

D 004 07

EXECUTIVE ORDER

Establishing a Preferred Drug List

Pursuant to the authority vested in the Office of the Governor of the State of Colorado, I, Bill Ritter, Jr., Governor of the State of Colorado, hereby issue this Executive Order regarding the establishment of a preferred drug list for non-Medicare clients receiving drugs through the fee-for-service and primary care physician programs in the Colorado Medical Assistance Program.

1. Background and Purpose.

The Medical Assistance Program operated by the Colorado Department of Health Care Policy & Financing (the “Department”) provides drug coverage to clients who are not also on Medicare. The Department has implemented a number of utilization mechanisms to control costs, but the amount spent on medications per client continues to grow. Due to the state of Colorado’s budget restrictions, it is imperative that the State of Colorado does all that it can to control costs while continuing to protect vulnerable populations.

Many other state Medicaid programs have established a preferred drug list (“PDL”) and a number of those states have entered into multi-state purchasing pools. By establishing PDLs, these states have reported that they have been able to decrease expenditures while still providing needed medications to their participants. In establishing a PDL, states are also able to obtain supplemental rebates from drug companies. Obtaining supplemental rebates will allow Colorado the ability to provide medications at the lowest possible costs.

In order to establish a PDL, states create a Pharmacy and Therapeutics Committee. Although the exact duties of this Committee vary state to state, the Committee is usually responsible for comparing drugs on a clinical basis and recommending which drugs should be preferred agents on the PDL. The Pharmacy and Therapeutics Committee typically consists of medical professionals who review evidence-based clinical data to make their recommendation.

Pursuant to C.R.S. §25.5-5-506(3)(a), the Department has the authority to implement drug utilization mechanisms to control costs in the Medical Assistance Program associated with prescribed drugs. A PDL is an additional drug utilization mechanism that is necessary to further control the expenditures on drugs through the Medical Assistance Program.

2. Directives.

- A. Pursuant to C.R.S. §25.5-5-506, the Department is hereby directed to establish and maintain a PDL for all fee-for-service and primary care physician Medical Assistance Program non-Medicare clients.
- B. The Department shall evaluate the various methods by which a PDL is implemented and maintained and shall determine the best option for Colorado's PDL. The Department has the authority to take any actions it deems appropriate to create and maintain a PDL.
- C. The Department shall form a Pharmacy and Therapeutics Committee, which will use clinical data and evidence in considering drugs for inclusion in the PDL.
- D. Any such PDL established by the Department shall comply with all state and federal laws.
- E. The Department shall also obtain supplemental rebates to further ensure that the State can provide drug coverage for Medical Assistance Program clients at the lowest possible cost.
- F. The Department is hereby directed to determine the best method by which to obtain supplemental rebates. This shall include an evaluation of the feasibility and cost-effectiveness of entering into one of the existing multi-state purchasing pools. The evaluation shall focus on the costs and benefits of each of these existing pools in comparison to alternative methods by which the Department may obtain supplemental rebates.
- G. After the evaluation is completed, the Department shall take any actions it deems appropriate to implement the method chosen to obtain supplemental rebates. The Department also has the authority to re-evaluate the options available to the Department when it determines such re-evaluation is justified.
- H. There may be administrative costs associated with this implementation. The Department is permitted to request funding for such costs through the State budget process.

3. Duration

This Executive Order shall remain in force until further modification or rescission by the Governor.

GIVEN under my hand and
the Executive Seal of the
State of Colorado, this ____
day of January, 2007.

Bill Ritter, Jr.
Governor