



ILLINOIS

Pat Quinn, Governor

DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

Malcolm Weems, Director

March 1, 2013

To the Honorable Pat Quinn, Governor of Illinois, and to the Honorable Members of the Illinois General Assembly:

It is my pleasure to present to you the Illinois Rx Buying Club 2012 Annual Report.

On July 1, 2003, a program that would enable eligible senior citizens and disabled persons to purchase prescription drugs at discounted prices was established by Public Act 93-0018. The Department of Central Management Services (CMS) established and administered the program until July 1, 2005, when, through Executive Order 2005-03, the program was transferred to the Department of Healthcare and Family Services (HFS). Executive Order 2012-01 returned this program to CMS.

On January 1, 2006, the program name was changed through, Public Act 94-0086 to the Illinois Prescription Drug Discount Program, although it continues to operate as the Illinois Rx Buying Club. Public Act 94-0086 also expanded the eligibility to all Illinois residents whose incomes are less than 300% of the Federal Poverty Level. The eligibility requirements in 2012 remained the same.

With over 924,000 prescriptions filled and a total savings of over \$12.2M since January 2004, the Illinois Rx Buying Club continues to provide eligible Illinoisans average savings of over 22%, in aggregate of discounts and rebates, on eligible prescription drugs approved by the Food and Drug Administration (FDA) processed through the program. Enrollees participate in the program through over 2,100 pharmacies in Illinois – and over 60,000 nationwide.

This program sunsets effective 7/1/2013 as dictated by Public Act 097-0689.

Please do not hesitate to contact Janice Bonneville of my staff at 21/785-8675 with any questions or concerns.

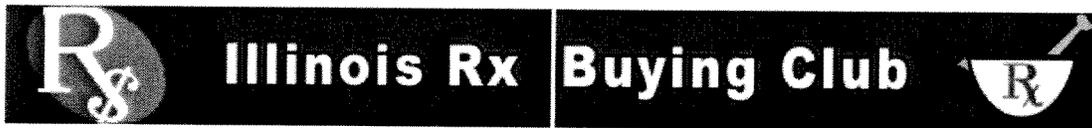
Sincerely,

Malcolm Weems

Director

Department of Central Management Services

Attachment



# **Illinois Rx Buying Club**

<http://www.illinoisrxbuyingclub.com/>

Illinois Prescription Drug  
Discount Program

# **2012 Annual Report**

## TABLE OF CONTENTS

Overview.....	1
Program Savings.....	2
Administrative Cost.....	3
Marketing and Outreach.....	4
Prescription Discounts.....	5
Rebate Agreements.....	6
Recommendations.....	7
Appendices.....	8

Appendix I: Program Rules  
Appendix II: Nationwide Pharmacy List  
Appendix III: Program Application  
Appendix IV: Membership by County

## Overview

The Illinois Rx Buying Club was established with the signing of Public Act 93-0018 on June 16, 2003. This program enabled eligible Illinois seniors and disabled citizens to purchase prescription drugs at discounted prices.

Initial Program Rules were finalized through the Joint Committee on Administrative Rules (JCAR) on March 5, 2004. Program Rules were revised in February 2005, and are attached as Appendix I.

Initially, the Department on Aging (DoA) and Central Management Services (CMS) provided marketing materials and customer service for the Program. Effective July 1, 2005, Executive Order #3 transferred a number of healthcare purchasing related activities from CMS to HFS. The Illinois Rx Buying Club and associated reporting requirements were part of this transfer.

On January 1, 2006, Public Act 94-0086 took effect, expanding the eligibility requirements to applicants that are Illinois residents with a household income equal to or less than 300% of the Federal Poverty Level (FPL). This Public Act also changed the legislative name to Illinois Prescription Drug Discount Program, although the Program continues to operate as the Illinois Rx Buying Club.

Members of the Illinois Rx Buying Club receive discounts on prescription drugs, both brand name and generic. The membership card can be used in over 60,000 locations nationwide (see Appendix II, Nationwide Pharmacy List). Actual savings for 2012 averaged 22%.

Since May 1, 2007, Express Scripts (formerly Medco Health Solutions, Inc.) has been the vendor for the Illinois Rx Buying Club. Medco negotiates rebate agreements directly with the pharmaceutical manufacturers for purposes of the Preferred Drug List (PDL), and provides both eligibility and claims processing services. The Preferred Drug List can be viewed at the Illinois Rx Buying Club website at <http://www.illinoisrxbuyingclub.com/>.

Effective 7/1/2012, DCMS coordinates all aspects of the Program, including the maintenance of the Illinois Rx Buying Club website. The DoA continues to provide customer service and is responsible for marketing the Program.

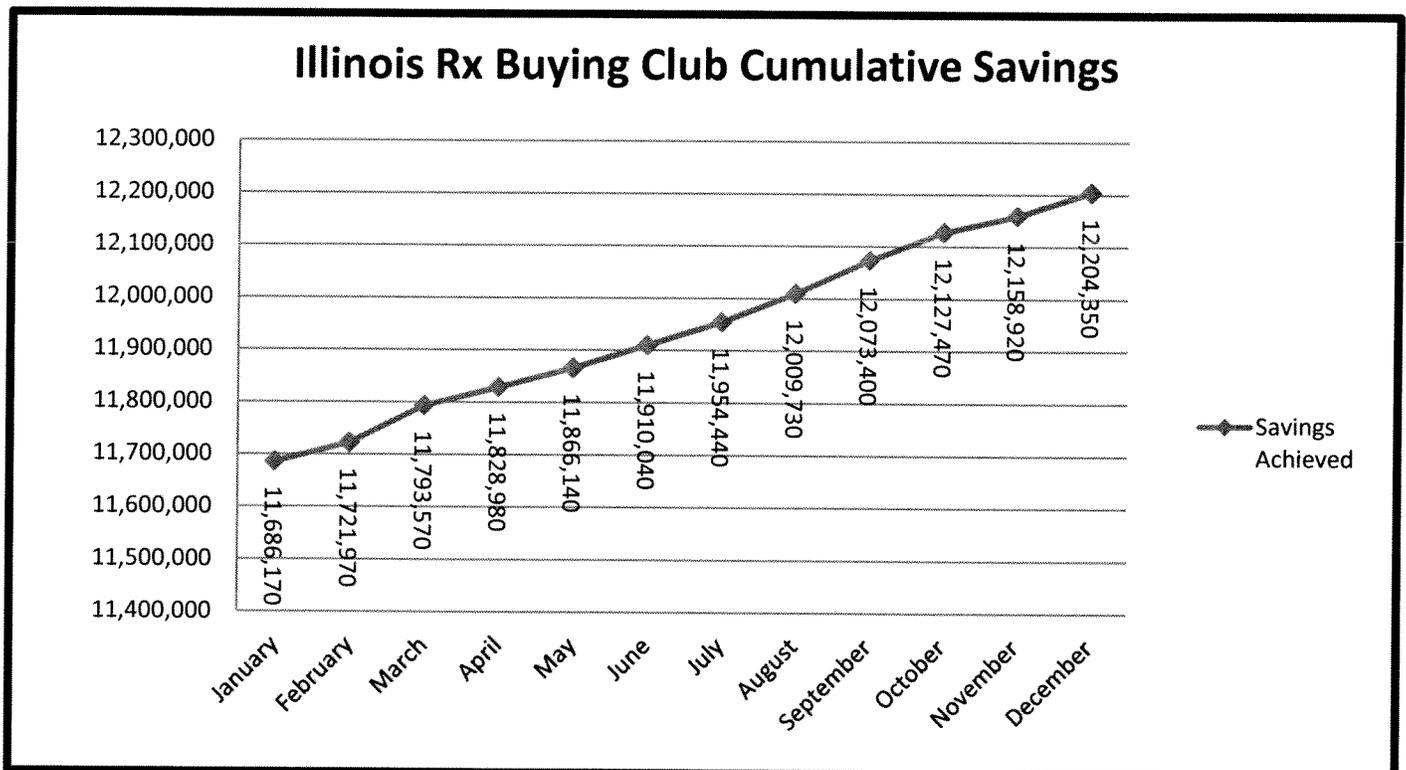
## Program Savings

Through the more than 2,100 pharmacies in Illinois and 60,000 nationwide, the Illinois Rx Buying Club has saved participants an average of 24% on all FDA approved drugs.

Since the Program launch in January, 2004, and through December 31, 2012:

Total Participants:	48,776
Prescriptions Filled:	924,036
Total Member Cost:	\$36,306,038
Total Savings:	\$12,249,472

The chart below illustrates the 2012 savings, based on cumulative savings since program inception.



## **Administrative Cost**

The Department of Central Management Services administers the Illinois Rx Buying Club Program in collaboration with the Departments of Aging and Revenue.

The Senior Citizens and Disabled Persons Prescription Discount Card Program fund balance (Fund 316), is, \$257,141.00.

The Vendor receives \$7.50 of the annual \$10.00 Program Participant fee and 15% of the rebates collected for all claims processed per Program Participant. The Program Participants receive 85% of the value of the rebate at point of sale.

## **Marketing and Outreach**

The State conducts marketing campaigns to educate prospective participants regarding the Program and effectively utilized the resources from several state agencies including: Department on Aging, Department of Human Services, Department of Healthcare and Family Services, Department of Public Health, Department of Revenue, Department of Insurance, and the Department of Central Management Services. In addition, the State routinely reached out to community-based organizations and professional and service associations.

Applications were also distributed at booths placed at events such as county fairs, conferences, and health fairs targeted to seniors, children, employees, and the general public. The program application is attached as Appendix III.

The current Vendor is responsible for processing eligibility, mailing the identification cards to Program Participants, and negotiating the rebates for the drugs on the Preferred Drug List. Appendix IV lists Membership by County.

## Prescription Discounts

Public Act 93-0018 enabled participating pharmacy providers to voluntarily contract with the Prescription Benefit Manager at a rate set out in the Public Act or one of the three alternate rates. The Prescription Benefit Manager therefore offered four voluntary levels of pricing participation to pharmacy providers. These pricing levels are no longer in place, as Public Act 94-0086 and the revised rules now allow the program administrator to negotiate rates based on market conditions.

The Public Act covers all prescription drugs, defined as any prescribed drug that may be legally dispensed by the authorized pharmacy. When Medicare Part D was established in January, 2006, the drugs covered under that program were excluded from coverage under the Illinois Rx Buying Club.

The membership card can be used in over 60,000 locations nationwide, (refer to Appendix II, Nationwide Pharmacy List).

## Rebate Agreements

Since 2007, ESI has been responsible for negotiating directly with the pharmaceutical manufacturers. For the drugs on the PDL, Program Participants receive a discounted price plus 85% of the value of the rebate at point of sale. Medco retains 15%. Typically, there is a six-month lag in collecting rebates provided from pharmaceutical manufacturers. The Vendor provides the discount to the participants at point of sale and will then collect the actual rebate dollars generally six months later.

The majority of drugs which paid rebates are now covered under the Medicare Part D Program for many Rx Buying Club members and those drugs are excluded from coverage under Illinois Rx Buying Club.

Manufacturers participating in rebate agreement during calendar year 2012 were:

Merck & Co., Inc.

Pfizer, Inc.

Novo Nordisk Pharmaceuticals, Inc.

## **Recommendations**

Until the program sunsets on June 30, 2013 The Department will continue to collaborate with the Department on Aging to effectively administer and promote the Illinois Rx Buying Club, including coordinating with public and private associations to increase program awareness. The Department will also continue to work closely with the Vendor and drug manufacturers to provide additional rebates and savings for the Program Participants.

# Appendix I: Program Rules

<http://www.ilga.gov/legislation/publicacts/fulltext.asp?Name=094-0086&GA=94>

Appendix II:  
Nationwide Pharmacy Listing  
(please see disk)

# Appendix III: Program Application

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Illinois Department of Central  
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# Appendix IV: Membership by County

## Membership by County

Adams County	353	Hardin County	36	Morgan County	25
Alexander County	114	Henderson County	18	Moultrie County	28
Bond County	145	Henry County	180	Ogle County	190
Boone County	550	Iroquois County	139	Peoria County	860
Brown County	14	Jackson County	103	Perry County	102
Bureau County	221	Jasper County	54	Piatt County	44
Calhoun County	26	Jefferson County	186	Pike County	110
Carroll County	97	Jersey County	23	Pope County	158
Cass County	89	Jo Daviess County	53	Pulaski County	62
Champaign County	461	Johnson County	42	Putnam County	10
Christian County	177	Kane County	481	Randolph County	186
Clark County	65	Kankakee County	685	Richland County	154
Clay County	111	Kendall County	92	Rock Island County	615
Clinton County	249	Knox County	280	Saint Clair County	1992
Coles County	179	La Salle County	386	Saline County	212
Cook County	24900	Lake County	1129	Sangamon County	960
Crawford County	78	Lawrence County	98	Schuyler County	29
Cumberland County	42	Lee County	148	Scott County	174
Dekalb County	203	Livingston County	150	Shelby County	122
Dewitt County	110	Logan County	120	Stark County	29
Douglas County	63	Macon County	804	Stephenson County	228
Dupage County	1487	Macoupin County	226	Tazewell County	367
Edgar County	144	Madison County	1172	Union County	78
Edwards County	25	Marion County	110	Vermilion County	66

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Management Services

Effingham County	161	Marshall County	12	Vermillion County	507
Fayette County	140	Mason County	44	Wabash County	73
Ford County	114	Massac County	6	Warren County	64
Franklin County	345	McDonough County	81	Washington County	17
Fulton County	139	McHenry County	339	Wayne County	135
Gallatin County	77	McLean County	335	White County	130
Greene County	190	Menard County	30	Whiteside County	254
Grundy County	149	Mercer County	40	Will County	941
Hamilton County	66	Monroe County	11	Williamson County	408
Hancock County	94	Montgomery County	154	Winnebago County	1201
				Woodford County	62
				Grand Total	49738