

**ADVISORY GROUP ON** Efficiency and Benchmarking **PROPOSAL #:** AGEB # 33  
**SUBJECT:** Medicaid - Preferred Drug List **DATE ADOPTED BY ADVISORY GROUP:** October 19, 2009  
**COMMISSION ACTION:** AMENDED / ADOPTED **DATE:** November 17, 2009 **RECOMMENDATION #:** 82

**RECOMMENDATION:** The Department of Health and Hospitals may, to control expenditures, negotiate supplemental rebates for the Medicaid pharmacy program in conjunction with the preferred drug list. In these negotiations, the preferred drug list may be adjusted to reduce costs by revising the state maximum allowable cost methodology for generic drugs, and should then require manufacturers to compete for placement on the preferred drug list based on cost when there is more than one brand in a class.

Summary Description/Nature of Change	Key/Implementation Responsibilities	Need	Action Needed	Benefit/Saving	Done/ Study
The Department of Health and Hospitals may, to control expenditures, negotiate supplemental rebates for the Medicaid pharmacy program in conjunction with the preferred drug list. In these negotiations, the preferred drug list may be adjusted to reduce costs by revising the state maximum allowable cost methodology for generic drugs, and should then require manufacturers to compete for placement on the preferred drug list based on cost when there is more than one brand in a class.	Department of Health and Hospitals	To reduce the expenditures within the Medicaid pharmacy program.	Rule		