



North Carolina
Department of Health and Human Services
Division of Medical Assistance
Director's Office

1985 Umstead Drive – 2517 Mail Service Center - Raleigh, N.C. 27699-2517
Courier Number 56-20-06

Michael F. Easley, Governor
Carmen Hooker Odom, Secretary

Nina M. Yeager, Director

February 27, 2002

Dear DSS Director:

I am writing to inform you of actions being taken by the Division of Medical Assistance (DMA) to control the rising costs of prescription drugs within the Medicaid program. The prescription drug benefit has become the top expenditure item in the Medicaid budget, and will cost \$1.1 billion this year (\$341 million in state dollars). Over the last three state fiscal years, Medicaid prescription drug costs have increased 22.5 percent, 35.3 percent and 22.9 percent. The rate of growth so far this year is 17.7 percent.

DMA is taking steps to assure that the prescription drug benefit is as cost-effective as possible while assuring that Medicaid recipients get the medications they need. We are implementing a prior authorization process for several prescription drugs which are very expensive and subject to overutilization or abuse. Prior authorization for these medications will go into effect March 4, 2002.

Authorization for payment for drugs on prior approval will be provided by ACS State Healthcare. The physician or dental care provider who prescribes the drug will be able to contact ACS via telephone, facsimile, or electronic mail to request approval. Pharmacists will also be able to contact ACS to find out the status of authorization requests.

In the months ahead, the Division will be exploring the use of other management tools to insure the use of clinically sound, cost effective drug therapies, and we will keep you apprized of our decisions in this area. We are making every effort to assure that the authorization process is efficient and responsive and that Medicaid recipients continue to have access to the prescription drugs they need. Please contact Judy Walton at 919/857-4244 if you have questions about the program. Information about these changes is also available on the Internet at www.ncmedicaidpbm.com. Medicaid recipients should direct any questions or concerns about the prescription drug benefit and the authorization process to the Care-Line at 1-800-662-7030.

Sincerely,

Nina M. Yeager