

Questions for Iowa Priority

1. Who selected the board of directors for the Corporation? Can we see a list of the board of directors?

The Board of Directors was appointed by the Director of the Iowa Department of Public Health. The Bylaws of the Corporation, a not-for-profit entity, identifies the number, tenure and qualifications of the Board of Directors and gives the Board the authority to fill vacancies. List of Board of Directors will be distributed at meeting.

2. How much of the discount offered by the 3 pharmaceutical manufacturers is passed down to Iowa Seniors enrolled in Iowa Priority? Who negotiates the discount? What is the discount offered by each manufacturer?

Argus Health Systems negotiated the discounts from the three manufacturers. The percentage of the negotiated discounts as noted in the contracts is passed on to the Iowa Priority member at the point of purchase. Argus does not retain any of the negotiated discount dollars. The Iowa pharmacist is then reimbursed the discount amount by Argus. The discount offered by each manufacturer is identified in the contract between Argus and the manufacturer. Iowa Priority does not have a copy of the contract. Permission to release this information will need to be obtained from Argus.

3. What is the discount offered by Iowa pharmacies using the network agreement? Can we have copies of the 2 network agreements discussed in the meeting?

Iowa pharmacies are required to submit their usual and customary charge (UCC). Iowa pharmacy discounts will vary from pharmacy to pharmacy. There is no average or standard discount rate that can be used to determine what Iowa pharmacists are returning to the Iowa Medicare population. The pharmacy network agreements are proprietary agreements of Argus. Argus will not allow the information to be released.

4. How much is the transaction fee paid to Argus? Is this a set fee? Can we view a copy of the contract between Argus and the Corporation?

The contract between Iowa Prescription Drug Corporation and Argus establishes the transaction fee per claim submitted. The fee is a tiered reimbursement per claim decreasing as the number of transactions increase. Permission to release the contract would have to be given by Argus. Parts of the contract are proprietary and Argus will not allow that information to be released.

5. Why did the Department of Public Health receive approximately \$55,000 of the \$1.5 million first year grant? Where did this money go? What was it used for? Will the Department receive any money for the second grant period? Why?

The Department of Public Health receives a small portion of the Iowa Priority grant to fund one FTE. There is a great deal of time spent managing the Iowa Priority contract which requires ongoing financial reporting and performance measures as required by the Accountable Government Act. In the past, DPH has had difficulty getting Iowa Priority to meet the reporting requirements. The individual responsible for this contract maintains ongoing communication with Iowa Priority to obtain the required financial reports, assures that performance measures are met, is responsible for communications with Iowa Pharmacists Association regarding Iowa Priority issues and reports progress/status reports to both DPH and the federal funding agency. In addition, \$250,000 of the grant has been designated to additional cognitive services from pharmacists. This

FTE will also be responsible for developing and overseeing these services in conjunction with Iowa pharmacists. (Answered by Public Health)

6. Can we see the budget for the next federal grant? (Answered by Public Health)

Personnel	\$65,000.00
Fringe	\$16,900.00
Travel	\$3,000.00
Equipment	\$2,000.00
Supplies	\$1,810.00
Contractual (Iowa Priority)	\$1,133,444.00
Extended cognitive services by pharmacists	\$250,000.00
Total Direct Charges	\$1,472,154.00
Total Indirect Charges	\$27,846.00
Total	\$1,500,000.00

Current year
Argus = 150,000 trans-fered
150,000
150,000

7. How will the Program be financed when the federal grant ends? Will the \$20 membership fee collected be able to support the Program as originally intended?

The Program intends to be self supported when federal funds are no longer available. The Board of Directors will have to review funding possibilities including membership fee, administrative fee, new grants and other sources of income to support the administrative and operational costs of the program.

8. Can you provide more information on Argus and its role in Iowa Priority?

Argus Health Systems, Inc. signed a letter of intent with the Iowa Priority Program in January 2002. Argus plays many roles in the Program. Argus has acted as a call center for Iowans interested in the Program. When Iowans contact Iowa Priority, if the phone lines are busy, the caller may be transferred to Argus who will then help to provide information about the Program. Another role Argus plays involves the contracting of Iowa pharmacies. The contract specifies the fee schedule under which pharmacies submit claims. Argus has also been responsible for contracting with pharmaceutical manufacturers and for providing electronic claims adjudication. Enrollees in the Program present their Iowa Priority card to the pharmacy when getting a prescription filled. The Pharmacy then electronically submits the claim and the computer applies the discount according to the network agreement and the agreement Argus has with the Pharmaceutical manufacturers. All claims are settled through Argus. In the case of reimbursement for Brown Bag Assessments for new enrollees, Iowa Priority pays Argus \$25 per Brown Bag Assessment claim, and Argus then reimburses the pharmacy or the physician that performed the assessment.

9. What is the Break Even Point for the Program?

Membership and monthly program utilization will need to reach 75,000 to 100,000 members monthly utilization to maintain the program in future years with no funding from federal or state funding.

Current = 24,500
partnership = may have
75,000