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To ensure access to high-quality, patient-centered, cost-effective health care to Los Angeles County residents through direct services at DHS facilities and through collaboration with community and university partners.

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DATE: May 31, 2011

TO: Each Supervisor

FROM: Mitchell H. Katz, M.D.
Director

SUBJECT: **POTENTIAL OPTIONS TO EDUCATE COUNTY RESIDENTS ON ACCESSING DISCOUNTED PRESCRIPTION DRUG PRICES OR PROGRAMS**

On April 26, 2011, your Board directed the Department of Health Services, in collaboration with the Directors of Public Health and Mental Health, to report back on potential options for providing County residents with information about and/or access to reduced prescription drug prices, including prescription drug discount programs or cards that may be available.

The Departments of Health Services (DHS), Public Health (DPH), and Mental Health (DMH) agree that access to prescription drugs is critical to ensuring provision of healthcare services. Access to prescription drugs is currently included in the services provided by these departments, and patients who financially qualify are dispensed medications at costs commensurate with their ability to pay or at no cost for some public health services.

During calendar year 2010, DHS dispensed over 3.8 million prescriptions through its internal pharmacy network, and uninsured patients were provided prescribed medications at low cost or no cost. DHS accesses public health pricing at all of its hospital outpatient pharmacies, and passes this discounted pricing along to patients who to pay for their prescription drugs. The Department of Health Services also accesses medication through pharmaceutical manufacturer patient assistance programs, which provide discounted or free medication to patients who qualify. In 2010, DHS patients accessed medications valued at approximately $16 million from various pharmaceutical manufacturer patient assistance programs.

DPH provides medication at no cost for Los Angeles County residents through utilization of public health pricing for its communicable disease control services. From July 2010 through March 2011, DPH dispensed 112,000 medication packets for the prevention and treatment of tuberculosis. In addition, DPH secured federal grant funding to provide medication to Los Angeles County residents at no net County cost for acute communicable disease outbreaks, such as meningitis, H1N1, and hepatitis A.

DMH contracts with over 100 community pharmacies to dispense prescription drugs to patients who receive care from DMH directly operated and contracted programs. These pharmacies directly bill patients' third-party payors (e.g. Medi-Cal) when available, and bill DMH at contracted reimbursement rates for medications dispensed to uninsured patients. During FY 2009-10 contracted pharmacies filled approximately 305,000 prescriptions for medications dispensed to uninsured patients. DMH's Indigent Medications Program utilizes pharmaceutical foundation patient assistance programs which provide medications at no cost to eligible individuals. In FY 2009-10 DMH patients accessed medications valued at approximately $6 million from pharmaceutical patient assistance programs.

For County residents who do not access health care services from DHS, DPH, or DMH, there are multiple options for obtaining prescription medications at discounted prices. These options include:

- Selection of a generic equivalent prescription drug whenever the generic option is commercially available
- Access discounted generic prescription drugs through $4 discount drug programs available through major pharmacy, wholesale or supermarket retail pharmacy chains. Residents can get more information on these programs at chain pharmacy websites or at retail locations.
- Compare prescription drug prices at several pharmacy locations, as prices may differ from one pharmacy to another. Multiple websites exist that allow a consumer to access online prescription drug price quotes, allowing for comparison shopping and ability to make informed decisions.
- Access pharmaceutical drug manufacturers' programs to assist low-income, elderly and/or disabled patients. Organizations such as NAMI (National Alliance on Mental Illness) provide information, directly on their websites, on how to access free or low cost medications from these manufacturer programs.

Some organizations or private companies have approached the County of Los Angeles to promote a specific "drug discount card" for use by county residents. Los Angeles County's promotion of a specific drug discount card is not recommended as it may be misleading. There are a variety of drug discount cards available, and a single drug discount card has not been identified that consistently provides the lowest price for all prescription medications. In addition, there may be lower priced options accessed through one of many $4 prescription drug pricing programs offered by supermarket or

wholesale drugstore chains. Given that most drug discount cards may be easily accessed and printed, on demand, from the card's website, a consumer has the ability to print a specific discount card if they identify, during comparison shopping, that a specific discount card provides the best price for their personal prescriptions.

Los Angeles County residents would benefit from information about their options so that informed decisions appropriate to their specific circumstances may be made. DHS is reviewing options for adding information to its website, focused on educating Los Angeles County residents regarding options for obtaining discounted drug pricing. This may include links to prescription drug pricing comparison sites and information on how to access low cost or free pharmaceutical manufacturer programs. DPH and DMH would be able to create links from their department websites to the discounted prescription drug website to maximize access to Los Angeles County residents.

If you need further information on this subject, you may contact me or Dr. Amy Gutierrez, DHS Pharmacy Director, at 213-240-7717.

MHK/AG:sj

c: Chief Executive Office
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