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| LOCAL COMMISSIONERS MEMORANDUM |  
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DSS-4037EL (Rev. 9/89)

Transmittal No: 91 LCM-52

Date: April 4, 1991

Division: Medical Assistance

TO: Local District Commissioners

SUBJECT: OBRA 90 Legislation

ATTACHMENTS: Letter to Prescribers (Not Available On-Line)

This is to inform you of a change that will be occurring in the Medicaid program, specifically with regard to coverage of prescription drugs, as a result of OBRA 90 legislation. I believe it is important for you to be aware of this change since providers and recipients will be impacted and local districts may receive inquiries.

The Department of Social Services was only recently informed of the specific implementation details of the new federal law. The law requires a state to delete from its list of covered drugs, those drugs compiled from a list of manufacturers who do not enter into rebate agreements with the Health Care Financing Administration (HCFA). Further, it requires states to cover all the drugs of manufacturers who have rebate agreements with HCFA. The purpose of the rebate is to assure that State Medicaid Programs benefit from the same level of discounts afforded other large drug purchasers. This will result in a reduction in pharmacy expenditures at the State and local level.

Effective April 1, 1991, we are deleting those drugs which are not included in rebate agreements. Over 6,800 pharmaceuticals are affected. We have notified prescribers (physicians, clinics, dentists, etc.) of the 100 most commonly prescribed drugs that will no longer be covered after April 1st. We also are providing pharmacies with a complete list of the Medicaid reimbursable drugs.

Please note that in the vast majority of cases, there are alternative drug regimens that are available for the drug products being deleted. However, there are bound to be questions from providers and recipients. It is our expectation that providers (physicians, other prescribers and pharmacists) will communicate with each other on specific prescribing/dispensing issues and that the recipients' needs will be addressed through this communication.

Over the next several months, we will also be adding thousands of drugs to New York State's drug formulary, as part of the rebate provisions. Providers will be informed of these additions as well.

Attached is a copy of the letter that has been sent to prescribers, including the list of most commonly prescribed drugs. If you have any questions regarding this program, please contact Mark Butt at (518) 474-9261.

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Jo-Ann A. Costantino  
Deputy Commissioner  
Division of Medical Assistance