



New York State
Elderly Pharmaceutical Insurance Coverage

EPIC ANNUAL REPORT
TO THE
GOVERNOR AND LEGISLATURE

October 2000 - September 2001



New York State leads the nation
in providing prescription coverage to seniors. EPIC helps over
225,000 elderly residents purchase the prescriptions
they need to stay healthy.

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TABLE OF CONTENTS

Page No.

EXECUTIVE SUMMARY	1
--------------------------------	----------

I. PROGRAM EXPANSION

<i>Introduction.....</i>	<i>5</i>
<i>EPIC Program Description</i>	<i>5</i>
<i>Chapter 57 of the Laws of 2000 Legislation.....</i>	<i>6</i>
<i>Publicizing the Enhancements</i>	<i>7</i>
<i>Implementing the Program Changes</i>	<i>7</i>

II. ENROLLMENT LEVELS

<i>Introduction.....</i>	<i>9</i>
<i>Seniors Applying for EPIC.....</i>	<i>9</i>
<i>Changes in Enrollment</i>	<i>10</i>
<i>Enrollment by Plan Type</i>	<i>11</i>
<i>Portrait of EPIC Enrollees</i>	<i>12</i>
<i>Seniors with Other Insurance</i>	<i>12</i>
<i>Changes in Cancellation Rate</i>	<i>14</i>

III. DRUG COST TRENDS

<i>Introduction.....</i>	<i>15</i>
<i>Summary of Costs</i>	<i>15</i>
<i>Average Cost of Drugs.....</i>	<i>17</i>
<i>How New Enrollees Used EPIC</i>	<i>19</i>
<i>Claims, Expenditures, Revenue and Utilization</i>	<i>20</i>
<i>Increase in the Cost of Drugs</i>	<i>22</i>
<i>State Share of Drug Costs.....</i>	<i>23</i>
<i>Seniors with High Drug Costs</i>	<i>24</i>
<i>Two-Year Enrollment and Costs Projections</i>	<i>25</i>

IV. REVIEWING UTILIZATION

<i>Introduction.....</i>	<i>27</i>
<i>Medications Most Frequently Used.....</i>	<i>27</i>
<i>Generic Substitution.....</i>	<i>28</i>
<i>Therapeutic Drug Monitoring.....</i>	<i>29</i>
<i>Payments to Pharmacies.....</i>	<i>30</i>

V. PROGRAM OPERATIONS

<i>Introduction.....</i>	<i>31</i>
<i>Outreach Service.....</i>	<i>31</i>
<i>Performance of the Contractor.....</i>	<i>34</i>
<i>Pharmacy Audits.....</i>	<i>36</i>
<i>Manufacturers' Rebate Program</i>	<i>37</i>
<i>Summary</i>	<i>38</i>

APPENDIX

EXECUTIVE SUMMARY

I just received my EPIC card and benefit guide. This is a wonderful service and I thank you and all the legislators who put it in motion. It is a godsend for the elderly who need medication and have great problems paying for prescriptions. Thank you so much!

*Ms. T.
Forest Hills, NY*

Since 1987, the EPIC program has provided New York State seniors with prescription insurance coverage. EPIC enables people living on a fixed income the ability to purchase their prescription medications without having to worry about their cost, and provides a safety net for higher income seniors with high prescription drug costs. The benefits and safeguards available with EPIC allow seniors to be more compliant with their medical treatment plans, especially when expensive drug therapies are prescribed with greater frequency. The overall outcome is a healthier senior population with a significantly improved quality of life. And now, with the major expansion signed into law by Governor Pataki last year, many more seniors are able to benefit from the program. During the first year of the enhanced EPIC program, participants saved an average of \$1,791 on their prescription costs.

This Annual Report reviews the impact of the implementation of the enhanced EPIC program. The report contains enrollment, cost, and utilization information for the last program year - October 2000 through September 2001. It also includes an update on administrative activities, such as outreach, contract management, pharmacy audits, and manufacturer rebates.

Section I: Program Expansion

The passage of Chapter 57 of the Laws of 2000 increased the income eligibility limits for the EPIC program and provided additional enhancements including lower fees, co-payments and co-payment maximums. As a result of this expansion, New York State now leads the nation in providing comprehensive prescription benefits to seniors. The new EPIC program has allowed more seniors to participate by expanding the income limits to \$35,000 for single seniors and \$50,000 for married seniors, effective January 1, 2001.

During the first quarter of the program year, activities focused on implementing and announcing the program changes. Beginning in September 2000, applications were accepted and pre-approved from seniors applying under the expanded income limits. As a result, over 17,000 new enrollees in the expanded bands began coverage on January 1, 2001. At that time, lower fees, co-payments, and co-payment maximums went into effect. Starting with October 2000, seniors joining the Fee Plan no longer had to pay their initial quarterly fee before receiving coverage. Also beginning in October, an additional rebate was required from manufacturers when their prices were increased more than inflation.

Section II: Enrollment Levels

As a result of the program expansion, many more seniors were eligible to join the program. There was a tremendous surge in enrollment, which increased by 82 percent to reach 228,057 as of September 30, 2001 – exceeding the goal of 215,000 enrollees by the end of the first quarter in 2003. An intensive outreach program played a major role in the enrollment increase, coupled with the increasing need for assistance due to rising drug costs and reductions in other insurance coverage.

Over 116,000 applications were received from seniors during the program year. Application activity was particularly high during the first six months of the expansion when 68,000 applications were processed. EPIC processed more than 10,000 applications per month during this time. While the Deductible Plan covered most of the expanded income levels, more seniors joined the Fee Plan. The lower fees and co-payments, the increase in program visibility, and the increased need, all contributed to this large growth in the Fee Plan.

The demographics of the EPIC population have changed this program year as a result of the expansion. The income of the average participant increased to over \$15,000, more males joined the program, and more married seniors were enrolled. EPIC is increasingly used as a supplement to other prescription coverage. EPIC covered almost 48,000 seniors who had other prescription insurance coverage, helping them pay for costs not covered by other insurers.

Section III: Drug Cost Trends

During the program year, approximately 221,000 EPIC participants purchased 6 million prescriptions. These medicines cost \$389.5 million. By using EPIC, seniors saved \$302.5 million at the pharmacy. After deducting participant fees and manufacturers rebates, the net cost to the State was \$242 million. Seniors in the Fee plan incurred almost 94 percent of the EPIC costs, and they purchased 5.3 million prescriptions. Seniors in the Deductible plan accounted for 12 percent of the prescription purchases. However, they only accounted for 6 percent of EPIC expenditures.

During the year, participants on average purchased 36 prescriptions costing \$2,283. After copayments, the typical senior saved \$1,791. Seniors in the Fee Plan purchased \$2,301 in medications, and saved \$1,874. Seniors in the Deductible Plan purchased \$2,151 in medications, and saved \$1,187. Seniors with higher incomes had over \$1,100 in out-of-pocket costs, compared to seniors with lower incomes that had slightly less than \$400 in out-of-pocket costs.

New Fee Plan enrollees spent almost \$400 less than someone enrolled in the Fee Plan before January 1, 2001. Almost 53 percent of new Deductible enrollees reach their annual deductible limit in five months. The typical Deductible enrollee that reaches their deductible use 45 prescriptions with an average drug cost of \$2,804, and total savings of \$1,615. Seniors with higher annual deductible limits take almost twice as long to reach their deductible, and a smaller percentage of them reach their deductible.

Largely as a result of the program expansion, the total cost of prescriptions increased by \$144 million, or 59 percent over the prior year. The primary reason for the cost increase is the fact that over 87,000 more seniors used the program. This resulted in 1.9 million more prescriptions purchased compared to the prior year. In addition, the average prescription cost increased by 11 percent from \$58.10 to \$64.65.

Of the total prescription costs, the State share was 62 percent, 26 percent was covered by the participant co-payments and deductibles, and 12 percent was paid by rebates from pharmaceutical manufacturers. Due to the co-payment changes, the State share of claims increased from 73.6 percent to 81.8 percent.

EPIC expenditures were largely driven by a subset of the population that used expensive drugs or a high number of prescriptions. Fourteen percent of enrollees had drug costs that exceeded \$4,000, though their prescription costs accounted for 40 percent of EPIC expenditures. Seventeen percent of the prescriptions purchased cost more than \$100, over three times what was reported six years ago.

Section IV: Reviewing Utilization

EPIC participants use different medications than those used by the general population. The three most prevalent types of medications used by enrollees are for cardiac related problems, gastrointestinal disorders and arthritic conditions.

Participants purchased over 2.4 million generic medications. This program year, the substitution rate for those drugs with a generic alternative was 80 percent. This rate is comparable to programs with strong generic incentives. However, program expenditures were greatly influenced by the high use of brand name drugs available from only one source. Forty-eight percent of the drugs purchased were sole source medications. These products accounted for 72 percent of the total cost of prescriptions.

EPIC's therapeutic drug monitoring program is designed to help ensure that enrollees receive appropriate drug therapy. The program includes both a prospective and retrospective review of medications to identify potential adverse consequences of medications. The prospective system alerts pharmacists electronically of potentially serious drug interactions, duplicative therapies, overuse or early refill problems before the medication is dispensed. This program year, over 231,000 prescriptions were suspended for review by the dispensing pharmacist, resulting in 135,500 prescriptions (59 percent) not being filled. In addition to the health benefits of these interventions, the \$2.2 million cost of these prescriptions was saved.

Once prescriptions are filled, EPIC pharmacists review the medication history of cases selected for problematic usage and other concerns. After clinical reviews, informational letters were sent to 1,672 prescriber on behalf of 629 participants. Almost 40 percent of the physicians responded to the letters with comments on the drug therapy. A significant number of participants had their drug therapies revised after the intervention.

Section V: Program Operations

Over the program year, staff held nearly 800 outreach sessions in communities across the State, working with the State and local offices for the aging, and a variety of businesses and community organizations to promote the program. To complement these efforts, numerous advertising initiatives were completed, including radio and newspaper campaigns. In addition, to ensure access to updated program information, over 1.2 million brochures were distributed to pharmacies, legislators, local offices for the aging, and a variety of health facilities and agencies that serve seniors statewide.

As required by legislation, a fiscal agent contractor operates specific functions of the program. Throughout the year, State staff monitored the activities of the contractor, First Health Services Corporation, to ensure that quality services were provided to seniors and pharmacies. During the year, the contractor demonstrated competence in the administration of daily program operations, and very successfully implemented program changes. First Health added staff and purchased additional equipment to accommodate the program expansion. The contract was renegotiated with First Health to realign compensation with the expanded scope of work.

This year, 57 pharmacy audits were completed, resulting in approximately \$80,000 in payment recoveries. The audit process was enhanced through the implementation of a Verification of Benefit (VOB) process. A total of 10,000 VOB statements were mailed to participants and 77 percent were returned. This resulted in \$5,900 in payment recoveries after participants questioned the validity of some of the claims on their statements.

More than 300 manufacturers participated in the EPIC Manufacturer Rebate program that resulted in receipt of \$61 million in rebate revenue that were applied toward program expenditures. During the program year, rebate contracts were amended, and the rebate calculation and invoicing process was modified, to address the additional rebate effective October 2000.

I. PROGRAM EXPANSION

Without the EPIC program, I would not be able to buy all the medications I need to take to stay alive. In the past, I would often have to decide on whether to buy food or get my medicine, a tough decision to make. Thank you so much!

Ms. M

Rome, NY

Introduction

The focus of this EPIC program year was to announce and implement the legislative changes passed with Chapter 57 of the Laws of 2000. These changes significantly expanded the EPIC income eligibility limits and provided other enhancements to program benefits. The first quarter of the program year was devoted to preparing for the implementation of the changes that were effective January 1, 2001, and making sure eligible seniors were aware of the enhanced program. This section reviews the program and enhancements, and highlights the activities undertaken to implement and announce the legislative changes.

EPIC Program Description

EPIC completed its fourteenth year of operation on September 30, 2001. The program provides affordable prescription drug coverage to low and moderate-income senior citizens residing in New York State. EPIC covers approximately 80 percent of the prescription costs of seniors participating in the program. Since the beginning of the program, EPIC has helped over 459,000 seniors save almost \$1.5 billion on the cost of their medications.

Residents of New York State are eligible for EPIC if they are 65 years of age or older and within the income eligibility levels. Prior to the expansion, the income levels for participation were limited to \$18,500 for single participants and \$24,400 joint income for married enrollees. As a result of the legislation, these income limits were expanded to \$35,000 for single seniors and \$50,000 for those who are married. Seniors receiving full Medicaid benefits, or with other prescription coverage providing equal to or better benefits than EPIC, are not eligible to join the program. However, if seniors exhaust their other prescription benefits, they are permitted to join EPIC for the remainder of the year until their other coverage resumes.

Seniors pay either an annual fee or meet an annual deductible to receive the benefit of paying only a co-payment for their prescriptions. However, there is a maximum amount of co-payments that participants will pay each year. These maximum co-payments, which are based on income level, provide further protection to enrollees from high prescription expenses.

There are over 3,800 pharmacies in New York State that participate in the EPIC program. EPIC enrollees can obtain their prescriptions at any of these pharmacies. EPIC

covers most prescription drugs, as well as insulin and insulin syringes. Participants can either purchase brand or generic drugs.

Chapter 57 of the Laws of 2000

On January 1, 2001, State legislation became effective that greatly enhanced the EPIC program. Income eligibility was nearly doubled, to help many more seniors with the rising cost of their medications. In addition, the program was streamlined, participant cost sharing was reduced, and manufacturer rebates were increased. The following summarizes the legislative changes:

- *Increased Income Limits:* Eligibility was expanded to \$35,000 annual income for single seniors, and \$50,000 annual combined income for married seniors.
- *Two Separate Plans for Lower and Upper Income Levels:*
 - *Revised Fee Plan for Lower Income Levels:* Single seniors with income up to \$20,000, and married seniors with combined income up to \$26,000, are eligible to join the Fee Plan. Fees were reduced to increase affordability, and now range from \$8 to \$300 per year based on the senior's income and marital status.
 - *New Deductible Plan for Upper Income Levels:* Single seniors with incomes from \$20,001 to \$35,000, and married seniors with combined incomes of \$26,001 to \$50,000, are eligible for the new Deductible Plan. The deductibles range from \$530 to \$1,715 per year, based on the senior's income and marital status. This plan is designed to help seniors with higher incomes that have high drug costs.
- *Lower Co-payments:* There are four co-payment amounts ranging from \$3 to \$20, which are based on the cost of the prescription. The band of prescription costs covered by each co-payment was increased, further reducing the participant cost share.
- *Lower Co-payment Maximums:* The annual limits on co-payments were lowered. As a result, total out-of-pocket expenditures are limited to approximately eight percent of a participant's annual income. If an enrollee reaches their co-payment maximum during the year, they receive their prescriptions at no cost for the remainder of their coverage year.
- *Immediate Coverage:* The pre-payment requirement was eliminated for seniors enrolling in the Fee Plan. New enrollees no longer have to pay their initial quarterly fee before receiving coverage. As soon as seniors are determined eligible, coverage is activated and their card and bill is mailed at the same time. This has reduced the average enrollment time from four weeks down to two weeks.

- *Additional Manufacturer Rebates:* Effective October 1, 2000, in addition to the basic rebate required from participating manufacturers, a rebate for manufacturer price increases in excess of inflation is now required. The rebate is measured for each drug by comparing the increase in average manufacturer price against that of the consumer price index for urban consumers (CPI-U) since the base quarter. This CPI rebate is similar to that of the Medicaid rebate calculation, but limited to changes since the fourth quarter of 1998 (instead of 1990). The EPIC base quarter will be incremented by two years every two years.

Publicizing the Enhancements

As required by the legislation, EPIC began outreach activities to announce the program changes by October 1, 2001. The team of EPIC outreach representatives was expanded to handle the increased activities. New application and promotional materials were developed and distributed throughout the State to increase the visibility of the program and its enhancements. Special media campaigns were developed and presented around the State to announce the enhanced benefits, with a special targeted effort to reach the diverse and minority groups that reside in the State.

A participant newsletter was sent to the 134,000 program enrollees to advise them of the reduction in the fees and co-payments. During September 2000, a letter and application brochure was mailed to the nearly 10,000 seniors who had cancelled their coverage during 2000, or were denied coverage because their income was too high. As a result, over 1,200 of these seniors enrolled in EPIC. The EPIC Helpline was expanded to handle the increased level of inquiries from seniors and their caregivers about the program changes. The NYS Office for the Aging Senior Citizens Hotline was trained to answer questions regarding the enhancements.

These and other outreach activities are described in the Outreach Services section in Section V Program Operations.

Implementing the Program Changes

Though the program changes were not effective until January 1, 2001, seniors were able to apply as early as September 2000. Applications under the expanded income limits were processed upon receipt and, if eligible, seniors were notified that they were approved for coverage beginning January 1. As a result, 17,611 seniors with incomes in the expanded bands were pre-approved. Identification cards were mailed to these new enrollees early in December, to avoid any mail delays over the holidays and ensure seniors were able to use their new coverage starting January 1. During this transition period, new applicants already eligible under the prior income limits were given the choice to begin coverage immediately or to begin on January 1, 2001 when the lower fees and co-payments became effective.

During the transition, quarterly fees for coverage spanning January 1, 2001 were prorated under the old and new rates. Enrollees were billed the prorated fees, and received the benefit of the reductions as soon as possible.

The elimination of the pre-payment requirement for new enrollees in the Fee Plan was implemented in October 2000. Now, upon being determined eligible, seniors receive coverage and their bill at the same time. As with ongoing quarterly bills, enrollees have 30 days to pay their bill, plus a 30-day grace period if needed. As a result of this change, the average time for a senior to receive coverage was reduced by two weeks. This allowed over 3,000 applicants in the new income levels of the Fee Plan to be activated immediately on January 1, 2001.

Lower co-payments became effective on January 1, 2001. The revised schedule includes four co-payment amounts ranging from \$3 to \$20 that replaced the previous five co-payments.

The co-payment maximums were also lowered on January 1, 2001. The new maximums effectively limit seniors' out-of-pocket expenses to approximately eight percent of their annual income. If a senior reaches their co-payment maximum, which varies based on income level, no co-payment is required for drugs purchased during the remainder of their coverage year. More than 1,700 additional seniors met their co-payment maximums on January 1, 2001 as a result of the new lower co-payment maximums.

Implementation of the additional rebate required the amendment of contracts with the approximately 315 pharmaceutical manufacturers participating in the program. Computer system modifications were also required to collect additional base pricing data from manufacturers and compute the additional rebate. Because the new rebate was effective October 1, 2000, the system changes were implemented in March 2001 when invoices for the fourth quarter of 2000 were generated.

During the period October 2000 through March 2001, intensive testing and quality checks were performed throughout EPIC operations and the computer system to ensure that the program changes were properly implemented.

II. ENROLLMENT LEVELS

I am grateful for your EPIC insurance. How I'd wish that I'd known about it sooner.

*Ms. S
Shortsville, NY*

Introduction

As a result of the program expansion, the number of seniors enrolled in EPIC increased at a dramatic rate during the program year, surpassing expectations. By the end of September 2001, nearly 228,000 of the State's seniors were enrolled in the program. This represents an 82 percent increase in enrollment over the year, and is the highest number of seniors ever enrolled in the program. This section reviews the impact of the legislative changes on application and enrollment activity during the program year.

Seniors Applying for EPIC

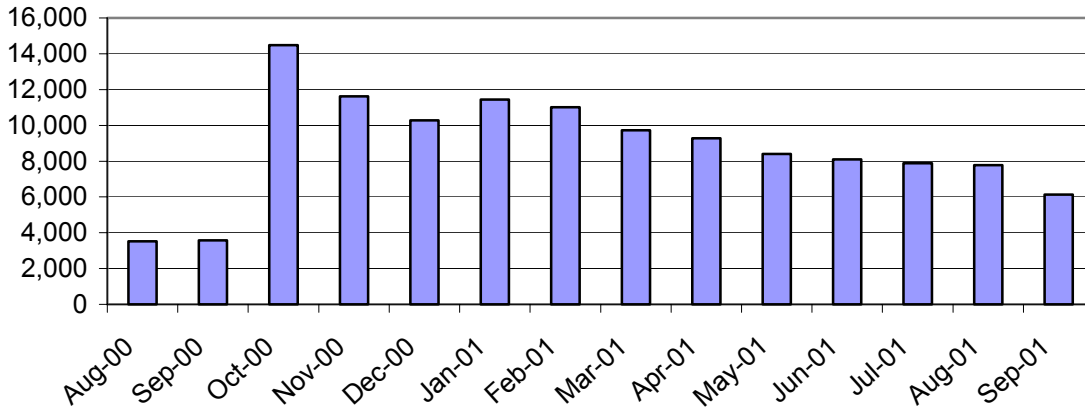
The implementation of the new EPIC program legislation had a significant impact on this program year's application activity. As illustrated in Figure 1, 116,118 seniors applied for benefits during the program year, which represents almost a three-fold increase from the prior program year's application activity. An intense outreach and media campaign announcing the program changes, which began on October 1, 2000, played a major role in this rapid increase. Application and enrollment activity by county is shown in Table I of the Appendix.

**FIGURE 1
ANNUAL APPLICATION ACTIVITY**

<u>Program Year</u>	<u>Applications Received</u>	<u>Percent Change From Previous Year</u>
94-95	26,800	+14.2%
95-96	20,679	-22.8%
96-97	19,457	-6.3%
97-98	24,648	+26.7%
98-99	36,481	+48.0%
99-00	40,447	+10.9%
00-01	116,118	+187.1%

The number of seniors applying each month for EPIC coverage is shown in Figure 2. As expected, the number of applications received was highest in the initial months of the expanded outreach campaign. During the first six months of the program year, almost 68,000 applications were processed. Although application activity declined gradually towards the end of the program year, EPIC still received over 6,100 applications during September, which is double the monthly average of the previous program year.

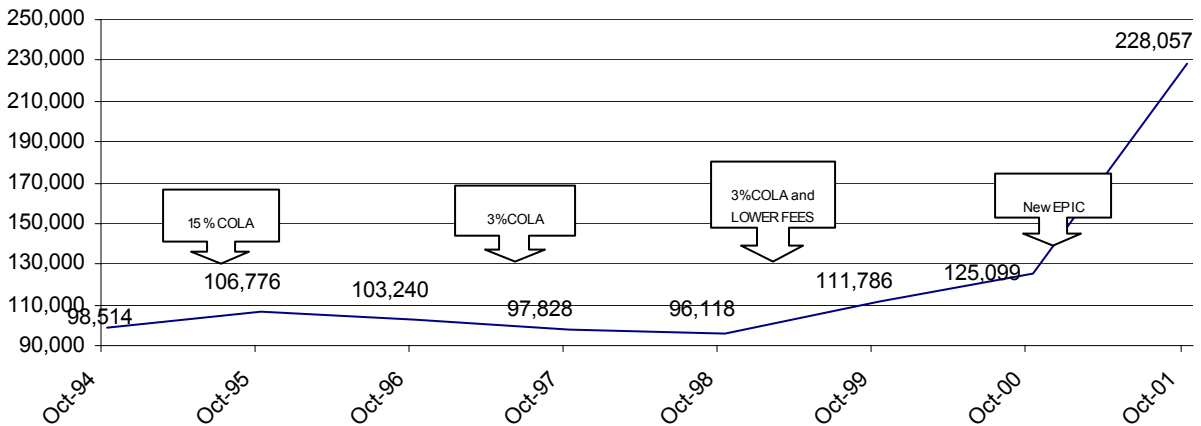
**FIGURE 2
MONTHLY APPLICATION LEVELS**



Changes in Enrollment

During the program year there was a surge in enrollment as seniors entered the new program. By the end of the program year, there were 228,057 seniors participating in EPIC and many more continued to apply. Figure 3 illustrates the changes in enrollment over the last seven program years.

**FIGURE 3
ENROLLMENT TREND**



As shown by Figure 4, total enrollment increased by 102,958 seniors during the program year. County-specific changes are reflected in Table II in the Appendix.

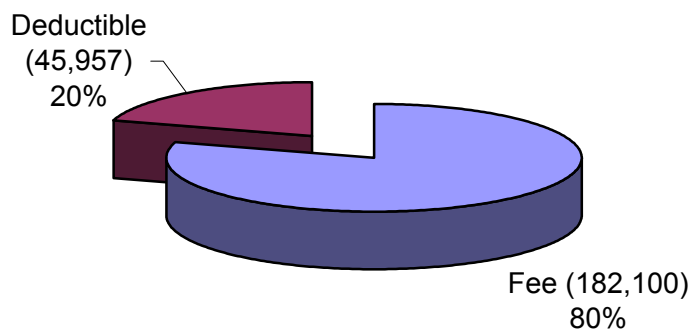
**FIGURE 4
ANNUAL ENROLLMENT CHANGES**

<u>Program Year</u>	<u>Seniors Enrolled at Beginning of Year</u>	<u>Seniors Enrolled at End of Program Year</u>	<u>Enrollment Increase(Decrease)</u>
94-95	98,514	106,776	8,262
95-96	106,776	103,240	(3,536)
96-97	103,240	97,828	(5,412)
97-98	97,828	96,118	(1,710)
98-99	96,118	111,786	15,668
99-00	111,786	125,099	13,313
00-01	125,099	228,057	102,958

Enrollment by Plan Type

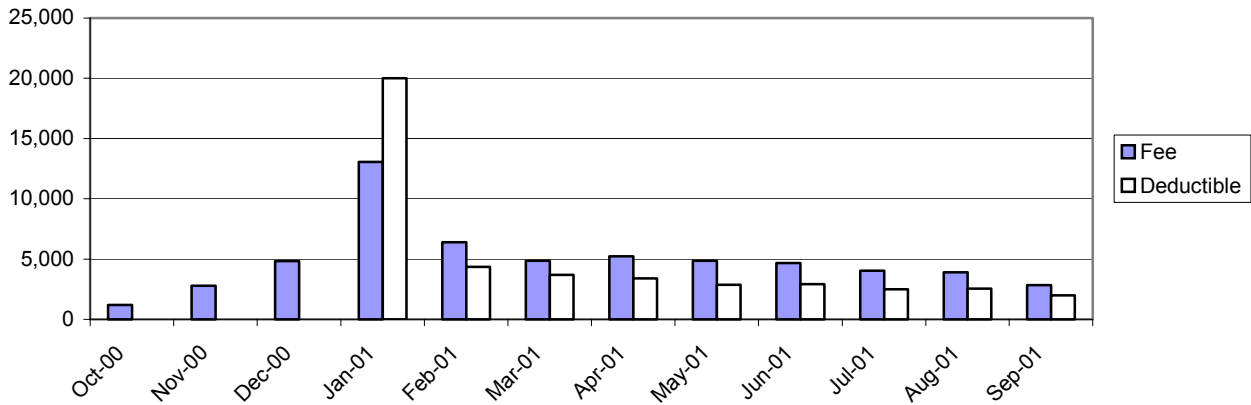
Enrollment in the Fee and Deductible Plans has changed significantly. On October 1, 2000, 96 percent of participants were in the Fee Plan, and only 4 percent were enrolled in the Deductible Plan. As illustrated in Figure 5, at the end of the program year 20 percent (45,957) of enrollees were enrolled in the Deductible Plan, including about 1,700 participants still enrolled in the original Deductible Plan. The Fee Plan has grown by 51 percent, increasing from 120,659 enrollees at the end of the last program year to 182,100 enrollees by September 30, 2001.

**FIGURE 5
ENROLLMENT BY PLAN TYPE
As of September 30, 2001**



Since January 1, 2001 when program enhancements became effective, approximately 53 percent of the new EPIC enrollees joined the Fee Plan and 47 percent enrolled in the Deductible Plan. Figure 6 illustrates the monthly enrollment by plan type. About 60 percent of the 33,000 pre-approved enrollees on January 1 joined the Deductible Plan, and 40 percent joined the Fee Plan. Thereafter, the majority of new enrollees each month joined the Fee Plan. Though the net monthly increase in overall enrollment gradually declined over the program year, almost 5,000 enrollees entered the program in September.

**FIGURE 6
MONTHLY ENROLLMENT INCREASE
BY PLAN TYPE**



Portrait of EPIC Enrollees

The average income for an EPIC enrollee increased to \$15,705 as a result of the expanded income levels. While the typical enrollee continues to be a widowed female, the demographics of participants have changed. There has been an increase in the number of male participants and married seniors joining EPIC. The following table shows the impact of the expansion on enrollee demographics.

**FIGURE 7
PORTRAIT OF EPIC ENROLLEES
BY PROGRAM YEAR**

	99-00	00-01
Average Income	\$10,759	\$15,705
Female	79%	74%
Single	77%	67%
Average Age	79	78
Deductible Enrollment	4%	20%
Fee Enrollment	96%	80%
Minorities	11%	11%

Seniors with Other Insurance

A total of 47,809 (21 percent) seniors enrolled in EPIC at the end of the program year had reported having other prescription coverage. This is nearly twice the rate (11 percent) of enrollees having other insurance the same time last year, reflecting the increasing use of EPIC to provide supplemental coverage.

EPIC is by law the payer of last resort. According to the EPIC statute, seniors with other insurance providing equal or better coverage than EPIC are not eligible for benefits. However, these seniors are allowed to join EPIC after having exhausted their annual benefits. Many of the plans have annual limits on coverage. Seniors with other insurance providing lesser coverage than EPIC can join anytime during the year, and use EPIC to supplement the other primary coverage. A closer look at these two categories of seniors with other coverage is provided below.

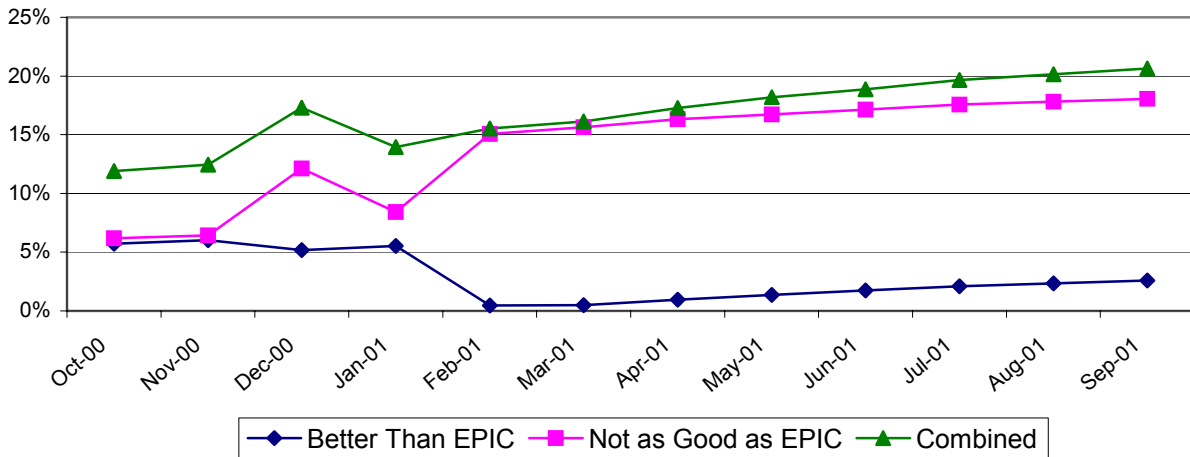
Seniors with other better coverage – This group of 5,912 enrollees represents 12 percent of those with other insurance. Better coverage is most common among the Medicare HMO plans. However, the number of plans offering better coverage than EPIC has been declining due to reductions in benefits (i.e., higher co-payments and exclusion of brand name drugs). On January 1 these seniors become ineligible for EPIC, when their other better benefits resume. This year, on December 31, 2000, 1,979 enrollees were cancelled from EPIC when their other coverage resumed, and were reminded to reapply if and when they reached their benefit limit or their coverage changed. Of these, 1,152 (58 percent) seniors rejoined EPIC during the year. On average, they reached their benefit limit with the other plan in four and one half months.

Seniors with other lesser coverage – Of those with other insurance, 41,177 (88 percent) enrollees have other coverage that is not as good as EPIC. These seniors use EPIC throughout the year to supplement their other coverage. Since legislation defines EPIC as payer of last resort, pharmacies must submit claims for these seniors to the primary insurer first, and subsequently bill EPIC for any amount not paid. EPIC's online claim processing system was enhanced in May 2000 to make it easier for pharmacies to bill EPIC as secondary payer. During this program year, EPIC processed 41,048 claims as secondary payer after other coverage of \$1.3 million, or \$32.36 per claim was paid. Some pharmacies continue to bill EPIC for the reduced amount without reflecting any payment made by the primary plan, making it difficult to determine the full extent of other benefits paid. EPIC continues to encourage pharmacies to include other insurance information on submitted claims, providing assistance as needed.

Figure 8 illustrates the increasing percentage of enrollees with other insurance. For those with other better coverage, the increasing trend reflects seniors exhausting their benefit cap and joining EPIC. For those with coverage not as good as EPIC, the trend depicts the increasing need for dual coverage with EPIC as a supplement to other insurance to cover the rising cost of medicines.

Similar to recent years, some Medicare managed care plans announced withdrawals from specific counties or reduced benefits effective January 1, 2001. Nearly 63,000 New York State seniors were impacted by such changes this program year and had to choose another primary insurance – either another Medicare HMO (if available) or Medigap plan or revert to traditional Medicare. Many of these seniors have been turning to EPIC to provide needed prescription coverage. This was evident in the above-average enrollment increases in several counties impacted by Medicare HMO reductions this year: Putnam (173 percent), Suffolk (143 percent), Monroe (131 percent), and Dutchess (124 percent).

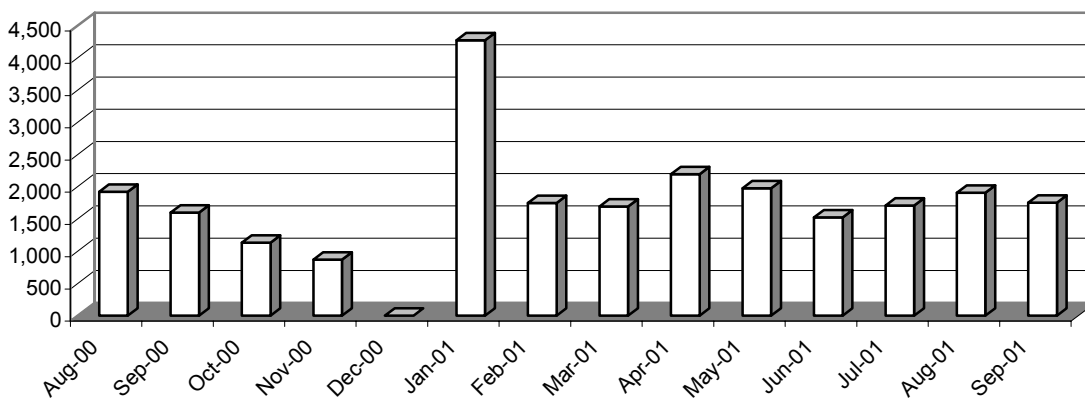
**FIGURE 8
SENIORS WITH OTHER INSURANCE**



Changes in Cancellation Rate

During the program year, 20,423 enrollees either canceled or were denied benefits (19,608 seniors), or let their benefits lapse (815) during renewal. These seniors leaving the program represented about nine percent of those who used EPIC, and is lower than the 13 percent turnover rate during the prior program year. The most frequent reasons for cancellations and denials were death (24 percent), nonpayment (19 percent), and other insurance (11 percent). As illustrated, the number of cancellations decreased significantly in the last quarter of 2000 after participants were notified of the program expansion planned for January 1, 2001. Figure 9 illustrates cancellations and lapses by month during the program year. The high number of cancellations at the beginning of the year reflects those seniors returning to their other insurance coverage on January 1.

**FIGURE 9
MONTHLY CANCELLATIONS, DENIALS AND LAPSES**



III. DRUG COST TRENDS

You have no idea how grateful I am for the privilege of receiving medications at a reduced rate. I spent almost \$6,000 during the past year for medicine. I am a disabled widow living on Social Security. My illnesses (degenerative joint disease, Lyme disease, Lupus and high blood pressure) require very expensive medications. I am so deeply grateful to the officials in New York State who made this help available to me.

*Ms. M
Carmel, NY*

Introduction

This program year total prescription costs were largely impacted by the expansion of the EPIC program. Net State costs increased by \$99 million compared to the last program year. Over 87,000 more seniors used the EPIC program to purchase prescriptions. Most of the program costs were attributable to the Fee Plan. Fee Plan enrollees accounted for 85 percent of the prescription purchases, but accounted for 94 percent of EPIC expenditures. Drug costs were again impacted by double-digit price increases. The average price of a prescription increased 11 percent from the last program year, to \$64.52. This section discusses the changes in the cost of prescription drugs and the impact of the expansion on these costs.

Summary of Costs

More than 221,000 seniors used EPIC during the program year to purchase over 6 million prescriptions. These medications cost \$389.5 million. By using EPIC, enrollees saved nearly \$302.5 million at the pharmacy. After deducting participant fees and manufacturer rebates, the net cost to the State was \$242 million. A summary of this year’s program statistics is shown in Figure 10.

**FIGURE 10
PROGRAM SUMMARY STATISTICS**

Enrollment as of September 30, 2001	228,057
Seniors Active During Year	221,533
Prescriptions Purchased	6,088,133
Total Cost of Prescriptions Managed	\$389.5M
Participant Copayments	\$ 67.2M
Deductible Payments	\$ 19.8M
Total EPIC Payments to Pharmacies	\$302.5M
Fees Paid by Seniors	\$ 14.8M
Rebates by Manufacturers	\$ 45.7M
Net State Costs	\$242.0M

A review of these statistics by program type is provided in Figure 11, which highlights the differences in enrollment and drug costs between the Fee and Deductible Plans. Over 187,000 seniors in the Fee Plan purchased more than 5.3 million prescriptions, while only 33,863 seniors in the Deductible Plan purchased 717,942 prescriptions. Seniors in the Deductible Plan accounted for 12 percent of the prescriptions purchased. However, they only accounted for 6 percent of total EPIC expenditures. This is because Deductible enrollees pay approximately the first three percent of their income of their own drug costs, in the form of a deductible, before EPIC benefits begin.

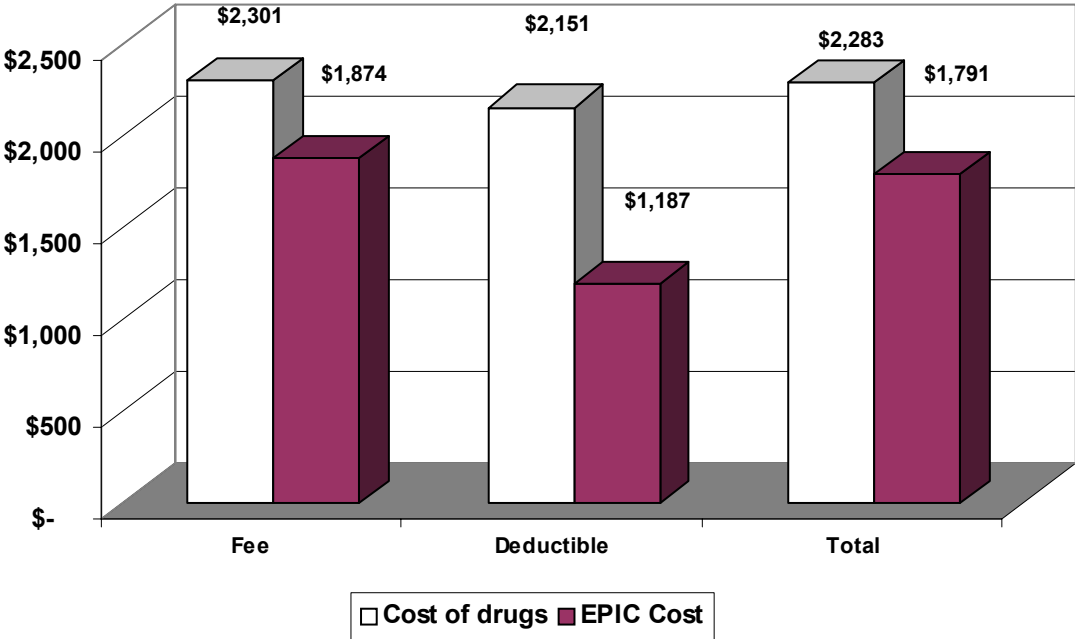
**FIGURE 11
PROGRAM SUMMARY STATISTICS
BY PROGRAM TYPE**

	<i>FEE</i>		<i>DEDUCTIBLE</i>		<i>TOTAL</i>
	<i>Number</i>	<i>Percent of Total</i>	<i>Number</i>	<i>Percent of Total</i>	
Enrollment as of 9/30/2001	182,100	80%	45,957	20%	228,057
Seniors Active During Year	187,670	85%	33,863	15%	221,533
Prescriptions Purchased	5,370,191	88%	717,942	12%	6,088, 133
Total Cost of Prescriptions	\$353.0M	91%	\$36.5M	9%	\$389.5M
Total Payments to Pharmacies	\$283.0M	94%	\$19.5M	6%	\$302.5M

Average Cost of Drugs

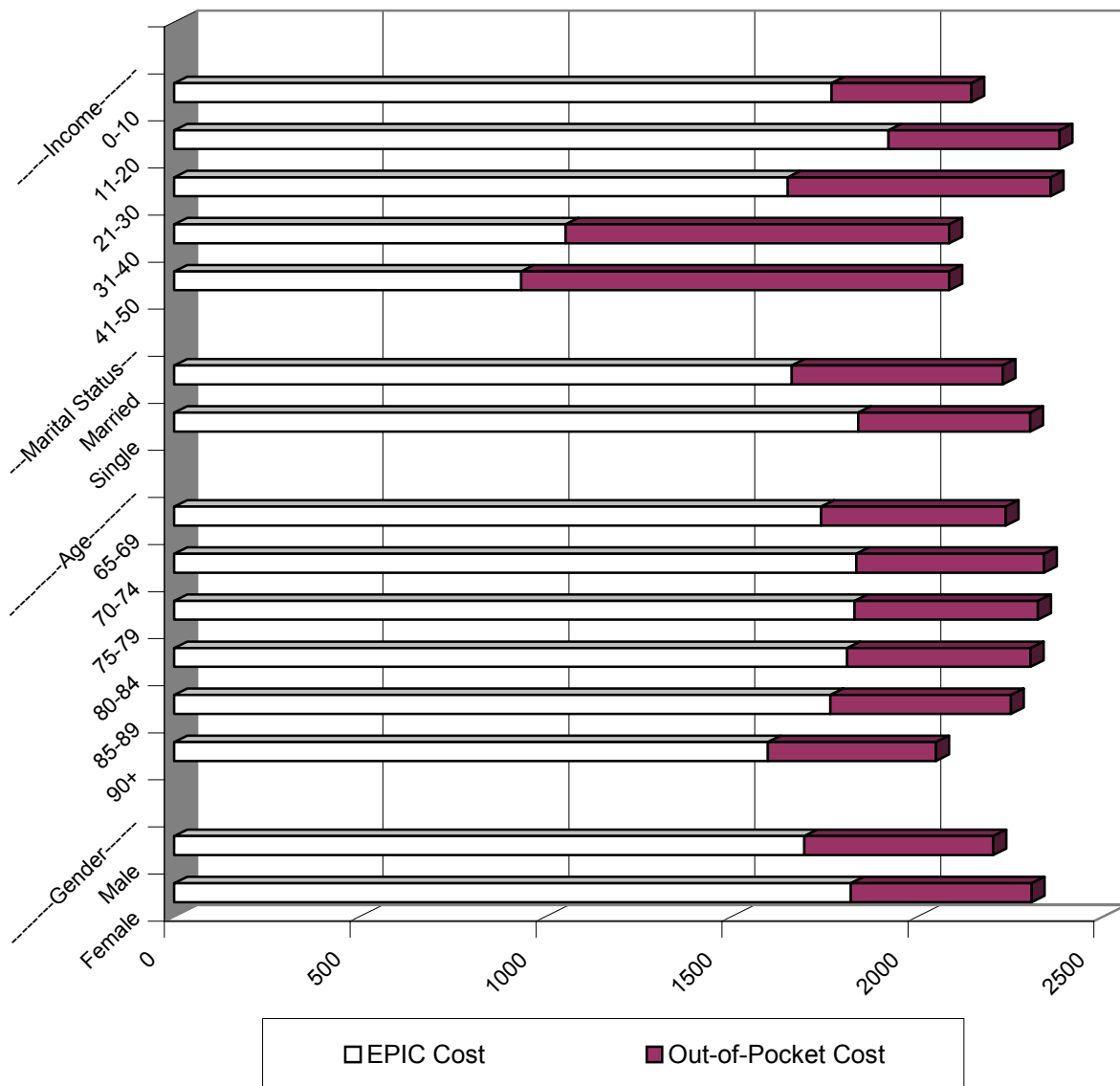
The average EPIC participant enrolled for the full program year purchased 36 prescriptions costing \$2,283. After paying the program’s co-payments and deductibles, these seniors each saved an average of \$1,791. In comparison, the average senior in the United States purchased 29 medications costing \$1,205. The average drug cost for a senior in the Deductible Plan was \$2,151, whereas the average drug cost for a senior in the Fee Plan was slightly more at \$2,301. However, the savings in the Deductible Plan was almost \$700 less than in the Fee Plan, \$1,187 versus \$1,874 respectively. This is because Deductible Plan enrollees have higher out-of-pocket costs, which includes an average annual deductible of \$900. This is in comparison to Fee Plan enrollees, who pay an average annual fee of \$82 and receive immediate benefits. Figure 12 illustrates drug costs and savings by plan.

**FIGURE 12
EPIC AVERAGE COST OF DRUGS AND SAVINGS
BY PROGRAM
TYPE**



Out-of-pocket costs, including annual fees, averaged \$564 this program year. This amount is 22 percent of the average total cost of drugs of \$2,283. Figure 13 shows the differences in these costs of drugs by demographic factors. As shown, seniors with incomes between \$11,000 and \$30,000 spent the most on drugs, by more than \$200. Also evident is the increase in out-of-pocket costs along with income levels, which is attributable to the program structure. Single seniors spent slightly more than married seniors, \$2,302 versus \$2,228, respectively. In addition, seniors over the age of 90 spent about \$200 less on prescriptions than the average enrollee, and males spent almost \$100 less on prescriptions than females.

FIGURE 13
AVERAGE COST OF DRUGS BY DEMOGRAPHICS



How New Enrollees Used EPIC

Figure 14 compares the average cost of drugs for seniors enrolled before and after the January 1 program changes. New enrollees in the Fee Plan have significantly lower utilization than previous Fee Plan enrollees, spending \$476 less on drugs and costing EPIC \$435 less per enrollee. With the lower fees implemented on January 1, more seniors with lower drug costs can now benefit from the program. This was a major factor in the large increase in Fee Plan enrollment.

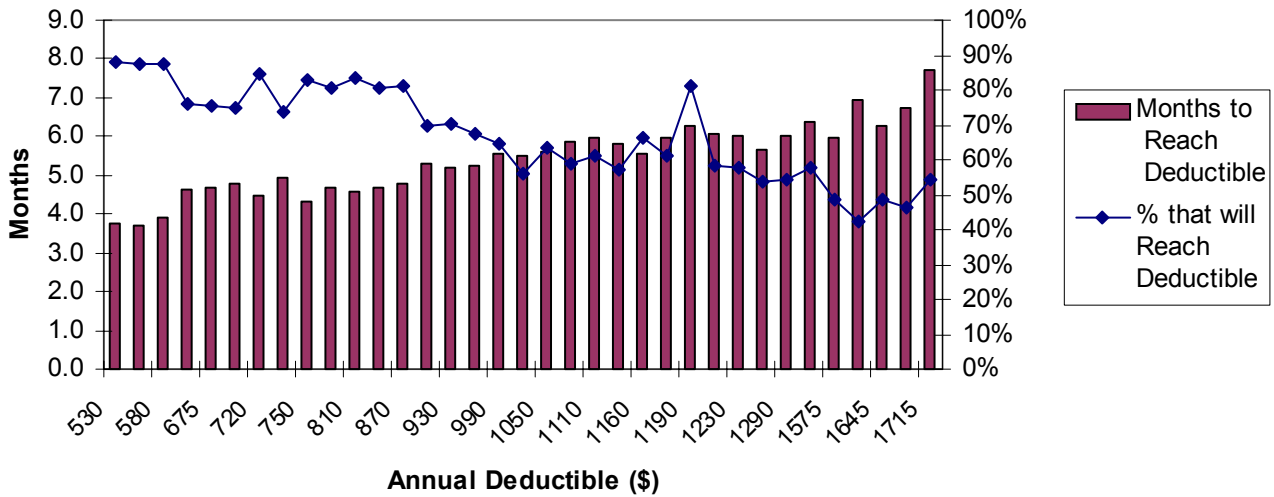
New Deductible enrollees incurred drug costs that were slightly higher than seniors who remained in the original Deductible plan, \$2,161 versus \$1,989 respectively. Given the higher deductibles required of the new enrollees in the upper income levels, EPIC's cost was slightly lower than for prior Deductible enrollees. The 1,700 seniors that chose to remain in the original Deductible Plan spent less than the average EPIC enrollee, having relatively low drug costs averaging \$55 per prescription.

**FIGURE 14
AVERAGE COST OF DRUGS AND SAVINGS
NEW ENROLLEES VERSUS PRIOR ENROLLEES**

	DEDUCTIBLE		FEE	
	Enrolled Before 1/1/01	Enrolled After 1/1/01	Enrolled Before 1/1/01	Enrolled After 1/1/01
Cost of Drugs	\$ 1,989	\$ 2,161	\$ 2,405	\$ 1,929
EPIC Cost	\$ 1,218	\$ 1,185	\$ 1,970	\$ 1,535
Number of Prescriptions	36	35	37	32
Average Claim Cost	\$ 54	\$ 61	\$ 65	\$ 60

Approximately 53 percent of the seniors in the Deductible Plan will reach their annual deductible limit. This is a relatively high number of seniors considering that 25 percent of Deductible enrollees had no prescription purchases. During this program year, 37 percent of the Deductible seniors already reached their annual deductible, after having been enrolled for nine months at most. On average, seniors who reach their annual deductible purchase 45 prescriptions with an average drug cost of \$2,804. These seniors take approximately five months to reach their average annual deductible of \$834, and they save \$1,615. Seniors with higher annual deductibles will take longer to reach their annual deductible limit, and a smaller percentage of them will reach their annual deductible, as illustrated in Figure 15.

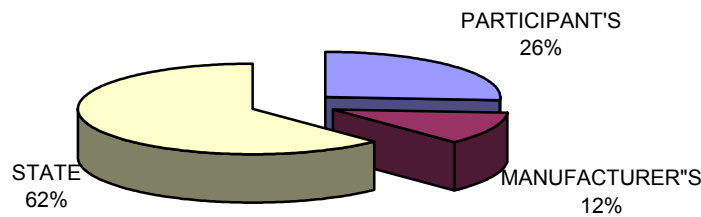
FIGURE 15
TIME AND FREQUENCY OF SENIORS REACHING DEDUCTIBLE



Claims, Expenditures, Revenue and Utilization

There were 6.1 million prescriptions purchased during this program year, which is an increase of 44 percent from last year. Payments to pharmacies increased to \$302.5 million. The State’s costs were reduced to \$242 million due to rebate revenue received from manufacturers and the fees paid by participants. Figure 16 illustrates the distribution of total drug costs among the State, participants and pharmaceutical manufacturers. It should be noted that the manufacturers’ share reflects rebate received during the year that were determined based on utilization in prior quarters.

FIGURE 16
DISTRIBUTION OF TOTAL DRUG COSTS (\$389.5M)



A summary of claims, expenditures, revenue and utilization for representative years is presented in Figure 17. Table III in the Appendix includes a detailed summary of expenditures and participant costs by coverage type, marital status and income. Table IV presents the annual participant benefit statement, which provides a summary of payments, fees, and participant savings.

FIGURE 17
CLAIMS, EXPENDITURES AND REVENUE
By Program Year

	TWELFTH (1998-1999)	THIRTEENTH (1999-2000)	FOURTEENTH (2000-2001)
NUMBER OF CLAIMS:			
Co-payment	3,660,380	4,180,915	5,719,759
Deductible	<u>81,016</u>	<u>46,519</u>	<u>368,374</u>
Total Claims	<u>3,741,396</u>	<u>4,227,434</u>	<u>6,088,133</u>
EXPENDITURES:			
Total Costs of Drugs	\$191,355,843	\$244,890,243	\$389,542,197
Participant Copayments	46,450,166	55,166,617	67,202,825
Deductible Payments	<u>2,973,767</u>	<u>1,929,351</u>	<u>19,780,832</u>
EPIC Expenditures	\$141,931,910	\$187,794,275	\$302,558,540
LESS REVENUE:			
Manufacturers' Rebates	\$ 27,680,918	\$ 33,975,602	\$ 45,698,127
Participant Fees	<u>8,800,114</u>	<u>10,699,823</u>	<u>14,821,828</u>
Total Revenue	\$ 36,481,032	\$ 44,675,425	\$ 60,519,955
NET STATE COST:	<u>\$105,450,878</u>	<u>\$143,118,850</u>	<u>\$242,038,585</u>

COST AND UTILIZATION
By Program Year

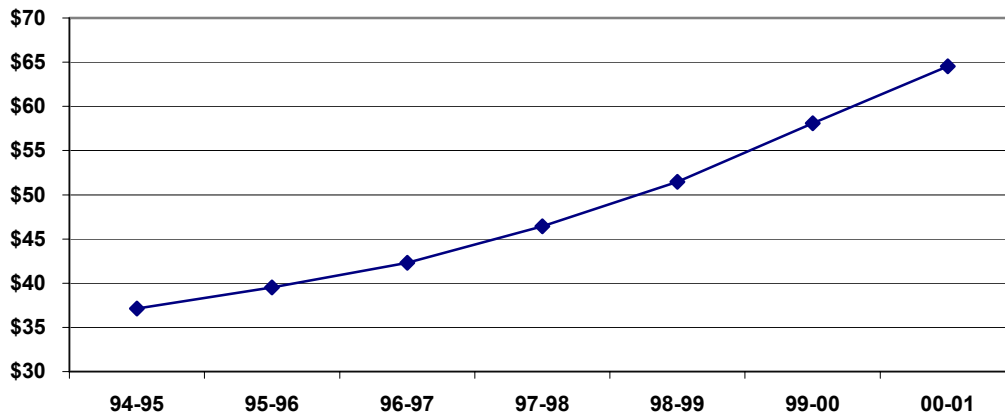
FOURTEENTH 2001)	FIRST (1987-1988)	EIGHTH (1994-1995)	THIRTEENTH (1999-2000)	(2000-
Paid (Non-deductible) Claims:				
Average EPIC Cost	\$12.60	\$25.97	\$44.91	\$52.90
Average Participant Cost	<u>7.30</u>	<u>11.16</u>	<u>13.19</u>	<u>11.75</u>
Average Total Cost	<u>\$19.90</u>	<u>\$37.13</u>	<u>\$58.10</u>	<u>\$64.65</u>
Number of Participants Reaching Deductible	3,821	11,691	3,892	17,778
Number of Participants Reaching Co-pay Limits	882	15,855	24,265	27,569

Increase in the Cost of Drugs

Between September 2000 and October 2001, the National Consumer Price Index Urban (CPI - U) for prescription drugs increased by 6.09 percent. In contrast, the rate of increase in the price of the top 300 drugs purchased by EPIC participants was 5.9 percent. Over the last year, there was a \$145 million increase in the cost of drugs purchased by participants. This 59 percent increase in cost was due to several factors:

- *A 65 percent increase in the number of seniors using the program.* This program year, 221,533 seniors used the program compared to 134,507 in the last program year. This increase is primarily attributable to the expansion and enhanced benefits of the EPIC program.
- *An increase in the volume of prescriptions purchased.* As compared to the last program year, there were almost 1.9 million more prescriptions purchased by enrollees due to the increased enrollment. The average number of prescriptions purchased annually by seniors dropped slightly, from 37 to 36 this year, due to the lower utilization levels of new enrollees.
- *An increase in the cost of the average prescription purchase.* The cost of the average prescription increased by 11 percent, from \$58.10 in the last program year to \$64.65. The average cost of prescriptions over the last six years is shown in Figure 18. As illustrated, prescription costs rose from \$37.13 in the 1994-1995 program year to \$64.65 this year. Part of this program year's increase is due to inflation, whereas the remaining percentage is due to the prescribing of more expensive therapies. Last year, inflation increased the price of commonly used drugs by \$3.43 per prescription, whereas more expensive therapies and additional quantities increased drug costs by \$3.12 per prescription. This resulted in the average prescription cost going up by \$6.55.

**FIGURE 18
AVERAGE COST OF EPIC PRESCRIPTIONS**



- *More seniors reached their co-payment limit, and received medications free for part of their enrollment year.* This program year, over 27,569 participants received 806,867 prescriptions at no charge. As a result, the State paid 100 percent of the cost of these drugs instead of the 81.8 percent paid for copayment claims. While this contributed to the increase in costs, the percentage of seniors reaching their co-payment limit dropped from 18 percent last year to 12 percent this year because many participants were enrolled for only a partial year.
- *A high use of sole source drugs by EPIC's target population.* Seventy-four percent of program expenditures was for sole source (only one manufacturer) medications, consistent with the prior year. The development of new treatments for chronic diseases and improvements on previous treatments continue. For example, Xalatan, an eye drop used for glaucoma treatment, is a once-daily formulation. This treatment helps patients to be more compliant in their treatments since they do not have to use eye drops several times a day. The average annual cost of treatment using this new drug was \$496, with enrollees paying an average \$134 out-of-pocket.
- *Marketing efforts create a high consumer demand for certain products.* Many of the medications that are frequently used by participants that are often relatively expensive continue to be heavily advertised. Nexium, a new product this year for gastrointestinal problems, is often seen on television. Also, Procrit, which is often used to stimulate red blood cell production in cancer and dialysis patients, is now being advertised as promoting quality of life.

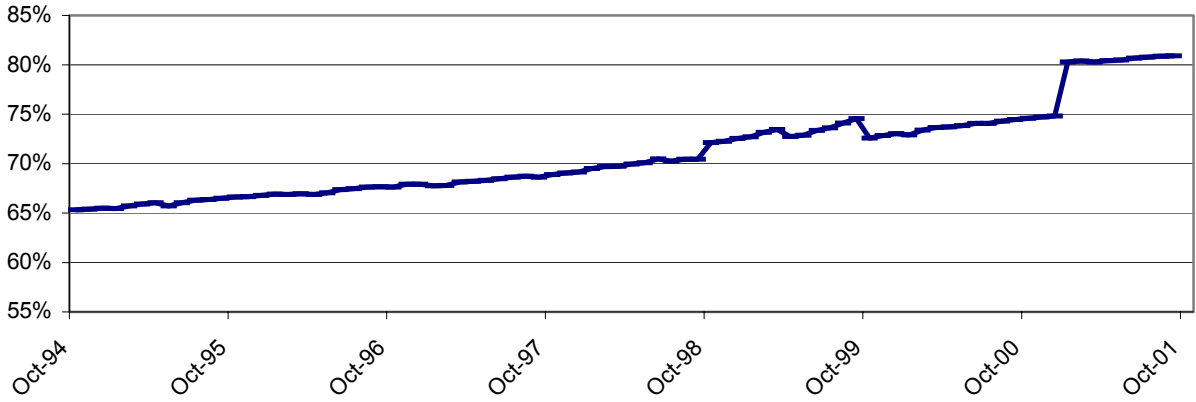
State Share of Drug Costs

Seventeen percent of the prescriptions purchased by EPIC participants cost more than \$100. This is a 15 percent increase from last year. As in the past, most of these medications were used for chronic illnesses such as heart disease, arthritis, cancer and gastrointestinal disorders.

Only a small number (7,350) of prescriptions cost more than \$1,000. These are primarily biotech products and chemotherapy agents used to treat cancer. The percentage distribution of EPIC's covered drugs by volume and price is illustrated in Table V-A of the Appendix and a price distribution of drugs purchased by the new co-payment bands is included in Table V-B.

The State's share of the cost of claims requiring a co-payment increased from 73.6 percent in the last program year to 81.8 percent, due to the lower co-payments effective January 1, 2001. Figure 19 shows the increase in the State's share since 1994.

**FIGURE 19
STATE SHARE OF COPAY CLAIM COST**



Seniors with High Drug Costs

Program expenditures continue to be heavily driven by a subset of enrollees that had high utilization or required expensive medications. Seventy-four percent of seniors enrolled for a full year spent more than \$1,000 on prescription drugs. Fourteen percent of the seniors had drug costs exceeding \$4,000. Their purchases accounted for almost 40 percent of expenditures. Seniors with high drug costs were treated for serious illness such as cancer or transplant therapy, or received multiple prescriptions for the treatment of chronic diseases such as heart disease, diabetes and Parkinson’s disease. Figure 20 illustrates the distribution of full year enrollees by drug cost.

**FIGURE 20
DISTRIBUTION OF FULL YEAR ENROLLEES
BY DRUG COSTS**

<u>Drug Costs</u>	<u>Percent of Enrollees</u>	<u>Percent of Expenditures</u>
Up to \$1,000	26.1%	5.0%
\$1,001 to \$2,000	28.6%	17.0%
\$2,001 to \$3,000	19.8%	20.7%
\$3,001 to \$4,000	11.5%	17.6%
\$4,001 to \$5,000	6.3%	12.7%
Over \$5,000	7.6%	26.9%
Totals	100.0%	100.0%

Two-Year Enrollment and Cost Projections

As required by legislation, enrollment and cost projections for the next two years are presented in Figure 21. These projections reflect the effects of the expanded enrollment and lower fees and co-payments that became effective on January 1, 2001, as well as changes in pharmacy pricing methodology and manufacturer rebates effective April 1, 2002. These program changes are expected to yield further increases in enrollment with pharmacy payments projected at \$460.4 million in the 2001-2002 program year and \$562.3 million in the 2002-2003 program year. These costs will be significantly reduced by manufacturers' rebates, which were increased by the additional rebate based on the changes in prices compared to inflation as measured by the Consumer Price Index. The collection of additional rebate revenue began in February of 2001 on utilization as of October 1, 2000. Another offset to EPIC expenditures is fee revenue, which will increase only slightly with enrollment due to the reduction in fees effective January 1, 2001. As a result, the net State costs based on current law are projected to be \$345.3 million in program year 2001-2002 and \$419.5 million in program year 2002-2003.

FIGURE 21
EPIC ENROLLMENT AND COST PROJECTIONS
BY PROGRAM YEAR
(Dollars in Millions)

	Oct. 2000- Sept. 2001	Oct. 2001- Sept. 2002	Oct. 2002- Sept. 2003
Enrollment	228,057	294,513	321,500
Costs of Drugs	\$ 389.5	\$ 588.8	\$ 703.0
EPIC Payments	\$ 302.5	\$ 460.4	\$ 562.3
Less Revenues			
Fees	14.8	19.0	19.2
Rebates	<u>45.7</u>	<u>96.1</u>	<u>123.6</u>
Total Revenues	\$ 60.5	\$ 115.1	\$ 142.8
Net State Costs	\$ 242.0	\$ 345.3	\$ 419.5

Note: Projections based on EPIC legislation as of April 1, 2002.

IV. REVIEWING UTILIZATION

The Retrospective Drug Utilization review process is a great service that you are providing physicians. I'm sure other physicians appreciate it as much as I do.

Dr. M.

Introduction

EPIC enrollees use an average of 36 prescriptions each year. This is well above the average general population. With the cost of prescription medicines increasing, the EPIC program continues to save participants a significant portion of their prescription expenses. Many therapies are used to treat various problems including, but not limited to, heart disease, cancer and arthritis. The following is an overview of the usage patterns of different types of drugs and how EPIC oversees the program for proper use of funds as well as to foster the safety and well being of all participating seniors.

Medications Most Frequently Used

EPIC participants purchase many prescription medications each year to treat a variety of health conditions. Table VI in the Appendix lists the 300 most frequently purchased medications used in this program year and Table VII shows the ten most frequently purchased types of drugs by therapeutic classification. As shown by Table VII, cardiac drugs account for the highest percentage of usage by participants (70 percent). All cardiac-related classes, which also include diuretics, anti-cholesterol, vasodilating and hypertensive agents, account for 84 percent of participant usage. The next two most frequently used categories are gastrointestinal drugs at 26 percent and anti-inflammatory agents, usually used to treat arthritis, at 24 percent.

Table VIII includes the twenty medications most frequently purchased by participants. Even though many EPIC participants use drug therapies for serious disease states, there appears to be a trend to use these medications to prevent or defer acute health events. A few examples from this table include Lipitor, a cholesterol-lowering statin, holding two positions at two different strengths. It is now recommended to lower cholesterol even further than previously suggested to prevent heart disease. Plavix, a blood thinner that is used to help prevent atherosclerotic events such as strokes, appears on the list for the first time. Also, eight out of the 20 medications are used to treat hypertension, and new guidelines are calling for aggressive treatment to bring diastolic blood pressure below 90.

Table IX lists the top twenty drugs based on total cost. Prilosec, Prevacid, Lipitor and Celebrex retain the top four positions respectively from last program year. Prilosec and Prevacid are used to treat gastrointestinal disorders, Lipitor is used to treat high cholesterol and Celebrex is used for arthritic conditions. A newer dosage form appears on the list, Fosamax 70 mg, a medication given once a week for the treatment of osteoporosis. Since being introduced to the market in November 2000, more than 12,000 participants use this

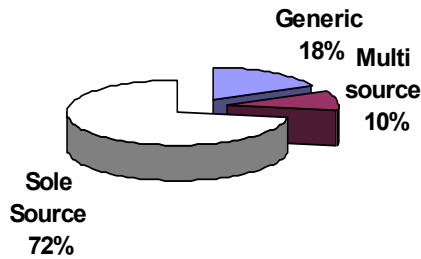
new formulation. The average cost of this therapy for each participant was approximately \$290 per year. However, with EPIC, the participant's cost was reduced to \$73. We anticipate an increase in the use of once a week medications as physicians become more familiar with their availability and as more new products emerge in the marketplace.

Generic Substitution

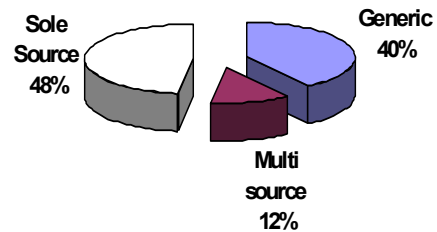
Over 2.4 million prescriptions for generic drugs were purchased in this program year, representing almost 40 percent of the total prescriptions dispensed. The use of brand, multi-source products decreased from 15 percent of the total claims dispensed to 12 percent. However, the use of expensive sole source products increased to 48 percent of the prescriptions purchased from 46 percent last year. Figure 22 shows that 72 percent of the cost of drugs was for sole source drugs. Increases in cost of drugs continue to be strongly driven by these products.

**FIGURE 22
USE OF BRAND VERSUS GENERIC DRUGS**

DISTRIBUTION OF COST OF DRUGS



DISTRIBUTION OF CLAIMS



Under New York State's mandatory substitution law, a generic must be dispensed when a multi-source product is prescribed, unless the prescriber indicates that the brand name product is required. In this program year, the substitution rate for those drugs with a generic alternative was 80 percent compared to 75 percent last year. This positive rate is comparable to programs with strong generic incentives, such as differential co-payments. The average State cost for a generic prescription was \$19.33, for brand multi-source prescriptions the average cost was \$39.07, and for sole source medications the average cost was \$77.94.

Therapeutic Drug Monitoring

Seniors over 65 generally use more medications than younger persons, which put them at increased risk for adverse events from medications. Also, many seniors experience reduced kidney and liver functions, which maximizes the effects of medications by delaying elimination of the drug.

To prevent possible problems with medications, EPIC operates a Therapeutic Drug Monitoring (TDM) program. Potential drug therapy problems are identified and communicated to pharmacists and prescribers. Modifications of therapy frequently result when health care providers are made aware of these possible adverse effects from medications. These modifications contribute to an improved quality of life and prevent further complications.

Prospective Utilization Review

Because of the increased enrollment during this program year, a record number of 6.1 million prescriptions were submitted electronically and processed by EPIC’s online Point-of-Sale (POS) system. As illustrated by Figure 23, 231,236 of those prescriptions were suspended with a therapeutic message alerting the pharmacist about a potential problem. These alerts affected about 3.5 percent of the prescriptions filled, and address drug interactions, therapeutic duplication, overuse and early refills. After the pharmacist’s review, over 135,000 of these prescriptions were not filled, preventing adverse consequences from medications.

**FIGURE 23
PROSPECTIVE REVIEW STATISTICS
OCTOBER 2000- SEPTEMBER 2001**

<u>Type of Review</u>	<u>Suspensions</u>	<u>Overrides</u>	<u>Percent of Overrides/Suspensions</u>
Drug to Drug Interactions	13,022	10,817	83%
Therapeutic Duplication	78,305	56,897	68%
High Dose	9,563	5,024	52%
Early Refill	<u>130,346</u>	<u>23,045</u>	18%
Totals (Unduplicated)	231,236	95,783	

These clinical reviews before the medications are dispensed often prevent unnecessary physician and hospital visits that may result if the participant had taken the drugs. In addition to the health benefits, the costs of prescriptions not dispensed represents considerable savings.

The drug interactions, therapeutic duplication and high dose interventions are responsible for savings of over \$2.2 million. The savings for claims suspended for early refill are more difficult to quantify. Prescriptions not filled on one occasion may be filled at a later date. Eighty-two percent of claims suspended for early refill are not filled, which would total \$9.9 million if they were filled. Even though some of this is just a delaying of dispensing for a period of time, savings do result.

Retrospective Utilization Review

All prescriptions dispensed to EPIC seniors are reviewed by the therapeutic drug monitoring (TDM) retrospective system. A computerized review identifies participants that may be at risk due to drug interactions, duplicative therapies, overuse or the use of multiple pharmacies and prescribers. Pharmacists then clinically review the medication history profiles of those identified, and informational letters are sent to all relevant prescribers.

In this program year new criteria were added to include tracking for chronic high doses of acetaminophen, which may contribute to liver and kidney failure. Acetaminophen is an ingredient in many pain medications and may not be recognized by the prescriber as a health risk. Letters sent to prescribers concerning acetaminophen use have generated reduction in use and greater awareness of potential dangers.

During the last program year, 6,000 clinical reviews were completed. Pharmacy staff sent 1,672 letters to prescribers on behalf of 629 participants. Almost 40 percent of prescribers responded to the letters, and a significant number of changes in therapy resulted from the interventions.

Payments to Pharmacies

Table X in the Appendix shows the distribution of claims and payments by pharmacy type and Table XI presents a summary of pharmacy claims and payments by county. Over 3,800 pharmacies provided services to EPIC participants this year, each receiving an average annual payment of \$78,322. Payments were made through an Electronic Funds Transfer (EFT) system, which ensures an accurate and direct payment to providers. Pharmacies received \$302.5 million in State payments, an increase of 61 percent from last year.

Over 56 percent of active pharmacies are chain stores, 41 percent are independently operated stores, and the remainder represented institutions or mail order pharmacies. Chain stores received 51 percent of EPIC expenditures in the 1994 - 1995 program year. This rate has progressively increased over the last five years, reaching 61 percent during the current program year. Independent pharmacies received a smaller percentage of EPIC expenditures (35 percent) during this program year.

V. PROGRAM OPERATIONS

I would like to sincerely thank you for your time and patience. I have been dealing with numerous agencies in the state of NY on behalf of my grandmother. Your concern and attention to detail has surpassed all other agencies by far.

*Mr. G.
North Dakota*

Introduction

This section provides an overview of operational activities completed during the program year to serve enrollees and to promote the new EPIC program throughout the State. Outreach efforts were expanded in October 2000 to publicize the program changes effective January 1, 2001. The outreach program included informational and enrollment initiatives, promotional advertising campaigns, and the mass distribution of EPIC materials to program enrollees and to sites around the State that are frequented by seniors. To assure the continued delivery of high quality services to EPIC enrollees, the fiscal agent contract was renegotiated to increase operational capacity to support the higher enrollment levels.

Pharmacy and internal audits were conducted throughout the year to protect the fiscal integrity of program expenditures. The manufacturer rebate program collected almost \$46 million. This rebate amount included additional rebate revenue from manufacturers for prescription price increases beyond the rate of inflation.

Outreach Services

During the program year, the major focus of all outreach activities was to inform enrollees and senior groups about the program changes. Throughout the State, community initiatives were held to inform senior groups about the program enhancements and to provide direct assistance to potential applicants. To clearly present the program changes, the application brochure was redesigned to include updated information along with a fee and deductible schedule insert. New EPIC posters and fact sheets were also created to promote the program changes to many diverse ethnic groups across the State. Also, new media campaigns were developed and presented around the State to increase EPIC's visibility and to ensure that all eligible seniors were made aware of the enhanced program benefits available.

Community Outreach

To inform seniors, caregivers, and agency personnel about the availability of EPIC benefits, outreach staff conducted a variety of enrollment and informational sessions throughout the State. During the program year, more than 15,000 seniors attended 443 information sessions that were held in senior centers, pharmacies and senior housing facilities. These sessions provided EPIC outreach representatives an opportunity to explain the program guidelines directly to the seniors and to highlight program changes.

The sessions also allowed the representatives to counsel seniors about the program benefits and to assist those eligible to join by completing enrollment applications.

EPIC representatives participated in 202 senior, county and community fairs. At these events, outreach representatives distributed large quantities of program materials and gave presentations about the program to large groups of seniors and their caregivers.

Outreach representatives also held training sessions for senior agency personnel and health care providers. Over 1,600 representatives that serve the elderly from the State Office for Aging, local offices for the aging, Health Insurance Information, Counseling and Assistance Program (HIICAP) volunteers and other groups around the State attended fifty-four of these sessions. By presenting in-depth information about the program's enhancements, the attendees were trained to counsel seniors and to assist them in completing the EPIC enrollment application. An additional 41 general training sessions were sponsored by EPIC for health care agencies and pharmacy providers. The primary focus of this training was to give attendees a general background about the program and the recent enhancements so they could refer seniors to the program.

Distributing Program Information

The application brochure was updated to reflect the expansion of the income limits and the reduction in co-payments. During the program year, over 1.2 million updated brochures were distributed to seniors, caregivers, pharmacies, legislators, local offices for the aging, hospitals, home care agencies, and other facilities and agencies that serve seniors. A newsletter highlighting the program changes was sent along with the brochures to advise these groups of the specific enhancements. A senior newsletter was also sent to all program enrollees to advise them of the reduction in fees and co-payments. The NYS Office for the Aging included detailed information about the program enhancements in several issues of "Aging News". This effort expanded the awareness of senior advocates regarding program changes.

An informational mailing targeting 458,800 seniors who participate in the School Tax Relief Program (STAR) program was also completed. Included in this mailing was a letter to the senior advising them of the recent changes to EPIC, along with a coupon to request an enrollment package. Over 71,000 seniors requested applications or inquired about the program, as a result of this initiative.

Targeted Promotional Initiatives

Outreach staff worked with many diverse community organizations, advocacy groups, and faith-based organizations to develop new and creative ways to reach the many diverse ethnic and minority groups that reside in the State. As part of this targeted effort, EPIC promotional materials were translated into a number of foreign languages including Arabic, French and Haitian Creole. The addition of these languages complements previous initiatives that produced translated EPIC materials in Korean, Chinese, Russian, Italian, Polish, and Yiddish. While the EPIC application has been available in English, Spanish and Chinese, it was also translated in French, Hebrew and Russian.

During the program year, translated materials were distributed to approximately 300 different ethnic and minority organizations across the State. A newspaper campaign using 30 ethnic papers was initiated in the major metropolitan areas of the State. In addition, radio advertising was run on several ethnic radio stations. Several individuals and groups helped promote EPIC either directly by hosting or sponsoring an outreach event or by making referrals to the program. These included State legislators, pharmacies, banks, utility companies, supermarkets, labor unions, faith-based organizations, senior citizen centers and advocacy groups. Valuable assistance was provided by many other organizations that agreed to inform seniors about the program by placing articles on EPIC in their newsletters and on bulletin boards. Special mailings were also completed to inform these groups about the program changes and to encourage them to inform their senior membership and other family members of the enhancements.

Throughout the year, outreach staff worked with other insurance providers to clarify how EPIC benefits should be coordinated with prescription benefits included in their plans. In response to a reduction in services provided by Medicare managed care programs in the State, EPIC staff attended informational sessions sponsored by the Centers for Medicaid and Medicare Services, the health maintenance organizations, the State Office for the Aging, and the local offices for the aging. From October to December 2000, outreach staff distributed brochures and gave presentations and counseling at 22 events that were designed to assist seniors whose prescription benefits were being eliminated or reduced on January 1, 2001.

Working with the Media

To publicize the program enhancements, newspaper and radio advertising campaigns were run throughout the State. From October through November 2000, EPIC newspaper ads were run in 23 major metropolitan newspapers. Another newspaper campaign ran during April through June 2001 in 30 ethnic and minority newspapers. Participant testimonials were used in a radio advertising campaign that ran on 40 stations across the State from April to July 2001. The radio campaign generated almost 4,000 application requests. In September 2001, *Aging and You*, a television station targeting seniors, hosted an interview between the Director for the State Office for the Aging and the Director of the EPIC program to announce the program expansion. During the program year that followed, outreach staff participated in 30 radio and television interviews and talk shows in several communities across the State. Also developed during the year were four thirty-second television advertisements featuring actual participants and their families. These testimonial-style advertisements, which were specifically designed to reach both seniors and caregivers, will be presented statewide in early 2002. Three of the advertisements are in English and one in Spanish.

Helpline

EPIC operates a toll-free Helpline to provide personal assistance and information to seniors, caregivers, providers and agency personnel. In anticipation of a large increase in the volume of inquiries about the program changes, the Helpline staffing and line capacity were doubled in January 2001 to ensure high quality service to callers. The

increases in staffing and equipment were needed to handle the 462,100 Helpline calls that were received during the year. This was a 63 percent increase over the previous year. The most common reasons for seniors to call the Helpline were to inquire about the program, to request an enrollment application or to request assistance in completing the application.

Seniors and their caregivers were also able to access program information at the EPIC website maintained by the New York State Department of Health. This year, the site capacity was significantly expanded to offer site visitors the ability to print an application or request copies of the enrollment applications in both English and Spanish, view fee and deductible schedules, and learn how to enroll in the program. The website also provided the EPIC e-mail address to allow interested parties to electronically send their inquiries to the program. Information about the program is also available through the Senior Citizens Hot Line operated by the State Office for the Aging and through their websites.

EPIC also operates a provider pharmacy Helpline. EPIC service representatives responded to over 37,000 telephone inquiries from pharmacies. Written requests for information from seniors and providers totaled 80,650 for the program year, up from 15,300 in the previous year. This volume is significantly higher than in past few years and is due to both the increase in the number of enrollees and the improvements to the program.

Cost Effectiveness of Outreach

State legislation requires that an analysis of the cost effectiveness of the primary outreach initiatives be completed each program year. The major activities included in this year's review were the responses to the radio and newspaper advertising campaigns, the STAR mailing and the brochure distribution efforts. Based on the number of telephone calls and mail-in coupons received, 34,835 seniors applied for EPIC in response to the newspaper and radio ads and the STAR mailing at a cost of \$30.36 per application. During the year, over 800,000 brochures were distributed to providers, legislators, offices for the aging, senior centers and other agencies. These initiatives generated approximately 58,059 new applications at a cost of \$11.16 per application.

Performance of the Contractor

As specified in legislation, a contractor secured through a competitive procurement process performed major operational functions. EPIC's current contract with First Health Services Corporation is for a five-year term scheduled to expire September 30, 2002. The current contract was renegotiated with an amendment that was approved on November 1, 2000 to compensate First Health for the additional staff and equipment resources required for the program expansion.

Primary aspects of the contractor's responsibilities included application and enrollment processing, participant and provider relations, pharmacy enrollment and reimbursement, claim processing, outreach and systems development. The contractor also provides support to the State operation of the manufacturer rebate and therapeutic drug

monitoring programs. Specific contract performance standards established for each function are designed to ensure quality operations.

State staff monitored the contractor's compliance with the performance standards through routine and special audits, with emphasis on areas directly affecting participants and pharmacy providers. First Health was compliant with nearly all contract performance standards this program year with exceptions involving the participant Helpline and online claim processing downtime.

Due to the legislative program enhancements, the program experienced a record number of calls to the Helpline from October 2000 through February 2001. Though the capacity of the Helpline was expanded in preparation for expected increased volumes, the number of calls surpassed expectations and the contractor was unable to meet Helpline standards in the months of October through January. The contractor upgraded the Helpline system with additional equipment and staff to address the surge in January of 2001. The contractor also experienced an online claim processing system outage in September 2001 that resulted in minimal impact to pharmacies.

First Health demonstrated a strong commitment to the success of the program during the program expansion. This was apparent during their implementation of the extensive program improvements effective January 1, 2001. First Health's operational volumes spiked during the fall of 2000 and winter of 2001. A variety of program operations were significantly impacted, including the contractor's Helpline, enrollment, and mailroom departments. The contractor purchased additional equipment and hired more staff to meet these new challenges and comply with all contract performance standards, except those noted above. In addition, several system enhancements were implemented in preparation of the enhanced EPIC program. The software was modified to expand the income limits, change the co-payment amounts, and add the new rebate. There was a smooth transition to the enhanced EPIC program as a result of the planning and efforts by all departments.

Beyond the numerous legislative improvements, EPIC assisted seniors needing help as a result of the World Trade Center disaster. Procedures were temporarily modified to ensure continuity of coverage for EPIC participants residing in the five boroughs of New York City. Cancellations for non-payment of quarterly bills or for non-response to renewal forms were intercepted to ensure continued access to medications. The EPIC Helpline was expanded to receive calls from within the continental United States to serve seniors temporarily displaced outside New York State.

As required by EPIC legislation, the contractor's financial position and level of compensation relative to its EPIC operation was reviewed by the EPIC Panel quarterly and the contract was determined to be in the best interest of the State. The relationship of total administrative costs, which is largely comprised of contract costs, to total benefits paid by EPIC was 96.8 percent.

Pharmacy Audits

Throughout the program year, EPIC staff performed audits to ensure the fiscal integrity of the \$302.5 million in State reimbursement payments to pharmacies and their compliance with legislative and regulatory requirements. In this program year, 57 pharmacy audits were completed that resulted in recoveries totaling over \$75,000. One of the audits involved the review of the claims submitted by a large chain pharmacy that has 146 pharmacies participating in the program. EPIC staff also collaborated with the Attorney General's Medicaid Fraud Control Unit on four pharmacy audits to investigate the submission of inappropriate claims. This collaboration resulted in the termination of two pharmacies' participation in the program.

In an ongoing effort to ensure the validity of claim reimbursement to pharmacy providers, a verification of benefits (VOB) process was established. During the program year, over 9,500 participants whose drug utilization met specific criteria were requested to verify that they received the drugs that were billed on their behalf. These participants were sent letters along with paid benefit listings and were requested to verify directly with EPIC that they did receive the prescriptions. Over 77 percent of the selected participants responded to these letters. All negative responses were referred to audit staff for further investigation and, as necessary, on-site pharmacy audit review. In three cases, possible fraud or abuse of the program benefits were discovered. One of the cases resulted in termination of a pharmacy's participation in the program and a recovery of \$6,000 in prescription reimbursement payments. The other two cases are currently under investigation.

In addition to the VOB process, audit staff confirmed directly with over 500 participants the validity of claim information submitted by pharmacies on their behalf. This benefit verification process was undertaken to confirm the claim reimbursements made to pharmacies with aberrant claim submission patterns. When necessary, participants' physicians were also contacted to confirm that they authorized the dispensing of drugs in questions. This verification process resulted in identifying two participants that were abusing program benefits. To safeguard their health and safety, both of these participants were restricted to pharmacies that have agreed to monitor their prescription utilization to ascertain that it is appropriate and in accordance with the prescribers' orders.

During the program year, 25 applicant eligibility cases were referred by the contractor to the Audit Unit for reconsideration review. Twenty-three of these cases were resolved by direct contact with the applicant or their caregiver to clarify EPIC's enrollment eligibility guidelines. Applicants involved in the two unresolved cases requested fair hearings to allow an administrative law judge to review their cases and to make a decision. One case involved EPIC's income reporting requirements and the judge did find in favor of the program. The other case involved the residency requirements of a senior living at an out of state address. After the senior submitted documentation of their New York State residency at the hearing, the judge found in favor of the applicant. The judge's decision in this case helped to more clearly define EPIC's residency requirements.

Manufacturer Rebate Program

Under the EPIC manufacturers' rebate program, which was established in 1991, pharmaceutical manufacturers contractually agree to pay EPIC a rebate in exchange for coverage of their products. At present, more than 300 drug manufacturers, including all major drug producers, participate in the rebate program. This ensures that almost all medications used by the senior population are covered.

Prior to October 1, 2000, the basic rebate was computed at 11 percent of average manufacturers price (AMP) for generic products and the greater of 15.1 percent of AMP or AMP minus best price (BP) for brand name drugs. Effective October 1, 2000, an additional rebate is required when the percentage increase in AMP exceeds the percentage increase in the consumer price index for urban consumers (CPI-U) measured from a base quarter. The fourth quarter of 1998 is the initial base quarter for the EPIC program and the base quarter will be rolled forward every two years.

This year, \$61,890,621 in rebate revenue was generated. As shown in figure 20, a total of \$227,675,261 in rebate payments has been collected since the beginning of the rebate program.

FIGURE 20
MANUFACTURER REBATES
(Accrual Basis)

Rebate Year	Total Manufacturers' Rebate Payments	Total EPIC Provider Payments*	Rebate Percent of Provider Payments
04/91-9/91	\$ 3,414,903	\$ 22,233,461	15.4%
10/91-9/92	8,657,439	51,946,785	16.7%
10/92-9/93	10,185,203	60,956,002	16.7%
10/93-9/94	10,475,172	66,960,430	15.7%
10/94-9/95	11,983,530	78,647,956	15.2%
10/95-9/96**	15,375,206	89,504,584	17.3%
10/96-9/97	21,027,989	97,292,841	21.6%
10/97-9/98	21,873,606	107,458,720	20.4%
10/98-9/99	27,836,569	140,124,677	19.8%
10/99-9/00	34,955,023	186,696,133	18.2%
10/00-9/01	<u>61,890,621</u>	<u>298,988,511</u>	20.7%
Program Life	\$227,675,621	1,200,780,100	19.0%

*Provider payments include dispensing fees.

**New rebate formula based on total cost of drugs implemented July 1, 1996.

Summary

Program operations fully supported the program enhancements, making the first year of the EPIC expansion a great success. Higher income eligibility limits combined with lower fees, co-payments and co-payment maximums nearly doubled EPIC participation. The major focus of all outreach activities was to inform enrollees and senior groups about the program changes. As a result of these efforts, enrollment increased to 228,057 by the end of the program year. During the year, 221,533 seniors purchased six million prescriptions, saving seniors more than \$302.5 million. New York State is helping its seniors stay healthy by making EPIC both affordable and easy to use.

APPENDIX

<u>TABLE</u>	<u>TITLE</u>
I:	APPLICATIONS AND ENROLLMENT BY COUNTY
II:	ENROLLMENT CHANGES BY COUNTY
III:	UTILIZATION BY COVERAGE TYPE, MARITAL STATUS AND INCOME
IV:	PARTICIPANT BENEFITS STATEMENT
V-A:	PERCENTAGE DISTRIBUTION OF DRUGS BY VOLUME AND PRICE
V-B:	PRICE DISTRIBUTION OF DRUGS PURCHASED
VI:	300 MOST FREQUENTLY PURCHASED DRUGS
VII:	TEN MOST FREQUENTLY PURCHASED TYPES OF DRUGS BY THERAPEUTIC CLASSIFICATION
VIII:	TWENTY MOST FREQUENTLY PURCHASED DRUGS
IX:	TOP TWENTY DRUGS BASED ON EPIC PAYMENTS
X:	DISTRIBUTION OF CLAIMS AND PAYMENTS BY PHARMACY TYPE
XI:	ACTIVE PHARMACIES, CLAIMS AND PAYMENTS BY COUNTY

**TABLE I
APPLICATIONS AND ENROLLMENT BY COUNTY**

COUNTY	APPLICATIONS RECEIVED 10/00-9/01	APPLICATIONS RECEIVED 10/87-9/01	ENROLLMENT AS OF 9/30/01
ALBANY	1,718	8,183	3,730
ALLEGANY	263	2,155	930
BROOME	1,642	10,178	4,700
CATTARAUGUS	732	4,644	2,079
CAYUGA	751	3,402	1,725
CHAUTAUQUA	1,880	8,556	4,182
CHEMUNG	830	5,409	2,387
CHENANGO	558	2,839	1,367
CLINTON	603	3,292	1,588
COLUMBIA	559	2,877	1,502
CORTLAND	438	2,265	1,084
DELAWARE	601	2,969	1,471
DUTCHESS	2,313	7,354	3,927
ERIE	7,856	34,675	15,688
ESSEX	323	1,763	806
FRANKLIN	310	2,548	1,164
FULTON	736	4,017	1,926
GENESEE	659	2,627	1,375
GREENE	530	2,550	1,203
HERKIMER	740	3,993	1,837
JEFFERSON	1,001	5,078	2,446
LEWIS	297	1,493	691
LIVINGSTON	642	2,178	1,171
MADISON	492	2,634	1,259
MONROE	5,484	16,559	8,499
MONTGOMERY	613	3,534	1,774
NASSAU	9,497	32,808	15,401
NIAGARA	1,904	8,443	3,903
ONEIDA	2,451	12,710	5,942
ONONDAGA	3,342	15,630	7,568
ONTARIO	1,130	3,993	2,109
ORANGE	2,486	9,982	4,721
ORLEANS	359	1,478	741
OSWEGO	1,150	5,840	2,858
OTSEGO	594	3,425	1,671
PUTNAM	899	2,418	1,322
RENSSELAER	1,036	4,918	2,279
ROCKLAND	1,890	6,550	2,866
SARATOGA	1,164	5,224	2,555
SCHENECTADY	982	4,312	2,089
SCHOHARIE	251	1,362	642
SCHUYLER	129	817	345
SENECA	275	1,199	566
ST LAWRENCE	862	5,014	2,321
STEUBEN	722	4,069	1,892
SUFFOLK	12,083	39,167	18,330
SULLIVAN	692	3,325	1,471
TIOGA	320	2,072	913

**TABLE I
APPLICATIONS AND ENROLLMENT BY COUNTY**

COUNTY	APPLICATIONS RECEIVED 10/00-9/01	APPLICATIONS RECEIVED 10/87-9/01	ENROLLMENT AS OF 9/30/01
TOMPKINS	406	2,415	1,058
ULSTER	1,435	6,450	3,354
WARREN/HAMILTON	617	3,172	1,582
WASHINGTON	542	2,706	1,489
WAYNE	930	3,731	1,869
WESTCHESTER	5,360	22,177	9,440
WYOMING	417	1,826	895
YATES	292	1,209	647
SUBTOTAL	86,788	366,214	173,350
<u>NEW YORK CITY:</u>			
BRONX	3,279	20,433	6,233
KINGS	8,289	47,530	16,924
MANHATTAN	5,460	26,285	9,531
QUEENS	10,155	47,181	18,354
RICHMOND	2,147	9,560	3,665
TOTAL NYC	29,330	150,989	54,707
STATEWIDE TOTAL	<u>116,118</u>	<u>517,203</u>	<u>228,057</u>

**TABLE II
ENROLLMENT CHANGES BY COUNTY**

COUNTY	ENROLLMENT AS OF 9/30/00	ENROLLMENT AS OF 9/30/01	TOTAL CHANGE	PERCENT CHANGE
ALBANY	2,310	3,730	1,420	61.47%
ALLEGANY	711	930	219	30.80%
BROOME	3,174	4,700	1,526	48.08%
CATTARAUGUS	1,423	2,079	656	46.10%
CAYUGA	1,031	1,725	694	67.31%
CHAUTAUQUA	2,531	4,182	1,651	65.23%
CHEMUNG	1,594	2,387	793	49.75%
CHENANGO	847	1,367	520	61.39%
CLINTON	1,016	1,588	572	56.30%
COLUMBIA	1,013	1,502	489	48.27%
CORTLAND	719	1,084	365	50.76%
DELAWARE	869	1,471	602	69.28%
DUTCHESS	1,752	3,927	2,175	124.14%
ERIE	8,767	15,688	6,921	78.94%
ESSEX	553	806	253	45.75%
FRANKLIN	854	1,164	310	36.30%
FULTON	1,241	1,926	685	55.20%
GENESEE	775	1,375	600	77.42%
GREENE	724	1,203	479	66.16%
HERKIMER	1,230	1,837	607	49.35%
JEFFERSON	1,538	2,446	908	59.04%
LEWIS	452	691	239	52.88%
LIVINGSTON	586	1,171	585	99.83%
MADISON	810	1,259	449	55.43%
MONROE	3,682	8,499	4,817	130.83%
MONTGOMERY	1,136	1,774	638	56.16%
NASSAU	6,723	15,401	8,678	129.08%
NIAGARA	2,268	3,903	1,635	72.09%
ONEIDA	3,688	5,942	2,254	61.12%
ONONDAGA	4,568	7,568	3,000	65.67%
ONTARIO	1,084	2,109	1,025	94.56%
ORANGE	2,406	4,721	2,315	96.22%
ORLEANS	403	741	338	83.87%
OSWEGO	1,824	2,858	1,034	56.69%
OTSEGO	1,098	1,671	573	52.19%
PUTNAM	485	1,322	837	172.58%
RENSSELAER	1,366	2,279	913	66.84%
ROCKLAND	1,488	2,866	1,378	92.61%
SARATOGA	1,561	2,555	994	63.68%
SCHENECTADY	1,213	2,089	876	72.22%
SCHOHARIE	422	642	220	52.13%
SCHUYLER	227	345	118	51.98%
SENECA	316	566	250	79.11%
ST LAWRENCE	1,545	2,321	776	50.23%
STEBEN	1,292	1,892	600	46.44%
SUFFOLK	7,546	18,330	10,784	142.91%

**TABLE II
ENROLLMENT CHANGES BY COUNTY**

COUNTY	ENROLLMENT AS OF 9/30/00	ENROLLMENT AS OF 9/30/01	TOTAL CHANGE	PERCENT CHANGE
SULLIVAN	836	1,471	635	75.96%
TIOGA	636	913	277	43.55%
TOMPKINS	686	1,058	372	54.23%
ULSTER	2,000	3,354	1,354	67.70%
WARREN/HAMILTON	1,040	1,582	542	52.12%
WASHINGTON	938	1,489	551	58.74%
WAYNE	1,008	1,869	861	85.42%
WESTCHESTER	4,868	9,440	4,572	93.92%
WYOMING	534	895	361	67.60%
YATES	382	647	265	69.37%
SUBTOTAL	95,789	173,350	77,561	80.97%
NEW YORK CITY:				
BRONX	3,406	6,233	2,827	83.00%
KINGS	9,819	16,924	7,105	72.36%
MANHATTAN	4,993	9,531	4,538	90.89%
QUEENS	9,363	18,354	8,991	96.03%
RICHMOND	1,729	3,665	1,936	111.97%
TOTAL NYC	29,310	54,707	25,397	86.65%
STATEWIDE TOTAL	<u>125,099</u>	<u>228,057</u>	<u>102,958</u>	<u>82.30%</u>

**TABLE III
UTILIZATION BY COVERAGE TYPE, MARITAL STATUS AND INCOME**

	PERCENT OF ENROLLEES	EPIC PAYMENTS	PARTICIPANT COPAYS	PARTICIPANT DEDUCTIBLES
<u>COVERAGE TYPE</u>				
FEE PROGRAM	84.6%	\$ 280,962,760	\$ 62,293,623	\$ -
DEDUCTIBLE	15.4%	\$ 21,595,780	\$ 4,909,202	\$ 19,780,832
TOTAL	<u>100.0%</u>	<u>\$ 302,558,540</u>	<u>\$ 67,202,825</u>	<u>\$ 19,780,832</u>
<u>MARITAL STATUS</u>				
MARRIED/LIVING APART	1.8%	\$ 5,806,281	\$ 1,143,797	\$ 146,241
MARRIED	28.3%	\$ 75,523,435	\$ 16,490,361	\$ 11,111,660
SINGLE	69.9%	\$ 221,228,824	\$ 49,568,667	\$ 8,522,931
TOTAL	<u>100.0%</u>	<u>\$ 302,558,540</u>	<u>\$ 67,202,825</u>	<u>\$ 19,780,832</u>
<u>ANNUAL INCOME</u>				
\$5,000 OR LESS	2.7%	\$ 9,378,035	\$ 1,375,261	\$ -
\$5,001-\$10,000	20.8%	\$ 69,538,606	\$ 14,580,225	\$ -
\$10,001-\$15,000	33.9%	\$ 112,821,041	\$ 25,769,861	\$ -
\$15,001-\$20,000	19.8%	\$ 65,947,368	\$ 15,284,036	\$ -
\$20,001-\$25,000	10.9%	\$ 29,929,329	\$ 6,837,320	\$ 4,260,612
\$25,001-\$30,000	5.4%	\$ 8,448,569	\$ 1,957,946	\$ 5,603,670
\$30,001-\$35,000	3.3%	\$ 3,580,609	\$ 795,483	\$ 4,708,731
\$35,001-\$40,000	1.6%	\$ 1,558,662	\$ 331,129	\$ 2,439,450
\$40,001-\$45,000	1.1%	\$ 906,771	\$ 191,359	\$ 1,762,074
\$45,001-\$50,000	0.6%	\$ 449,551	\$ 80,206	\$ 1,006,294
TOTAL	<u>100.0%</u>	<u>\$ 302,558,540</u>	<u>\$ 67,202,825</u>	<u>\$ 19,780,832</u>

**TABLE IV
PARTICIPANT BENEFITS STATEMENT**

PARTICIPANT BENEFITS STATEMENT	14TH PROGRAM YEAR (Millions)	PROGRAM LIFE (Millions)
BENEFITS SUMMARY		
Payments to Pharmacies	\$ 302.3	\$1,306.5
Payments to Participants	.2	9.8
Total Benefits Paid	302.5	1,316.3
Plus: Savings from Repricing	28.6	126.8
Benefits in Billing Process	0.9	9.2
Less: Prior Period Benefits	(0.5)*	0
Total Benefits Provided	331.5	1,452.3
FEES AND PREMIUM SUMMARY		
Fees and Premiums Paid	14.8	115.4
Plus: Prior Year Prepaid Fees	2.5	0
Less: Prepaid Fees	(3.6)	(23.7)
Net Revenue	13.7	91.7
NET BENEFITS SUMMARY		
Net Benefits Provided (Total Benefits Provided - Net Revenue)	\$ 317.8	\$1,360.6

*Prior year end accrual not used in consolidated report.

**TABLE V-A
PERCENTAGE DISTRIBUTION OF DRUGS BY VOLUME AND PRICE**

PRESCRIPTION COST	PERCENTAGE OF CLAIMS	CUMULATIVE PERCENTAGE OF CLAIMS
\$0-\$5	1.5%	1.5%
\$5-\$10	11.1%	12.6%
\$10-\$15	8.2%	20.8%
\$15-\$20	5.9%	26.7%
\$20-\$30	10.8%	37.5%
\$30-\$40	9.3%	46.8%
\$40-\$50	9.1%	55.9%
\$50-\$60	6.2%	62.2%
\$60-\$70	7.6%	69.8%
\$70-\$80	5.9%	75.7%
\$80-\$90	3.8%	79.4%
\$90-\$100	3.3%	82.7%
\$100-\$250	14.6%	97.3%
\$250-\$500	2.4%	99.7%
\$500-\$2500	0.3%	100.0%
\$2500 AND OVER	0.01%	100.0%

**TABLE V-B
PRICE DISTRIBUTION OF DRUGS PURCHASED**

<u>YEAR 14</u>	
UP TO \$15	20.8%
\$ 15.01-\$35	22.4%
\$ 35.01-\$55	16.1%
\$ 55.01-\$100	23.5%
OVER \$100	17.3%
	<u><u>100.0%</u></u>

**TABLE VI
300 MOST FREQUENTLY PURCHASED DRUGS**

DRUG	STRENGTH	DRUG TYPE	NUMBER OF CLAIMS	EPIC PAYMENT	RANK BY PAYMENT
1 FUROSEMIDE	40MG	GEN	119,007	\$670,537	89
2 LIPITOR	10MG	SS	94,104	\$6,747,064	3
3 METOPROLOL TARTRATE	50MG	GEN	81,829	\$1,112,912	53
4 NORVASC	5MG	SS	75,293	\$3,819,511	8
5 FUROSEMIDE	20MG	GEN	67,221	\$317,876	196
6 PRILOSEC	20MG	SS	65,600	\$11,354,234	1
7 HYDROCHLOROTHIAZIDE	25MG	GEN	64,832	\$151,644	355
8 ATENOLOL	50MG	GEN	59,423	\$650,154	92
9 CELEBREX	200MG	SS	55,760	\$5,801,966	4
10 GLUCOPHAGE	500MG	SS	55,052	\$2,378,487	16
11 XALATAN	0.005%	SS	51,696	\$2,036,004	22
12 PROPOXYPHENE NAPSYLATE W/APAP	100-650MG	GEN	50,143	\$987,509	63
13 PREVACID	30MG	SS	49,172	\$7,737,829	2
14 K-DUR	20MEQ	SS	47,886	\$1,035,716	59
15 ATENOLOL	25MG	GEN	47,049	\$502,280	119
16 LIPITOR	20MG	SS	46,184	\$5,649,747	5
17 PLAVIX	75MG	SS	43,625	\$5,244,633	6
18 NORVASC	10MG	SS	42,449	\$3,344,800	10
19 GLYBURIDE	5MG	GEN	41,446	\$1,132,255	49
20 LANOXIN	125MCG	MS	41,166	\$255,353	238
21 VIOXX	25MG	SS	39,597	\$3,481,292	9
22 ALBUTEROL	90MCG	GEN	39,151	\$635,540	94
23 TOPROL XL	50MG	SS	39,101	\$770,625	86
24 FOSAMAX	70MG	SS	35,115	\$2,598,124	14
25 FOSAMAX	10MG	SS	34,647	\$2,824,615	11
26 TRIAMTERENE W/HCTZ	25-37.5MG	GEN	34,567	\$398,959	152
27 MIACALCIN	200U/DOSE	SS	33,499	\$1,486,996	34
28 ISOSORBIDE MONONITRATE	30MG	GEN	31,438	\$1,133,867	47
29 ZOCOR	20MG	SS	30,745	\$5,166,366	7
30 AMBIEN	10MG	SS	30,547	\$1,555,398	31
31 ISOSORBIDE MONONITRATE	60MG	GEN	30,397	\$1,205,525	44
32 PRAVACHOL	20MG	SS	28,960	\$2,660,500	13
33 COZAAR	50MG	SS	28,352	\$1,631,886	28
34 COMBIVENT	103-18MCG	SS	28,072	\$939,116	66
35 ALPHAGAN	0.2%	SS	28,039	\$1,329,155	41
36 LANOXIN	250MCG	MS	27,648	\$186,700	312
37 FOLIC ACID	1MG	GEN	26,861	\$37,076	838
38 ZESTRIL	10MG	SS	25,798	\$879,160	73
39 HUMULIN N	100U/ML	MS	25,790	\$838,465	76
40 RANITIDINE HCL	150MG	GEN	25,750	\$1,060,075	57

**TABLE VI
300 MOST FREQUENTLY PURCHASED DRUGS**

DRUG	STRENGTH	DRUG TYPE	NUMBER OF CLAIMS	EPIC PAYMENT	RANK BY PAYMENT
41 EVISTA	60MG	SS	25,437	\$2,163,049	18
42 HYDROCODONE W/ACETAMINOPHEN	5-500MG	GEN	24,753	\$281,402	221
43 PREMARIN	0.625MG	SS	23,962	\$545,915	108
44 ZOLOFT	50MG	SS	23,912	\$2,011,628	23
45 ATROVENT	18MCG	SS	23,780	\$797,428	81
46 Klor-Con 10	10MEQ	GEN	23,347	\$237,249	252
47 ACETAMINOPHEN W/CODEINE	30-300MG	GEN	23,297	\$241,539	247
48 TOPROL XL	100MG	SS	22,516	\$778,679	84
49 ZESTRIL	20MG	SS	22,230	\$886,819	71
50 DIGOXIN	125MCG	GEN	21,951	\$105,223	455
51 ACCUPRIL	20MG	SS	21,419	\$838,979	75
52 POTASSIUM CHLORIDE	10MEQ	GEN	21,298	\$193,162	305
53 AMBIEN	5MG	SS	21,229	\$912,486	67
54 SEREVENT	21MCG	SS	21,145	\$1,157,021	46
55 VERAPAMIL HCL	240MG	GEN	20,603	\$606,584	100
56 GLUCOTROL XL	10MG	SS	20,428	\$628,212	95
57 CELEBREX	100MG	SS	20,310	\$1,384,280	38
58 PREDNISONE	5MG	GEN	20,289	\$37,165	837
59 CLARITIN	10MG	SS	20,160	\$1,604,210	29
60 PAXIL	20MG	SS	19,987	\$1,728,226	26
61 SYNTHROID	100MCG	MS	19,364	\$261,176	235
62 COSOPT	0.5-2%	SS	19,220	\$1,107,284	54
63 GLUCOTROL XL	5MG	SS	18,940	\$278,460	226
64 INSULIN SYRINGE		INS	18,179	\$300,650	204
65 ZITHROMAX	250MG	SS	17,870	\$472,948	128
66 COUMADIN	5MG	MS	17,770	\$452,532	131
67 FLOMAX	0.4MG	SS	17,763	\$1,056,883	58
68 SYNTHROID	50MCG	MS	17,735	\$224,379	267
69 LIPITOR	40MG	SS	17,407	\$2,494,939	15
70 CIPRO	500MG	SS	16,939	\$1,034,582	60
71 DIGITEK	125MCG	MS	16,922	\$95,656	487
72 SPIRONOLACTONE	25MG	GEN	16,897	\$225,965	265
73 ACCUPRIL	10MG	SS	16,821	\$617,405	98
74 DETROL	2MG	SS	16,811	\$1,133,670	48
75 ALPRAZOLAM	0.25MG	GEN	16,656	\$284,816	215
76 ACCUPRIL	40MG	SS	16,606	\$662,096	90
77 LEVAQUIN	500MG	SS	16,576	\$981,485	64
78 ENALAPRIL MALEATE	5MG	GEN	16,563	\$542,958	110
79 PRAVACHOL	40MG	SS	16,230	\$2,698,656	12
80 ENALAPRIL MALEATE	10MG	GEN	16,139	\$592,238	103

**TABLE VI
300 MOST FREQUENTLY PURCHASED DRUGS**

DRUG	STRENGTH	DRUG TYPE	NUMBER OF CLAIMS	EPIC PAYMENT	RANK BY PAYMENT
81 SYNTHROID	75MCG	MS	16,121	\$212,309	282
82 PEPCID	20MG	MS	15,774	\$1,516,207	32
83 ULTRAM	50MG	SS	15,761	\$816,727	79
84 GLUCOPHAGE	1000MG	SS	15,688	\$1,362,129	40
85 ZOCOR	10MG	SS	15,640	\$1,423,696	36
86 ZESTRIL	5MG	SS	15,280	\$477,990	124
87 FLOVENT	110MCG	SS	15,264	\$795,157	83
88 AVANDIA	4MG	SS	15,229	\$1,714,106	27
89 NITROQUICK	0.4MG	GEN	15,008	\$58,599	670
90 METOPROLOL TARTRATE	100MG	GEN	14,479	\$310,529	200
91 SINGULAIR	10MG	SS	14,363	\$1,373,472	39
92 FUROSEMIDE	80MG	GEN	14,305	\$163,306	344
93 ARICEPT	10MG	SS	14,247	\$2,076,598	21
94 PENTOXIFYLLINE	400MG	GEN	14,068	\$427,907	143
95 PREVACID	15MG	SS	13,765	\$2,159,159	19
96 PREDNISONE	10MG	GEN	13,545	\$40,002	805
97 PROTONIX	40MG	SS	13,444	\$1,253,019	43
98 DIOVAN	80MG	SS	13,400	\$624,094	96
99 WARFARIN SODIUM	5MG	GEN	13,202	\$223,845	269
100 TAMOXIFEN CITRATE	10MG	SS	13,096	\$1,272,108	42
101 HUMULIN 70/30	70-30U/ML	MS	13,042	\$456,788	130
102 COUMADIN	2MG	MS	13,017	\$366,790	171
103 CEPHALEXIN	500MG	GEN	13,011	\$196,164	299
104 ARICEPT	5MG	SS	12,996	\$1,931,675	24
105 ALLOPURINOL	300MG	GEN	12,983	\$141,738	372
106 ALBUTEROL SULFATE	0.83MG/ML	GEN	12,966	\$912,132	68
107 MECLIZINE HCL	25MG	GEN	12,858	\$104,486	458
108 ZOCOR	40MG	SS	12,801	\$2,190,499	17
109 COUMADIN	2.5MG	MS	12,581	\$340,870	182
110 GLYBURIDE	2.5MG	GEN	12,553	\$164,651	342
111 ATENOLOL	100MG	GEN	12,487	\$209,784	285
112 POTASSIUM CHLORIDE	10MEQ	GEN	12,470	\$129,378	396
113 VIOXX	12.5MG	SS	12,420	\$1,128,672	50
114 NORVASC	2.5MG	SS	12,271	\$605,939	101
115 CELEXA	20MG	SS	12,256	\$811,877	80
116 MECLIZINE HCL	12.5MG	GEN	12,222	\$91,905	492
117 HYDROCHLOROTHIAZIDE	50MG	GEN	12,195	\$47,659	739
118 AVAPRO	150MG	SS	12,129	\$584,173	104
119 AMOXICILLIN	500MG	GEN	12,022	\$72,846	567
120 GEMFIBROZIL	600MG	GEN	11,777	\$331,565	187

**TABLE VI
300 MOST FREQUENTLY PURCHASED DRUGS**

DRUG	STRENGTH	DRUG TYPE	NUMBER OF CLAIMS	EPIC PAYMENT	RANK BY PAYMENT
121 DIGOXIN	250MCG	GEN	11,669	\$55,896	686
122 NEURONTIN	300MG	SS	11,623	\$980,059	65
123 ALLOPURINOL	100MG	GEN	11,606	\$77,501	540
124 HYZAAR	50-12.5MG	SS	11,514	\$610,475	99
125 K-DUR	10MEQ	SS	11,325	\$148,920	358
126 MONOPRIL	10MG	SS	11,261	\$374,837	162
127 TRIAMTERENE W/HCTZ	25-37.5MG	GEN	11,076	\$118,394	422
128 SULFAMETHOXAZOLE/TRIMETHOPRIM	800-160MG	GEN	11,063	\$98,988	477
129 ZOLOFT	100MG	SS	10,997	\$891,138	70
131 PAXIL	10MG	SS	10,976	\$880,701	72
130 DEMADEX	20MG	SS	10,976	\$351,264	177
132 DILANTIN	100MG	MS	10,789	\$197,491	297
133 ZYRTEC	10MG	SS	10,693	\$621,139	97
134 CAPTOPRIL	25MG	GEN	10,620	\$236,911	254
135 AMITRIPTYLINE HCL	25MG	GEN	10,535	\$82,701	519
136 GLUCOPHAGE	850MG	SS	10,461	\$774,170	85
137 PROSCAR	5MG	SS	10,455	\$1,008,344	62
138 TRUSOPT	2%	SS	10,421	\$352,550	176
139 PREMPRO	0.625-2.5	SS	10,402	\$358,543	173
140 DIGITEK	250MCG	MS	10,332	\$59,300	664
141 AXID	150MG	SS	10,315	\$1,121,389	51
142 LORAZEPAM	0.5MG	GEN	10,235	\$283,894	217
143 FLOVENT	220MCG	SS	10,104	\$907,416	69
144 ACIPHEX	20MG	SS	10,077	\$1,417,722	37
145 NITROGLYCERIN	0.4MG/HR	GEN	10,038	\$296,039	208
146 ENALAPRIL MALEATE	20MG	GEN	10,030	\$559,924	106
147 CARBIDOPA/LEVODOPA	25-100MG	GEN	9,951	\$380,646	159
148 PROZAC	20MG	MS	9,900	\$1,113,445	52
149 FLONASE	50MCG	SS	9,690	\$381,172	158
150 SYNTHROID	125MCG	MS	9,598	\$138,148	380
151 GLIPIZIDE	5MG	GEN	9,598	\$131,238	394
152 NITROGLYCERIN	0.2MG/HR	GEN	9,544	\$252,012	241
153 COUMADIN	1MG	MS	9,509	\$292,011	211
154 WARFARIN SODIUM	2MG	GEN	9,482	\$184,335	314
155 SYNTHROID	25MCG	MS	9,461	\$108,698	449
156 ALTACE	5MG	SS	9,319	\$372,149	168
157 CARTIA XT	240MG	GEN	9,267	\$603,540	102
158 AMIODARONE HCL	200MG	GEN	9,221	\$843,884	74
159 ZESTRIL	40MG	SS	9,157	\$511,274	117
160 LEVOXYL	50MCG	GEN	9,077	\$69,846	584

**TABLE VI
300 MOST FREQUENTLY PURCHASED DRUGS**

DRUG	STRENGTH	DRUG TYPE	NUMBER OF CLAIMS	EPIC PAYMENT	RANK BY PAYMENT
161 TIMOPTIC-XE	0.5%	MS	8,920	\$229,699	262
162 TRIMOX	500MG	GEN	8,912	\$53,311	703
163 MONOPRIL	20MG	SS	8,898	\$331,544	188
164 DIAZEPAM	5MG	GEN	8,829	\$67,920	600
165 DIOVAN	160MG	SS	8,756	\$474,927	126
166 NEURONTIN	100MG	SS	8,678	\$284,026	216
167 VASOTEC	10MG	MS	8,645	\$526,629	114
168 PRINIVIL	20MG	SS	8,626	\$333,868	185
169 WARFARIN SODIUM	2.5MG	GEN	8,605	\$166,791	338
170 PRINIVIL	10MG	SS	8,592	\$300,190	205
171 ISOSORBIDE DINITRATE	20MG	GEN	8,572	\$37,234	835
172 AMARYL	4MG	SS	8,556	\$304,150	201
173 AMITRIPTYLINE HCL	10MG	GEN	8,469	\$49,231	725
174 HYDROCODONE W/ACETAMINOPHEN	7.5-500MG	GEN	8,341	\$166,982	337
175 CARTIA XT	180MG	GEN	8,259	\$378,099	161
176 AZMACORT	100MCG	SS	8,231	\$390,372	155
177 ALPRAZOLAM	0.5MG	GEN	8,197	\$181,800	316
178 ACTOS	30MG	SS	8,133	\$1,567,120	30
179 ISOSORBIDE DINITRATE	10MG	GEN	8,118	\$30,027	949
180 ALTACE	10MG	SS	7,981	\$428,247	141
181 ALLEGRA	60MG	SS	7,963	\$357,662	174
182 LEVOXYL	100MCG	GEN	7,950	\$68,572	593
183 TAMOXIFEN CITRATE	20MG	SS	7,946	\$1,078,628	55
184 BETOPTIC S	0.25%	SS	7,938	\$374,448	163
185 TIMOLOL MALEATE	0.5%	GEN	7,918	\$168,492	335
186 BAYCOL	0.4MG	SS	7,900	\$408,817	149
187 VASOTEC	5MG	MS	7,762	\$434,104	138
188 DITROPAN XL	5MG	SS	7,733	\$711,796	87
189 MEVACOR	20MG	SS	7,699	\$824,479	78
190 TRAZODONE HCL	50MG	GEN	7,652	\$86,964	502
191 WARFARIN SODIUM	1MG	GEN	7,597	\$166,341	340
192 LOTREL	20-5MG	SS	7,558	\$573,594	105
193 TIMOLOL MALEATE	0.5%	GEN	7,538	\$155,082	353
194 PREDNISOLONE ACETATE	1%	GEN	7,533	\$109,472	448
195 CAPTOPRIL	12.5MG	GEN	7,423	\$145,781	363
196 IPRATROPIUM BROMIDE	0.2MG/ML	GEN	7,411	\$829,492	77
197 TERAZOSIN HCL	5MG	GEN	7,410	\$373,289	166
198 CLONIDINE HCL	0.1MG	GEN	7,408	\$68,057	596
199 LEVOXYL	75MCG	GEN	7,379	\$60,975	644
200 LASIX	40MG	MS	7,364	\$103,498	460

**TABLE VI
300 MOST FREQUENTLY PURCHASED DRUGS**

DRUG	STRENGTH	DRUG TYPE	NUMBER OF CLAIMS	EPIC PAYMENT	RANK BY PAYMENT
201 NITROSTAT	0.4MG	MS	7,353	\$60,606	649
202 CAPTOPRIL	50MG	GEN	7,305	\$281,426	219
203 HYDROCODONE W/ACETAMINOPHEN	7.5-750MG	GEN	7,295	\$124,228	409
204 CIPRO	250MG	SS	7,261	\$329,832	190
205 VERAPAMIL HCL	180MG	GEN	7,252	\$202,845	289
206 AVANDIA	8MG	SS	7,222	\$1,426,284	35
207 OXYBUTYNIN CHLORIDE	5MG	GEN	7,097	\$102,958	467
208 COLCHICINE	0.6MG	GEN	6,926	\$51,177	712
209 METHOTREXATE	2.5MG	GEN	6,862	\$328,503	191
210 NIFEDIPINE ER	30MG	GEN	6,859	\$271,655	230
211 PROPRANOLOL HCL	20MG	GEN	6,711	\$59,696	658
212 ACTONEL	5MG	SS	6,699	\$429,412	139
213 POTASSIUM CHLORIDE	8MEQ	GEN	6,582	\$46,456	755
214 ALTACE	2.5MG	SS	6,577	\$227,242	264
215 LORAZEPAM	1MG	GEN	6,564	\$265,811	234
216 LOTENSIN	20MG	SS	6,559	\$215,684	276
217 DIOVAN HCT	160-12.5MG	SS	6,524	\$373,730	165
218 CARTIA XT	120MG	GEN	6,480	\$232,525	258
219 GLUCOPHAGE XR	500MG	SS	6,429	\$220,799	272
220 THEOPHYLLINE ANHYDROUS	200MG	GEN	6,404	\$58,211	675
221 METOCLOPRAMIDE HCL	10MG	GEN	6,385	\$76,086	551
222 DOXAZOSIN MESYLATE	4MG	GEN	6,276	\$195,597	300
223 PREDNISONE	1MG	GEN	6,273	\$77,602	539
224 PROCARDIA XL	30MG	MS	6,260	\$367,954	170
225 SYNTHROID	150MCG	MS	6,222	\$90,394	498
226 LOTREL	10-5MG	SS	6,213	\$415,832	146
227 NIFEDIPINE ER	60MG	GEN	6,160	\$467,324	129
228 LESCOL	20MG	SS	6,153	\$296,576	207
229 DILTIAZEM HCL	240MG	GEN	6,142	\$383,317	157
230 SYNTHROID	88MCG	MS	6,133	\$81,670	524
231 HYDROXYZINE HCL	25MG	GEN	6,052	\$34,914	862
232 ENALAPRIL MALEATE	2.5MG	GEN	6,046	\$152,659	354
233 QUININE SULFATE	260MG	GEN	6,036	\$31,007	933
234 MINITRAN	0.4MG/HR	GEN	5,967	\$215,126	278
235 LEVAQUIN	250MG	SS	5,933	\$258,378	237
236 HYDROCHLOROTHIAZIDE	12.5MG	GEN	5,927	\$75,740	552
237 CYCLOBENZAPRINE HCL	10MG	GEN	5,882	\$120,182	420
238 COUMADIN	3MG	MS	5,840	\$123,113	416
239 PROPRANOLOL HCL	10MG	GEN	5,832	\$45,528	759
240 LESCOL	40MG	SS	5,769	\$279,241	225

**TABLE VI
300 MOST FREQUENTLY PURCHASED DRUGS**

DRUG	STRENGTH	DRUG TYPE	NUMBER OF CLAIMS	EPIC PAYMENT	RANK BY PAYMENT
241 NASONEX	50MCG	SS	5,755	\$224,274	268
242 ACTOS	45MG	SS	5,686	\$1,194,846	45
243 ZAROXOLYN	2.5MG	SS	5,680	\$116,681	428
244 GLUCOVANCE	5-500MG	SS	5,652	\$281,420	220
245 PREDNISONE	20MG	GEN	5,645	\$17,809	1180
246 LOTENSIN	10MG	SS	5,640	\$176,548	323
247 GLIPIZIDE	10MG	GEN	5,622	\$142,758	371
248 HYZAAR	100-25MG	SS	5,611	\$409,561	148
249 TOBRADEX	0.3-0.1%	SS	5,589	\$166,671	339
250 FAMOTIDINE	20MG	GEN	5,560	\$369,027	169
251 ASACOL	400MG	SS	5,551	\$641,324	93
252 CLONAZEPAM	0.5MG	GEN	5,540	\$178,381	321
253 CLONIDINE HCL	0.2MG	GEN	5,492	\$74,625	554
254 DILTIAZEM HCL	180MG	GEN	5,490	\$240,080	249
255 LOPRESSOR	50MG	MS	5,477	\$201,329	290
256 OCUFLOX	0.3%	SS	5,438	\$124,645	407
258 RELAFEN	500MG	MS	5,422	\$374,086	164
257 ACULAR	0.5%	SS	5,422	\$219,854	274
259 THEOPHYLLINE ANHYDROUS	300MG	GEN	5,400	\$49,793	720
260 ZESTORETIC	20-12.5MG	SS	5,377	\$233,021	257
261 NITRO-DUR	0.2MG/HR	MS	5,352	\$199,976	293
262 NIFEDIPINE	30MG	GEN	5,330	\$170,315	334
263 TRICOR	200MG	SS	5,255	\$495,052	121
264 COREG	6.25MG	SS	5,240	\$484,317	122
265 PRINIVIL	5MG	SS	5,182	\$164,316	343
266 AMARYL	2MG	SS	5,178	\$79,435	533
267 COREG	3.125MG	SS	5,124	\$444,889	132
268 COZAAR	25MG	SS	5,110	\$271,991	228
269 COUMADIN	4MG	MS	5,072	\$112,523	443
270 QUININE SULFATE	325MG	GEN	5,040	\$29,003	962
271 CARDIZEM CD	180MG	MS	4,964	\$346,311	181
272 PROPRANOLOL HCL	40MG	GEN	4,941	\$51,484	710
274 PREMARIN	0.625MG/G	SS	4,933	\$177,514	322
273 SYNTHROID	112MCG	MS	4,933	\$68,956	589
275 VASOTEC	20MG	MS	4,923	\$473,633	127
276 CARDIZEM CD	240MG	MS	4,915	\$497,455	120
277 LEVOXYL	25MCG	GEN	4,903	\$34,283	875
278 ZOLOFT	25MG	SS	4,868	\$366,301	172
279 DETROL LA	4MG	SS	4,862	\$475,906	125
280 PLENDIL	5MG	SS	4,857	\$190,012	309

**TABLE VI
300 MOST FREQUENTLY PURCHASED DRUGS**

DRUG	STRENGTH	DRUG TYPE	NUMBER OF CLAIMS	EPIC PAYMENT	RANK BY PAYMENT
281 RISPERDAL	0.5MG	SS	4,845	\$542,980	109
282 LEVOTHROID	50MCG	GEN	4,839	\$30,442	942
283 NITRO-DUR	0.4MG/HR	MS	4,838	\$203,636	287
284 TERAZOSIN HCL	2MG	GEN	4,834	\$267,324	232
285 AVAPRO	300MG	SS	4,833	\$283,421	218
286 PROCARDIA XL	60MG	MS	4,806	\$537,354	112
287 IMDUR	60MG	MS	4,794	\$353,976	175
288 ACTOS	15MG	SS	4,781	\$527,962	113
289 IBUPROFEN	600MG	GEN	4,753	\$44,269	772
290 ZESTORETIC	20-25MG	SS	4,732	\$212,431	281
291 PREMARIN	0.3MG	SS	4,732	\$80,667	529
292 PLETAL	100MG	SS	4,685	\$389,510	156
293 CILOXAN	0.3%	SS	4,684	\$96,236	483
294 ZANTAC	150MG	MS	4,675	\$513,503	116
295 HUMULIN R	100U/ML	MS	4,671	\$121,560	418
296 INDAPAMIDE	2.5MG	GEN	4,616	\$87,086	501
297 PHENYTOIN SODIUM, EXTENDED	100MG	GEN	4,614	\$70,963	577
298 NAPROXEN	500MG	GEN	4,611	\$116,709	427
299 MINITRAN	0.2MG/HR	GEN	4,588	\$145,885	362
300 WARFARIN SODIUM	3MG	GEN	4,514	\$69,404	586
Top 300 Total			<u>4,455,913</u>	<u>\$209,541,384</u>	
% Top 300 Total			73.2%	69.3%	
INS=INSULIN		1	18,179	\$300,650	
GEN=GENERIC		121	1,737,238	\$30,700,876	
MS=BRAND DRUG MULTI SOURCE		40	425,860	\$13,138,280	
SS=BRAND DRUG SOLE SOURCE		138	2,274,636	\$165,401,578	

**TABLE VII
TEN MOST FREQUENTLY PURCHASED TYPES OF DRUGS
BY THERAPEUTIC CLASSIFICATION**

THERAPEUTIC CLASS	NUMBER OF CLAIMS	PERCENT OF CLAIMS	EPIC PAYMENTS	NUMBER OF PARTICIPANTS
CARDIAC DRUGS	1,305,140	21.43%	\$50,953,947	154,144
DIURETICS	404,849	6.65%	\$3,392,421	85,354
ANTIHYPERTENSIVE DRUGS	335,687	5.51%	\$34,199,855	72,673
GASTROINTESTINAL DRUGS, MISC.	263,107	4.32%	\$32,829,160	57,554
VASODILATING AGENTS	221,652	3.64%	\$6,837,255	40,130
ANTIDEPRESSANTS	193,086	3.17%	\$11,913,874	38,678
NON-STEROID/ANTI-INFLAM. AGENT	189,667	3.11%	\$14,667,234	53,271
OPIATE AGONISTS	176,951	2.91%	\$6,396,973	47,387
THYROID AGENTS/HORMONES	176,425	2.90%	\$1,912,374	33,577
HYPOTENSIVE AGENTS	<u>172,912</u>	<u>2.84%</u>	<u>\$6,799,525</u>	31,526
TOTAL	<u>3,439,476</u>	<u>56.48%</u>	<u>\$169,902,617</u>	

**TABLE VIII
 TWENTY MOST FREQUENTLY PURCHASED DRUGS**

RANK BY CLAIMS	DRUG	STRENGTH	DRUG TYPE	NUMBER OF CLAIMS	EPIC PAYMENTS	RANK BY PAYMENT
1	FUROSEMIDE	40MG	GEN	119,007	\$ 670,537	89
2	LIPITOR	10MG	SS	94,104	\$ 6,747,064	3
3	METOPROLOL TARTRATE	50MG	GEN	81,829	\$ 1,112,912	53
4	NORVASC	5MG	SS	75,293	\$ 3,819,511	8
5	FUROSEMIDE	20MG	GEN	67,221	\$ 317,876	196
6	PRILOSEC	20MG	SS	65,600	\$ 11,354,234	1
7	HYDROCHLOROTHIAZIDE	25MG	GEN	64,832	\$ 151,644	355
8	ATENOLOL	50MG	GEN	59,423	\$ 650,154	92
9	CELEBREX	200MG	SS	55,760	\$ 5,801,966	4
10	GLUCOPHAGE	500MG	SS	55,052	\$ 2,378,487	16
11	XALATAN	0.005%	SS	51,696	\$ 2,036,004	22
12	PROPOXYPHENE NAPSYLATE W/APAP	100-650MG	GEN	50,143	\$ 987,509	63
13	PREVACID	30MG	SS	49,172	\$ 7,737,829	2
14	K-DUR	20MEQ	SS	47,886	\$ 1,035,716	59
15	ATENOLOL	25MG	GEN	47,049	\$ 502,280	119
16	LIPITOR	20MG	SS	46,184	\$ 5,649,747	5
17	PLAVIX	75MG	SS	43,625	\$ 5,244,633	6
18	NORVASC	10MG	SS	42,449	\$ 3,344,800	10
19	GLYBURIDE	5MG	GEN	41,446	\$ 1,132,255	49
20	LANOXIN	125MCG	MS	41,166	\$ 255,353	238
TOP 20 TOTALS				<u>1,198,937</u>	<u>\$ 60,930,512</u>	
% OF TOTALS				19.69%	20.14%	
SS=Sole Source				626,821	\$ 55,149,992	
GEN=Generic				530,950	\$ 5,525,167	
MS=Multi Source				41,166	\$ 255,353	

**TABLE IX
TOP TWENTY DRUGS BASED ON EPIC PAYMENTS**

RANK BY PAYMENT	DRUG	STRENGTH	DRUG TYPE	NUMBER OF CLAIMS	EPIC PAYMENTS	RANK BY CLAIMS
1	PRILOSEC	20MG	SS	65,600	\$ 11,354,234	6
2	PREVACID	30MG	SS	49,172	\$ 7,737,829	13
3	LIPITOR	10MG	SS	94,104	\$ 6,747,064	2
4	CELEBREX	200MG	SS	55,760	\$ 5,801,966	9
5	LIPITOR	20MG	SS	46,184	\$ 5,649,747	16
6	PLAVIX	75MG	SS	43,625	\$ 5,244,633	17
7	ZOCOR	20MG	SS	30,745	\$ 5,166,366	29
8	NORVASC	5MG	SS	75,293	\$ 3,819,511	4
9	VIOXX	25MG	SS	39,597	\$ 3,481,292	21
10	NORVASC	10MG	SS	42,449	\$ 3,344,800	18
11	FOSAMAX	10MG	SS	34,647	\$ 2,824,615	25
12	PRAVACHOL	40MG	SS	16,230	\$ 2,698,656	79
13	PRAVACHOL	20MG	SS	28,960	\$ 2,660,500	32
14	FOSAMAX	70MG	SS	35,115	\$ 2,598,124	24
15	LIPITOR	40MG	SS	17,407	\$ 2,494,939	69
16	GLUCOPHAGE	500MG	SS	55,052	\$ 2,378,487	10
17	ZOCOR	40MG	SS	12,801	\$ 2,190,499	108
18	EVISTA	60MG	SS	25,437	\$ 2,163,049	41
19	PREVACID	15MG	SS	13,765	\$ 2,159,159	95
20	ENBREL	25MG	SS	<u>2,045</u>	<u>\$ 2,093,577</u>	539
TOP 20 TOTALS				<u>496,600</u>	<u>\$50,493,081</u>	
% OF TOTALS				11.75%	20.62%	

TABLE X
DISTRIBUTION OF CLAIMS AND PAYMENTS BY PHARMACY TYPE

TYPE OF PHARMACY	NUMBER ACTIVE	NUMBER OF CLAIMS	PAYMENTS TO PHARMACIES
CHAIN	2,163	3,917,203	\$ 184,095,949
CLINICAL	105	251,761	\$ 10,066,708
INDEPENDENT	1,589	1,886,598	\$ 106,834,698
MAIL ORDER	<u>6</u>	<u>32,572</u>	<u>\$ 1,561,185</u>
TOTAL	<u>3,863</u>	<u>6,088,133</u>	<u>\$ 302,558,540</u>

TABLE XI
ACTIVE PHARMACIES, CLAIMS AND PAYMENTS BY COUNTY

COUNTY	NUMBER OF PHARMACIES ENROLLED	NUMBER OF PAID CLAIMS	PAYMENTS TO PHARMACIES	TOTAL ENROLLMENT AS OF 9/30/01
ALBANY	62	118,764	\$ 5,910,551	3,730
ALLEGANY	12	27,106	\$ 1,225,294	930
BROOME	41	132,326	\$ 6,045,112	4,700
CATTARAUGUS	21	69,833	\$ 3,406,232	2,079
CAYUGA	10	43,316	\$ 1,785,053	1,725
CHAUTAUQUA	33	125,238	\$ 6,137,573	4,182
CHEMUNG	19	71,950	\$ 3,463,520	2,387
CHENANGO	12	40,011	\$ 1,726,303	1,367
CLINTON	18	48,806	\$ 2,544,700	1,588
COLUMBIA	11	40,398	\$ 1,776,807	1,502
CORTLAND	12	41,222	\$ 1,718,217	1,084
DELAWARE	13	39,053	\$ 2,017,291	1,471
DUTCHESS	61	108,523	\$ 5,112,080	3,927
ERIE	218	483,630	\$ 18,442,791	15,688
ESSEX	14	19,344	\$ 959,834	806
FRANKLIN	10	33,914	\$ 1,780,112	1,164
FULTON	15	61,484	\$ 2,900,309	1,926
GENESEE	12	40,474	\$ 1,743,600	1,375
GREENE	11	32,202	\$ 1,597,985	1,203
HERKIMER	16	52,988	\$ 2,354,603	1,837
JEFFERSON	24	77,968	\$ 3,186,215	2,446
LEWIS	4	18,286	\$ 873,474	691
LIVINGSTON	12	30,346	\$ 1,522,045	1,171
MADISON	16	34,301	\$ 1,778,757	1,259
MONROE	142	242,944	\$ 10,224,224	8,499
MONTGOMERY	14	50,144	\$ 2,192,244	1,774
NASSAU	287	393,216	\$ 21,724,592	15,401
NIAGARA	46	107,827	\$ 4,396,790	3,903
ONEIDA	53	192,802	\$ 8,915,373	5,942
ONONDAGA	95	233,422	\$ 10,069,834	7,568
ONTARIO	22	59,762	\$ 2,747,855	2,109
ORANGE	64	134,338	\$ 7,041,242	4,721
ORLEANS	8	18,818	\$ 802,768	741
OSWEGO	27	77,294	\$ 3,586,559	2,858
OTSEGO	15	47,294	\$ 1,994,520	1,671
PUTNAM	19	24,441	\$ 1,148,305	1,322
RENSSELAER	36	70,388	\$ 3,545,870	2,279
ROCKLAND	55	75,368	\$ 4,625,936	2,866
ST. LAWRENCE	19	74,784	\$ 3,381,025	2,555
SARATOGA	32	82,906	\$ 3,769,617	2,089
SCHENECTADY	44	66,666	\$ 3,057,063	642
SCHOHARIE	5	17,605	\$ 797,023	345
SCHUYLER	3	12,198	\$ 718,138	566
SENECA	5	14,345	\$ 696,254	2,321
STEUBEN	20	64,940	\$ 3,118,628	1,892
SUFFOLK	287	410,307	\$ 22,490,552	18,330
SULLIVAN	13	29,805	\$ 1,565,726	1,471

TABLE XI
ACTIVE PHARMACIES, CLAIMS AND PAYMENTS BY COUNTY

COUNTY	NUMBER OF PHARMACIES ENROLLED	NUMBER OF PAID CLAIMS	PAYMENTS TO PHARMACIES	TOTAL ENROLLMENT AS OF 9/30/01
TIOGA	6	17,144	\$ 773,121	913
TOMPKINS	14	27,205	\$ 1,184,324	1,058
ULSTER	34	82,781	\$ 4,215,728	3,354
WARREN	17	47,495	\$ 2,276,856	1,582
WASHINGTON	16	42,818	\$ 2,122,894	1,489
WAYNE	17	49,899	\$ 2,566,865	1,869
WESTCHESTER	187	233,338	\$ 12,195,439	9,440
WYOMING	7	22,813	\$ 1,029,371	895
YATES	5	16,011	\$ 823,834	647
SUBTOTAL	2,291	4,832,601	\$ 229,807,028	173,350
NEW YORK CITY:				
BRONX	214	127,685	\$ 7,180,116	16,924
KINGS	482	399,586	\$ 23,196,084	9,531
MANHATTAN	421	228,970	\$ 14,357,563	6,233
QUEENS	379	401,991	\$ 22,863,107	18,354
RICHMOND	68	83,870	\$ 4,534,180	3,665
TOTAL NYC	1,564	1,242,102	\$ 72,131,050	54,707
Out-of-State	8	13,428	\$ 620,463	-
EPIC TOTAL	3,863	6,088,131	\$ 302,558,541	228,057

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State of New York
George E. Pataki, Governor
Department of Health ***State Office for the Aging***