



Division of Medical Assistance Programs

Information Memorandum Transmittal

Donald Ross, Manager
DMAP Policy and Planning Section

Number: DMAP-IM-11-070

Authorized Signature

Issue Date: 07/11/2011

Topic: Medical Benefits

Subject: Provider Announcement: Fee-for-service rate reductions

Applies to:

- All DHS employees
Area Agencies on Aging
Children, Adults and Families
County DD Program Managers
County Mental Health Directors
Seniors and People with Disabilities
Other (please specify): DHS and OHA staff and others identified on the SPD, CAF, AMH and DMAP transmittal lists

Message:

Due to the severe revenue shortfall, the Division of Medical Assistance Programs (DMAP) must reduce the 2011-2013 Oregon Health Plan (OHP) budget by more than 11 percent in the 2011-2013 budget. Unfortunately, because the majority of the OHP budget goes to providers for services, that is where most of the budget reductions will occur.

DMAP will mail all affected providers the attached announcement with rate reductions specific to their program. The attached pharmacy rate reduction letter is an example of the letters that will be going out.

This will be the only announcement in regards to these letters. For your reference, all letters will all be posted to the OHP Provider Announcements page at the following link: https://apps.state.or.us/cf1/OHP/index.cfm?fuseaction=controller.provider&s=1.

The coming months will be demanding for all of us, and the rate reductions will be an especially difficult and sensitive issue for providers as it will affect their practices as well as their clients. We need to make sure our providers have the support they need and feel that we are listening to their concerns. It is our partnership with these providers that allows us to offer health care coverage to the people who need it the most.

To receive updates about these letters and any other announcement DMAP posts, you can eSubscribe to the above site. Just click on the green eSubscribe envelope at the top of the OHP Provider Announcements page.

If you have any questions about this information, contact:

Table with contact information: Contact(s): Provider Services Unit, Phone: 1-800-336-6016, Fax: 503-945-6873, E-mail: Dmap.providerservices@state.or.us



July 8, 2011

**Subject: Pharmacy fee-for-service rate
reduction information**

Dear Pharmacy Provider:

I am writing to let you know that, due to the severe revenue shortfall, the Division of Medical Assistance Programs (DMAP) must reduce the 2011-2013 Oregon Health Plan (OHP) budget by more than 11 percent in the 2011-2013 budget. Unfortunately, because the majority of the OHP budget goes to providers for services, that is where most of the budget reductions will occur.

These reductions affect most health care providers and services. However, an exception is fee-for-service primary care rates; these rates are not scheduled to change.

Effective August 1, 2011, specific reductions affecting your program are:

- Clozaril Management will be reduced from \$18.72 to \$10.
- Change thresholds for dispensing fee tiers and reduce dispensing fees. Dispensing fees are currently based on a three tiered system dependent on an individual pharmacy's total annual prescription volume. Effective August 1, 2011,:
 - All chain affiliated pharmacies will be paid at the lowest tier; and
 - Proposed tier chain structure changes will apply to all independently owned pharmacies.

New thresholds for dispensing fee tiers:

- <30,000 claims = \$14.01
- 30,000-50,000 claims = \$10.14
- >50,000 claims = \$9.68

We will revise Oregon Administrative Rule 410-121-0160 – Dispensing Fees to reflect this payment change.

The federal Centers for Medicare and Medicaid Services must approve this rate reduction. We have submitted our request and are awaiting approval. We will send you another announcement if either the rate reduction or effective date changes.

We are committed to sharing accurate information as soon as possible. To that end, we have created a webpage with information regarding the proposed rate reductions. The web address is www.oregon.gov/OHA/healthplan/budget-reductions.shtml. You may refer colleagues and others to this page for information and materials related to reductions. To receive e-mail notification when the site is updated, you can click on the green eSubscribe envelope at the top of the page.

We appreciate the services you provide to the state's most vulnerable people and I know this will be difficult on you and your staff as we navigate these difficult budget times. Moving forward, we continue our work to improve Oregon's health system in order to reduce costs and improve care to offset the need for deeper reductions.

Working together, I know we can continue to provide health care to our most vulnerable citizens, even in this time of limited resources and expanding need. Thank you for your hard work and dedication.

Please feel free to contact the DMAP Provider Services Unit at dmap.providerservices@state.or.us or call 1-800-336-6016 if you have general questions regarding this information. The Provider Services Unit is available Monday through Thursday from 8:30 a.m. to 4:30 p.m. and 10:00 a.m. to 4:30 p.m. on Friday (phone lines closed 11:25 a.m. to 12:30 p.m. daily).

For program specific questions, you may contact your DMAP Pharmacy Program Manager, Ralph Magrish, at ralph.m.magrish@state.or.us or 503-945-6291.

Sincerely,

A handwritten signature in black ink that reads "Judy Mohr Peterson". The signature is written in a cursive, flowing style.

Judy Mohr Peterson, Director
Division of Medical Assistance Programs
Oregon Health Authority