

### Agency Response to Economic Impact Analysis

The Department of Medical Assistance Services (DMAS) has reviewed the Department of Planning and Budget's (DPB) Economic Impact Analysis (EIA) and disagrees on the following points:

- DMAS strongly disagrees that access to medications will be decreased as a result of providers leaving the market place. The potential for providers to leave the marketplace as a result of this decrease in reimbursement is significantly overstated. Although this change in reimbursement methodology does decrease reimbursement, it continues to allow for some profitability by providers. Furthermore, this reduction amounts to a share of all spending reductions that are being distributed across the Commonwealth's economy in light of the current fiscal crisis.
- The use of the term "sticker" price is misleading. Generally, "sticker" price is the manufacturer's suggested retail price and this is inconsistent with prescription pharmaceuticals. A more accurate term and definition would be specified as "the average of prices paid by retail pharmacies".
- The analysis statement is inaccurate that the \$3.8 million anticipated savings will be diverted to pay for other purposes as any savings realized will simply be an expenditure reduction.
- The use of the number 230,000 as the total Medicaid population is inaccurate. Approximately, 186,000 recipients, or about 70% of the total Medicaid population (265,850), receive fee-for-service benefits.