

COLORADO DEPARTMENT OF HEALTH CARE POLICY AND FINANCING; FY 08-09 BUDGET REQUEST CYCLE

Schedule 13 Change Request for FY 08-09 Budget Request Cycle											
Request Title:		Decision Item FY 08-09		Base Reduction Item FY 08-09		Supplemental FY 07-08		Budget Request Amendment FY 08-09			
Implement Preferred Drug List											
Department:		Health Care Policy and Financing		Dept. Approval by:		John Bartholomew		Date:		January 2, 2008	
Priority Number:		S-9, BA-3		OSPB Approval:		<i>[Signature]</i>		Date:		12/27/07	
	Fund	1 Prior-Year Actual FY 06-07	2 Appropriation FY 07-08	3 Supplemental Request FY 07-08	4 Total Revised Request FY 07-08	5 Base Request FY 08-09	6 Decision/ Base Reduction FY 08-09	7 November 1 Request FY 08-09	8 Budget Amendment FY 08-09	9 Total Revised Request FY 08-09	10 Change from Base (Column 5) FY 09-10
<b>Total of All Line Items</b>	<b>Total</b>	2,078,238,408	2,166,131,395	422,556	2,166,553,951	2,168,136,894	(793,091)	2,167,343,803	(50,579)	2,167,293,224	(1,660,782)
	FTE	225.36	245.30	0.00	245.30	259.50	0.00	259.50	1.00	260.50	1.00
	GF	640,133,131	660,343,757	287,314	660,631,071	659,986,498	(320,510)	659,665,988	(90,043)	659,575,945	(775,939)
	GFE	343,100,000	343,900,000	0	343,900,000	343,900,000	0	343,900,000	0	343,900,000	0
	CF	0	193,146	0	193,146	216,481	0	216,481	0	216,481	0
	CFE	49,269,455	76,615,475	0	76,615,475	78,958,391	0	78,958,391	0	78,958,391	0
	FF	1,045,735,822	1,085,079,017	135,242	1,085,214,259	1,085,037,268	(472,581)	1,084,564,687	39,464	1,084,604,151	(684,843)
<b>(1) Executive Director's Office</b>	<b>Total</b>	15,260,951	16,715,590	0	16,715,590	18,860,743	0	18,860,743	35,114	18,895,857	38,497
<b>Personal Services</b>	FTE	225.4	245.3	0.0	245.3	259.5	0.00	259.50	1.00	260.50	1.00
	GF	6,054,845	7,261,822	0	7,261,822	7,768,653	0	7,768,653	17,557	7,786,210	19,249
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	140,495	0	140,495	212,681	0	212,681	0	212,681	0
	CFE	399,006	592,486	0	592,486	2,121,195	0	2,121,195	0	2,121,195	0
	FF	8,807,100	8,720,787	0	8,720,787	8,758,214	0	8,758,214	17,557	8,775,771	19,248
<b>(1) Executive Director's Office</b>	<b>Total</b>	93,197	178,339	0	178,339	243,206	0	243,206	51	243,257	56
<b>SB 04-257 Amortization</b>	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Equalization</b>	GF	41,256	76,448	0	76,448	108,110	0	108,110	26	108,136	28
<b>Disbursement</b>	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	2,092	5,855	0	5,855	12,070	0	12,070	0	12,070	0
	FF	49,849	96,036	0	96,036	123,026	0	123,026	25	123,051	28

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<b>Request Title:</b>	Implement Preferred Drug List										
<b>Department:</b>	Health Care Policy and Financing				<b>Dept. Approval by:</b>	John Bartholomew		<b>Date:</b>	January 2, 2008		
<b>Priority Number:</b>	S-9, BA-3				<b>OSPB Approval:</b>			<b>Date:</b>			
		1	2	3	4	5	6	7	8	9	10
		Prior-Year		Supplemental	Total	Base	Decision/	November 1	Budget	Total	Change
		Actual	Appropriation	Request	Revised	Request	Base	Request	Amendment	Revised	from Base
	Fund	FY 06-07	FY 07-08	FY 07-08	FY 07-08	FY 08-09	Reduction	FY 08-09	FY 08-09	FY 08-09	(Column 5)
											FY 09-10
(1) Executive Director's Office	Total	0	34,950	0	34,950	77,872	0	77,872	236	78,108	193
Supplemental	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Amortization	GF	0	13,722	0	13,722	34,615	0	34,615	118	34,733	97
Equalization	GFE	0	0	0	0	0	0	0	0	0	0
Disbursement	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	1,220	0	1,220	3,866	0	3,866	0	3,866	0
	FF	0	20,008	0	20,008	39,391	0	39,391	118	39,509	96
(1) Executive Director's Office	Total	1,196,014	1,039,465	0	1,039,465	1,023,940	0	1,023,940	4,365	1,028,305	950
Operating Expenses	FTE	0.0	0.0	0.0	0.0	0.0	0.00	0.00	0.00	0.00	0.00
	GF	586,457	494,229	0	494,229	486,342	0	486,342	2,183	488,525	475
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	14,395	0	14,395	3,800	0	3,800	0	3,800	0
	CFE	8,151	14,546	0	14,546	27,093	0	27,093	0	27,093	0
	FF	601,406	516,295	0	516,295	506,705	0	506,705	2,182	508,887	475
(1) Executive Director's Office	Total	291,438	304,143	(61,000)	243,143	304,143	0	304,143	79,020	383,163	(93,660)
Drug Utilization Review	FTE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	GF	72,859	76,036	45,536	121,572	76,036	76,036	152,072	(25,245)	126,827	7,621
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	0	0	0	0	0	0
	CFE	0	0	0	0	0	0	0	0	0	0
	FF	218,579	228,107	(106,536)	121,571	228,107	(76,036)	152,071	104,265	256,336	(101,281)

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	<b>Decision Item FY 08-09</b>	<input type="checkbox"/>	<b>Base Reduction Item FY 08-09</b>	<input type="checkbox"/>	<b>Supplemental FY 07-08</b>	<input checked="" type="checkbox"/>	<b>Budget Request Amendment FY 08-09</b>	<input checked="" type="checkbox"/>			
<b>Request Title:</b>	Implement Preferred Drug List										
<b>Department:</b>	Health Care Policy and Financing				<b>Dept. Approval by:</b>	John Bartholomew			<b>Date:</b>	January 2, 2008	
<b>Priority Number:</b>	S-9, BA-3				<b>OSPB Approval:</b>				<b>Date:</b>		
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>
		<b>Prior-Year</b>		<b>Supplemental</b>	<b>Total</b>	<b>Base</b>	<b>Decision/</b>	<b>November 1</b>	<b>Budget</b>	<b>Total</b>	<b>Change</b>
		<b>Actual</b>	<b>Appropriation</b>	<b>Request</b>	<b>Revised</b>	<b>Request</b>	<b>Base</b>	<b>Request</b>	<b>Amendment</b>	<b>Revised</b>	<b>from Base</b>
	<b>Fund</b>	<b>FY 06-07</b>	<b>FY 07-08</b>	<b>FY 07-08</b>	<b>FY 07-08</b>	<b>FY 08-09</b>	<b>Reduction</b>	<b>FY 08-09</b>	<b>FY 08-09</b>	<b>FY 08-09</b>	<b>(Column 5)</b>
<b>(2) Medical Services</b>	<b>Total</b>	2,061,396,808	2,147,858,908	483,556	2,148,342,464	2,147,626,990	(793,091)	2,146,833,899	(169,365)	2,146,664,534	(1,606,818)
<b>Premiums</b>	<b>FTE</b>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	<b>GF</b>	633,377,714	652,421,500	241,778	652,663,278	651,512,742	(396,546)	651,116,196	(84,682)	651,031,514	(803,409)
	<b>GFE</b>	343,100,000	343,900,000	0	343,900,000	343,900,000	0	343,900,000	0	343,900,000	0
	<b>CF</b>	0	38,256	0	38,256	0	0	0	0	0	0
	<b>CFE</b>	48,860,206	76,001,368	0	76,001,368	76,794,167	0	76,794,167	0	76,794,167	0
	<b>FF</b>	1,036,058,888	1,075,497,784	241,778	1,075,739,562	1,075,381,825	(396,545)	1,074,985,280	(84,683)	1,074,900,597	(803,409)
<b>Letternote revised text:</b>											
<b>Cash Fund name/number, Federal Fund Grant name:</b>	FF: Title XIX										
<b>IT Request:</b>	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No									
<b>Request Affects Other Departments:</b>	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	<b>If Yes, List Other Departments Here:</b>								

**CHANGE REQUEST for FY 08-09 BUDGET REQUEST CYCLE**

Department:	Health Care Policy and Financing
Priority Number:	S-9, BA-3
Change Request Title:	Implement Preferred Drug List

**SELECT ONE (click on box):**

- Decision Item FY 08-09
- Base Reduction Item FY 08-09
- Supplemental Request FY 07-08
- Budget Request Amendment FY 08-09

**SELECT ONE (click on box):**

Supplemental or Budget Request Amendment Criterion:

- Not a Supplemental or Budget Request Amendment
- An emergency
- A technical error which has a substantial effect on the operation of the program
- New data resulting in substantial changes in funding needs
- Unforeseen contingency such as a significant workload change

Short Summary of Request:

This FY 07-08 supplemental request is for \$422,556 total funds to correct the federal match rate for the Executive Director’s Office, Drug Utilization Review line and to restate the savings estimate for prescription drug expenditures in the Medical Services Premiums line. This correction would adjust the line from a 75% federal match rate to a 50% federal match rate for all administrative services. In addition, the Department would like to make a budget amendment to the FY 08-09 base reduction request and replace the preferred drug list contract with the Drug Effectiveness Review Project and 1.0 FTE Program Assistant I. This would cause an incremental decrease of \$50,579 total funds and a reduction of \$90,043 in General Fund from the Base Reduction Item located in the FY 08-09 Budget Request, November 1, 2007. The net result would be a reduction of \$843,670.

Background and Appropriation History:

In January 2007, Governor Ritter signed Executive Order D 004 07 establishing a preferred drug list for Colorado’s Medicaid program. The purpose of this program is to provide needed medications to Medicaid clients while decreasing expenditures on pharmaceuticals. This Executive Order gives the Department the authority to implement a

preferred drug list after evaluating various methods of implementation and determining the best option for Colorado. In addition, the Department is responsible for forming a Pharmacy and Therapeutics Committee responsible for evaluating clinical data and evidence on all drugs under consideration for inclusion in the preferred drug list. The Department will also evaluate and pursue supplemental rebates to further facilitate providing pharmaceuticals for Medicaid clients at the lowest possible cost.

As proposed under SB 05-022, a 15-member Pharmacy and Therapeutics Committee would have been created to “use an evidence-based research approach to review and recommend drugs for inclusion on a preferred drug list for Medicaid recipients and specifies the factors the committee should use in reviewing and recommending drugs for the PDL” (Legislative Council Fiscal Note for SB 05-022, May 3, 2005, page 1). The fiscal note assumed that the Department would be able to obtain evidenced-based research from other states at no additional cost.

**Description of Current Preferred Drug List Resources Appropriated:**

In FY 07-08, the Department was appropriated funds for 3.0 FTE and \$194,877 for Personal Services and Operating Expenses. This appropriation was obtained by the JBC staff from the Legislative Council’s May 3, 2005 fiscal note for SB 05-022. The justification for these positions was “...to provide the professional expertise required to create the [preferred drug list]... and to provide general support to the committee” (Figure Setting, February 14, 2007, page 14). While this bill failed during the second House reading, it provided the basis for the JBC action related to the Executive Order. In addition, \$340,880 was appropriated for Medicaid Management Information System changes, (Figure Setting, March 8, 2007, page 105), and \$670,376 was removed from the Department’s appropriation for Medical Services Premiums to reflect six months of expected savings in drug costs for FY 07-08 (Figure Setting, March 8, 2007, page 52).

**FTE**

The Department received \$48,720 for 3.0 FTE for one quarter of a year beginning in FY 06-07. In FY 07-08, the Department received \$194,877 for 3.0 FTE. The appropriated FTE includes a Pharmacist III, a General Professional III and a Statistical Analyst III. These FTE would remain within the Department to run the program, manage the preferred drug list contract and to implement supplemental rebates. As a result of the adjustments to the scope of work, the Department changed the classification for these FTE. The FTE include a General Professional V, a Pharmacist II and a Rate and Financial Analyst II. The Department will retain many of the responsibilities of administering the preferred drug list. Specific duties for the 3.0 FTE are provided below.

The Preferred Drug List Coordinator (General Professional V) would be responsible for:

- Completing the procurement process, selecting the preferred drug list contractor, and managing and overseeing performance of the contract;
- Overseeing implementation of the Medicaid rules for the preferred drug list and the Pharmacy and Therapeutic Committee;
- Submitting the State Plan amendment to the Centers for Medicare and Medicaid Services and monitoring the preferred drug list program to assure compliance with federal regulations;
- Reviewing contractor analysis of Medicaid drug utilization data, average daily drug costs and methodologies for determining the cost effectiveness of drug classes;
- Overseeing the supplemental rebate process including solicitation of bids from drug manufacturers and negotiating and managing the supplemental rebate contracts, and;
- Assisting with the selection and appointment of Pharmacy and Therapeutic Committee members.

The Preferred Drug List Pharmacist (Pharmacist II) would be responsible for:

- Acting as point of contact for all clinical questions/issues for providers, drug manufacturers, advocacy groups, Medicaid stakeholders, and Pharmacy and Therapeutic Committee members;

- Reviewing quality of analysis provided by the preferred drug list contractor before making recommendations on which drugs should be considered for inclusion on the preferred drug list;
- Attending Pharmacy and Therapeutic Committee meetings;
- Reviewing systems requirements for program implementation including the Prescription Drug Card System, customer service requests and prior authorization criteria, and;
- Performing provider outreach and education, draft related documents.

The Preferred Drug List Rate and Financial Analyst II would be responsible for:

- Performing pharmaeconomic analysis of drug classes and categories;
- Developing decision support methodologies for determining the cost-effectiveness of drugs;
- Performing post-implementation analysis of the cost-effectiveness of the preferred drug class implementation;
- Analyzing and making recommendations on current pharmacy rates and reimbursement methodologies, and;
- Performing cost savings analysis related to prior authorizations.

### **Medicaid Management Information System**

The Department received \$340,880 for preferred drug list costs related to the Medicaid Management Information System in FY 07-08. This includes \$290,000 for processing prior authorizations and \$50,880 for ongoing maintenance costs. Prior authorizations will be required for all clients requiring non-preferred drugs. In FY 07-08, drug prior authorizations became part of the fixed price contract and as a result, the contractor, ACS, is obligated to handle all prior authorizations up to the cap set by the contract. Significant increases will cause the non-preferred drug list prior authorizations to exceed the cap. Until the fixed price contract can be renegotiated, the Department will be required to pay a per unit cost between \$10 and \$12. As a result, the Department expects to spend the entire \$290,000 appropriated for this purpose. In addition, system revisions will be necessary as additional drug classes are added to the preferred drug list. As a result of

these updates, the Department will fully expend the \$50,880 appropriated for Medicaid Management Information System maintenance.

Further, \$170,371 in one-time system costs funding was added in FY 06-07 to make Medicaid Management Information System development changes. These include changes to the formulary, plan file, and edit changes needed for all drugs affected by this implementation. System changes were not implemented by the close of FY 06-07 and the Department has received rollforward authority to spend these moneys in FY 07-08.

### **Documented Quote, Preferred Drug List Contractor FY 07-08**

Implementation of the Executive Order in a timely manner required a documented quote<sup>1</sup> in FY 07-08. This allowed the Department to move forward with the implementation process with a temporary contractor. The temporary contractor also allowed the Department to research long term implementation options. This contract will begin in October 2007 and will end in June 2008; the total cost is \$119,000. The Department will fund the FY 07-08 preferred drug list contractor through the Drug Utilization Review line item.

The Department ended a contract with the Business Research Division of the Leeds School of Business at the University of Colorado for drug utilization review at the end of FY 06-07 and used the \$180,000 in funding for the preferred drug list contractor. Many of these same services would be required of the contractor to implement a preferred drug list in addition to providing evidence based research for clinical data which the Business Research Division was unable to provide. Rather than pay two separate drug utilization review contractors to provide duplicative services, this alternative would utilize the existing funding to provide a broader range of services.

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<sup>1</sup> A documented quote is an abbreviated procurement process for soliciting bids for contracts between \$25,000 and \$150,000. The documented quote is required to be posted for a minimum of 3 working days rather than the 30 days required for an RFP. Documented quotes and RFPs both have a one year limit with the option to renew up to 4 additional years. The \$150,000 limit for a documented quote applies to the full duration of the contract including renewals.

Implementation of the preferred drug list requires the contractor to have access to a comprehensive clinical database providing information including: peer reviewed medical literature, established clinical practice guidelines and Medicaid drug utilization data. Further, the contractor must be able to use flexible evaluation criteria in order to evaluate different scenarios under a preferred drug list. Implementation also requires the ability to analyze the clinical data and Medicaid drug utilization data using a decision support system. The Department does not currently have the resources in place to provide these services and would not be able to implement the preferred drug list in a timely fashion without the expertise of a contractor.

In addition, the contractor is responsible for analyzing claims data from the Medicaid Management Information System to provide utilization reporting specific to Colorado. This requires a support system to store monthly claims data provided by the Department and historical claims data starting 18 months prior to the start of the program. With an April 1, 2008 start date, this will require the contractor to maintain claims data from October 1, 2006.

The contractor is responsible for planning and management of committee meetings. The Department would require the contractor to retain a dedicated clinical manager that is either a Registered Pharmacist or a Doctor of Pharmacy and is licensed in the State of Colorado. The contractor is responsible for attending all committee meetings, planning meeting logistics, developing an agenda, compiling informational packets on clinical and Medicaid utilization data, distributing necessary materials, and drafting meeting minutes.

The contractor is implementing the first six drug classes including three drug classes to be added April 1, 2008 and three drug classes to be added July 1, 2008. The Department is working on three drug classes for implementation on April 1, 2008 including proton pump inhibitors (PPIs); sedatives and hypnotics; and statins. Proton pump inhibitors are prescribed for stomach problems and include drugs such as Nexium, Prevacid and Prilosec. Sedatives and hypnotics include drugs such as Lunesta, Ambien CR and Sonata. The statins drug class includes drugs that lower the level of cholesterol in the blood and include drugs such as Lipitor, Crestor and Zocor. The Department is still looking into the

third drug class for implementation on April 1, 2008. The Department will determine additional drug classes to add to the preferred drug list on July 1, 2008, after receiving recommendations from the Pharmacy and Therapeutics Committee and the preferred drug list contractor.

General Description of Request:

This supplemental request is for \$422,556 total funds in FY 06-07 for the Department to correct fund splits for the Executive Director's Office, Drug Utilization Review line and update the savings estimate for the program. In addition, the total FY 08-09 Department request is a reduction in total funds of \$843,670 to replace the preferred drug list contractor with clinical data from the Drug Effectiveness Review Project (DERP) and 1.0 FTE Program Assistant I. This is an incremental decrease of \$50,579 total funds from the Base Reduction Item located in the FY 08-09 Budget Request, November 1, 2007.

**Drug Utilization Review Line Item, FY 07-08 Supplemental Request**

Currently, the Executive Director's Office, Drug Utilization Review line item assumes a federal match rate of 75%. During the implementation of the preferred drug list, the Department determined that drug utilization review should receive a federal match rate of 50% for all administrative services. Under 42 CFR 456.719, it states that, "[Federal Funds Participation] is available...for the Statewide adoption of a [Drug Utilization Review] program...for funds expended by the State after December 31, 1993, at the rate of 50 percent." Services for clinical review in the Executive Director's Office, Drug Utilization Review line would retain a match rate of 75%. This is based on 42 CFR Section 432.50(d)(2) which states that funding for clinical services "The rate of 75 percent FFP is available for staff [skilled professional medical personnel and directly supporting staff] of other public agencies if the requirements specified in paragraph (d)(1)<sup>2</sup> of this section are met and the public agency has a written agreement with the Medicaid agency to verify that these requirements are met."

Based on these federal citations, the Department would require an additional \$45,536 in General Fund to offset the change from the 75% federal match rate to the 50% federal

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<sup>2</sup> Requirements specified in 42 CRR Section 432.50(d)(1) can be found in the section "Statute and Federal Authority".

match rate. This would include all four programs to be paid out of the line including the new preferred drug list contractor, the drug utilization review contract with Health Information Design, Inc., the Thomson Micromedex contract and a new pharmacist incentive payment. The pharmacist incentive payment is a new appropriation to the Executive Director's Office, Drug Utilization Review line beginning in FY 07-08. Calculations for this adjustment are available in Table 3 in the Calculations for Request section of this request.

### **Savings Estimate, FY 07-08 Supplemental Request**

The Department originally estimated savings of \$670,376 for 6 months and \$1,340,752 for 12 months from FY 03-04 pharmaceutical data for Legislative Council's May 3, 2005 fiscal note for SB 05-022. This estimate was used to calculate the appropriation received by the Department during Figure Setting for FY 07-08 (Figure Setting, February 14, 2007, pages 14-15). This estimate was updated using FY 06-07 data due to legislative changes impacting pharmacy expenditures including the impact of the Medicare Modernization Act of 2003. The Department will implement 3 to 4 drug classes quarterly, for a total of 14 drug classes by the end of FY 08-09. Further, the savings estimate was revised to account for the staggered drug class implementation dates and inflation due to the anticipated increase in drug utilization across fiscal years. As a result, the Department estimates a total potential savings of \$2,490,956 in FY 07-08. This calculation is available in Table 8 in the Calculations for Request section.

The total potential savings is then discounted based on the number of drug classes implemented and total number of months of implementation. As a result, the Department estimates a total drug savings of \$186,820 in FY 07-08. This is \$483,556 less than the savings applied to the Medical Services Premiums line during the February 14, 2007 Figure Setting.

**The Drug Effectiveness Review Project (DERP) Benefits, FY 08-09 Budget Amendment**

In FY 08-09, the Department requests an incremental decrease of \$50,579 in total funds and a decrease of \$90,043 in General Fund, to purchase clinical data from the Drug Effectiveness Review Project and correct the fund splits for all other contracts in the Executive Director's Office, Drug Utilization Review line. Participating in the Drug Effectiveness Review Project would allow the Department to obtain a 75% federal match rate for these services. This would replace the preferred drug list contractor services obtained in FY 07-08 to collect and provide reports on clinical data receiving a 50% federal match rate. Currently, the Department's FY 08-09 Budget Request, November 1, 2007 has \$180,000 total funds, \$45,000 General Fund, for preferred drug list contractor services prior to correcting for the 50% federal match (Please see Table 5).

The Drug Effectiveness Review Project is a collaboration of organizations, including 13 states, which compile the best available clinical evidence on prescription drug effectiveness and safety by drug class. Clinical reports on drug classes go through a rigorous process using a series of comprehensive, up-to-date and unbiased reviews conducted by evidence based practice centers (EPCs). The results of this research are used to make informed decisions in public policy. Participating entities provide equal financing to the project and participate in the operation through a self-governing process. In addition, the Drug Effectiveness Review Project provides technical assistance within the review process, ensures that timelines are met and manages communications with pharmaceutical companies.

The Drug Effectiveness Review Project is based on a three year program. The project is in the second year of the program in FY 07-08. Starting in FY 08-09 the project will begin the third year of the program. The Department would join the project in the last year but would have to pay the full three year cost of \$259,020. The Department would not receive a prorated fee as it would still receive all proprietary reports created by the project over the course of the first and second phase in addition to all newly created

documents. This includes a total of 36 original reports, 70 updated reports, 11 journal articles and 13 pharmacy and therapeutic committee reports. This would allow the Department to provide a more comprehensive list of drug classes to the Pharmacy and Therapeutics Committee when deciding which drug classes to pursue. Beginning July 1, 2009 the Department would pay approximately the same membership fee for the following three years, through June 30, 2012. This would annualize to \$86,340 total funds and \$21,585 General Fund per year. (Please see Table 6.)

The Drug Effectiveness Review Project provides several benefits over the Department's current preferred drug list contractor. The Department currently receives summary reports collected from existing information and studies. These reports are produced at the request of the Department and are not immediately available for review. The Drug Effectiveness Review Project works directly with evidence based practice centers and pharmaceutical companies and has a large body of already published work that would be available to the Department upon joining. The Department received a sample report for a drug class currently under consideration. The Department pharmacist performed a comparison of this report and the report provided by the current preferred drug list contractor and determined that the Drug Effectiveness Review Project provided more comprehensive and scientifically rigorous clinical reports.

The project produces reports that are well known and widely accepted by policy makers to make decisions on drug classes to add to preferred drug lists. In addition, due to the self-governing process, the Department would directly participate in the development of criteria to guide the drug class reviews, help in the development of key questions, participate in the selection of the drug classes for study and provide feedback on draft reports.

Based on the structure of the Drug Effectiveness Review Project, the Department would receive a 75% federal match rate for these clinical services. This is based on 42 CFR Section 432.50(d) which states "Staff of other public agencies means skilled professional medical personnel and directly supporting staff who are employed in State or local

agencies other than the Medicaid agency who perform duties that directly relate to the administration of the Medicaid program.”

**Preferred Drug List Program Assistant I FTE Responsibilities, FY 08-09 Budget Amendment**

Under this alternative, the Department would hire a Program Assistant I to provide support services to the Pharmacy and Therapeutics Committee beginning in FY 08-09 for 11 months. This would require \$39,766 in total funds for FY 08-09; \$35,114 for the Executive Director’s Office, Personal Services line; \$51 for the Executive Director’s Office, SB 04-257 Amortization Equalization Disbursement; \$236 for the Executive Director’s Office, Supplemental Amortization Equalization Disbursement and \$4,365 for the Executive Director’s Office, Operating Expenses line. The 1.0 FTE would replace services currently provided by the preferred drug list contractor related to planning and management of the Pharmacy and Therapeutics Committee meetings. The total cost of maintaining an administrative contract would require significantly more resources than providing these duties within the Department. Responsibilities would include attending all committee meetings, planning meeting logistics, developing an agenda, compiling informational packets on clinical and Medicaid utilization data, distributing necessary materials, and drafting meeting minutes. In addition, the Program Assistant I would support to the pharmacy section to provide clerical, administrative and office assistance.

The combination of the Drug Effectiveness Review Project and the 1.0 FTE would provide a higher quality product at a lower cost starting in FY 09-10. The preferred drug list contractor would annualize to \$158,667 in total funds and \$79,333 in General Fund. In comparison, the Drug Effectiveness Review Project and FTE would annualize to \$125,940 in total funds and 41,385 in General Fund. This is \$32,727 less in total funds and \$37,948 in General Fund for the Drug Effectiveness Review Project and 1.0 FTE for a more comprehensive and higher quality product. (Please refer to Table 7 for calculations.)

**Savings Estimate, FY 08-09 Budget Amendment**

The Department assumes that the Drug Effectiveness Review Project (DERP) would impact the savings estimate as a result of additional implementation and cost efficiencies related to this product. Utilization of this product would allow the Department to add an additional two drug classes for a total of 14 drug classes and increase the number of drug classes implemented in FY 08-09 from 9 to 11. The source of this change would be 36 original reports and 70 updated reports that the Department would receive after enrollment with the Drug Effectiveness Review Project (DERP). As a result, the Department estimates a total potential savings of \$2,709,661 in FY 08-09 (Please see Table 8.)

The total potential savings is then discounted based on the number of drug classes implemented and total number of months of implementation. As a result, the Department estimates a total drug savings of \$2,303,208 in FY 08-09. This is \$962,456 more than the savings applied to the Medical Services Premiums line during the February 14, 2007 Figure Setting and \$169,365 more than the FY 08-09 Budget Request, November 1, 2007 Base Reduction Item 2. Calculations are available in Table 9 of the Calculations of Request section.

Consequences if Not Funded:

If the Department did not receive funding for the FY 07-08 supplemental request, the Executive Director's Office, Drug Utilization Review line would continue to operate at the 75% federal match rate. This would be non-compliant with federal regulation and would be susceptible to federal audits and disallowance of funding. In addition the savings estimate would remain at \$670,376 which is \$483,556 higher than the revised savings estimate of \$186,820 based on implementation dates of drug classes.

If the Department did not receive funding for the FY 08-09 budget amendment, clinical data would continue to come from a preferred drug list contractor. The Department assumes that drug classes and savings estimates would remain the same but that lower

quality and greater limitations in the data would be used to provide drug classes results to the Pharmacy and Therapeutics Committee for review. Using a less established and trusted data source could open the Department up to litigation, particularly for potentially contentious drug classes.

In addition, the Department would implement fewer drug classes with the preferred drug list contractor than the Drug Effectiveness Review Project (DERP) in FY 08-09; 12 drug classes would be implemented rather than 14 drug classes. This would decrease the savings by \$169,365 in FY 08-09 and \$294,777 FY 09-10.

Calculations for Request:

**Table 1: Summary of Request FY 07-08**

<b>Summary of Request FY 07-08</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Federal Funds</b>
<b>Total Request</b>	<b>\$422,556</b>	<b>\$287,314</b>	<b>\$135,242</b>
FY 08-09 Executive Director’s Office, Drug Utilization Review Request (Column 3)	(\$61,000)	\$45,536	(\$106,536)
FY 08-09 Medical Services Premiums (Column 3)	\$483,556	\$241,778	\$241,778

**Table 2: Summary of Request FY 08-09**

<b>Summary of Request FY 08-09</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Federal Funds</b>
<b>Total Request</b>	<b>(\$50,579)</b>	<b>(\$90,043)</b>	<b>\$39,464</b>
(1) Executive Director’s Office, Personal Services (Column 8)	\$35,114	\$17,557	\$17,557
(1) Executive Director’s Office, SB 04-257 Amortization Equalization Disbursement (Column 8)	\$51	\$26	\$25
(1) Executive Director’s Office, Supplemental Amortization Equalization Disbursement (Column 8)	\$236	\$118	\$118
(1) Executive Director’s Office, Operating Expenses (Column 8)	\$4,365	\$2,183	\$2,182
(1) Executive Director’s Office, Drug Utilization Review Request (Column 8)	\$79,020	(\$25,245)	\$104,265
(2) Medical Services Premiums (Column 8)	(\$169,365)	(\$84,682)	(\$84,683)

**Table 3: Summary of Request FY 09-10**

<b>Summary of Request FY 09-10</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Federal Funds</b>
<b>Total Request</b>	<b>(\$1,660,782)</b>	<b>(\$775,939)</b>	<b>(\$884,843)</b>
(1) Executive Director's Office, Personal Services (Column 10)	\$38,497	\$19,249	\$19,248
(1) Executive Director's Office, SB 04-257 Amortization Equalization Disbursement (Column 10)	\$56	\$28	\$28
(1) Executive Director's Office, Supplemental Amortization Equalization Disbursement (Column 10)	\$193	\$97	\$96
(1) Executive Director's Office, Operating Expenses (Column 10)	\$950	\$475	\$475
(1) Executive Director's Office, Drug Utilization Review Request (Column 10)	(\$93,660)	\$7,621	(\$101,281)
(2) Medical Services Premiums (Column 10)	(\$1,606,818)	(\$803,409)	(\$803,409)

**Table 4: Summary of Changes to the Executive Director’s Office, Drug Utilization Review Line FY 07-08**

<b>Row</b>	<b>Summary of Request FY 07-08, Executive Director's Office, Drug Utilization Review Line</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Federal Funds</b>	<b>Description</b>
A	FY 07-08 Business Research Division of the University of Colorado at Boulder	\$180,000	\$45,000	\$135,000	Previous contract amount for drug utilization review services provided by the Business Research Division of the University of Colorado at Boulder
B	FY 07-08 Health Information Design Contract	\$99,840	\$24,960	\$74,880	Current Health Information Design drug utilization contract
C	FY 07-08 Thomson Micromedex Contract	\$7,353	\$1,838	\$5,515	Current Micromedex contract
D	FY 07-08 Pharmacist Incentive Payment	\$16,950	\$4,238	\$12,712	HB 07-1021
<b>E</b>	<b>FY 07-08 Executive Director’s Office, Drug Utilization Review</b>	<b>\$304,143</b>	<b>\$76,036</b>	<b>\$228,107</b>	<b>Row A + Row B + Row C + Row D (FY 07-08 Appropriation, SB 07-239, Long Bill and HB 07-1021)</b>
F	FY 07-08 Health Information Design Contract	\$107,193	\$53,597	\$53,596	Adjusted Health Information Design drug utilization contract
G	FY 07-08 Pharmacist Incentive Payment	\$16,950	\$8,475	\$8,475	Adjusted Federal Match Rate from HB 07-1021
H	FY 07-08 Preferred Drug List Contract	\$119,000	\$59,500	\$59,500	Requested preferred drug list contract
<b>I</b>	<b>Estimated FY 07-08 Executive Director’s Office, Drug Utilization Review</b>	<b>\$243,143</b>	<b>\$121,572</b>	<b>\$121,571</b>	<b>Row F + Row G + Row H</b>
<b>J</b>	<b>FY 07-08 Fiscal Impact</b>	<b>(\$61,000)</b>	<b>\$45,536</b>	<b>(\$106,536)</b>	<b>Row I - Row E</b>

**Table 5: Summary of Changes to the Executive Director’s Office, Drug Utilization Review Line FY 08-09**

<b>Row</b>	<b>Summary of Request FY 08-09</b>	<b>Total Funds</b>	<b>General Fund</b>	<b>Federal Funds</b>	<b>Description</b>
A	FY 07-08 Business Research Division of the University of Colorado at Boulder	\$180,000	\$45,000	\$135,000	Previous contract amount for drug utilization review services provided by the Business Research Division of the University of Colorado at Boulder
B	FY 07-08 Health Information Design Contract	\$99,840	\$24,960	\$74,880	Current Health Information Design drug utilization contract
C	FY 07-08 Thomson Micromedex Contract	\$7,353	\$1,838	\$5,515	Current Micromedex contract
D	FY 07-08 Pharmacist Incentive Payment	\$16,950	\$4,238	\$12,712	HB 07-1021
<b>E</b>	<b>FY 07-08 Executive Director’s Office, Drug Utilization Review</b>	<b>\$304,143</b>	<b>\$76,036</b>	<b>\$228,107</b>	<b>Row A + Row B + Row C + Row D (FY 07-08 Appropriation, SB 07-239, Long Bill and HB 07-1021)</b>
F	FY 08-09 Health Information Design Contract	\$99,840	\$49,920	\$49,920	Adjusted Health Information Design drug utilization contract
G	FY 07-08 Thomson Micromedex Contract	\$7,353	\$3,677	\$3,676	Current Micromedex contract
H	FY 08-09 Pharmacist Incentive Payment	\$16,950	\$8,475	\$8,475	Adjusted Federal Match Rate from HB 07-1021
I	FY 08-09 Drug Effectiveness Review Project (DERP)	\$259,020	\$64,755	\$194,265	Requested preferred drug list contract
<b>J</b>	<b>Estimated FY 08-09 Executive Director’s Office, Drug Utilization Review</b>	<b>\$383,163</b>	<b>\$126,827</b>	<b>\$256,336</b>	<b>Row F + Row G + Row H + Row I</b>
<b>K</b>	<b>Difference Between the FY 07-08 Drug Utilization Review Funding and the FY 08-09 Funding</b>	<b>\$79,020</b>	<b>\$50,791</b>	<b>\$28,229</b>	<b>Row J - Row E</b>

**Table 6: Summary of Changes to the Executive Director’s Office, Drug Utilization Review Line FY 09-10**

Row	Summary of FY 09-10	Total Funds	General Fund	Federal Funds	Description
A	<b>FY 07-08 Executive Director’s Office, Drug Utilization Review</b>	<b>\$304,143</b>	<b>\$76,036</b>	<b>\$228,107</b>	Table 5, Row E
B	FY 07-08 Health Information Design Contract	\$99,840	\$49,920	\$49,920	Adjusted Health Information Design drug utilization contract
C	FY 07-08 Thomson Micromedex Contract	\$7,353	\$3,677	\$3,676	Current Micromedex contract
D	FY 08-09 Pharmacist Incentive Payment	\$16,950	\$8,475	\$8,475	Adjusted Federal Match Rate from HB 07-1021
E	Evidence Based Policy Research (DERP), Phase III Estimated 3 Year Cost	\$259,020	\$64,755	\$194,265	Phase II Evidence Based Policy Research (DERP) Contract
F	Number of Years in Evidence Based Policy Research (DERP) Contract	3	3	3	Phase II Evidence Based Policy Research (DERP) Contract
G	FY 09-10 Evidence Based Policy Research (DERP), Phase III Estimated Annual Appropriation	\$86,340	\$21,585	\$64,755	Row E / Row F
H	<b>Estimated FY 09-10 Executive Director’s Office, Drug Utilization Review line</b>	<b>\$210,483</b>	<b>\$83,657</b>	<b>\$126,826</b>	<b>Row B + Row C + Row D + Row G</b>
I	<b>Difference Between the FY 07-08 Drug Utilization Review Funding and the Annualized FY 09-10 Funding</b>	<b>(\$93,660)</b>	<b>\$7,621</b>	<b>(\$101,281)</b>	<b>Row H - Row A</b>

**Table 7: Comparison of the Drug Effectiveness Review Project and the Preferred Drug List Contractor FY 09-10**

Row	Summary of FY 09-10	Total Funds	General Fund	Federal Funds	Description
A	FY 09-10 Drug Effectiveness Review Project (DERP)	\$86,340	\$21,585	\$64,755	Row E / Row F
B	Program Assistant, 1.0 FTE Executive Director's Office, Personal Services	\$38,497	\$19,249	\$19,248	Budget Amendment Request
B.1	Program Assistant, 1.0 FTE Executive Director's Office, SB 04-257 Amortization Equalization Disbursement	\$56	\$28	\$28	Budget Amendment Request
B.2	Program Assistant, 1.0 FTE Executive Director's Office, Supplemental Amortization Equalization Disbursement	\$193	\$97	\$96	Budget Amendment Request
C	Program Assistant, 1.0 FTE Executive Director's Office, Operating Expenses	\$950	\$475	\$475	Budget Amendment Request
<b>D</b>	<b>Total Cost of the Drug Effectiveness Review Project and 1.0 FTE</b>	<b>\$126,036</b>	<b>\$41,434</b>	<b>\$84,602</b>	<b>Row A + Row B + Row C</b>
E	FY 07-08 Preferred Drug List Contractor Costs	\$119,000	\$59,500	\$59,500	Phase II Evidence Based Policy Research (DERP) Contract
F	Number of Months in Preferred Drug List Contractor FY 07-08 Contract	9	9	9	Preferred Drug List Contract
G	Number of Months in Preferred Drug List Contractor FY 08-09 Contract	12	12	12	Annual Preferred Drug List Contract
<b>H</b>	<b>Total Cost of the Preferred Drug List Contract FY 09-10</b>	<b>\$158,667</b>	<b>\$79,333</b>	<b>\$79,333</b>	<b>Row E / Row F * Row G</b>
<b>I</b>	<b>Difference Between the Drug Effectiveness Review Project with 1.0 FTE and the Preferred Drug List Contract</b>	<b>(\$32,631)</b>	<b>(\$37,899)</b>	<b>\$5,269</b>	<b>Row D - Row H</b>

**Table 8: Medical Services Premiums, Estimated Drug Savings**

Row	Item	Total Funds	Description
A	Total Drug Expenditures FY 06-07	\$190,166,972	Cash based actual expenditures for FY 06-07
B	Excluded Drug Class Expenditures FY 06-07	\$52,730,213	Cash based actual expenditures for FY 06-07
C	Estimated Drug Rebates	(\$55,000,908)	Three quarters of actual FY 06-07 rebates plus one quarter of estimated rebates
D	Total Fee-For-Service Expenditures	\$82,435,851	Row A - Row B + Row C
E	Estimated Savings	2.78%	Based on Michigan actual preferred drug list savings FY 03-04 (Rounded to two decimal places)
F	<b>Potential Savings Estimate FY 06-07</b>	<b>\$2,289,903</b>	<b>Round(Row D x Row E,0)</b>
G	Estimated Drug Savings Inflator	8.78%	Assumptions for Calculations
H	<b>Potential Savings Estimate FY 07-08</b>	<b>\$2,490,956</b>	<b>Round(Row F x (1 + Row G),0)</b>
I	<b>Potential Savings Estimate FY 08-09</b>	<b>\$2,709,662</b>	<b>Round(Row H x (1 + Row G),0)</b>
J	<b>Potential Savings Estimate FY 09-10</b>	<b>\$2,947,570</b>	<b>Round(Row I x (1 + Row G),0)</b>

**Table 9: Medical Services Premiums, Estimated Drug Savings, Drug Class Savings by Implementation Date**

Row	Item	FY 07-08	FY 08-09	FY 09-10	Description
A	Savings from Drug Classes Implemented April 1, 2008	\$186,820	\$812,893	\$884,264	See Appendix 2
B	Savings from Drug Classes Implemented July 1, 2008	\$0	\$812,893	\$884,264	See Appendix 3
C	Savings from Drug Classes Implemented October 1, 2008	\$0	\$406,454	\$589,521	See Appendix 4
D	Savings from Drug Classes Implemented January 1, 2009	\$0	\$270,969	\$589,521	See Appendix 5
E	<b>Total Estimated Drug Savings</b>	<b>\$186,820</b>	<b>\$2,303,208</b>	<b>\$2,947,570</b>	Row A + Row B + Row C + Row D
F	2007 Figure Setting Savings	\$670,376	\$1,340,752	\$1,340,752	Figure Setting, February 14, 2007, page 14-15 and 12 Month Annualization
G	<b>Additional Estimated Drug Savings</b>	<b>(\$483,556)</b>	<b>\$962,456</b>	<b>\$1,606,818</b>	<b>Row E - Row F</b>

**Table 10: Incremental Change in the Savings Estimate as a Result of Using the Drug Effectiveness Review Project (DERP)**

<b>Row</b>	<b>Item</b>	<b>FY 07-08</b>	<b>FY 08-09</b>	<b>FY 09-10</b>	<b>Description</b>
A	Additional Estimated Drug Savings with the Drug Effectiveness Review Project (DERP) Contract	(\$483,556)	\$962,456	\$1,606,818	Table 9, Row G
B	Additional Estimated Drug Savings with Preferred Drug List Contractor	(\$483,556)	\$793,091	\$1,312,041	FY 08-09 Budget Request, November 1, 2007; Tab 17 BRI-2
<b>C</b>	<b>Incremental Increase to Drug Savings with the Drug Effectiveness Review Project (DERP) Contract</b>	<b>\$0</b>	<b>\$169,365</b>	<b>\$294,777</b>	<b>Row A - Row B</b>

**Table 11: 1.0 FTE Calculations for FY 08-09 and FY 09-10**

FTE and Operating Costs			GRAND TOTAL		
Fiscal Year(s) of Request		FY 08-09	FY 09-10	FY 08-09	FY 09-10
<b>PERSONAL SERVICES</b>	<b>Title:</b>	<b>Program Assistant I</b>			
Number of PERSONS / class title		1	1		
Number of months <u>working in</u> FY 07-08, FY 08-09 and FY 09-10		12	12		
Number months <u>paid in</u> FY 07-08, FY 08-09 and FY 09-10*		11	12		
Calculated FTE per classification		<b>0.92</b>	<b>1.00</b>	0.92	1.00
Annual base salary		<b>34,284</b>	<b>34,284</b>		
Salary		\$31,427	\$34,284	\$31,427	\$34,284
PERA	<b>10.15%</b>	\$3,190	\$3,480	\$3,190	\$3,480
Medicare	<b>1.45%</b>	\$497	\$497	\$497	\$497
Prior Year SAED	N/A	\$0	\$236	\$0	\$236
<b>Subtotal Personal Services at Division Level</b>		<b>\$35,114</b>	<b>\$38,497</b>	<b>\$35,114</b>	<b>\$38,497</b>
<b>Subtotal AED at EDO Long Bill Group Level</b>	<b>Varies</b>	<b>\$51</b>	<b>\$56</b>	<b>\$51</b>	<b>\$56</b>
<b>Subtotal SAED at EDO Long Bill Group Level</b>	<b>Varies</b>	<b>\$236</b>	<b>\$193</b>	<b>\$236</b>	<b>\$193</b>
<b>OPERATING EXPENSES</b>					
Supplies @ \$500/\$500***	<b>\$500</b>	\$460	\$500	\$460	\$500
Computer @ \$900/\$0	<b>\$900</b>	\$900	\$0	\$900	\$0
Office Suite Software @ \$330/\$0	<b>\$330</b>	\$330	\$0	\$330	\$0
Office Equipment @ \$2,225 /\$0	<b>\$2,225</b>	\$2,225	\$0	\$2,225	\$0
Telephone Base @ \$450/\$450***	<b>\$450</b>	\$450	\$450	\$450	\$450
<b>Subtotal Operating Expenses</b>		<b>\$4,365</b>	<b>\$950</b>	<b>\$4,365</b>	<b>\$950</b>
<b>GRAND TOTAL ALL COSTS</b>		<b>\$39,766</b>	<b>\$39,696</b>	<b>\$39,766</b>	<b>\$39,696</b>

**Table 12: Comparison of the FY 08-09 Decision Item and the FY 08-09 Budget Amendment**

Row	Item	Total Funds	General Fund	Federal Funds	Description
A	FY 08-09 Total Change, Personal Services	\$35,114	\$17,557	\$17,557	Table 10, Subtotal Personal Services, Grand Total FY 08-09
B	FY 08-09 Total Change, SB 04-257 Amortization Equalization Disbursement	\$51	\$26	\$25	Table 10, SB 04-257 Amortization Equalization Disbursement, Grand Total FY 08-09
B.1	FY 08-09 Total Change, Supplemental Amortization Equalization Disbursement	\$236	\$118	\$118	Table 10, Subtotal Supplemental Amortization Equalization Disbursement, Grand Total FY 08-09
B.2	FY 08-09 Total Change, Operating Expenses	\$4,365	\$2,183	\$2,182	Table 10, Subtotal Operating Expenses, Grand Total FY 08-09
C	FY 08-09 Total Change, Drug Utilization Review Request	\$79,020	\$50,791	\$28,229	Table 5, Row K
D	FY 08-09 Total Change, Estimated Drug Savings	\$962,456	\$481,228	\$481,228	Table 9, Row G FY 08-09
E	<b>FY 08-09 Total Change, Total Request</b>	<b>(\$843,670)</b>	<b>(\$410,553)</b>	<b>(\$433,117)</b>	<b>Row A + Row B + Row C - Row D</b>
F	Base Reduction Item, Drug Utilization Review Request	\$0	\$76,036	(\$76,036)	FY 08-09 Budget Request, November 1, 2007; Tab 17 page G-1.
G	Base Reduction Item, Estimated Drug Savings	\$793,091	\$396,546	\$396,545	FY 08-09 Budget Request, November 1, 2007; Tab 17 page G-1.
H	<b>Base Reduction Item, Total Request</b>	<b>(\$793,091)</b>	<b>(\$472,582)</b>	<b>(\$320,509)</b>	<b>(Row F + Row G) * -1</b>
I	Incremental Change, Personal Services	\$35,114	\$17,557	\$17,557	Row A
J	Incremental Change, SB 04-257 Amortization Equalization Disbursement	\$51	\$26	\$25	Row B
K	Incremental Change, Supplemental Amortization Equalization Disbursement	\$236	\$118	\$118	Row B.1
L	Incremental Change, Operating Expenses	\$4,365	\$2,183	\$2,182	Row B.2
M	Incremental Change, Drug Utilization Review Request	\$79,020	(\$25,245)	\$104,265	Row C - Row F
N	Incremental Change, Estimated Drug Savings	\$169,365	\$84,682	\$84,683	Row D - Row G
O	<b>Incremental Change, Total Request</b>	<b>(\$50,579)</b>	<b>(\$90,043)</b>	<b>\$39,464</b>	<b>Row I + Row J + Row K - Row L</b>

Assumptions for Calculations:

Please note that for all tables rounding is used for reporting purposes. As a result, some numbers may vary slightly due to unreported decimal places.

**Table 4: Summary of Changes to the Executive Director's Office, Drug Utilization Review Line FY 07-08**

The Department is not renewing the drug utilization review contract with the Business Research Division of the Leeds School of Business at the University of Colorado at Boulder beginning in FY 07-08. The total contract amount was \$180,000 for FY 07-08 and was funded with a 75% federal match rate. The Department assumes that it will use these funds to pay the preferred drug list contractor in the Executive Director's Office, Drug Utilization Review line. Based on information received from the Centers for Medicare and Medicaid Services, the Drug Utilization Review line should receive a 50% federal match rate. As a result, the new preferred drug list contract would receive a 50% federal match rate. In addition, the Department's remaining drug utilization review contract with Health Information Design, Inc. and incentive payments to pharmacists would be adjusted to receive a 50% federal match rate.

**Table 5: Summary of Changes to the Executive Director's Office, Drug Utilization Review Line FY 08-09**

The Department assumes that it will use the funds used to pay the preferred drug list contractor in FY07-08 to pay the Drug Effectiveness Review Project in the Executive Director's Office, Drug Utilization Review line. Based on information received from the Centers for Medicare and Medicaid Services, the Drug Utilization Review line should receive a 50% federal match rate except for the Drug Effectiveness Review Project which would receive a 75% match rate. In addition, for the first year of the project the Department would have to pay the full three year contract price for the phase ending June 30, 2009.

**Table 6: Summary of Changes to the Executive Director's Office, Drug Utilization Review Line FY 09-10**

Beginning in FY 09-10 the Department would pay annually on a three-year phase agreement with the Drug Effectiveness Review Project for Phase III. As a result the cost would be approximately one-third the cost for FY 08-09 that was \$259,020.

**Table 7: Medical Services Premiums, Estimated Drug Savings FY 08-09**

The Department originally estimated savings of \$670,376 for 6 months and \$1,260,752 for Legislative Council's May 3, 2005 fiscal note for SB 05-022. These savings were based on 12 months from the total FY 03-04 expenditures, less FY 03-04 drug rebates, less excluded drug therapeutic classes<sup>3</sup>, times an estimated 2% cost savings. The estimate provided for SB 05-022 was used to calculate the appropriation received by the Department during figure setting for FY 07-08 (Figure Setting, February 14, 2007, pages 14-15).

The estimate used to calculate savings for FY 08-09 was updated with FY 06-07 data as a result of legislative changes impacting pharmacy expenditures including the Medicare Modernization Act of 2003. The updated savings projection is based on total FY 06-07 expenditures, less FY 06-07 estimated drug rebates, less excluded drug therapeutic classes<sup>4</sup>, times an estimated 2.78% cost savings in the FY 08-09 Budget Request, November 1, 2007. The cost savings increased to 2.78% for the FY 08-09 budget amendment to reflect the implementation and cost efficiencies resulting from the participation in the Drug Effectiveness Review Project (DERP). This 2.78% savings results from two additional drug classes at an annual drug savings of \$124,547 per class.

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<sup>3</sup> Excluded drug classes in FY 06-07 include: atypical antipsychotics, typical antipsychotics, anti-cancer, immunosuppressants, anticonvulsants, hemophilia drugs and HIV/AIDS drugs. These classes are expected to be excluded to protect the most vulnerable Medicaid populations. Both programs have a small number of drug classes and do not necessarily incorporate all of the drug classes currently being considered for the Colorado preferred drug list.

<sup>4</sup> Excluded drug classes in FY 03-04 include: atypical antipsychotics, typical antipsychotics, anti-cancer, immunosuppressants, biologics, and HIV/AIDS drugs. These classes are expected to be excluded to protect the most vulnerable Medicaid populations.

Savings, which would be a part of the Medical Services Premiums line, are estimated based on the similarity to the program developed and implemented by Michigan. Michigan uses a state-based panel of doctors and pharmacists to determine cost effective yet clinically safe and effective drugs for their clients. It is not known whether the implementation of Colorado's program will result in the same outcomes as Michigan, so this will need to be closely monitored.

In Michigan, the impact of pooling, negotiations, and supplemental rebates on drugs resulted in a 4% budget reduction (Michigan had savings of \$42 million within its \$1 billion Medicaid pharmacy budget). Michigan is pooling with another state and Colorado will not be pooling with another state at this time. With other differences, Michigan uses a contracted service in their model, a pharmacy benefits administrator, and disease management programs. Therefore, the Department assumes a more conservative savings estimate of 2.78%.

Based on the updates and changes addressed above, the Department estimates a total potential cost savings of \$2,289,903 for FY 06-07 for 12 drug classes. Cost savings are expected to increase over time and as a result, the Department estimated an 8.78% drug savings inflator. This inflator is based on the change in monthly drug expenditures between December 2006 and June 2007. Fluctuations in expenditures due to the number of weeks in a month were adjusted using a three-month moving average. The three-month moving average was averaged for the seven calculated months resulting in a 0.732% average monthly percent change. Multiplying 0.732% by 12 months provides the annual estimated savings inflator of 8.78%. Applying this percentage across fiscal years, the Department estimates that the potential savings is \$2,490,956 in FY 07-08, \$2,709,662 in FY 08-09 and \$2,947,570 in FY 09-10. The Department plans a staggered implementation, adding three drug classes per quarter. As a result, the Department will not realize the potential savings estimates. Further calculations are available in Table 8 to discount the potential savings based on the implementation dates of the drug classes.

**Table 8: Medical Services Premiums, Estimated Drug Savings, Drug Class Savings by Implementation Date**

This base estimate assumes that all drug classes are part of the preferred drug list as of July 1, 2008. The current implementation plan has staggered implementation dates for adding drug classes and not all drug classes will be included by July 1, 2008. As a result, savings are discounted depending on the drug class start date.

For the purposes of the savings estimate, the Department assumes that drug classes will be implemented based on the potential savings per drug class. Drug classes with the highest potential savings will be implemented before classes with lower potential savings. This assumption is based on limited drug savings information provided for Arkansas and Indiana<sup>5</sup>. The Department is working with the preferred drug list contractor to determine the highest potential savings by class based on utilization data for Colorado but a full list and order for the preferred drug list is not yet available. The Department estimates that three-fifths of drug savings will occur in the first six drug classes and two-fifths of the drug savings will occur with the implementation of the remaining eight drug classes. For FY 07-08, \$2,490,956 in total potential savings is multiplied by three-fifths to obtain \$1,494,562 in drug savings for the first six drug classes.

The total dollar amount for the first drug classes did not change between the FY 08-09 Budget Request, November 1, 2007 and the current budget amendment. The Department is assuming that the total savings estimate will increase from 2.50% to 2.78% based on the inclusion of the two additional drug classes implemented in FY 08-09. This also changes the ratio of savings to set of drug classes. In Base Reduction Item 2 the first six drug classes comprised two-thirds of the total drug savings. With the inclusion of two additional drug classes, this ratio fell to three-fifths or 60.00% of the total drug savings. The remaining \$747,281 in potential savings comes from the remaining six drug classes.

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<sup>5</sup> The Department reviewed data provided in “Arkansas Medicaid Evidence-Based Prescription Drug Program (EBRx). Quarterly Report – First Quarter 2006” and the “Evaluation of the Indiana Medicaid Preferred Drug List (PDL) Program”, 6/30/2005.

The yearly savings estimates are divided by either six or eight for the number of drug classes, and twelve for the total number of potential savings months. The Department estimates savings of \$20,758 and \$10,379 per drug class per month. These monthly savings estimates are updated by fiscal year using the 8.78% savings inflator. The per drug class per month savings estimate was multiplied by the number of months for each drug class to obtain the total savings by fiscal year and implementation date. Totals are available in Row B through Row D. These underlying calculations to Table 8 are available in Appendix 1 through Appendix 6. Although not shown for the purposes of this report, calculations are rounded to two decimal points. This may cause some differences in rounding if manually calculating the estimates.

**Table 9: Medical Services Premiums, Estimated Drug Savings, Drug Class Savings by Implementation Date**

Table 9 summarizes the savings estimates by implementation date as summarized in Appendices 2 through 5. In addition, this table compares the revised estimates to the savings removed from the Medical Services Premiums during the February 14, 2007 Figure Setting.

**Table 10: Incremental Change in the Savings Estimate as a Result of Using the Drug Effectiveness Review Project (DERP)**

Table 10 summarizes the differences in the savings estimate as a result of utilizing the Drug Effectiveness Review Project (DERP). This difference is based on the implementation of two additional drug classes due to increased implementation and cost efficiencies; this increases the total number of drug classes implemented from 12 to 14. The Department also assumes that the increased implementation efficiencies will increase the total number of drug classes per quarter. Starting with the October 2008 implementations, this would increase the drugs implemented from three drug classes to four drug classes.

**Table 11: 1.0 FTE Calculations for FY 08-09 and FY 09-10**

This table demonstrates the calculations used to determine the cost of 1.0 FTE Program Assistant I to take over the administrative responsibilities related to the Pharmacy and Therapeutics Committee.

**Table 12: Comparison of the FY 08-09 Decision Item and the FY 08-09 Budget Amendment**

This table demonstrates the calculation of the incremental change between the Budget Reduction Item submitted November 1, 2007 and the Budget Amendment.

Impact on Other Government Agencies: None.

Cost Benefit Analysis:

<b>FY 07-08 Cost Benefit Analysis</b>	<b>Costs</b>	<b>Benefits</b>
<b>Request</b>	The cost of the request includes \$422,556 total fund to fix the Drug Utilization Review fund splits and hire a preferred drug list contractor and update the preferred drug list savings estimates to reflect the Department's implementation plan.	The request would allow the Department to implement the preferred drug list per the Executive Order of Governor Ritter by January 1, 2008. This alternative would provide greater efficiency in implementing the drug categories and ultimately decreasing prescription drug expenditures. The Department would realize total estimated cost savings of \$186,820 in FY 07-08 and \$2,303,208 in FY 08-09. This request will also fix the federal fund splits to be in compliance with federal regulation.
<b>Consequences if not Funded</b>	The Department would be out of compliance with federal regulations including 42 CFR 456.719 which states that the Drug Utilization Review line should be 50%.	There are no benefits.

<b>FY 08-09 Cost Benefit Analysis</b>	<b>Costs</b>	<b>Benefits</b>
<b>Request</b>	The request would show a reduction in expenditures of \$843,670 total funds to fix the Drug Utilization Review fund splits, buy into the Drug Effectiveness Review Program, hire 1.0 FTE update the preferred drug list savings estimates to reflect the Department's implementation plan. This is an incremental decrease of \$50,579 total funds and \$90,043 General Fund.	The request would allow the Department to implement the preferred drug list per the Executive Order of Governor Ritter by January 1, 2008. This alternative would provide greater efficiency in implementing the drug categories and ultimately decreasing prescription drug expenditures. The Department would realize total estimated cost savings of \$186,820 in FY 07-08 and \$2,303,208 in FY 08-09. This request will also fix the federal fund splits to be in compliance with federal regulation.
<b>Consequences if not Funded</b>	The Department would receive a lower match rate for clinical services and have higher long term costs. After the initial one time payment, the cost of staying in the Drug Effectiveness Review Program drops to one-third of the initial cost. In addition, The Department would be providing the Pharmacy and Therapeutics Committee with lower quality clinical data and analysis. This would increase the likelihood of implementation problems as a result of potential contentious drug classes.	There are no benefits.

Implementation Schedule:

<b>Task</b>	<b>Month/Year</b>
Governor Signed Executive Order D 004 07 to Create the Preferred Drug List	January 2007
Internal Research/Planning Period	January 2007
Documented Quote Posted for the Temporary Preferred Drug List Contractor	July 2007
Preferred Drug List Committee Rules Presented to the Medical Services Board and Withdrawn	July 2007
Documented Quote Bids Reviewed, Contract Negotiated and Approved	August 2007
Preferred Drug List Committee Rules Represented to the Medical Services Board	September 2007
Preferred Drug List and Committee Rules Became Effective	October 2007
Committee Members Appointed by the Executive Director of the Department	October 2007
Preferred Drug List Contractor Began Performance of Contract	October 2007
First Committee Meeting	December 2007
First 3 Drug Classes Added to the Preferred Drug List	April 2008
Post Position for FTE	April 2008
Hire 1.0 FTE Program Assistant	July 2008
Join the Drug Effectiveness Review Project (DERP)	July 2008
3 Additional Drug Classes Added to the Preferred Drug List	July 2008
4 Additional Drug Classes Added to the Preferred Drug List	October 2008
4 Additional Drug Classes Added to the Preferred Drug List (for 14 Total Drug Classes)	January 2009
Evaluation of the Preferred Drug List Drug Classes and the Consideration of Additional Classes	January 2009

Statutory and Federal Authority:

25.5-5-506, C.R.S. (2007). Prescribed drugs - utilization review.

*(1) The state department shall develop and implement a drug utilization review process to assure the appropriate utilization of drugs by patients receiving medical assistance in the fee-for-service and primary care physician programs. The review process shall include the monitoring of prescription information and shall address at a minimum underutilization and overutilization of benefit drugs. Periodic reports of findings and recommendations shall be forwarded to the state department.*

*(2) It is the general assembly's intent that the implementation of a drug utilization review process for the fee-for-service and primary care physician programs will produce savings within the state's Medicaid program. The state department, therefore, is authorized to use savings in the medical services premiums appropriations to fund the development and implementation of a drug utilization review process for these programs, as required by subsection (1) of this section. The state department may contract on a contingency basis for the development or implementation of the review process required by subsection (1) of this section.*

*(3) (a) The state department shall implement drug utilization mechanisms, including, but not limited to, prior authorization, to control costs in the medical assistance program associated with prescribed drugs. The state board shall promulgate a rule that outlines a process in which any interested party may be notified of and comment on the implementation of any prior authorization for a class of prescribed drugs before the class is prior authorized.*

*(b) The state department shall report to the health and human services committees for the house of representatives and the senate, or any successor committees, and the joint budget committee no later than December 1, 2003, and each December 1 thereafter, on plan utilization mechanisms that have been implemented or that will be implemented by the state department, the time frames for implementation, the expected savings associated with each utilization mechanism, and any other information deemed appropriate by the health and human services committees, or any successor committees, or the joint budget committee.*

42 CFR 456.719 - Funding for DUR program.

*FFP is available for the sums that the Secretary determines are attributable to the Statewide adoption of a DUR program as described in the subpart, and payment is made under procedures established in part 433 of this chapter as follows:*

(a) For funds expended by the State during calendar years 1991 through 1993, at the rate of 74 percent.

(b) For funds expended by the State after December 31, 1993, at the rate of 50 percent.

42 CFR 432.50 - FFP: Staffing and training costs

(b) Rates of FFP. (1) For skilled professional medical personnel and directly supporting staff of the Medicaid agency or of other public agencies (as defined in Sec. 432.2), the rate is 75 percent.

(d) Other limitations for FFP rate for skilled professional medical personnel and directly supporting staff--(1) Medicaid agency personnel and staff. The rate of 75 percent FFP is available for skilled professional medical personnel and directly supporting staff of the Medicaid agency...

(i) The expenditures are for activities that are directly related to the administration of the Medicaid program, and as such do not include expenditures for medical assistance;

(ii) The skilled professional medical personnel have professional education and training in the field of medical care or appropriate medical practice. "Professional education and training" means the completion of a 2-year or longer program leading to an academic degree or certificate in a medically related profession. This is demonstrated by possession of a medical license, certificate, or other document issued by a recognized National or State medical licensure or certifying organization or a degree in a medical field issued by a college or university certified by a professional medical organization. Experience in the administration, direction, or implementation of the Medicaid program is not considered the equivalent of professional training in a field of medical care.

(iii) The skilled professional medical personnel are in positions that have duties and responsibilities that require those professional medical knowledge and skills.

*(iv) A State-documented employer-employee relationship exists between the Medicaid agency and the skilled professional medical personnel and directly supporting staff; and*

*(v) The directly supporting staff are secretarial...who provide clerical services that are directly necessary for the completion of the professional medical responsibilities and functions of the skilled professional medical staff. The skilled professional medical staff must directly supervise the supporting staff and the performance of the supporting staff's work.*

Performance Measures:

This Supplemental and Budget Amendment request affects the following Performance Measure:

- Decrease Medicaid pharmaceutical costs for therapeutic classes on the Preferred Drug List.

The Department believes that a preferred drug list will provide the high quality prescription medications required by clients. Implementing the preferred drug list program will allow the state to increase the cost efficiency of pharmaceutical purchases through manufacture agreements and supplemental rebates.

**Appendix 1: FY 07-08 Baseline**

Row	Item	Drug Classes 1-6	Drug Classes 7-14	Total	Description
A	Maximum Potential Savings (FY 07-08)	\$1,494,562	\$996,394	\$2,490,956	FY 06-07 Drug Expenditures * 2.78% * 8.78%. See Narrative
B	Savings Per Drug Class	\$249,094	\$124,549		Row A / 6 for Drug Classes 1-6 and Row A / 8 for Drug Classes 7-14, Rounded to 2 Decimal Places
C	Savings Per Drug Class Per Month	\$20,758	\$10,379		Row B / 12, Rounded to 2 Decimal Places

**Appendix 2: Estimated Savings for Drug Classes Implemented April 1, 2008**

Row	Item	Drug Classes 1-6	Drug Classes 7-14	Total	Description
A	Number of Drug Classes Implemented	3	0		Preferred Drug List Implementation Plan
B	Savings Per Drug Class Per Month	\$20,758	\$10,379		Appendix 1, Row C
C	Effective Number of Months in Fiscal Year	3	3		Preferred Drug List Implementation Plan
D	<b>Total Savings FY 07-08</b>	<b>\$186,820</b>	<b>\$0</b>	<b>\$186,820</b>	Row A * Row B * Row C
E	Estimated Growth in Drugs			8.78%	Average Growth Rate December 2006-June 2007
F	Estimated Savings Per Drug Class Per Month (FY 08-09)	\$22,580	\$11,290		Row B * (1+ Row E), Rounded to 2 Decimal Places
G	Effective Number of Months in Fiscal Year	12	12		Preferred Drug List Implementation Plan
H	<b>Total Savings FY 08-09</b>	<b>\$812,893</b>	<b>\$0</b>	<b>\$812,893</b>	Row A * Row F * Row G
I	Estimated Growth in Drugs			8.78%	Average Growth Rate December 2006-June 2007
J	Estimated Savings Per Drug Class Per Month (FY 09-10)	\$24,563	\$12,282		Row F * (1 + Row I), Rounded to 2 Decimal Places
K	Effective Number of Months in Fiscal Year	12	12		Preferred Drug List Implementation Plan
L	<b>Total Savings FY 09-10</b>	<b>\$884,264</b>	<b>\$0</b>	<b>\$884,264</b>	Row A * Row J * Row K

**Appendix 3: Estimated Savings for Drug Classes Implemented July 1, 2008**

Row		Drug Classes 1-6	Drug Classes 7-14	Total	Description
A	Number of Drug Classes Implemented	3	0		Preferred Drug List Implementation Plan
B	Estimated Growth in Drugs			8.78%	Average Growth Rate December 2006-June 2007
C	Estimated Savings Per Drug Class Per Month (FY 08-09)	\$22,580	\$11,290		Appendix 1, Row C * Row B, Rounded to 2 Decimal Places
D	Effective Number of Months in Fiscal Year	12	12		Preferred Drug List Implementation Plan
E	<b>Total Savings FY 08-09</b>	<b>\$812,893</b>	<b>\$0</b>	<b>\$812,893</b>	Row A * Row C * Row D
F	Estimated Growth in Drugs			8.78%	Average Growth Rate December 2006-June 2007
G	Estimated Savings Per Drug Class Per Month (FY 09-10)	\$24,563	\$12,282		Row C * (1 + Row B), Rounded to 2 Decimal Places
H	Effective Number of Months in Fiscal Year	12	12		Preferred Drug List Implementation Plan
I	<b>Total Savings FY 09-10</b>	<b>\$884,264</b>	<b>\$0</b>	<b>\$884,264</b>	Row A * Row G * Row H

**Appendix 4: Estimated Savings for Drug Classes Implemented October 1, 2008**

Row		Drug Classes 1-6	Drug Classes 7-14	Total	Description
A	Number of Drug Classes Implemented	0	4		Preferred Drug List Implementation Plan
B	Estimated Growth in Drugs			8.78%	Average Growth Rate December 2006-June 2007
C	Estimated Savings Per Drug Class Per Month (FY 08-09)	\$22,580	\$11,290		Appendix 1, Row C * Row B, , Rounded to 2 Decimal Places
D	Effective Number of Months in Fiscal Year	9	9		Preferred Drug List Implementation Plan
E	<b>Total Savings FY 08-09</b>	<b>\$0</b>	<b>\$406,454</b>	<b>\$406,454</b>	Row A * Row C * Row D
F	Estimated Growth in Drugs			8.78%	Average Growth Rate December 2006-June 2007
G	Estimated Savings Per Drug Class Per Month (FY 09-10)	\$24,563	\$12,282		Row C * (1 + Row B), Rounded to 2 Decimal Places
H	Effective Number of Months in Fiscal Year	12	12		Preferred Drug List Implementation Plan
I	<b>Total Savings FY 09-10</b>	<b>\$0</b>	<b>\$589,521</b>	<b>\$589,521</b>	Row A * Row G * Row H

**Appendix 5: Estimated Savings for Drug Classes Implemented January 1, 2009**

Row		Drug Classes 1-6	Drug Classes 7-12	Total	Description
A	Number of Drug Classes Implemented	0	4		Preferred Drug List Implementation Plan
B	Estimated Growth in Drugs			8.78%	Average Growth Rate December 2006-June 2007
C	Estimated Savings Per Drug Class Per Month (FY 08-09)	\$22,580	\$11,290		Appendix 1, Row C * Row B, Rounded to 2 Decimal Places
D	Effective Number of Months in Fiscal Year	6	6		Preferred Drug List Implementation Plan
E	<b>Total Savings FY 08-09</b>	<b>\$0</b>	<b>\$270,969</b>	<b>\$270,969</b>	Row A * Row C * Row D
F	Estimated Growth in Drugs			8.78%	Average Growth Rate December 2006-June 2007
G	Estimated Savings Per Drug Class Per Month (FY 09-10)	\$24,563	\$12,282		Row C * (1 + Row B), Rounded to 2 Decimal Places
H	Effective Number of Months in Fiscal Year	12	12		Preferred Drug List Implementation Plan
I	<b>Total Savings FY 09-10</b>	<b>\$0</b>	<b>\$589,521</b>	<b>\$589,521</b>	Row A * Row G * Row H

**Appendix 6: Calculating Total Savings by Fiscal Year**

Fiscal Year	Month	Drug Class														Total Savings	
		1	2	3	4	5	6	7	8	9	10	11	12	13	14		
FY 07-08	Apr-08	\$20,758	\$20,758	\$20,758													\$62,273
	May-08	\$20,758	\$20,758	\$20,758													\$62,273
	Jun-08	\$20,758	\$20,758	\$20,758													\$62,273
	<b>Savings</b>	<b>\$62,273</b>	<b>\$62,273</b>	<b>\$62,273</b>	<b>\$0</b>												
FY 08-09	Jul-08	\$22,580	\$22,580	\$22,580	\$22,580	\$22,580	\$22,580										\$135,482
	Aug-08	\$22,580	\$22,580	\$22,580	\$22,580	\$22,580	\$22,580										\$135,482
	Sep-08	\$22,580	\$22,580	\$22,580	\$22,580	\$22,580	\$22,580										\$135,482
	Oct-08	\$22,580	\$22,580	\$22,580	\$22,580	\$22,580	\$22,580	\$11,290	\$11,290	\$11,290	\$11,290						\$180,644
	Nov-08	\$22,580	\$22,580	\$22,580	\$22,580	\$22,580	\$22,580	\$11,290	\$11,290	\$11,290	\$11,290						\$180,644
	Dec-08	\$22,580	\$22,580	\$22,580	\$22,580	\$22,580	\$22,580	\$11,290	\$11,290	\$11,290	\$11,290						\$180,644
	Jan-09	\$22,580	\$22,580	\$22,580	\$22,580	\$22,580	\$22,580	\$11,290	\$11,290	\$11,290	\$11,290	\$11,290	\$11,290	\$11,290	\$11,290	\$11,290	\$225,805
	Feb-09	\$22,580	\$22,580	\$22,580	\$22,580	\$22,580	\$22,580	\$11,290	\$11,290	\$11,290	\$11,290	\$11,290	\$11,290	\$11,290	\$11,290	\$11,290	\$225,805
	Mar-09	\$22,580	\$22,580	\$22,580	\$22,580	\$22,580	\$22,580	\$11,290	\$11,290	\$11,290	\$11,290	\$11,290	\$11,290	\$11,290	\$11,290	\$11,290	\$225,805
	Apr-09	\$22,580	\$22,580	\$22,580	\$22,580	\$22,580	\$22,580	\$11,290	\$11,290	\$11,290	\$11,290	\$11,290	\$11,290	\$11,290	\$11,290	\$11,290	\$225,805
	May-09	\$22,580	\$22,580	\$22,580	\$22,580	\$22,580	\$22,580	\$11,290	\$11,290	\$11,290	\$11,290	\$11,290	\$11,290	\$11,290	\$11,290	\$11,290	\$225,805
	Jun-09	\$22,580	\$22,580	\$22,580	\$22,580	\$22,580	\$22,580	\$11,290	\$11,290	\$11,290	\$11,290	\$11,290	\$11,290	\$11,290	\$11,290	\$11,290	\$225,805
	<b>Savings</b>	<b>\$270,964</b>	<b>\$270,964</b>	<b>\$270,964</b>	<b>\$270,964</b>	<b>\$270,964</b>	<b>\$270,964</b>	<b>\$101,613</b>	<b>\$101,613</b>	<b>\$101,613</b>	<b>\$101,613</b>	<b>\$67,742</b>	<b>\$67,742</b>	<b>\$67,742</b>	<b>\$67,742</b>	<b>\$67,742</b>	<b>\$2,303,208</b>
FY 09-10	Jul-08	\$24,563	\$24,563	\$24,563	\$24,563	\$24,563	\$24,563	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$245,631
	Aug-08	\$24,563	\$24,563	\$24,563	\$24,563	\$24,563	\$24,563	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$245,631
	Sep-08	\$24,563	\$24,563	\$24,563	\$24,563	\$24,563	\$24,563	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$245,631
	Oct-08	\$24,563	\$24,563	\$24,563	\$24,563	\$24,563	\$24,563	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$245,631
	Nov-08	\$24,563	\$24,563	\$24,563	\$24,563	\$24,563	\$24,563	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$245,631
	Dec-08	\$24,563	\$24,563	\$24,563	\$24,563	\$24,563	\$24,563	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$245,631
	Jan-09	\$24,563	\$24,563	\$24,563	\$24,563	\$24,563	\$24,563	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$245,631
	Feb-09	\$24,563	\$24,563	\$24,563	\$24,563	\$24,563	\$24,563	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$245,631
	Mar-09	\$24,563	\$24,563	\$24,563	\$24,563	\$24,563	\$24,563	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$245,631
	Apr-09	\$24,563	\$24,563	\$24,563	\$24,563	\$24,563	\$24,563	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$245,631
	May-09	\$24,563	\$24,563	\$24,563	\$24,563	\$24,563	\$24,563	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$245,631
	Jun-09	\$24,563	\$24,563	\$24,563	\$24,563	\$24,563	\$24,563	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$12,282	\$245,631
	<b>Savings</b>	<b>\$294,755</b>	<b>\$294,755</b>	<b>\$294,755</b>	<b>\$294,755</b>	<b>\$294,755</b>	<b>\$294,755</b>	<b>\$147,380</b>	<b>\$2,947,570</b>								