

HEALTH AND FAMILY SERVICES - HEALTH CARE FINANCING

Dmg Savings and HMO Rate Increases

Motion:

Move to require the Department of Health and Family Services (DHFS) to develop a plan to fund increases in payments to health maintenance organizations (HMOs) that serve MA and BadgerCare enrollees from any savings available from the use of prior authorization and supplemental rebates for drugs purchased under MA, BadgerCare, and SeniorCare that exceed the savings anticipated in the bill, if DHFS determines that such savings exist. Require DHFS to submit this plan to the Department of Administration (DOA) for approval. If DOA approves the plan, require DOA to submit the plan to the Joint Committee on Finance for approval under a 14-day passive review process before the plan can be implemented. Authorize the Joint Committee on Finance to approve any appropriation transfers necessary to implement the plan as approved.

Note:

The bill would reduce MA, BadgerCare and SeniorCare expenditures by \$47,469,100 (-\$21,249,100 GPR, -\$25,426,200 FED, and -\$793,800 PR) in 2003-04 and \$68,585,000 (-\$30,518,200 GPR, -\$36,942,400 FED, and -\$1,124,400 PR) in 2004-05 to reflect anticipated savings available from increased use of prior authorization for drugs purchased under these programs, and savings available from securing agreements with pharmaceutical manufacturers that would require these manufacturers to provide rebates for drugs purchased under these programs that exceed the rebates provided under current law.

Under this motion, if additional savings result from increased use of prior authorization and supplemental rebates than assumed in the bill, such savings could be used to fund increases in HMO payments based on a plan developed by DHFS, and approved by DOA and the Joint Committee on Finance under a 14-day passive approval process.