

Medicaid Rebates

In SFY 06-07, the Preferred Drug Program netted savings of \$82.5 million by generating *supplemental* rebates totaling \$80.5 million and avoiding \$1.95 million that would otherwise have been spent on more expensive products.

Total PDP savings reported in April, 2008 \$82.5 million. (source: DOH Annual Report to the Legislature) This savings derives from reforms at the state level.

In SFY 06-07, manufacturers paid \$917,853,020 in rebates under federal OBRA '90 provisions. (source: response to FOI request) This savings derives from federal reform.

Total Medicaid rebates and savings generated under existing policies in SFY 06-07 was \$998,384,020.

In SFY 07-08, the Preferred Drug Program is estimated to have generated *supplemental* rebates of approximately \$158.2 million. Savings from shifting away from expensive products to less expensive preferred drugs is estimated at \$39.6 million.

Total PDP savings anticipated to be reported to the Legislature \$197.8 million.

In SFY 07-08, we should inquire total rebates generated under federal OBRA '90 so that we have the total in rebates and savings generated under existing policies.

Manufacturers Liable under OBRA 90 rebate provisions

Bristol-Myers Squibb agreed to pay NYS \$40 million in settlement of a 2004 lawsuit regarding pricing. NYC received \$7.5 million. Counties also benefited.

Efforts Underway to Recover Medicaid Monies Owed by Uncle Sam

Attorney General Cuomo filed suit in U.S. District Court, Northern District June 17, 2008 to recover \$1.9 billion NYS Medicaid spent for disabled New Yorkers whose care should have come under Social Security.

Medicaid Inspector General Jim Sheehan has identified \$600 million owed under the Medicare medical benefit (Part B) for dual eligible individuals. This is an annualized amount. In a similar case, CMS has agreed to reimburse Mississippi \$90 million in state Medicaid overpayments for duals. In that instance, CMS went back four years.

Comptroller cites poor management of Medicaid

In Report 2007-S-139 issued December 10, 2008, auditors identified \$54.5 million in overpayments due to poor control over Medicaid edits.

Investigations by both the Comptroller and the Medicaid Inspector General conclude that Medicaid eligibility files are three months behind in denying claims for recipients who have died.
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