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Gov. Christie: Modernizing New Jersey Medicaid Rx Will Help Save \$41 Million

PCMA: NJ Medicaid Rx Pays Almost Twice the Fees that Medicare, Private Insurers Pay

(Washington, DC)— Governor Chris Christie announced today that his 2012 budget will include a [proposal](http://www.nj.com/news/index.ssf/2011/02/gov_christies_remarks_regardin.html) (http://www.nj.com/news/index.ssf/2011/02/gov_christies_remarks_regardin.html) to modernize New Jersey’s Medicaid program and manage its prescription drug benefits more like those in other, more affordable Medicare and private sector programs. Governor Christie said the proposal would save \$41 million “while still providing vital services.”

“Governor Christie is right. By administering Medicaid drug benefits like those in Medicare, New Jersey will save millions without cutting benefits to those in need. Currently, the program uses fewer generic drugs and pays more than either Medicare or private insurers. It’s time to modernize New Jersey’s Medicaid drug benefits and bring costs more in line with those of other programs,” said **Pharmaceutical Care Management Association (PCMA) President and CEO Mark Merritt**.

The one-year savings projection given by Governor Christie concurs with those reported in [a recent study](http://www.pcmanet.org/images/stories/uploads/2010/12/Medicaid_Pharmacy_Savings_Report.pdf) (http://www.pcmanet.org/images/stories/uploads/2010/12/Medicaid_Pharmacy_Savings_Report.pdf), which found that New Jersey Medicaid could save \$249 million over the next decade by managing pharmacy benefits more like Medicare, Medicaid managed care plans, and employer plans. [Recent polling](http://www.pcmanet.org/images/stories/uploads/2010/12/Medicaid-Pharmacy-Poll-Memo.pdf) (<http://www.pcmanet.org/images/stories/uploads/2010/12/Medicaid-Pharmacy-Poll-Memo.pdf>) finds voters would rather modernize Medicaid pharmacy than cut benefits for patients or payments to doctors and hospitals.

Many state Medicaid programs pay too much for prescription drugs because they use an archaic, fee-for-service approach in which state officials set payment rates and are therefore constantly lobbied to inflate them by special interests. To avoid this trap, most non-Medicaid drug benefits programs – like those offered by Medicare, employers and unions – rely upon independent, third party pharmacy benefit experts to negotiate competitive rates with pharmacies. These programs also reduce costs by employing cutting-edge, market-proven strategies to increase the use of generics.

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PCMA represents the nation’s pharmacy benefit managers (PBMs), which improve affordability and quality of care through the use of electronic prescribing (e-prescribing), generic alternatives, mail-service pharmacies, and other innovative tools for 200-plus million Americans.