

July 22, 2009

The Honorable Max Baucus
Chairman
Senate Finance Committee
219 Dirksen Senate Office Bldg.
Washington, DC 20510-6200

The Honorable Henry A. Waxman
Chairman
House Energy and Commerce Committee
2125 Rayburn House Office Bldg.
Washington, DC 20515-6115

Dear Chairman Baucus and Chairman Waxman:

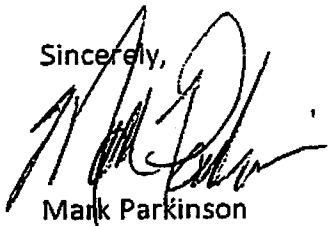
I am writing to express support for inclusion of the Medicaid Prescription Drug Rebate Equalization act (DRE) in health care reform packages currently under consideration in Congress. The DRE allows Medicaid managed care organizations (MCOs) to receive the same drug manufacturing rebates that are currently available to fee-for-service Medicaid programs.

The rebate program directs drug manufacturers that participate in a state's Medicaid program to rebate drug costs through agreements with the Department of Health and Human Services. In turn, states are required to utilize these manufacturers' products to ensure federal funding of outpatient drugs prescribed to Medicaid beneficiaries. Currently, states cannot take advantage of these rebates for persons receiving care through Medicaid MCOs. Medicaid MCO participation has greatly expanded over the last 18 years. In fact approximately 50% of Kansas Medicaid beneficiaries now receive care through MCOs.

Considering the growth of Managed Care nationally, prohibiting states from taking advantage of rebates available to similar fee-for-service beneficiaries creates a challenge. As prescription drugs are among the highest expenses for states, and these costs are rising, many states have carved prescription drug services out of their managed care contracts in an effort to maximize rebate opportunities. By delinking pharmacy and physician services, it is difficult for MCOs to ensure the right drug is given to the right beneficiary at the right time. Allowing Medicaid MCOs to receive Medicaid rebates would allow states, and the federal government, to benefit from both decreased cost and improved care coordination.

Thank you for your consideration of this matter.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark Parkinson', written over the word 'Sincerely,'.

Mark Parkinson
Governor of the State of Kansas

MP/JP/pl