located in Mississippi are strongly encouraged to participate in the survey in accordance with your signed Medical Assistance Participation Agreement whereby providers must make available documentation regarding services rendered in substantiation of paid claims. All purchase price information submitted for this project will remain strictly confidential. Please contact James Shin, Pharm.D. or Meghan Lunsford, CPhT at the following toll free number, **(800) 591-1183**, should you have any questions.

Your prompt and complete response is vital to develop a reimbursement model which best reflects the purchasing habits of Mississippi Medicaid participating pharmacies, and I appreciate your willingness to participate.

Sincerely,



David J. Dzielak, Ph.D.
Executive Director