

John Elias Baldacci  
Governor



State of Maine  
DEPARTMENT OF HUMAN SERVICES  
Augusta, Maine 04333

March 11, 2004

Dear Pharmaceutical Manufacturer:

The purpose of this letter is to inform you that the State of Maine is opening negotiations for Phase Two of the State Preferred Drug List (PDL), which will become effective July 1, 2004. The first phase of the State PDL addressed only the Medicaid population and was implemented July 1, 2003. The second phase will extend the State PDL to other Maine residents with State-administered drug benefits. In return for this added market share, the State is seeking rebates on these non-Medicaid members. This is a business proposition. MaineCare already represents nearly 19% of the State population. Phase Two adds several thousand State hospital and Correctional System users along with forty thousand Drugs For the Elderly (DEL) users, thirty thousand Maine Rx Plus users (under 350% FPL) and up to seventy-eight thousand Medicaid expansion users. This means that the State PDL will affect the pharmaceutical prescribing of one of every three Maine residents. The State PDL will have an even larger influence and spill over effect on all prescribing activity in the State.

It has become increasingly difficult for physicians to prescribe for patients affected by a myriad of preferred drug lists with markedly varying preferred drugs, criteria and processes. It is the State's intention to create a unified Preferred Drug List to help address this issue while at the same time selectively promoting utilization of the most cost-effective drugs. Ideally, the State PDL would be identical for all groups affected. Since the State must always and will always do what is best for the MaineCare population first and foremost, it is possible that the non-Medicaid groups affected by the State PDL may not have as many preferred choices available. That choice is up to you. The benefit of participating in all levels of this effort is the dominant effect on market share of a preferred drug designation for this large segment of the population. The risk of participating in only the MaineCare segment is that market share could still be lost to competitors. Assume that your product is designated a MaineCare preferred drug but also a non-preferred drug for the DEL, Maine Rx Plus, and other non-Medicaid State drug users. Now also assume that your competitor offered acceptable rebates across all of the different types of State drug benefit users and were, therefore, designated as preferred across the board, not just for MaineCare. Over time, many physicians might tend to favor the preferred products in common to all State drug benefits rather than having to always consult lists in order to prescribe a preferred drug unique to just one of the State programs.

In summary, the State is soliciting supplemental rebates on the MaineCare Program (19% Maine population) and on three additional non-Medicaid populations in return for a PDL that will affect

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30-35% of Maine's population. The State currently receives rebates on the DEL benefit equal to at least the basic CMS rebate of 15.1% AMP. We do not necessarily expect the same rebates for the non-Medicaid populations as for MaineCare, but such offers would obviously be received enthusiastically. Companies may make different offers for each population by:

- Inserting an exact rebate percentage figure on each of the non-Medicaid groups or
- Providing an exact rebate percentage to be used on all non-Medicaid groups or
- Specifying the same rebate percentage for all populations

Phase One of the PDL has had a dramatic effect on the pattern of utilization for many drugs. A utilization report of the past several quarters, pre- and post PDL implementation is available at [www.ghsinc.com](http://www.ghsinc.com).

Please visit [http://www.ghsinc.com/ghs\\_com/supfiles.jsp](http://www.ghsinc.com/ghs_com/supfiles.jsp) and complete the offer spreadsheet. A deadline of March 29, 2004, 5:00pm EST. is established, for you to submit your completed Supplemental Rebate Offer. Any offers received after that date will not be considered until the next annual open offer period, scheduled for early in 2005. The only potential exceptions will be for new products subsequently entering the market.

Submitting a Supplemental Rebate Offer does not guarantee that your product(s) will be placed on the Preferred Drug List, and the lack of a Supplemental Rebate Offer does not necessarily mean that your product will not be placed on the PDL. It is also important to emphasize that offers from companies with existing supplemental rebate agreements will only be reviewed if they are currently in good standing with respect to payment.

The timeline for submitting your completed Supplemental Rebate Offer will not be extended. It is, therefore, important to make your first offer your best offer so that the true net cost of your drug will be considered in the PDL cost analysis.

There will **not** be any meetings with manufacturers to discuss the bids submitted prior to the P&T Committee Meetings, which will be held at the BMS offices at 442 Civic Center Drive in Augusta:

- April 5, 1-9 pm for non-psychiatric drug classes
- April 13, 1-9 pm for psychiatric drug classes

Any questions or statements will be addressed at that time.

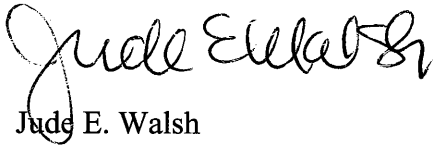
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This is an important opportunity for your company. We value our partnership with manufacturers and know the rebate program has helped to make drugs more affordable to our citizens in need. The PDL is once again open for potential revisions. Nearly one third of Maine prescribing will be affected by this stage. Don't get left behind. Any questions regarding how to submit bids may be directed to Kathy Dupuis, 207-622-7153 x113 or [kdupuis@ghsinc.com](mailto:kdupuis@ghsinc.com). Any questions concerning the non-medicare State populations included in Phase Two of the State PDL may be addressed to me at [jude.e.walsh@maine.gov](mailto:jude.e.walsh@maine.gov) or the address below.

Sincerely,

A handwritten signature in black ink that reads "Jude E. Walsh". The signature is written in a cursive, flowing style.

Jude E. Walsh

Director, Division of Health Care Management and Member Services  
Maine Bureau of Medical Services  
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