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For Immediate Release

Correction: HB 88 is now law, not SB 264

Medicaid Pharmacy Costs to Lower with Participation of Federal Prescription Drug Discount Program

Santa Fe, May 21, 2004 – Today marks the first day of the law created by HB 88, requiring health care facilities to participate in a federal public health services prescription drug discount program. “By participating in this program, more of the state’s health clinics will benefit from cheaper prescription drugs for some of the 419,000 New Mexicans who rely on Medicaid for their health care needs,” said Pamela Hyde, Human Services Department (HSD) Secretary.

The bill will expand section 340B of the Public Health Service Act. 340B participation discounts are, on average, approximately 20 percent below the average Medicaid rates. “Not only will “safety net” providers see savings, but so will Medicaid recipients and the state’s Medicaid program,” said Carolyn Ingram, HSD Medical Assistance Division Director. HSD is estimating a savings of \$127,800 with the passage of this bill.

An example of savings to Medicaid is as follows.

If the retail cost for a particular dosage and quantity of brand name prescription drug is \$100, on average:

- An uninsured resident pays \$100 for that prescription
- Medicaid and large HMOs pay \$65
- **Federally qualified health care center pays \$54 (called 340B price)**
- The federal government (largely, the US Department of Defense and Veteran Affairs) pays \$46 or less

HB 88, sponsored by Representative Danice Picraux, is part of Governor Richardson’s Medicaid revenue enhancement package, which helps rein in the growth of the Medicaid budget while maintaining eligibility for low-income children, disabled adults and seniors on the program. “These are tough times for the Medicaid program, and we are working our hardest to find solutions and making every dollar stretch as much as possible,” said Hyde.

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