

EPIC Annual Report to the Governor and Legislature

October 2001—September 2002



*EPIC provides prescription coverage to nearly 300,000 New York State seniors.
By joining EPIC, the average senior saves almost \$2,000 in drug costs.*

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EXECUTIVE SUMMARY

From our family to your EPIC family, thank you for all of your patience, quick service, and personal attention on behalf of my mom. The program made her life easier during a difficult time. Your personal service to our family is greatly appreciated. You are truly there for us.

*Ms. B.
Buffalo, NY*

The Elderly Pharmaceutical Insurance Coverage (EPIC) Program is the largest state senior prescription drug program in the nation. Since 1987, EPIC has assisted seniors living in New York State by providing them with affordable prescription coverage. Chapter 57 of the Laws of 2000 expanded the income eligibility for the program, and lowered the fees and co-payments, enabling many more seniors to qualify and benefit from the program beginning January 1, 2001. As a result, EPIC enrollment has soared to almost 300,000 participants, exceeding expectations. This year, enrollees saved an average of nearly \$2,000 on prescription medications that cost \$2,500. For many seniors, EPIC means no longer having to choose between purchasing their medicine and other necessities. EPIC eliminates the fear of not being able to pay for needed medication.

This annual report evaluates the second year of the program expansion that began in January 2001, and highlights recent legislative changes approved with Chapter 1 of the Laws of 2002. The report contains information on application and enrollment activities, program and drug costs, and drug utilization for the program year October 2001 through September 2002. Updates on operational activities are also included, highlighting accomplishments in the contract management, outreach, pharmacy audit, and manufacturer rebate areas.

Section I: Program Description and Changes

Legislative changes approved with Chapter 1 of the Laws of 2002 contained several initiatives that helped to improve the cost-effectiveness of the EPIC program. The pharmacy reimbursement methodology was modified to lower drug prices allowed by EPIC to levels consistent with that of the New York State Medicaid and other drug programs. The new rate limits the prices charged to EPIC customers to a federal upper limit set by the Centers for Medicare and Medicaid Services on multiple source generic drugs, and to Average Wholesale Price less ten percent on brand name drugs. The dispensing fee was changed to \$4.50 for generics, and \$3.50 for brands, providing an incentive for pharmacies to further encourage the use of generics. This pricing change has saved the program \$19 million since its implementation on April 1, 2002.

The manufacturer rebate calculation was also modified to be fully consistent with that of the federal Medicaid program. The additional Consumer Price Index (CPI) rebate, which previously calculated the increase in manufacturer drug prices in excess of inflation since 1998, was modified to measure any cumulative excess price increases since the inception of the rebate program in 1991. In addition, all manufacturers are now required to pay EPIC rebates in exchange for coverage of their drug products, rather than just those manufacturers participating in the Medicaid program.

The final change required other insurers to participate in an EPIC Benefit Recovery Program. While EPIC is defined in law as the payer of last resort, seniors with other insurance coverage sometimes use their EPIC coverage in the first instance instead of their other coverage. The new legislation requires that other plans perform enrollment and claim file matches with EPIC at least semi-annually to identify seniors and their prescription claims that are dually covered by both plans. Insurers are then obligated to reimburse EPIC for benefits paid by EPIC that they should have paid.

Section II: Enrollment Levels

For the second year in a row, enrollment increased significantly, rising at a rate of 29 percent to 294,513 seniors as of September 2002. Increased enrollment in the program was primarily influenced by the program enhancements and the increased need for affordable prescription coverage. Enhanced outreach efforts used community-based informational sessions and networking opportunities to increase program awareness and educate seniors about the improved EPIC benefits.

More than 92,000 new applications were received from seniors during the program year which increased enrollment by almost 42,000 seniors in the Fee Plan, and 25,000 seniors in the Deductible Plan. This represented a 23 percent enrollment growth in the Fee Plan and a 54 percent increase in enrollment in the Deductible Plan over the program year.

Since the implementation of the program expansion, the demographics of the EPIC population have been changing. The average income for an enrollee increased to over \$17,000, more men joined the program, and the number of married seniors enrolled increased. Also, more seniors are using EPIC to supplement their other prescription coverage.

Section III: Drug Cost Trends

During the program year, more than 286,000 participants purchased almost 8.6 million prescriptions costing \$588.8 million. Seniors saved \$460.4 million on prescriptions by using EPIC benefits. The net State cost was \$345.3 million after participant fees and manufacturers' rebates were deducted. Seniors in the Fee Plan purchased 7.1 million prescriptions and accounted for almost 88 percent of EPIC costs. Seniors in the Deductible Plan purchased 1.5 million prescriptions and accounted for 12 percent of EPIC expenditures.

This year seniors enrolled in EPIC purchased an average of 36 prescriptions at a cost of \$2,487. Seniors saved an average of \$1,970 after co-payments and deductibles. Fee Plan participants used an average of \$2,494 in medications and saved \$2,076. Deductible Plan seniors purchased \$2,454 in prescriptions, and saved \$1,494. EPIC seniors with income between \$41,000 and \$50,000 paid \$1,150 in out-of-pocket costs and seniors with incomes less than \$10,000 paid under \$400 in out-of-pocket costs.

Approximately 58 percent of new Deductible enrollees reached their deductible, and did so within an average of five months. The average senior in the Deductible Plan who

reached their deductible used 44 prescriptions, saved \$1,978 and had an average drug cost of \$3,140.

Largely due to the increased enrollment this year, the total cost of prescriptions increased by \$199 million, or 51 percent, over the prior program year. Approximately 65,000 more seniors used the program this year than last, and they were enrolled for a longer duration. In addition, the average prescription cost increased by 8.2 percent from \$64.65 to \$69.98.

Since April 1, 2002, the change in pharmacy reimbursement reduced EPIC expenditures for sole-source and brand multi-source medications by almost \$11 million and for generic drugs by over \$8 million. An approximate seven percent savings was realized per prescription from the prior reimbursement levels. The average savings per claim was greater on generics than brands, at \$6.05 versus \$4.69 respectively.

The State share was 59 percent of total prescription costs. Twenty-five percent of the costs were paid by the participant co-payments and deductibles, and 16 percent were paid by rebates from pharmaceutical manufacturers. Due to changes in the co-payment schedule effective January 2001, the total State share on co-payment claims increased from 82 to 83 percent.

EPIC expenditures were largely driven by a subset of the population that used expensive drugs or a high number of prescriptions. Seventeen percent of enrollees had drug costs that exceeded \$4,000, and their prescription costs accounted for 42 percent of EPIC expenditures. Twenty percent of the prescriptions purchased cost more than \$100, three times the amount reported six years ago.

Section IV: Reviewing Utilization

As EPIC participants age, the number of chronic medical conditions increase and many seniors need more medications to stay healthy. The EPIC population primarily uses drugs to treat heart disease, arthritis, gastric conditions and diabetes.

Nearly 3.5 million prescriptions for generic medications were purchased during the program year. The substitution rate for drugs having a generic alternative was 81 percent, an increase of one percent from last year. This positive rate is comparable to programs with strong generic incentives. Program expenditures directly correlate to the high utilization of brand name drugs that are available from only one manufacturer. A total of 46 percent of the drugs purchased were sole source medications, two percent less than last year. Sole source products accounted for 76 percent of the total cost of EPIC prescriptions.

Seniors with multiple medical conditions are at increased risk of adverse reactions when additional medication is consumed. To improve outcomes and minimize potential problems, EPIC operates a therapeutic drug monitoring program designed to ensure that enrollees receive appropriate drug therapy. A prospective review system sends electronic alerts to pharmacists warning them of potentially serious problems prior to dispensing the medication. Over 334,000 prescriptions were suspended for review by the dispensing pharmacist during the program year, of which 56 percent were not filled. This intervention

prevented possible adverse consequences from occurring, and saved \$3.7 million on the prescriptions not filled.

Retrospective reviews of the medication history of enrollees are also performed by EPIC pharmacists using established clinical criteria. During the year, 7,750 clinical reviews were completed. Informational letters were sent to prescribers on behalf of 631 participants identified at risk for potential drug interactions, duplicative therapies, and overuse.

Section V: Program Operations

More than 700 community-based outreach and informational sessions were held across the State to promote EPIC to seniors and caregivers. EPIC staff worked closely with the State and local offices for the aging, local governments including New York City, as well as numerous business and community-based organizations. These efforts significantly increased program visibility and generated interest in the program. Throughout the year, mass media campaigns used radio, newspaper and television advertising to complement local outreach initiatives. The program distributed over one million brochures to pharmacies, legislators, local offices for the aging, physicians, senior centers, health facilities and other organizations that serve seniors across the State.

As required by EPIC legislation, a fiscal agent contractor operates specific functions of the program. The current contract was extended one year until September 30, 2003. During the program year, State staff routinely monitored the operational activities performed by the contractor, First Health Services Corporation, to ensure that quality services were provided to seniors and pharmacies and satisfied EPIC requirements. This year, the contractor demonstrated competence in the administration of daily program operations, and effectively handled the expanded operational activities that resulted from the increased enrollment levels. In addition, First Health successfully implemented the legislative changes as required by Chapter 1 of the Laws of 2002.

During the program year, 61 pharmacy audits were completed and approximately \$94,000 inappropriate payments recovered from audited pharmacies. Through the Verification of Benefits (VOB) process that was implemented last year, statements were mailed to 25,000 participants of which 88 percent were returned to EPIC. A total of \$25,000 in payment recoveries were collected from pharmacists after enrollees questioned the validity of some claims shown on their VOB statements.

This year, legislative modifications to the existing manufacturers' rebate requirements resulted in enhanced rebate collections. In total, \$96 million in rebate revenues were collected by the program and applied toward the cost of participant benefits, thereby reducing the State's program expenditures.

I. PROGRAM DESCRIPTION AND CHANGES

I have been a member of EPIC for several years and I would like you to know what a great help you have been to me. I take so many medications, I could not afford them all if it were not for your program.

*Ms. P.
Poughkeepsie, NY*

Introduction

During this past year, the program focused its attention on the enrollment increase that followed the eligibility expansion and enhancements effective January 2001. The enrollment increase surpassed all expectations and was accompanied by the continuing rise in the cost of drugs. This year, several cost-saving measures were passed with Chapter 1 of the Laws of 2002, to help offset the significant increase in EPIC expenditures. The legislative changes included the following:

- The pharmacy reimbursement methodology was modified to lower the prices paid for covered drugs to more competitive rates.
- The manufacturer rebate calculation was modified to increase the additional rebate, which recovers drug price increases above the rate of inflation, to be consistent with that of the federal Medicaid program.
- All manufacturers are required to pay EPIC rebates in exchange for coverage of their products, even if they do not participate in the Medicaid program.
- Other insurers are required to participate in an EPIC Benefit Recovery Program.

This section reviews the program design, and describes the legislative changes and associated implementation activities undertaken during this program year.

EPIC Program Description

On September 30, 2002, the EPIC program completed its fifteenth year of operation. EPIC provides affordable prescription drug coverage to low and moderate-income senior citizens residing in New York State. On average, EPIC covers more than 80 percent of the prescription costs of seniors participating in the program. Since its inception in 1987, EPIC has helped over 553,000 seniors save over \$1.7 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 have income within the eligibility levels. As a result of the legislation that became effective January 1, 2001, the income limits were expanded to \$35,000 for single seniors and \$50,000 for married individuals. Seniors that receive full Medicaid benefits, or those having other prescription coverage that provides equal or better benefits than EPIC, are not eligible to join the program. However, if seniors expend their other prescription benefits, they are permitted to join EPIC for the remainder of the year until their other prescription coverage resumes.

Seniors in the lower income levels pay an annual fee to receive benefits, with fees ranging from \$8 to \$300 per person depending on income and marital status. Instead of paying a fee, seniors in the higher income levels must meet an annual deductible to receive the benefit of paying only a co-payment for their prescriptions. The deductibles range from \$530 to \$1,715 per person, also based on income level and marital status. There are four co-payment amounts ranging from \$3 to \$20, which are based on the cost of the prescription. Seniors never pay more than a \$20 co-payment, regardless of the cost of the drug. Total co-payments are limited to an annual amount, which is based on income level and provides further protection to enrollees with high prescription needs. Once a participant meets their co-payment limit, EPIC pays the full cost of their prescriptions for the remainder of their coverage year. As a result, total out-of-pocket expenditures are limited to approximately eight percent of a participant's annual income.

There are almost 4,000 New York State pharmacies that participate in the EPIC program. EPIC covers most prescription drugs, as well as insulin and insulin syringes. Participants can purchase both brand and generic drugs, and receive up to a thirty-day supply at a time, or 100 tablets or capsules if greater.

Pharmacy Reimbursement Change

Chapter 1 of the Laws of 2002 modified the EPIC pharmacy reimbursement methodology effective April 1, 2002. The new reimbursement is consistent with that used by the New York State Medicaid program and similar to pricing strategies commonly used by other drug programs. The financial impact of the reimbursement change is reviewed in Section II (Drug Cost Trends) of this report.

As a result of the legislation, covered prescriptions dispensed on or after April 1, 2002 are subject to the following reimbursement rate:

1. Generic multiple source drugs with a Federal Upper Limit (FUL) price set by the Centers for Medicare and Medicaid Services (CMS) are limited to the lower of:
 - a. The pharmacy's usual and customary charge to the general public, including quantity and promotional discounts available to the public at the time of purchase; or
 - b. The FUL price, plus a dispensing fee of \$4.50.
2. All other covered drugs (i.e., brand name multiple source drugs required by the prescriber to be dispensed as written, brand name single source drugs, and generic drugs without a FUL price) are limited to the lower of:
 - a. The pharmacy's usual and customary charge to the general public, including quantity and promotional discounts available to the general public at the time of purchase; or
 - b. The Average Wholesale Price (AWP) minus ten percent, plus a dispensing fee of \$3.50 for brands and \$4.50 for generics.

Some unique attributes contained in the original EPIC reimbursement design have been eliminated in the transition to the new rate. The distinction based on pharmacy prescription volume (AWP reduced by five percent for high volume pharmacies) and services provided (higher dispensing fee for full service pharmacies - \$3.00 versus \$2.75) are no longer applicable. Instead, all pharmacies are now reimbursed at the same rate. Claims for prescriptions dispensed on or after April 1, 2002 are reimbursed according to the new methodology, whereas prescriptions dispensed previously are reimbursed according to the prior reimbursement calculation. In addition, the new pricing applies to deductible purchases, providing seniors with the benefit of the lower EPIC prices when paying full price while in deductible status.

Manufacturer Rebate Changes

Chapter 1 of the Laws of 2002 included two modifications to the EPIC Manufacturer Rebate program. The first modified EPIC's rebate calculation to be identical, by statutory reference, to that required by the federal Medicaid program. The other requires that all manufacturers participate in the EPIC Manufacturer Rebate program in order to have their drugs covered, regardless of whether they participate in the Medicaid program. Both changes were effective April 1, 2002.

The EPIC rebate calculation was modified to calculate the Consumer Price Index (CPI) rebate component consistent with the federal Medicaid program. While the "basic rebate" calculation has always been consistent with the Medicaid program, the "additional CPI rebate" added in October 2000 differed from Medicaid. The CPI rebate equals the cumulative price increase of a specific drug in excess of the increase in the CPI. However, there are two major differences between the CPI component added in 2000 and the latest revision:

- The original CPI component was applicable to all drugs (including generics), whereas the revised CPI rebate only applies to innovator drugs.
- The original CPI component used the fourth quarter of 1998 as the base for comparing cumulative price increases against inflation increases. The revised rebate calculation utilizes the third quarter of 1990 as the base for comparison, before the start of the Medicaid and EPIC rebate programs. For drugs newly marketed after these base dates, the comparisons are made based on the first full quarter date that the drug was marketed, for both the original and revised calculation.

The revised legislation also requires full participation by manufacturers. This eliminates a loophole whereby manufacturers who did not enter into a rebate agreement with Medicaid still had their products covered by EPIC without having to participate in the EPIC Manufacturer Rebate program. Under the legislation, all manufacturers must sign a rebate agreement with EPIC in order to have their products covered. A total of 102 manufacturers were affected and notified of the new requirement. During the program year, 48 manufacturers were terminated because they refused to sign the EPIC Manufacturer Rebate Agreement. The drugs that were sold by these manufacturers' had minimal impact

on EPIC seniors when they were no longer covered, since substitute products were available from other participating manufacturers.

The amendment to the EPIC Manufacturer Rebate Agreement, which modified the rebate calculation and certain administrative components, was mailed to participating manufacturers during July. Additionally, the approved amendment changes were incorporated into the Manufacturer Rebate Agreement, which is signed by new manufacturers who join the program.

Rebate invoices for utilization during the second quarter of 2002 were mailed to participating manufacturers during August as required. These invoices, and resulting rebate payments, reflected the change in the rebate calculation under Chapter 1 of the Laws of 2002 that was effective April 1, 2002.

Benefit Recovery Program

Chapter 1 of the Laws of 2002 established the requirement that other insurance plans with prescription coverage for seniors must participate in a benefit recovery program with EPIC. The legislation requires the following:

- Insurance plans must complete a semi-annual match of enrollment files with EPIC to identify seniors that are dually enrolled in both plans. Insurers may request a more frequent match (monthly or bi-monthly).
- Insurance plans are required to provide EPIC with information about the level of prescription coverage (e.g., co-payment or deductible requirements) available to dual enrollees. This information will enable EPIC to more effectively coordinate benefits.
- EPIC is required to provide the insurance plans with detailed data on pharmacy claims paid within the past 24 months, but not prior to April 1, 2002, for all dual enrollees. The plans are then required to process the claim data to determine any net amount payable for which they were responsible under the terms of their coverage agreement with each enrollee.
- Within sixty days of receiving the claim data in an electronic format, insurance plans are required to reimburse EPIC the total amount payable for all claims that were the responsibility of the plan.

EPIC is legally defined as the payer of last resort. The benefit recovery program will allow EPIC to recover the cost of claims paid for prescriptions that should have been paid by other insurance plans. EPIC participants are reminded to show both their other insurance and EPIC cards to their pharmacists. Provider pharmacies are instructed to bill the primary insurance company first and then bill EPIC. This does not always happen. This retroactive recovery process will help ensure that EPIC is effectively the payer of last resort, without impeding seniors' access at the point of sale to the medications they need to stay healthy. In addition to cost savings, the following positive outcomes are anticipated:

- Improved data on enrollees with other insurance. Seniors are asked to provide information about their other prescription insurance when applying for or renewing their coverage with EPIC. Sometimes the information provided by the senior is not accurate or complete. The enrollment match process will alleviate this problem.
- Identification of enrollees with better coverage. Seniors with other prescription coverage that is equal to or better than EPIC are not eligible for the program. While only a few insurance plans continue to provide better coverage than EPIC, the enrollment matches with the plans will identify seniors that are ineligible for EPIC. These seniors will be advised that they can rejoin EPIC for the remainder of the year if they reach their benefit limit with their primary insurer.
- Enhanced coordination of benefits procedures. Under the new legislation, insurance plans are required to provide EPIC with detailed benefit information. The availability of this information will allow the program to more effectively coordinate benefits with other plans and ensure that EPIC is the payer of last resort. This information will also enable EPIC to educate pharmacies and enrollees more effectively on how to use their dual coverage to maximize their savings.

EPIC has established working relationships with the other insurance plans to initiate the benefit recovery program. A standardized file exchange process and specifications, developed collaboratively, will be utilized. The process includes stringent confidentiality protocols and agreements by the plans and EPIC that guarantees the protection and restricted use of confidential data. Implementation of the recovery program is scheduled during 2003, with recovery of benefits retroactive to April 1, 2002.

II. ENROLLMENT LEVELS

Thank you so much for the EPIC prescription plan. I don't know where I would be without EPIC.

*Ms. D.
Brantingham, NY*

Introduction

During the program year, EPIC enrollment continued to increase steadily as a result of the program expansion that took effect in January 2001. Nearly 295,000 seniors living in New York State were receiving EPIC benefits by the end of the program year on September 30, 2002. The success of the expansion far exceeded the expectation that enrollment would reach approximately 220,000 seniors. Enrollment increased 29 percent from the prior program year, and about 100 percent from the inception of the program changes on January 1, 2001. This section analyzes the effect of the legislative enhancements on application and enrollment processing, focusing on this latest program year.

Seniors Applying for EPIC

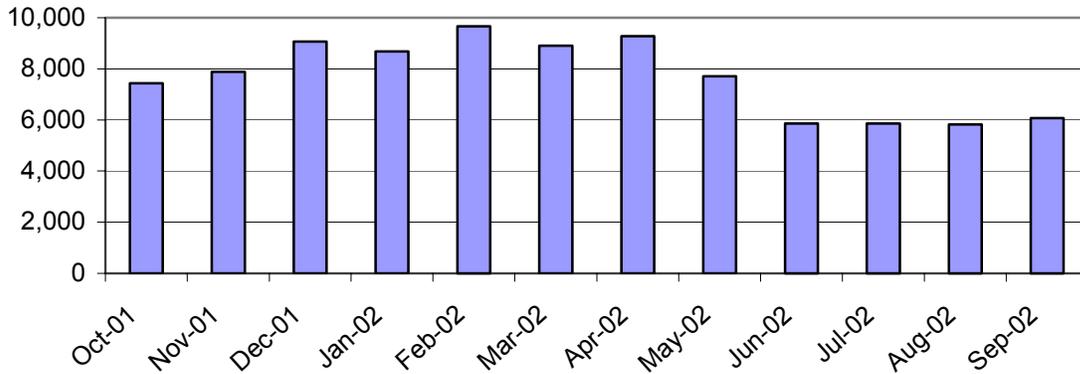
As illustrated in Figure 1, 92,227 seniors applied for benefits during the program year. Although the number of applications received this year is lower than the previous program year, application activity has remained high and is still more than double the number received before the expansion. More than 208,000 seniors applied to EPIC since the program changes were announced. EPIC outreach activities have been instrumental in maintaining the momentum of the program expansion and heightening program visibility through extensive newspaper and radio advertising. Application and enrollment activity by county appears in Table I of the Appendix.

**FIGURE 1
ANNUAL APPLICATION ACTIVITY**

Program Year	Applications Received	% Change From Previous Year
1995-96	20,679	-22.8%
1996-97	19,457	-6.3%
1997-98	24,648	+26.7%
1998-99	36,481	+48.0%
1999-00	40,447	+10.9%
2000-01	116,118	+187.1%
2001-02	92,227	-20.6%

Figure 2 depicts the number of seniors applying each month for EPIC coverage. Between 5,800 and 9,800 applications were processed each month. The effects of reductions in other prescription plans on January 1st is evident between December and April, when application activity was high and averaged over 8,000 applications per month.

**FIGURE 2
MONTHLY APPLICATION LEVELS**



Changes in Enrollment

Enrollment continued to increase steadily during the first half of the program year and then leveled off to an average of almost 6,000 new enrollees per month. There were 294,513 seniors participating in EPIC by the end of the program year, which is more than double the number of enrollees in the program before it was enhanced. The changes in enrollment over the last seven program years are displayed in Figure 3.

**FIGURE 3
ENROLLMENT TREND**

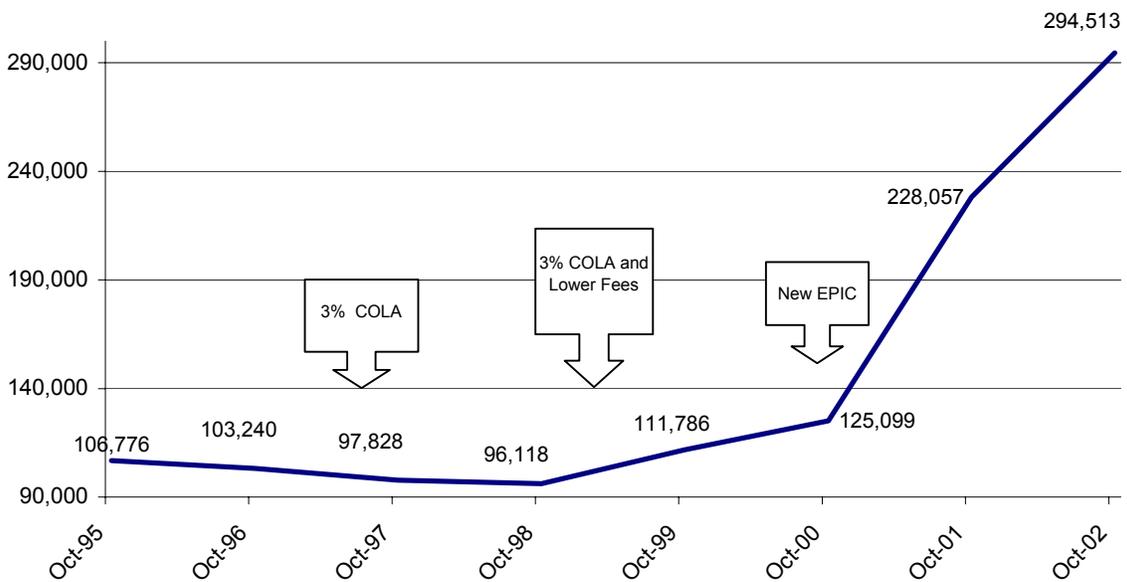


Figure 4 reflects an increase in total enrollment of 66,456 seniors during the program year. Table II in the Appendix shows the changes in enrollment by county.

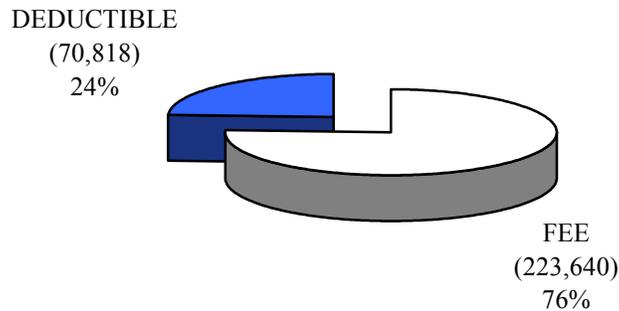
**FIGURE 4
ANNUAL ENROLLMENT CHANGES**

Program Year	Enrollment at Start of Year	Enrollment at End of Year	Enrollment Increase (Decrease)
1995-96	106,776	103,240	(3,536)
1996-97	103,240	97,828	(5,412)
1997-98	97,828	96,118	(1,710)
1998-99	96,118	111,786	15,668
1999-00	111,786	125,099	13,313
2000-01	125,099	228,057	102,958
2001-02	228,057	294,513	66,456

Enrollment by Plan Type

The percent of seniors enrolling in the Fee and Deductible Plans has changed significantly as a result of the January 2001 enhancements. Prior to the changes, 96 percent of participants were in the Fee Plan, and only four percent were enrolled in the Deductible Plan. At that time, seniors in the higher income levels could choose between the Fee and Deductible Plans. But the Fee Plan was a better option for those with drug costs, leaving few enrollees in the Deductible Plan. The changes in 2001 created a new Deductible Plan for enrollees in the upper income levels, significantly changing participation rates by type of plan. As illustrated in Figure 5, by the end of the program year 76 percent (223,640) of enrollees were enrolled in the Fee Plan and 24 percent (70,818) were enrolled in the Deductible Plan. This compares to 80 percent in the Fee Plan and 20 percent in the Deductible Plan at the start of the program year.

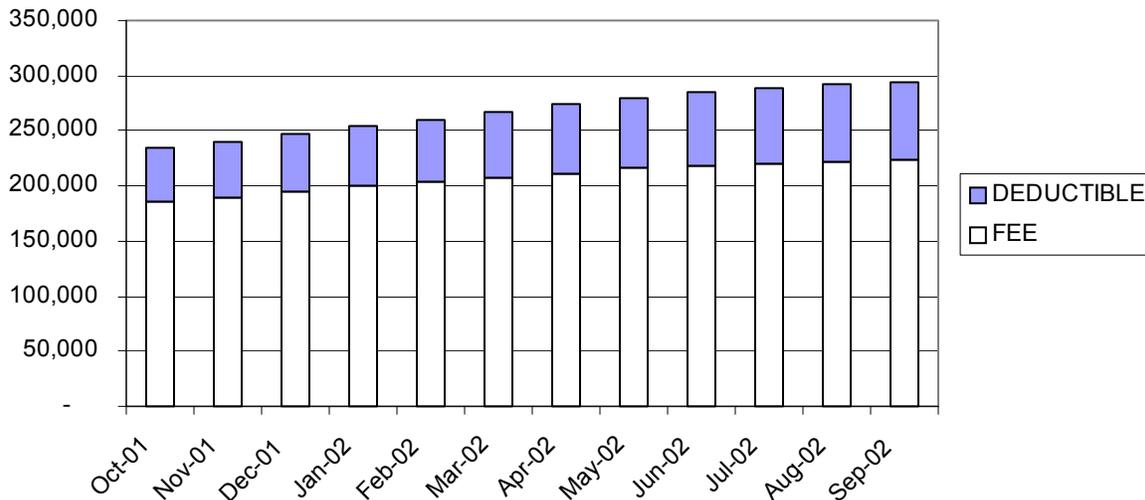
**FIGURE 5
ENROLLMENT BY PLAN TYPE
AS OF SEPTEMBER 30, 2002**



Over the program year, enrollment grew by 41,540 seniors in the Fee Plan and 24,916 seniors in the Deductible Plan. This represents a 23 percent increase in the Fee Plan and a 54 percent increase in the Deductible Plan. Figure 6 depicts the growth in monthly

enrollment by plan type. Total enrollment grew by more than 6,500 seniors per month through May 2002, and then gradually tapered off to an increase of 2,700 seniors during the month of September 2002.

**FIGURE 6
MONTHLY ENROLLMENT
BY PLAN TYPE**



Portrait of EPIC Enrollees

The influence of the 2001 program expansion on EPIC participant demographics is still evolving. This program year, the average income of EPIC enrollees rose to \$17,214 as a result of seniors with higher income levels joining the program. Although the average EPIC participant continues to be a widowed female, there has been an increase in the number of males and the number of married seniors joining the program. Expanded outreach activities targeting minority populations has also increased the number of minority enrollees. Figure 7 reflects the impact of the expansion on EPIC participant demographics.

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

	<i>1999-00</i>	<i>2000-01</i>	<i>2001-02</i>
Average Income	\$10,759	\$15,705	\$17,214
Female	79%	74%	73%
Single	77%	67%	66%
Average Age	79	78	78
Deductible Enrollment	4%	20%	24%
Fee Enrollment	96%	80%	76%
Minorities	11%	11%	12%

Seniors with Other Insurance

Over the past few years, EPIC has increasingly been used by seniors to supplement other prescription coverage. The dramatic rise in drug costs, coupled with the reduction in pharmacy benefits offered by private insurers, has increased the need for EPIC. If a senior has other prescription coverage that is equal to or better than EPIC, they are not eligible to join the program. However, if they have reached their drug benefit limit with their primary insurer, they may join EPIC for the portion of the year that they are without coverage. Most of the prescription plans have annual limits on prescription coverage, and some have quarterly limits. Seniors with other prescription coverage that is not as extensive as EPIC may enroll any time. Because EPIC is the payer of last resort, enrollees are reminded to use their primary insurance first, and any remaining drug costs can be billed to EPIC.

The EPIC claim processing system was enhanced in May 2000 to make it easier for pharmacies to electronically bill EPIC as the secondary payer. During this program year, EPIC processed 310,722 claims as secondary payer after \$3.35 million was paid by other insurers. This was more than five times the percentage of claims processed last year by EPIC as the secondary payer. Some pharmacies continue to bill EPIC for the net 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 educate and encourage pharmacies to include other insurance information on submitted claims, to improve the coordination of benefits process.

Seniors with other better prescription coverage

By the end of the program year, there were only three insurance plans that were considered to provide better drug coverage than EPIC. At year end, 747 seniors were enrolled in these three plans compared to 5,912 seniors with better coverage during the prior year. Two of the plans were reducing their benefits effective January 2003 and would no longer be better than EPIC. The one remaining plan still considered better than EPIC provided coverage to 158 EPIC enrollees who will be reverting to the other coverage on January 1, 2003 when their annual benefits resume.

Seniors with other lesser prescription coverage

There were 66,405 enrollees at the end of the program year with other prescription coverage not as good as EPIC. These seniors use EPIC as secondary coverage to supplement their primary prescription insurance coverage.

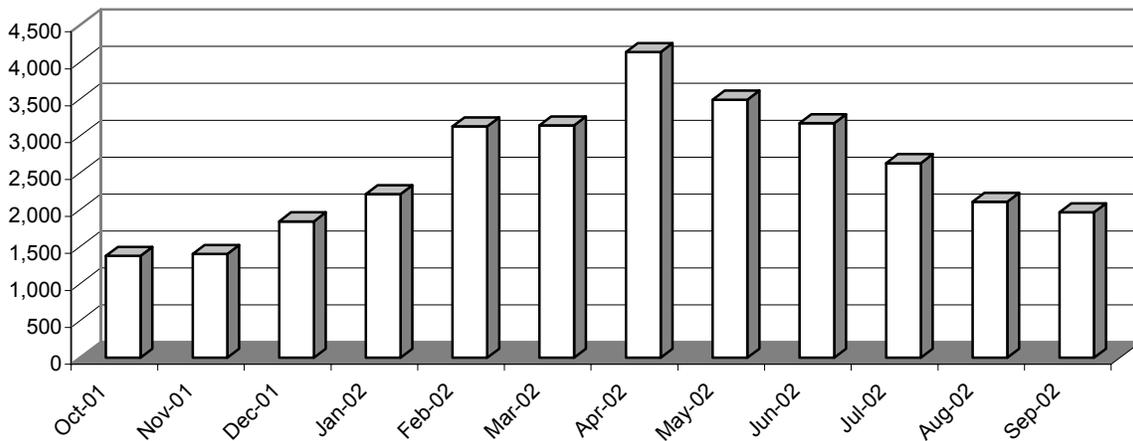
Similar to previous years, several Medicare managed care plans terminated their coverage in certain areas around the State on January 1, 2002, impacting over 15,000 beneficiaries downstate, including 14,000 in Nassau County alone. Others continued to reduce or eliminate prescription benefits from their plans. The most significant known example is Aetna US Healthcare, leaving 19,000 seniors in Westchester and Rockland counties and the five boroughs of New York City without prescription coverage. These changes result in many seniors replacing lost benefits with EPIC, or using EPIC to supplement limited coverage. EPIC outreach staff held special enrollment and informational sessions in these areas to inform seniors about the program and offer

assistance in applying. This is reflected in the above-average enrollment increases in the areas impacted by the plan withdrawals this year: Nassau County (41 percent), Rockland County (48 percent), Westchester County (44 percent), and New York City (40 percent).

Changes in Cancellation Rate

During the year, a total of 31,961 enrollees canceled their EPIC coverage, were denied benefits, or let their benefits lapse upon renewal. The seniors who left the program represented about 11 percent of those who used EPIC, with a cancellation rate two percent lower than it was before the year 2001 when the program was enhanced. The most common reasons for cancellation continued to be death (28 percent), non-payment (18 percent), and other insurance or Medicaid coverage (14 percent).

FIGURE 8
MONTHLY CANCELLATIONS, DENIALS AND LAPSES



III. DRUG COST TRENDS

I just want to express my thanks for this prescription program. Previously, I was having a most difficult time paying for my medications. Thank you again.

*Ms. H.
Buffalo, NY*

Introduction

During the program year, total drug costs were heavily impacted by the increase in enrollment due to the program expansion which began in January 2001. Net state costs increased by \$103 million over that of the prior program year, largely due to the significantly higher enrollment. Over 286,000 seniors used EPIC to purchase 8.6 million prescriptions. Eighty-eight percent of program costs were incurred under the Fee Plan. The increase in the average prescription cost was limited to 8.2 percent, due to the lower prices allowed under the new pharmacy reimbursement methodology. Since April 1, 2002, the change in reimbursement saved almost \$19 million in drug costs. This section highlights the changes in the cost of prescription drugs and the impact of the legislation on program costs.

Summary of Costs

EPIC benefits were used by more than 286,000 seniors during the program year. These seniors purchased almost 8.6 million prescriptions that cost a total of \$588.8 million. By using EPIC, seniors saved nearly \$460.4 million at the pharmacy. After deducting participant fees and manufacturers' rebates, the net cost to the State was \$345.3 million. Figure 9 contains a summary of this year's program statistics.

**FIGURE 9
PROGRAM SUMMARY STATISTICS**

Enrollment as of September 30, 2002	294,513
Seniors Active during Year	286,640
Prescriptions Purchased	8,558,607
Total Cost of Drugs	\$588.8M
Total EPIC Payments	\$460.4M
Fees Paid by Seniors	\$19.0M
Rebates By Manufacturers	\$96.1M
Net State Costs	\$345.3M

Figure 10 provides a review of the statistics by plan type, which highlights the differences in the enrollment and drug costs between the Fee and Deductible Plans. As shown, the rate of activity was higher in the Fee Plan than the Deductible Plan. This is partly because the Deductible Plan attracts more seniors with no drug costs who use the risk-free plan as a safety net against future expenses. Over 234,000 seniors in the Fee Plan purchased 7.1 million prescriptions, and 52,420 seniors in the Deductible Plan purchased

1.5 million prescriptions. Deductible Plan enrollees accounted for 18 percent of the prescriptions purchased, yet only 12 percent of total EPIC expenditures. This is because Deductible enrollees have to pay for their own drug costs, up to approximately three percent of their income in the form of a deductible, before EPIC benefits can begin.

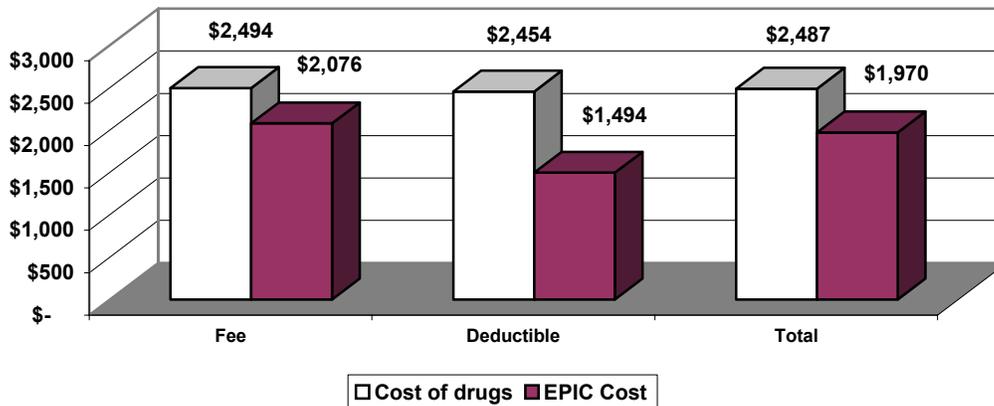
**FIGURE 10
PROGRAM SUMMARY STATISTICS
BY PLAN TYPE**

	<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 9/30/2002	223,640	76%	70,873	24%	294,513
Seniors Active During Year	234,220	82%	52,420	18%	286,640
Prescriptions Purchased	7.1 M	82%	1.5 M	18%	8.6 M
Total Cost of Prescriptions	\$ 484.4 M	82%	\$104.5 M	18%	\$588.8 M
Total Payments to Pharmacies	\$ 405.3 M	88%	\$ 55.1 M	12%	\$460.4 M

Average Cost of Drugs

An average EPIC enrollee receiving benefits for a full program year purchased 36 prescriptions at a cost of \$2,487. These seniors each saved an average of \$1,970 after paying EPIC co-payments and deductibles. The average total drug cost for a senior in the Deductible Plan was \$2,454, slightly lower than \$2,494 for seniors in the Fee Plan. However, savings for a senior in the Deductible Plan was almost \$500 less than a senior in the Fee Plan, \$1,494 versus \$1,970 respectively. This is due to Deductible Plan enrollees having higher out-of-pocket requirements based on their income, which include an average annual deductible of \$885. Fee Plan enrollees instead pay an average annual fee of \$87 and receive immediate benefits. Figure 11 illustrates drug costs and savings by plan.

**FIGURE 11
AVERAGE COST OF DRUGS AND SAVINGS
BY PROGRAM TYPE**



Approximately 58 percent of the seniors in the Deductible Plan reach their annual deductible limit. This is a relatively high number of seniors considering that 22 percent of Deductible enrollees had no prescription purchases. On average, seniors who reach their deductible purchase 44 prescriptions costing \$3,140. These seniors take about five months to reach their average annual deductible of \$825, and they save \$1,978. Seniors with higher annual deductibles will take almost twice as long (seven months) to reach their annual deductible compared to seniors having lower deductibles (three and one-half months).

EPIC seniors averaged \$505 in out-of-pocket costs, including annual fees, incurred during the program year. This amount represents 20 percent of the average total cost of drugs of \$2,487. Figure 12 illustrates that the out-of-pocket costs of enrollees have remained relatively low throughout the years. As shown, the average participant's share, including co-payments, deductibles, and fees, has increased by a modest \$40 since the 1995-1996 program year. In contrast, the total cost of drugs has increased over \$1,000 during this period.

**FIGURE 12
PARTICIPANT COST SHARE**

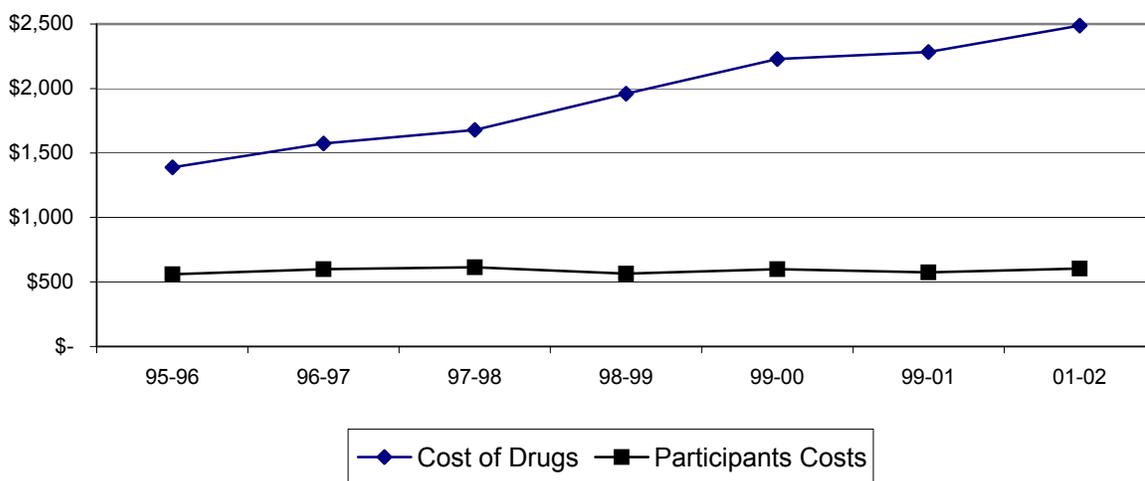
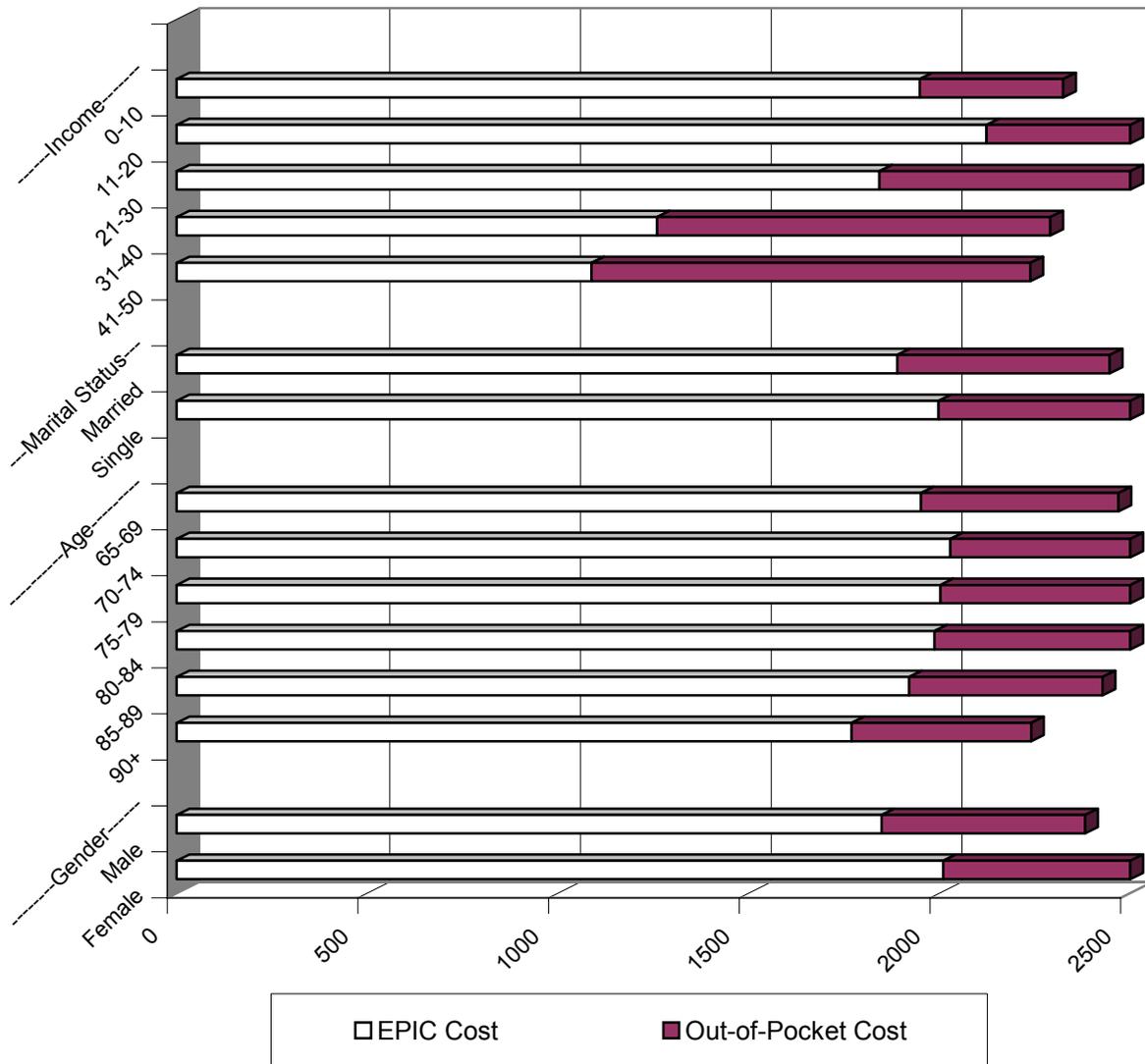


Figure 13 illustrates the divergence in the cost of drugs by participant demographics. Seniors with incomes between \$11,000 and \$30,000 incurred the most drug costs, by more than \$200. This can be attributed to the higher annual premiums required within this income group, which limit participation by seniors with low drug costs. Also evident is the increase in out-of-pocket costs along with income levels, which is integral to the design of the program. Single seniors spent slightly more than married seniors, \$2,500 versus \$2,446, respectively. Additionally, seniors over the age of 90 spent about \$200 less on prescriptions than the average EPIC seniors, and females spent \$140 more than male enrollees on prescriptions.

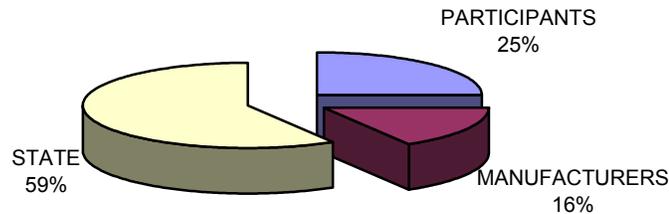
**FIGURE 13
AVERAGE COST OF DRUGS BY DEMOGRAPHICS**



Claims, Expenditures, Revenue and Utilization

EPIC seniors purchased 8.6 million prescriptions during the program year, which is 40 percent higher than last year. Payments to pharmacies rose to \$460.4 million, about \$158 million more than last year. The net State cost was reduced to \$345.4 million due to rebate revenue received from manufacturers and annual fees paid by participants. Figure 14 shows the distribution of total drug costs between the State, participants and pharmaceutical manufacturers. It is important to note that the manufacturers’ share reflects rebates received during the year, but based on utilization in prior quarters. The share of costs covered by manufacturer rebates increased from 12 percent last year, primarily due to the CPI rebate which was initially required effective October 1, 2000. Because rebates are based on prior quarters, the effects of the April 1, 2002 change will not be realized until next program year.

**FIGURE 14
DISTRIBUTION OF TOTAL DRUG COSTS (\$588.8M)**



The summary of claims, expenditures, revenue and utilization for representative years is presented in Figures 15 and 16. A detailed summary of expenditures and participant costs by coverage type, marital status and income appears in Table III in the Appendix. The Annual Participant Benefit Statement, which provides a summary of payments, fees, and participant savings is presented in Table IV in the Appendix.

**FIGURE 15
CLAIMS, EXPENDITURES AND REVENUE
BY PROGRAM YEAR**

	Thirteenth (1999-2000)	Fourteenth (2000-2001)	Fifteenth (2001-2002)
NUMBER OF CLAIMS:			
Co-payment	4,180,915	5,719,759	7,920,399
Deductible	46,519	368,374	638,208
Total Claims	4,227,434	6,088,133	8,558,607
EXPENDITURES:			
Total Cost of Drugs	\$244,890,243	\$389,542,197	\$588,817,853
Participant Co-payments	\$ 55,166,617	\$ 67,202,825	\$ 93,838,144
Deductible Payments	\$ 1,929,351	\$ 19,780,832	\$ 34,575,600
EPIC Expenditures	\$187,794,275	\$302,558,540	\$460,404,109
LESS REVENUE:			
Manufacturers' Rebates	\$ 33,975,602	\$ 45,698,127	\$ 96,086,269
Participant Fees	\$ 10,699,823	\$ 14,821,828	\$ 18,958,235
Total Revenue	\$ 44,675,425	\$ 60,519,955	\$115,044,504
NET STATE COST:	\$143,118,850	\$242,038,585	\$345,359,605

**FIGURE 16
COST AND UTILIZATION
BY PROGRAM YEAR**

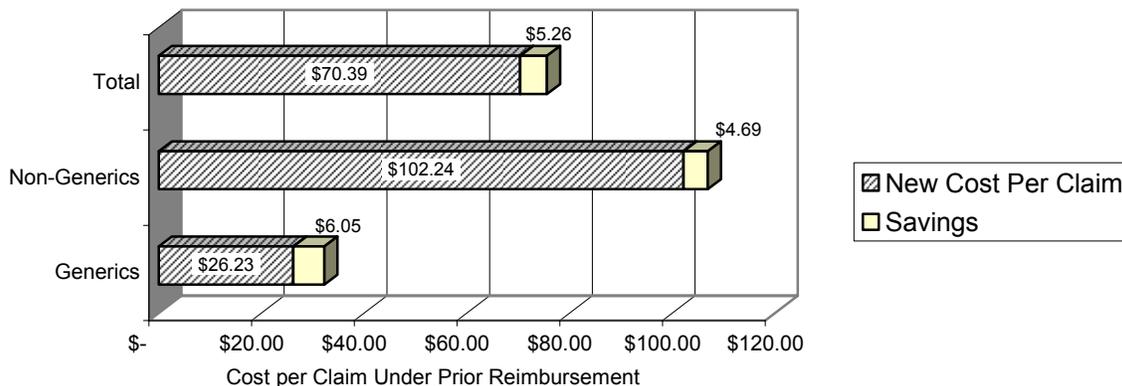
Paid (Non-Deductible) Claims:	First (1987-1988)	Eighth (1994-1995)	Fourteenth (2000-2001)	Fifteenth (2001-2002)
Average EPIC Cost	\$ 12.60	\$ 25.97	\$ 52.90	\$ 58.13
Average Participant Cost	\$ 7.30	\$ 11.16	\$ 11.75	\$ 11.85
Average Total Cost	\$ 19.90	\$ 37.13	\$ 64.65	\$ 69.98
Number of Participants Reaching Deductible	3,821	11,691	17,778	33,038
Number of Participants Reaching Copayment Limit	882	15,855	27,569	26,788

Pharmacy Reimbursement Change

The new reimbursement methodology resulted in an average prescription cost savings of seven percent. Since April 1, 2002, the overall savings to the EPIC Program from the change in reimbursement has been nearly \$19 million. The savings associated with prescriptions for sole-source and brand multi-source drugs was almost \$11 million, and the savings on generics was over \$8 million.

The average savings per claim after April 1, 2002 was \$5.26, with higher savings on generic prescriptions. EPIC saved an average of \$6.05 (19 percent) on the cost of generic claims. This is primarily due to the Federal Upper Limit (FUL) price now used for generics, which is generally significantly lower than the Average Wholesale Price (AWP) previously used. Savings on sole-source and brand multi-source prescriptions was not as high, since the prices were calculated using AWP minus ten percent. The associated savings for these drugs was four percent, or \$4.69 per claim. Figure 17 illustrates the cost savings per claim as a result of the reimbursement change.

**FIGURE 17
DRUG COST SAVINGS PER CLAIM (04/01/02 - 9/30/02)**

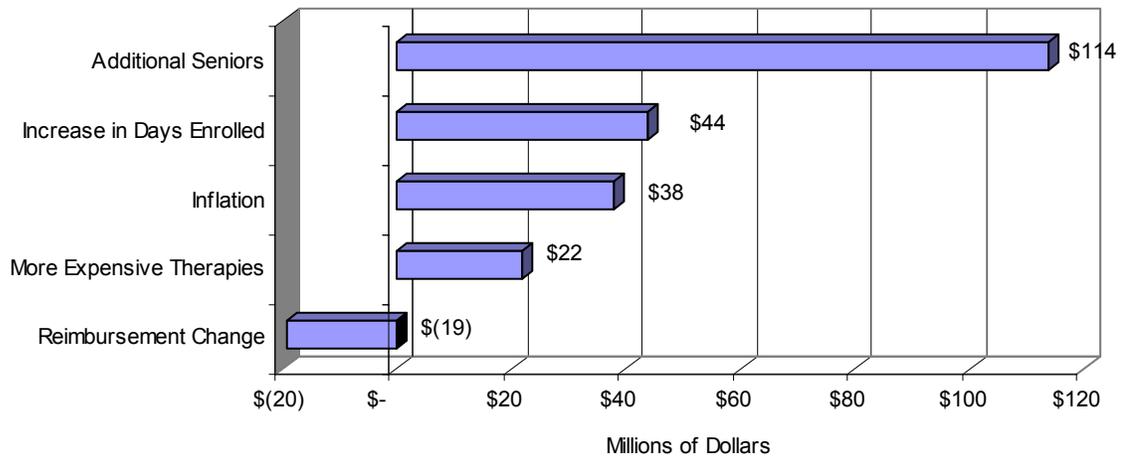


Effective April 1, 2002 deductible claims were subjected to the new pricing methodology. Previously, Deductible participants paid the usual and customary price charged by the pharmacy to cash customers, which in many instances was much higher than the amount allowed under EPIC’s reimbursement of non-deductible purchases. As a result, Deductible participants saved \$2.3 million on 238,744 deductible purchases since April 1, 2002 through the end of this program year, which was an average of \$9.77 savings per deductible purchase.

Increase in the Cost of Drugs

Over the program year, the National Consumer Price Index for Urban Consumers (CPI - U) for prescription drugs increased by 4.62 percent. However, the rate of increase in the cost of the top 300 drugs purchased by EPIC participants was seven percent. There was a \$199 million increase in the cost of drugs purchased by participants during the past year. The reasons for the cost increase are reflected in Figure 18.

**FIGURE 18
REASONS FOR INCREASES IN THE COST OF DRUGS
(\$199M INCREASE)**

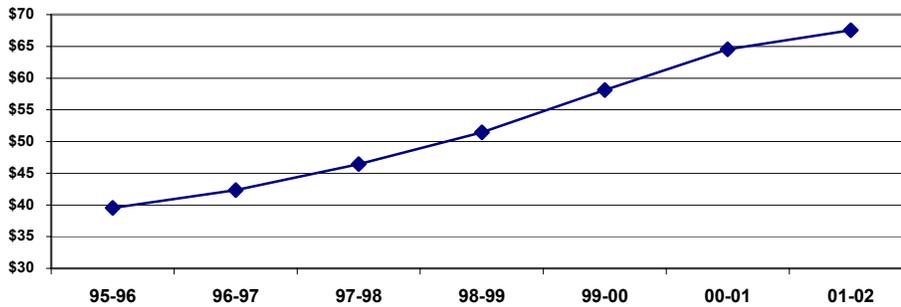


The cost of the EPIC program increased 51 percent compared to the last program year, and is explained by several factors:

- *A 29 percent increase in the number of seniors using the program.* A total of 286,640 seniors used EPIC this year compared to 221,533 in the last program year. The increase is directly correlated to the expansion and enhanced benefits effective January 2001, and was also influenced by the dramatic rise in drug costs accompanied by the reduction in prescription benefits offered by other insurers.
- *An increase in the volume of prescriptions purchased.* There were almost 2.5 million more prescriptions purchased by EPIC participants due to the increase in enrollment this year. Additionally, seniors were enrolled for an average of 20 days longer this year compared to last year. This resulted in the average enrollee purchasing two additional prescriptions during the program year.

- *An increase in the cost of the average prescription purchase.* The average prescription cost increased by 8.2 percent to \$69.98, from \$64.65 last year. The average cost of prescriptions for the past six years appears in Figure 19. As illustrated, prescription costs rose from \$39.51 during the 1995-96 program year to \$69.98 this year. The rate of inflation increased the price of commonly used drugs by \$4.53 per prescription. However, the new reimbursement change partially offset the inflationary increase. The net increase in the cost of the average prescription was \$5.33.
- *A high use of sole source drugs by EPIC's target population.* A total of 74 percent of program expenditures was spent on sole source medications, which are brand name drugs with no generic available. These drugs generally consist of the new, innovative therapies that are now on the market and are generally much more expensive than generic or brand multi-source drugs as discussed in Section IV. As an example, new studies have resulted in improved therapy including preventive treatment. Plavix has been shown to prevent heart attacks and strokes in patients who previously had them or are known to have blood circulatory problems. This medication is used extensively in the EPIC population, costing almost \$11 million this year. The average annual cost of this drug is \$1,250, with enrollees paying an average of \$203.
- *Direct consumer advertising creates high participant demand for certain prescription medications.* During this program year, half of the top twenty drugs based on EPIC payments were marketed to consumers on television and in popular magazines. They included Lipitor and Zocor, prescribed to lower cholesterol and Celebrex and Vioxx, prescribed to treat arthritic conditions. The media campaign contributed to the high usage of these relatively expensive medications.

**FIGURE 19
AVERAGE COST OF EPIC PRESCRIPTIONS**



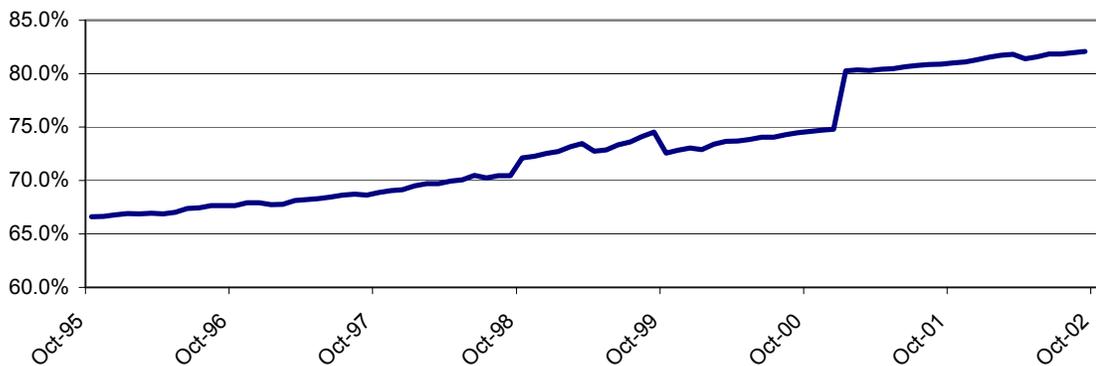
State Share of Drug Costs

Twenty percent of the medications purchased by EPIC participants cost over \$100. This is 14 percent higher than last year. As in the past, most of these medications were used for chronic illnesses such as heart disease, arthritis, cancer and gastrointestinal disorders. A small number (13,074) of EPIC prescriptions cost more than \$1,000. These are predominantly biotechnology products and chemotherapy agents used in the treatment of cancer. The percentage distribution of EPIC's covered drugs by volume and price can be

found in Table V-A of the Appendix, and the price distribution of drugs purchased by the co-payment bands is included in Table V-B.

The State’s share of the cost of claims requiring a co-payment increased to 83.1 percent from 81.8 percent in the last program year. This is attributed to the lower co-payments that took effect during the last program year, as well as the increase in the total drug cost. Figure 20 shows the increase in the State’s share since 1995.

**FIGURE 20
STATE SHARE OF COPAY CLAIM COST**



Seniors with High Drug Costs

EPIC expenditures continue to be influenced by participants that use a large amount of expensive pharmaceuticals. Seventy-four percent of enrollees that were in the program for a full year exceeded more than \$1,000 on prescription medications. A total of 17 percent of EPIC enrollees had drug costs more than \$4,000. Their purchases accounted for almost 42 percent of EPIC expenditures. These participants had high drug costs and were treated for severe illnesses such as cancer and transplant therapy. Many received multiple prescriptions for the treatment of chronic diseases such as cardiac problems, diabetes or Parkinson’s disease. Figure 21 illustrates the distribution of enrollees in the program for a full year by drug cost.

**FIGURE 21
DISTRIBUTION OF ENROLLEES & EXPENDITURES
BY DRUG COSTS**

Drug Costs	Percent of Enrollees	Percent of Expenditures
Up to \$1,000	23.8%	5.1%
\$1,001 to \$2,000	26.6%	15.9%
\$2,001 to \$3,000	20.0%	19.9%
\$3,001 to \$4,000	12.6%	17.6%
\$4,001 to \$5,000	7.4%	13.2%
Over \$5,000	9.6%	28.4%
Totals	100.0%	100.0%

Two-Year Enrollment and Cost Projections

Enrollment and cost projections for the next two years are presented in Figure 22. These projections reflect the effects of expanded enrollment, and lower fees and co-payments that became effective on January 1, 2001, as well as the changes in pharmacy reimbursement and the manufacturer rebates effective April 1, 2002. These program changes are expected to promote additional increases in enrollment with payments to pharmacies projected to be \$562.3 million in the 2002-03 program year and \$662.3 million in the 2003-04 program year. These costs will be significantly reduced by manufacturers' rebates, which have been increased by the full additional CPI rebate that will result from the legislation passed in 2002. The collection of additional rebate revenue began in August 2002 on utilization as of April 1, 2002 as a result of the passage of the Laws of 2002. Another offset to EPIC expenditures is fee revenue, which will increase only slightly with enrollment due to the reduction in fees that were implemented on January 1, 2001. As a result, the net State costs based on current law are projected to be \$419.5 million in program year 2002-03 and \$495.7 million in program year 2003-04.

FIGURE 22
ENROLLMENT AND COST PROJECTIONS
(DOLLARS IN MILLIONS)

	Oct. 2001- Sept. 2002	Oct. 2002- Sept. 2003	Oct. 2003- Sept. 2004
Enrollment	286,513	321,500	328,000
Cost of Drugs	\$ 588.8	\$ 703.0	\$ 803.3
EPIC Payments	\$ 460.4	\$ 562.3	\$ 662.3
Fees	19.0	19.2	19.7
Rebates	96.1	123.6	146.9
Total Revenues	\$ 115.1	\$ 142.8	\$ 166.6
Net State Costs	\$ 345.3	\$ 419.5	\$ 495.7

IV. REVIEWING UTILIZATION

This is a good service you're doing and I'm sure we physicians appreciate this, at least I do..

*Sincerely,
Dr. A.*

Introduction

The average EPIC participant was 78 years old and used 36 prescriptions last year. These participants have complicated medication regimens that are prescribed to treat a variety of health conditions. The most prevalent conditions include heart disease, arthritis, gastric conditions, and diabetes.

Medications Most Frequently Used

Table VI in the Appendix lists the 300 most frequently purchased medications used by EPIC seniors this year. Table VII shows the most frequently purchased types of medications by therapeutic classification. Cardiac drugs continue to account for the highest percentage of usage by EPIC seniors, at 69 percent. Other drugs used to treat cardiac conditions include classes of drugs such as diuretics, hypertensive agents, lipid lowering agents, and vasodilating agents. The next two most frequently used categories are gastrointestinal drugs (30 percent), and antidepressants (18 percent). A new category added to the top ten frequently purchased medications this year is sulfonylureas, which are used to treat diabetes. With obesity and diabetes on the rise, these agents are used to treat a specific type of diabetes mellitus, called Type 2. The American Diabetes Association stresses the importance of aggressive therapy, given the high mortality for diabetics who experience a serious heart attack or have kidney failure.

Table VIII identifies the twenty medications most frequently purchased by EPIC seniors. Although these drugs are often used to treat serious life threatening diseases, many EPIC participants use these medications for preventive treatment of heart disease or complications from diabetes. Examples from this table include the cholesterol lowering agents Lipitor and Zocor. Plavix, a blood thinner that is used to help prevent atherosclerotic events such as strokes, appears in the top twenty drugs again this year. Also, ten of the twenty most frequently purchased medications are used to treat hypertension. Last year, eight of the top twenty medications were used to treat hypertension.

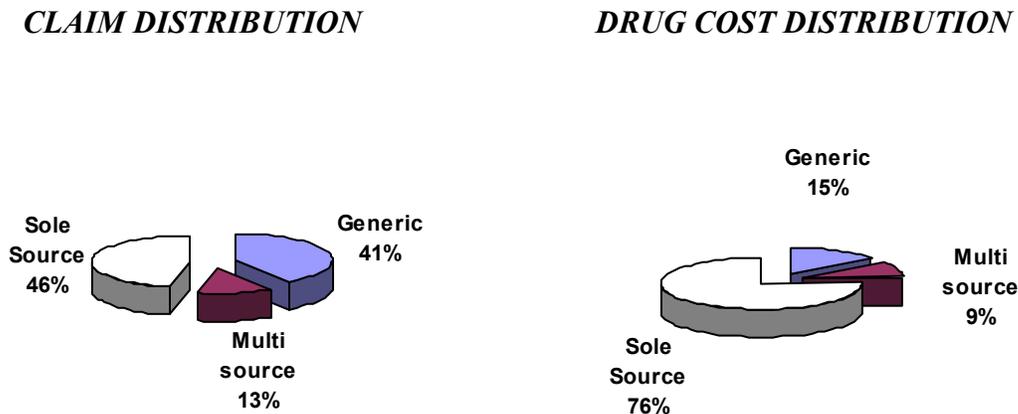
Table IX lists the top twenty drugs based on EPIC payment. Prilosec, Lipitor, Prevacid, and Plavix are the top four drugs identified. Prilosec and Prevacid are used to treat gastrointestinal disorders. The newest drugs added to this list are Nexium, Protonix, Aricept, and Procrit. Nexium and Protonix are used to treat gastrointestinal disorders similar to Prilosec and Prevacid. During this program year more than 55,000 seniors used these four gastrointestinal drugs. The average cost of this therapy for each participant was approximately \$800 per year; however, participants saved over 87 percent of the cost of these drugs by utilizing their EPIC benefit.

Given the advanced age of EPIC participants, and the increase in enrollment, Aricept and Procrit have made their way to the top twenty drugs based on cost. Aricept is used to prevent the progression of Alzheimer disease. Procrit, produced naturally in the body by the kidneys, stimulates bone marrow to produce red blood cells in cases of severe anemia. As a result of new drugs on the market known as immunomodulators or immunosuppressive agents, the prevalence of anemia in this population is not uncommon. Immunomodulators/immunosuppressive agents are man-made versions of a substance naturally produced by cells in the body to help fight infections and tumors.

Types of Medications Used

Nearly 3.5 million prescriptions for generic drugs were purchased in this program year, representing almost 41 percent of the total prescriptions dispensed. This is a one percent increase from last year. The use of brand multi-source products increased from 12 percent of the total claims dispensed to almost 13 percent. However, the use of more expensive sole source (single manufacturer) products decreased from 48 percent last year to 46 percent of the prescriptions purchased this year. Figure 23 illustrates that sole source drugs accounted for 76 percent of the total drug cost and only 15 percent of the cost was attributed to generic medications. Increases in drug costs continue to be strongly driven by sole source products.

**FIGURE 23
USE OF BRAND VERSUS GENERIC DRUGS**



Under New York State's mandatory generic substitution law, a generic drug must be dispensed when a multi-source product is prescribed, unless the prescriber indicates that the brand name product is required. During this program year, the substitution rate for those drugs with a generic alternative was over 81 percent compared to 80 percent last year. This positive rate is comparable to programs with strong generic incentives. The average State cost for a generic prescription was \$19.69 this year and \$19.33 last year, an increase of 1.8 percent. The average State cost for a brand multi-source prescription was \$39.64 this year and \$39.07 last year, an increase of 1.5 percent. The average State cost for a sole source medication was \$87.42 this year and \$77.94 last year, an increase of 12.2 percent. These

price increases were tempered by the reduction in pharmacy reimbursement that was effective April 1, 2002.

Therapeutic Drug Monitoring

As seniors age, increased health risks result in the consumption of more drugs needed to keep them healthy. Some seniors are at increased risk for adverse events from medications. Also, impaired hearing and vision often contributes to confusion about their medication regimen.

To improve outcomes and minimize potential problems, EPIC operates a Therapeutic Drug Monitoring (TDM) program. Situations identified as possibly inappropriate drug therapy are communicated to both pharmacists and prescribers. These providers use the information presented to make clinical decisions about the senior’s drug therapy, and where appropriate initiate a change in drug regimen. These modifications prevent further complications and contribute to improved quality of life for EPIC seniors.

Prospective Utilization Review

During the program year, over 8.6 million prescriptions were submitted electronically and processed by EPIC’s online Point-Of-Sale (POS) system. As illustrated by Figure 24, 334,306 of these prescriptions were suspended at the point of dispensing with messages alerting pharmacists to potential therapeutic problems. Only 3.7 percent of prescriptions filled were affected by the alerts, which is a lower rate than many other prescription processing companies and, therefore, more likely to receive attention by the pharmacist. After the pharmacist’s review, almost 187,000 prescriptions were not filled, preventing adverse consequences of medications.

**FIGURE 24
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	18,507	15,383	83%
Therapeutic Duplication	117,232	87,225	74%
High Dose	19,706	12,322	63%
Early Refill	<u>178,861</u>	<u>32,397</u>	18%
Totals (Unduplicated)	334,306	147,327	

These clinical reviews completed prior to dispensing the medication often prevent unnecessary medical visits that may result if the participant takes the drugs. The cost of prescriptions that were not dispensed represents more than \$3.7 million in savings to the program and EPIC seniors are receiving a valuable health benefit. An additional \$11 million in payments to pharmacies are delayed due to the Early Refill edit that prevents a senior from filling a prescription before half of the medication is consumed.

Retrospective Utilization Review

In addition to the prospective review at the pharmacy, all prescriptions for EPIC seniors are subject to a retrospective review which uses established clinical criteria. A computerized review identifies participants that may be at risk, due to drug interactions, duplicative therapies, overuse, or the use of multiple pharmacies and physicians. Pharmacists clinically review the medication history profiles of those with possible problems, and informational letters are sent to all relevant prescribers.

During the program year, 7,750 clinical reviews were completed. As a result, 1,778 informational letters were sent to prescribers on behalf of 631 participants. Consistent with previous years, almost 40 percent of medical providers responded to the letters. A large number of prescribers commented about the usefulness of the information.

The effectiveness of the retrospective program is evaluated by performing a post-intervention review of drug therapy six months after a letter was sent to a prescriber on behalf of a participant. Changes in therapy, which help avoid adverse consequences of medication, occur in about 30 percent of the cases.

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. Almost 4,000 pharmacies provided services to EPIC participants this year, each receiving an average annual payment of \$117,000. Payments were made through an Electronic Funds Transfer (EFT) system, which ensures an accurate and direct payment to providers. Pharmacies received \$460.4 million in State payments, an increase of 51 percent from last year.

Fifty-five percent of active pharmacies are chain stores, 42 percent are independently operated stores, and the remainder represented institutions or mail order pharmacies. Chain stores received 52 percent of EPIC expenditures in the 1995 - 1996 program year. This rate has 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

Thank you for this program. It is truly a miracle how much it helps my budget.

*Ms. B.
Troy, NY*

Introduction

EPIC operational activities focused on managing the continued program expansion and implementing the new legislation that was effective on April 1, 2002. Outreach activities helped to increase the visibility of the program and provided valuable information to seniors who lack adequate prescription coverage. As more insurance companies reduce prescription benefits, seniors are relying on EPIC to assist them with the high cost of medications.

Throughout the year, pharmacy and internal audits are routinely conducted to monitor the fiscal integrity of EPIC program expenditure. The EPIC Manufacturers' Rebate Program collected \$96 million in rebate revenue. The amount received includes the additional revenue collected from manufacturers who increased drug prices in excess of inflation.

Outreach Services

Throughout the program year, outreach efforts were focused on increasing public awareness of EPIC and continuing to promote the program enhancements that were effective January 2001. Outreach initiatives were held across the State to inform community-based organizations, health care providers, advocacy groups and other interested parties about the program changes and to provide direct assistance and counseling to seniors considering joining the program. A large-scale distribution of EPIC enrollment brochures and the availability of promotional materials published in foreign languages helped ensure that EPIC information was readily available to all seniors. In addition, several successful promotional campaigns were conducted involving television, radio and newspaper advertising to increase EPIC's visibility to seniors and caregivers. Partnerships with other agencies and community organizations were strengthened and others pursued to develop new and creative ways to reach out to all seniors in the State.

Community Outreach

EPIC outreach representatives maintained a strong presence in communities around the State by organizing and participating in events that targeted seniors, their caregivers and families. During the program year, representatives participated in more than 315 information sessions held in senior centers, pharmacies and senior housing facilities. More than 11,000 seniors attended these events. In addition, representatives participated in other local events sponsored by ethnic and minority community-based organizations, senior services organizations, legislators, local offices for the aging, labor unions, and other interested parties.

Outreach representatives participated in 260 senior, county and community fairs during the year where they distributed program materials and assisted seniors in completing applications. Representatives also completed 74 training sessions for more than 1,400 employees of 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.

An important initiative this year was to expand EPIC awareness in the medical community targeting physicians, hospitals administrators, outpatient clinics, home care agencies, and veterans' administration clinics. As part of this effort, outreach representatives met with almost 550 physicians and provided enrollment brochures for display in their offices. Representatives also contacted 300 institutional-based medical providers to promote the program. As a result of this initiative, 60 information and training sessions were sponsored by health care providers for seniors, their families, caregivers, and others who provide for the health care needs of seniors across the State.

EPIC representatives also worked in partnership with several State and city agencies and other community-based organizations across the State. These agencies and organizations have agreed to assist EPIC in its efforts to increase community awareness of the program, and distributed program materials and provided assistance to seniors who were completing an EPIC application. The City of New York, working through the Department for the Aging (DFTA), the Department of Health and Mental Hygiene, and the Health and Hospitals Corporation, supported a major outreach initiative aimed at increasing EPIC awareness for seniors living in the New York metropolitan area. EPIC outreach staff conducted a comprehensive training for over thirty New York City staff to enable them to counsel and assist seniors to enroll in EPIC.

Distributing Program Information

During the year, EPIC's enrollment brochure was updated and over one million copies distributed to pharmacies, legislators, health care providers, local offices for the aging, and various other organizations and agencies that serve seniors.

A targeted informational mailing to over 35,000 physicians in the State was also completed. Each physician received a letter and brochure to heighten their awareness about the availability of EPIC for their patients and encouraged them to request supplies of brochures for distribution in their waiting areas. Mailings were also completed to 110 libraries, faith-based organizations and churches. Application request postcards were distributed by mail to Meals-on-Wheels programs in upstate counties and to seniors receiving meals from the 125 programs in the New York City area. In addition 220 separate mailings to diverse ethnic organizations throughout the State were also completed.

Targeted Promotional Initiatives

Reaching out to the State's diverse ethnic and minority communities in new and creative ways is a major goal of the program's outreach initiatives. While EPIC enrollment applications have been available in English, Spanish, Chinese, French, Hebrew, Russian, this year it was translated into Greek. Other EPIC materials are also available in Arabic,

French and Haitian Creole, Korean, Chinese, Russian, Italian, Polish, and Yiddish. Translated materials were distributed to over 300 ethnic and minority organizations across the State during the program year. Also, plans were initiated to expand the EPIC website to provide access to foreign language materials.

During the year, 100 various outreach initiatives targeting diverse ethnic groups were conducted throughout the State. Activities included training staff working at community-based organizations, providing literature at conferences, presenting information and helping seniors enroll in the program. Outreach sessions were also conducted for many faith-based organizations. In addition, EPIC advertisements were placed in journals, magazines and newspapers that targeted ethnic populations.

When presenting EPIC information, outreach representatives advise seniors with other prescription insurance how to appropriately coordinate their other prescription benefits with EPIC. In response to the reduction in prescription benefits provided through retired employee benefit funds and Medicare managed care plans, outreach representatives participated in informational sessions sponsored by retiree organizations, Center for Medicare and Medicaid Services, health maintenance organizations, the State Office for Aging, and local offices for aging. From October to December of 2001, outreach staff participated in 46 events that were designed to assist seniors whose other prescription benefits were being eliminated or reduced on January 1, 2002.

Working with the Media

Various statewide advertising campaigns were conducted to increase program visibility and encourage seniors to join EPIC. Television, radio and newspaper advertising campaigns were successful in reaching large numbers of seniors and their families. Testimonial-style advertisements including program enrollees were aired on 20 television stations in the spring of 2002. These ads generated over 2,100 application requests and a high number of inquiries about the program to the EPIC Helpline.

In the fall of 2001 and spring of 2002, radio advertisements aired on 45 radio stations, including several Spanish language stations. These radio campaigns ran on radio programming that focused primarily on senior issues and generated over 3,200 application requests. In addition, outreach staff participated in nine radio and television interviews and talk shows in both English and Spanish to present information about EPIC and to respond to seniors' questions.

While both radio promotion campaigns were underway, newspaper advertisements promoting the EPIC program were published in 23 major metropolitan newspapers as well as 37 ethnic and minority newspapers across the State. The newspaper ads included EPIC's eligibility criteria and a coupon that seniors could use to request program information. Both newspaper campaigns generated over 6,400 application requests.

Helpline

The EPIC toll-free Helpline is a resource available to potential applicants, participants, caregivers and providers who need information or assistance. The Helpline responded to 435,074 calls received during the program year. The most frequent reasons for seniors calling the Helpline were to inquire about the program, request an enrollment application, or request assistance in completing an EPIC application. Additionally, EPIC operates a toll-free Helpline for EPIC pharmacy providers, which responded to over 31,935 telephone inquiries from pharmacies during the year. There were also 26,153 written requests for information received from seniors during the program year.

The majority of calls received by the Helpline were from English-speaking callers. However, there have been noticeable increases each year in the number of calls from Spanish-speaking individuals. During the program year, bilingual Spanish-speaking Helpline staff responded to 10,424 calls. The increased volume reflects the effectiveness of recent outreach efforts targeting Hispanic communities, especially in New York City.

The EPIC program website can be found by accessing the New York State Department of Health on the Internet (www.health.state.ny.us). The EPIC website is available to anyone interested in obtaining detailed information regarding EPIC program benefits. Applications can be requested online, or can be downloaded and printed in English and Spanish. A copy of the latest published annual report is available for printing. The site is being enhanced to provide additional information that will be of interest to participants, consumers and the provider community. EPIC also provides an e-mail address that enables interested parties to send communications directly to program staff.

Information about the EPIC program is also available through the Senior Citizens Hot Line operated by the State Office for the Aging, and on their website at www.aging.state.ny.us. During the year, 672 phone calls related to the EPIC Program were handled by the New York State Office for the Aging.

Cost Effectiveness of Outreach

An evaluation of the cost effectiveness of EPIC outreach initiatives was completed, as required by legislation. Outreach activities included in this review were advertising campaigns and activities related to distribution of the EPIC brochure. Based on the number of telephone calls and mail-in coupons received, 36,891 seniors applied to the EPIC program in response to the television, radio and newspaper advertisements at a cost of \$41.29 per application. A total of 1,053,000 brochures were distributed to EPIC pharmacies, legislators, local offices for the aging, senior centers and other agencies. These initiatives generated approximately 55,336 new applications at a cost of \$15.41 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 was originally for a five-year term, but was extended by one year until September 30, 2003.

The contractor's responsibilities include monitoring and evaluating operational functions such as 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 First Health's compliance with the performance standards through routine and special audits, with emphasis on areas directly affecting participants and pharmacy providers. The contractor was compliant with all contract performance standards this program year with one exception. On June 19, 2002, computer hardware failure resulted in the point-of-sale (POS) online claim processing system not being available to all providers for a significant portion of the day. As a result, the contractor was determined to be out of compliance with the POS availability performance standard for the month of June 2002, and liquidated damages were assessed.

The legislative changes approved in 2000 expanded the EPIC program benefits effective January 1, 2001. As a result, enrollment continued to increase dramatically during the program year. First Health displayed a high level of commitment to EPIC by effectively managing large volumes of phone calls received by the provider and participant helplines, increased application activity, and outreach initiatives.

Some enhancements and modifications to the program operations, systems development, and therapeutic drug monitoring program were successfully implemented this year, including:

- Software changes were implemented to implement program changes required by Chapter 1 of the Laws of 2002. These included modifications to the provider reimbursement rate and manufacturers' rebate formula and participation requirement, as well as mandatory participation of other insurance plans in a benefit recovery program with EPIC.
- EPIC and Suffolk County entered into an agreement under which the contractor produces a statement of fees and co-payments for each enrollee residing in Suffolk County at the end of their coverage year. The statements are submitted to the County for reimbursement of their EPIC fees and co-payments.
- The Retrospective Drug Utilization Review system was upgraded to more effectively and efficiently monitor medications dispensed to EPIC participants, and inform prescribers when seniors are at risk from potential drug problems.

Pharmacy Audits

EPIC staff performed audits throughout the year to ensure the fiscal integrity of the \$460 million in State reimbursement payments to pharmacies and their compliance with legislative and regulatory requirements. This year 61 pharmacy audits were completed that resulted in recoveries totaling more than \$94,000. One of the audits resulted in a recoupment of \$10,000 from a pharmacy whose participation in the program was terminated due to the submission of fraudulent claims. EPIC staff also collaborated with the Attorney General's Medicaid Fraud Control Unit on three pharmacy audits to investigate the submission of inappropriate claims. These investigations did not result in any significant audit findings for the program.

To support the program's ongoing efforts that ensure the validity of claim reimbursements to pharmacy providers, the verification of benefits (VOB) process was expanded. During the year, the VOB selection criteria were refined and the number of letters sent to participants after each payment cycle was increased from 400 to 1,500. More than 25,000 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 88 percent of the selected participants responded to these letters. All negative responses were referred to audit staff for further investigation and, if necessary, on-site pharmacy audit review. Several pharmacies were scheduled for field audits as a direct result of a participant's response to the VOB letter and more than \$25,000 in audit recoveries were attributed to the VOB process.

In addition to the VOB process, audit staff also confirmed directly with over 5,500 participants the validity of the claim information submitted on their behalf. This benefit verification process was undertaken to confirm the claim reimbursements made to pharmacies that were scheduled for onsite audits. When necessary, participants' physicians were also contacted to confirm that they authorized the dispensing of drugs in questions. This direct verification process was very important in the pharmacy audits and did result in identifying several claims that needed further on-site pharmacy audit review.

During the year, all participating pharmacies were required to provide updated enrollment information to EPIC through the biennial recertification process. In completing this recertification, all participating pharmacies were required to confirm that the ownership and control interest information EPIC has on file was correct and up-to-date. Also, 28 applicant enrollment eligibility cases were referred by the contractor to the Audit Unit for reconsideration review. All of these cases were resolved by direct contact with the applicant or their caregiver to clarify EPIC's enrollment eligibility guidelines.

Manufacturer Rebate Program

In 1991, the EPIC Manufacturer Rebate Program was established. Under the terms of the program, pharmaceutical manufacturers contractually agree to pay EPIC a rebate in exchange for EPIC coverage of their products. More than 300 drug manufacturers, which include all major drug producers, participate in the rebate program. As a result, almost all pharmaceuticals used by EPIC seniors are covered.

Chapter 1 of the Laws of 2002 included two modifications to the rebate program that were implemented this year effective April 1, 2002. The rebate formula was modified to be identical to that of the federal Medicaid program. This change required processing an amendment to the existing rebate agreement with each manufacturer, as well as substantial modifications to the EPIC rebate processing system. The revised legislation also eliminated a loophole whereby manufacturers who had not entered into a rebate agreement with Medicaid still had their products covered by EPIC without having to participate in the EPIC rebate program. Approximately seventy (70) manufacturers were notified of the new requirement that they must enter into a rebate agreement with EPIC in order for EPIC to continue coverage of their products, and contracts were processed accordingly. These manufacturers accounted for substantially less than one percent of EPIC utilization.

In summary, \$132.3 million in rebates were invoiced and \$96.1 million collected from manufacturers this year. The large increase in rebates compared to last year was due to a combination of factors including the revised CPI component, and increased enrollment and utilization. As reflected in Figure 25, a total of \$365 million in rebate payments have been collected since the beginning of the rebate program.

**FIGURE 25
MANUFACTURER REBATES
(ACCRUAL BASIS)**

Rebate Year	Total Manufacturers' Rebate Payments	Total EPIC Provider Payments*	Rebate Percent of Provider Payments
04/91-9/91	\$ 3,475,121	\$ 22,233,461	15.63%
10/91-9/92	8,676,529	51,946,785	16.70%
10/92-9/93	10,206,041	60,956,002	16.74%
10/93-9/94	10,475,058	66,960,430	15.64%
10/94-9/95	12,015,656	78,647,956	15.28%
10/95-9/96	14,729,873	89,504,584	16.46%
10/96-9/97	21,027,934	97,292,841	21.61%
10/97-9/98	22,536,118	107,458,720	20.97%
10/98-9/99	27,660,774	140,124,677	19.74%
10/99-9/00	34,816,653	186,696,133	18.65%
10/00-9/01	67,122,347	298,988,511	22.45%
10/01-9/02	<u>132,281,647</u>	<u>460,070,215</u>	<u>28.75%</u>
Program Life	\$365,023,751	\$1,660,880,315	21.98%

Summary

EPIC program operations continued to provide quality service to seniors and providers while fully supporting the increased enrollment levels, thus making the second year of the program expansion a productive one. EPIC is now the largest pharmacy program in the nation. During the year, enhanced program benefits enabled enrollment reach to almost 300,000 participants. EPIC outreach activities were conducted statewide to increase the visibility of the program and highlight the program enhancements. This year, 286,640

seniors purchased more than 8.6 million prescriptions, saving seniors more than \$460.4 million. The EPIC program enables New York State seniors to receive the prescriptions they need to stay healthy by providing an affordable program that is senior-friendly and easy to use.

APPENDIX

<u>TABLE</u>	<u>TITLE</u>
I	APPLICATIONS AND ENROLLMENT BY COUNTY
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**TABLE I
APPLICATIONS AND ENROLLMENT BY COUNTY**

COUNTY	APPLICATIONS RECEIVED 10/01-9/02	APPLICATIONS RECEIVED 10/87-9/02	ENROLLMENT AS OF 9/30/02
ALBANY	1,455	9,638	4,738
ALLEGANY	316	2,471	1,122
BROOME	1,025	11,203	5,306
CATTARAUGUS	671	5,315	2,556
CAYUGA	300	3,702	1,909
CHAUTAUQUA	1,628	10,184	5,253
CHEMUNG	199	5,608	2,532
CHENANGO	469	3,308	1,626
CLINTON	596	3,888	1,955
COLUMBIA	435	3,312	1,776
CORTLAND	302	2,567	1,287
DELAWARE	391	3,360	1,745
DUTCHESS	890	8,244	4,432
ERIE	6,672	41,347	20,718
ESSEX	89	1,852	928
FRANKLIN	246	2,794	1,280
FULTON	233	4,250	1,946
GENESEE	440	3,067	1,743
GREENE	407	2,957	1,507
HERKIMER	1,121	5,114	2,356
JEFFERSON	626	5,704	2,867
LEWIS	219	1,712	851
LIVINGSTON	328	2,506	1,427
MADISON	444	3,078	1,532
MONROE	4,076	20,635	11,604
MONTGOMERY	884	4,418	2,301
NASSAU	7,810	40,618	21,653
NIAGARA	1,599	10,042	5,076
ONEIDA	1,419	14,129	6,823
ONONDAGA	1,828	17,458	8,829
ONTARIO	578	4,571	2,495
ORANGE	1,429	11,411	5,679
ORLEANS	249	1,727	918
OSWEGO	674	6,514	3,297
OTSEGO	145	3,570	1,774
PUTNAM	312	2,730	1,530
RENSSELAER	658	5,576	2,792
ROCKLAND	1,679	8,229	4,245
SARATOGA	1,307	6,531	3,455
SCHENECTADY	745	5,057	2,617
SCHOHARIE	168	1,530	763
SCHUYLER	226	1,043	513
SENECA	155	1,354	674
ST LAWRENCE	672	5,686	2,776
STEUBEN	535	4,604	2,249
SUFFOLK	6,916	46,083	23,486
SULLIVAN	440	3,765	1,780

**TABLE I
APPLICATIONS AND ENROLLMENT BY COUNTY**

COUNTY	APPLICATIONS RECEIVED 10/01-9/02	APPLICATIONS RECEIVED 10/87-9/02	ENROLLMENT AS OF 9/30/02
TIOGA	405	2,477	1,122
TOMPKINS	215	2,630	1,239
ULSTER	783	7,233	3,762
WARREN/HAMILTON	85	3,257	1,702
WASHINGTON	358	3,064	1,740
WAYNE	592	4,323	2,303
WESTCHESTER	5,351	27,528	13,678
WYOMING	298	2,124	1,120
YATES	159	1,368	770
SUBTOTAL	62,252	428,466	218,157
<u>NEW YORK CITY:</u>			
BRONX	3,489	23,922	8,605
KINGS	8,581	56,111	22,978
MANHATTAN	5,024	31,309	13,144
QUEENS	11,175	58,356	26,828
RICHMOND	1,706	11,266	4,801
TOTAL NYC	29,975	180,964	76,356
STATEWIDE TOTAL	92,227	609,430	294,513

TABLE II
ENROLLMENT CHANGES BY COUNTY

COUNTY	ENROLLMENT AS OF 9/30/01	ENROLLMENT AS OF 9/30/02	TOTAL CHANGE	PERCENT CHANGE
ALBANY	3,730	4,738	1,008	27.02%
ALLEGANY	930	1,122	192	20.65%
BROOME	4,700	5,306	606	12.89%
CATTARAUGUS	2,079	2,556	477	22.94%
CAYUGA	1,725	1,909	184	10.67%
CHAUTAUQUA	4,182	5,253	1,071	25.61%
CHEMUNG	2,387	2,532	145	6.07%
CHENANGO	1,367	1,626	259	18.95%
CLINTON	1,588	1,955	367	23.11%
COLUMBIA	1,502	1,776	274	18.24%
CORTLAND	1,084	1,287	203	18.73%
DELAWARE	1,471	1,745	274	18.63%
DUTCHESS	3,927	4,432	505	12.86%
ERIE	15,688	20,718	5,030	32.06%
ESSEX	806	928	122	15.14%
FRANKLIN	1,164	1,280	116	9.97%
FULTON	1,926	1,946	20	1.04%
GENESEE	1,375	1,743	368	26.76%
GREENE	1,203	1,507	304	25.27%
HERKIMER	1,837	2,356	519	28.25%
JEFFERSON	2,446	2,867	421	17.21%
LEWIS	691	851	160	23.15%
LIVINGSTON	1,171	1,427	256	21.86%
MADISON	1,259	1,532	273	21.68%
MONROE	8,499	11,604	3,105	36.53%
MONTGOMERY	1,774	2,301	527	29.71%
NASSAU	15,401	21,653	6,252	40.59%
NIAGARA	3,903	5,076	1,173	30.05%
ONEIDA	5,942	6,823	881	14.83%
ONONDAGA	7,568	8,829	1,261	16.66%
ONTARIO	2,109	2,495	386	18.30%
ORANGE	4,721	5,679	958	20.29%
ORLEANS	741	918	177	23.89%
OSWEGO	2,858	3,297	439	15.36%
OTSEGO	1,671	1,774	103	6.16%
PUTNAM	1,322	1,530	208	15.73%
RENSSELAER	2,279	2,792	513	22.51%
ROCKLAND	2,866	4,245	1,379	48.12%
SARATOGA	2,555	3,455	900	35.23%
SCHENECTADY	2,089	2,617	528	25.28%
SCHOHARIE	642	763	121	18.85%
SCHUYLER	345	513	168	48.70%
SENECA	566	674	108	19.08%
ST LAWRENCE	2,321	2,776	455	19.60%
STEBEN	1,892	2,249	357	18.87%
SUFFOLK	18,330	23,486	5,156	28.13%
SULLIVAN	1,471	1,780	309	21.01%

**TABLE II
ENROLLMENT CHANGES BY COUNTY**

COUNTY	ENROLLMENT AS OF 9/30/01	ENROLLMENT AS OF 9/30/02	TOTAL CHANGE	PERCENT CHANGE
TIOGA	913	1,122	209	22.89%
TOMPKINS	1,058	1,239	181	17.11%
ULSTER	3,354	3,762	408	12.16%
WARREN/HAMILTON	1,582	1,702	120	7.59%
WASHINGTON	1,489	1,740	251	16.86%
WAYNE	1,869	2,303	434	23.22%
WESTCHESTER	9,440	13,678	4,238	44.89%
WYOMING	895	1,120	225	25.14%
YATES	647	770	123	19.01%
SUBTOTAL	173,350	218,157	44,807	25.85%
<u>NEW YORK CITY:</u>				
BRONX	6,233	8,605	2,372	38.06%
KINGS	16,924	22,978	6,054	35.77%
MANHATTAN	9,531	13,144	3,613	37.91%
QUEENS	18,354	26,828	8,474	46.17%
RICHMOND	3,665	4,801	1,136	31.00%
TOTAL NYC	54,707	76,356	21,649	39.57%
STATEWIDE TOTAL	228,057	294,513	66,456	29.14%

**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	81.7%	\$ 405,255,471	\$ 82,066,454	\$ -
DEDUCTIBLE	18.3%	55,148,638	11,771,690	34,575,600
TOTAL	<u>100.0%</u>	<u>\$ 460,404,109</u>	<u>\$ 93,838,144</u>	<u>\$ 34,575,600</u>
<u>MARITAL STATUS</u>				
MARRIED/LIVING APART	2.0%	\$ 9,344,534	\$ 1,718,859	\$ 249,274
MARRIED	30.3%	125,894,282	25,009,399	20,109,382
SINGLE	67.8%	325,165,292	67,109,886	14,216,944
TOTAL	<u>100.0%</u>	<u>\$ 460,404,109</u>	<u>\$ 93,838,144</u>	<u>\$ 34,575,600</u>
<u>ANNUAL INCOME</u>				
\$5,000 OR LESS	2.6%	\$ 12,142,962	\$ 1,677,273	\$ 10,705
\$5,001-\$10,000	19.0%	88,347,767	16,738,312	55,569
\$10,001-\$15,000	31.2%	155,386,904	32,448,715	186,779
\$15,001-\$20,000	20.2%	102,860,570	21,870,779	280,422
\$20,001-\$25,000	12.1%	56,581,135	11,738,641	7,087,515
\$25,001-\$30,000	6.7%	23,469,908	5,008,982	9,788,448
\$30,001-\$35,000	4.0%	11,327,250	2,374,657	7,938,402
\$35,001-\$40,000	2.0%	5,250,230	1,023,203	4,231,083
\$40,001-\$45,000	1.4%	3,415,317	665,680	3,257,177
\$45,001-\$50,000	0.7%	1,622,065	291,902	1,739,500
Total	<u>100.0%</u>	<u>\$ 460,404,109</u>	<u>\$ 93,838,144</u>	<u>\$ 34,575,600</u>

**TABLE IV
PARTICIPANT BENEFITS STATEMENT**

PARTICIPANT BENEFITS STATEMENT	15TH PROGRAM YEAR (Millions)	PROGRAM LIFE (Millions)
BENEFITS SUMMARY		
Payments to Pharmacies	\$ 459.9	\$1,766.4
Payments to Participants	.5	10.3
Total Benefits Paid	\$ 460.4	\$1,776.7
Plus: Savings from Repricing	48.3*	175.1
Benefits in Billing Process	0.5	9.7
Less: Prior Period Benefits	(0.9)**	0
Total Benefits Provided	\$ 508.3	\$1,960.6
FEES AND PREMIUM SUMMARY		
Fees and Premiums Paid	19.0	153.4
Plus: Prior Year Prepaid Fees	3.6	0
Less: Prepaid Fees	(5.0)	(28.7)
Net Revenue	\$ 17.6	\$ 124.7
NET BENEFITS SUMMARY		
Net Benefits Provided (Total Benefits Provided - Net Revenue)	\$ 490.7	\$1,835.9

* A significant increase in repricing has resulted from the pharmacy reimbursement change

**Prior year end accrual not used in consolidated report

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

PRESCRIPTION COST	PERCENTAGE OF CLAIMS	CUMULATIVE PERCENTAGE OF CLAIMS
\$0-\$5	1.6%	1.6%
\$5-\$10	13.0%	14.5%
\$10-\$15	8.1%	22.7%
\$15-\$20	5.2%	27.9%
\$20-\$30	9.5%	37.4%
\$30-\$40	8.8%	46.2%
\$40-\$50	8.1%	54.3%
\$50-\$60	6.0%	60.3%
\$60-\$70	7.6%	67.9%
\$70-\$80	5.4%	73.3%
\$80-\$90	3.8%	77.1%
\$90-\$100	3.3%	80.4%
\$100-\$250	16.2%	96.6%
\$250-\$500	3.1%	99.7%
\$500-\$2500	0.3%	100.0%
\$2500 AND OVER	0.02%	100.0%

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

	PERCENTAGE OF CLAIMS
UP TO \$15	22.7%
\$ 15.01-\$35	19.8%
\$ 35.01-\$55	15.2%
\$ 55.01-\$100	22.7%
OVER \$100	19.6%
Total	<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	154,174	\$781,262	123
2 LIPITOR	10MG	SS	144,399	\$11,500,244	2
3 FOSAMAX	70MG	SS	115,915	\$8,998,716	7
4 METOPROLOL TARTRATE	50MG	GEN	113,815	\$1,062,752	80
5 NORVASC	5MG	SS	109,302	\$5,631,008	9
6 FUROSEMIDE	20MG	GEN	90,234	\$393,362	233
7 ATENOLOL	50MG	GEN	85,256	\$628,738	148
8 PLAVIX	75MG	SS	78,688	\$10,870,219	4
9 CELEBREX	200MG	SS	75,220	\$8,417,454	8
10 LIPITOR	20MG	SS	71,828	\$9,251,997	5
11 XALATAN	0.005%	SS	68,059	\$2,761,111	24
12 PREVACID	30MG	SS	67,410	\$11,480,635	3
13 ATENOLOL	25MG	GEN	67,160	\$474,379	190
14 PRILOSEC	20MG	SS	66,982	\$12,640,411	1
15 PROPOXYPHENE NAPSYLATE W/APAP	100-650MG	GEN	63,623	\$1,086,993	77
16 NORVASC	10MG	SS	63,570	\$4,930,550	11
17 HYDROCHLOROTHIAZIDE	25MG	GEN	62,042	\$211,534	372
18 TRIAMTERENE W/HCTZ	37.5-25MG	GEN	61,103	\$721,303	136
19 TOPROL XL	50MG	SS	59,947	\$1,333,957	64
20 ZOCOR	20MG	SS	53,383	\$9,142,444	6
21 GLYBURIDE	5MG	GEN	52,297	\$1,454,774	55
22 ALBUTEROL	90MCG	GEN	49,030	\$857,849	112
23 VIOXX	25MG	SS	48,403	\$4,536,515	15
24 AMBIEN	10MG	SS	47,444	\$2,469,746	30
25 PROTONIX	40MG	SS	46,010	\$4,788,737	14
26 ISOSORBIDE MONONITRATE	30MG	GEN	45,962	\$1,718,540	44
27 FOLIC ACID	1MG	GEN	43,773	\$107,368	580
28 POTASSIUM CHLORIDE	10MEQ	GEN	42,276	\$470,773	194
29 PRAVACHOL	20MG	SS	40,865	\$4,100,000	16
30 COMBIVENT	103-18MCG	SS	40,708	\$1,489,772	53
31 ISOSORBIDE MONONITRATE	60MG	GEN	40,533	\$1,432,651	56
32 MIACALCIN	200 U/DOSE	SS	40,205	\$1,854,057	39
33 COZAAR	50MG	SS	38,653	\$2,365,024	31
34 GLUCOPHAGE	500MG	BNMS	37,967	\$1,746,366	42
35 KLOR-CON M20	20MEQ	GEN	37,517	\$702,073	142
36 LANOXIN	125MCG	BNMS	37,406	\$266,751	330
37 TOPROL XL	100MG	SS	37,168	\$1,423,277	58
38 RANITIDINE HCL	150MG	GEN	36,239	\$1,092,312	76
39 EVISTA	60MG	SS	35,936	\$3,448,207	20
40 DIGITEK	125MCG	BNMS	34,440	\$211,856	371

**TABLE VI
300 MOST FREQUENTLY PURCHASED DRUGS**

DRUG	STRENGTH	DRUG TYPE	NUMBER OF CLAIMS	EPIC PAYMENT	RANK BY PAYMENT
41 ZOLOFT	50MG	SS	33,928	\$2,973,921	21
42 FLOMAX	0.4MG	SS	33,875	\$2,250,794	36
43 KLOR-CON 10	10MEQ	GEN	32,142	\$356,987	253
44 AMBIEN	5MG	SS	31,613	\$1,388,427	59
45 ACCUPRIL	20MG	SS	31,290	\$1,297,913	65
46 NEXIUM	40MG	SS	30,933	\$4,795,796	13
47 PREMARIN	0.625MG	SS	30,537	\$798,802	117
48 HUMULIN N	100 U/ML	INS	30,229	\$1,138,880	74
49 PAXIL	20MG	SS	30,182	\$2,801,465	23
50 ACETAMINOPHEN W/CODEINE	30-300MG	GEN	30,181	\$328,573	281
51 METFORMIN HCL	500MG	GEN	29,889	\$978,930	89
52 COSOPT	0.5-2%	SS	29,743	\$1,718,259	45
53 HYDROCODONE W/ACETAMINOPHEN	5-500MG	GEN	29,270	\$249,923	341
54 GLUCOTROL XL	10MG	SS	29,041	\$941,006	96
55 HYDROCHLOROTHIAZIDE	25MG	GEN	28,496	\$87,484	655
56 VERAPAMIL HCL	240MG	GEN	28,158	\$669,004	144
57 TIMOLOL MALEATE	0.5%	GEN	28,146	\$562,970	169
58 PRAVACHOL	40MG	SS	27,958	\$4,798,310	12
59 ZESTRIL	10MG	BNMS	27,950	\$1,056,508	81
60 ZITHROMAX	250MG	SS	27,389	\$769,194	126
61 LIPITOR	40MG	SS	26,764	\$3,881,308	18
62 ACCUPRIL	40MG	SS	26,742	\$1,126,445	75
63 ENALAPRIL MALEATE	10MG	GEN	26,635	\$948,775	95
64 SYNTHROID	100MCG	BNMS	26,510	\$382,573	238
65 SYNTHROID	50MCG	BNMS	25,857	\$344,013	267
66 GLUCOPHAGE XR	500MG	SS	25,835	\$954,024	93
67 GLUCOTROL XL	5MG	SS	25,656	\$403,904	229
68 LANOXIN	250MCG	BNMS	25,517	\$201,219	387
69 ZESTRIL	20MG	BNMS	25,493	\$1,083,328	78
70 DIGOXIN	125MCG	GEN	25,408	\$143,961	490
71 ATROVENT	18MCG	SS	25,206	\$911,047	102
72 LEVAQUIN	500MG	SS	25,165	\$1,495,462	52
73 ENALAPRIL MALEATE	5MG	GEN	25,091	\$805,063	115
74 SEREVENT	21MCG	SS	24,093	\$1,380,513	60
75 ALPRAZOLAM	0.25MG	GEN	23,925	\$247,420	345
76 ALPHAGAN	0.2%	SS	23,529	\$1,210,778	68
77 ARICEPT	10MG	SS	23,291	\$3,462,142	19
78 ACCUPRIL	10MG	SS	23,254	\$909,027	103
79 ZOCOR	40MG	SS	23,223	\$4,053,492	17

**TABLE VI
300 MOST FREQUENTLY PURCHASED DRUGS**

DRUG	STRENGTH	DRUG TYPE	NUMBER OF CLAIMS	EPIC PAYMENT	RANK BY PAYMENT
80 CIPRO	500MG	SS	23,199	\$1,507,106	51
81 SYNTHROID	75MCG	BNMS	23,185	\$321,417	289
82 CLARITIN	10MG	SS	22,735	\$2,125,767	37
83 SPIRONOLACTONE	25MG	GEN	22,728	\$330,479	277
84 SINGULAIR	10MG	SS	22,633	\$2,264,033	34
85 CELEXA	20MG	SS	22,364	\$1,561,975	50
86 COUMADIN	5MG	BNMS	21,929	\$594,888	156
87 AVANDIA	4MG	SS	21,641	\$2,515,370	29
88 METOPROLOL TARTRATE	100MG	GEN	21,558	\$293,152	309
89 ZOCOR	10MG	SS	21,527	\$2,031,958	38
90 WARFARIN SODIUM	5MG	GEN	20,591	\$358,753	251
91 DIGITEK	250MCG	BNMS	20,463	\$127,936	527
92 CELEBREX	100MG	SS	20,295	\$1,461,516	54
93 ATENOLOL	100MG	GEN	19,892	\$207,547	377
94 FAMOTIDINE	20MG	GEN	19,419	\$881,196	110
95 ACIPHEX	20MG	SS	19,320	\$2,899,807	22
96 NEURONTIN	300MG	SS	19,141	\$1,646,212	49
97 NITROQUICK	0.4MG	GEN	18,858	\$98,217	615
98 FOSAMAX	10MG	SS	18,843	\$1,655,440	48
99 CEPHALEXIN	500MG	GEN	18,763	\$226,238	359
100 PREDNISONE	10MG	GEN	18,578	\$65,994	755
101 DETROL LA	4MG	SS	18,363	\$1,838,536	40
102 ENALAPRIL MALEATE	20MG	GEN	18,263	\$1,002,802	87
103 AMOXICILLIN	500MG	GEN	17,999	\$91,354	640
104 FUROSEMIDE	80MG	GEN	17,903	\$160,041	456
105 ARICEPT	5MG	SS	17,824	\$2,700,859	26
106 ALTACE	5MG	SS	17,722	\$762,411	127
107 FLOVENT	110MCG	SS	17,517	\$925,816	99
108 MECLIZINE HCL	25MG	GEN	17,491	\$104,156	588
109 DIOVAN	80MG	SS	17,465	\$883,664	109
110 NORVASC	2.5MG	SS	17,388	\$889,935	108
111 ALLOPURINOL	300MG	GEN	17,282	\$174,689	423
112 ALTACE	10MG	SS	17,178	\$1,017,559	84
113 ZYRTEC	10MG	SS	17,093	\$1,048,783	82
114 PENTOXIFYLLINE	400MG	GEN	16,862	\$439,747	210
115 ULTRAM	50MG	BNMS	16,748	\$936,601	97
116 AVAPRO	150MG	SS	16,603	\$916,268	101
117 GEMFIBROZIL	600MG	GEN	16,599	\$324,554	283
118 PROSCAR	5MG	SS	16,551	\$1,655,537	47

**TABLE VI
300 MOST FREQUENTLY PURCHASED DRUGS**

DRUG	STRENGTH	DRUG TYPE	NUMBER OF CLAIMS	EPIC PAYMENT	RANK BY PAYMENT
119 ZOLOFT	100MG	SS	16,428	\$1,369,292	61
120 CARBIDOPA/LEVODOPA	25-100MG	GEN	16,416	\$618,447	151
121 PAXIL	10MG	SS	16,311	\$1,423,334	57
122 ZESTRIL	5MG	BNMS	16,271	\$569,182	165
123 ALLOPURINOL	100MG	GEN	16,251	\$102,726	592
124 DILTIAZEM HCL	240MG	GEN	16,225	\$936,146	98
125 MECLIZINE HCL	12.5MG	GEN	15,957	\$96,399	623
126 ADVAIR DISKUS	250-50MCG	SS	15,903	\$1,707,963	46
127 K-DUR	20MEQ	BNMS	15,682	\$369,266	244
128 GLYBURIDE	2.5MG	GEN	15,665	\$214,652	369
129 ALBUTEROL SULFATE	0.83MG/ML	GEN	15,658	\$746,360	128
130 HYZAAR	50-12.5MG	SS	15,546	\$920,212	100
131 ALPHAGAN P	0.15%	SS	15,419	\$783,479	121
132 HUMULIN 70/30	70-30 U/ML	INS	15,398	\$628,218	149
133 COUMADIN	2MG	BNMS	15,278	\$441,878	209
134 NEURONTIN	100MG	SS	15,131	\$511,832	181
135 MONOPRIL	10MG	SS	14,997	\$568,245	166
136 COUMADIN	2.5MG	BNMS	14,986	\$423,705	217
137 SULFAMETHOXAZOLE/TRIMETHOPRIM	800-160MG	GEN	14,953	\$98,934	611
138 LOTREL	5-20MG	SS	14,884	\$1,199,140	69
139 PREVACID	15MG	SS	14,858	\$2,601,010	28
140 TOPROL XL	25MG	SS	14,808	\$307,888	294
141 AMIODARONE HCL	200MG	GEN	14,804	\$1,181,470	72
142 WARFARIN SODIUM	2MG	GEN	14,791	\$293,141	310
143 LEVOXYL	50MCG	GEN	14,769	\$141,509	492
144 LEVOXYL	100MCG	GEN	14,351	\$155,387	467
145 FLONASE	50MCG	SS	14,340	\$581,587	161
146 LORAZEPAM	0.5MG	GEN	14,275	\$355,298	256
147 GLUCOVANCE	5-500MG	SS	14,221	\$805,045	116
148 INSULIN SYRINGE	29GX0.5"	INS	14,004	\$231,719	357
149 SYNTHROID	25MCG	BNMS	13,989	\$168,912	435
150 HYDROCHLOROTHIAZIDE	12.5MG	GEN	13,950	\$182,555	410
151 PREDNISONE	5MG	GEN	13,709	\$35,210	1050
152 NITROGLYCERIN	0.4MG/HR	GEN	13,685	\$418,740	220
153 AMITRIPTYLINE HCL	25MG	GEN	13,525	\$88,271	653
154 TAMOXIFEN CITRATE	10MG	SS	13,484	\$1,350,707	62
155 DILTIAZEM HCL	180MG	GEN	13,460	\$571,749	164
156 DILANTIN	100MG	BNMS	13,459	\$255,207	336
157 SYNTHROID	125MCG	BNMS	13,384	\$206,232	382

**TABLE VI
300 MOST FREQUENTLY PURCHASED DRUGS**

DRUG	STRENGTH	DRUG TYPE	NUMBER OF CLAIMS	EPIC PAYMENT	RANK BY PAYMENT
158 DIGOXIN	250MCG	GEN	13,218	\$74,608	712
159 DETROL	2MG	SS	13,199	\$1,006,495	86
160 DIOVAN HCT	160-12.5MG	SS	13,198	\$844,322	113
161 AMARYL	4MG	SS	13,036	\$506,443	185
162 DIOVAN	160MG	SS	13,019	\$744,882	129
163 MONOPRIL	20MG	SS	12,991	\$533,429	174
164 VIOXX	12.5MG	SS	12,954	\$1,256,643	67
165 WARFARIN SODIUM	2.5MG	GEN	12,899	\$254,125	337
166 PREDNISONE	5MG	GEN	12,896	\$33,304	1070
167 NITROGLYCERIN	0.2MG/HR	GEN	12,849	\$353,129	258
168 ACTOS	30MG	SS	12,769	\$2,636,790	27
169 GLUCOPHAGE	1000MG	BNMS	12,760	\$1,190,432	70
170 HYDROCODONE W/ACETAMINOPHEN	7.5-500MG	GEN	12,644	\$193,482	402
171 TRIMOX	500MG	GEN	12,490	\$61,917	783
172 PREMPRO	0.625-2.5	SS	12,447	\$470,236	195
173 TRUSOPT	2%	SS	12,406	\$418,814	219
174 ALTACE	2.5MG	SS	12,328	\$452,647	204
175 CAPTOPRIL	25MG	GEN	12,195	\$163,559	443
176 GLIPIZIDE	5MG	GEN	12,153	\$117,187	558
177 ZESTRIL	40MG	BNMS	12,134	\$738,779	131
178 ALPRAZOLAM	0.5MG	GEN	11,990	\$156,655	462
179 LEVOXYL	75MCG	GEN	11,978	\$124,208	538
180 WARFARIN SODIUM	1MG	GEN	11,949	\$253,299	338
181 DIAZEPAM	5MG	GEN	11,921	\$84,319	666
182 DEMADEx	20MG	BNMS	11,847	\$442,698	208
183 LUMIGAN	0.03%	SS	11,817	\$722,628	135
184 COUMADIN	1MG	BNMS	11,771	\$371,062	243
185 TAMOXIFEN CITRATE	20MG	SS	11,652	\$1,736,689	43
186 Klor-con M10	10MEQ	GEN	11,600	\$138,989	499
187 DOXAZOSIN MESYLATE	4MG	GEN	11,301	\$295,951	306
188 AVANDIA	8MG	SS	11,264	\$2,322,560	32
189 FLOVENT	220MCG	SS	11,114	\$1,030,522	83
190 AMITRIPTYLINE HCL	10MG	GEN	11,009	\$61,131	788
191 PRINIVIL	20MG	BNMS	10,848	\$458,993	197
192 DILTIAZEM HCL	120MG	GEN	10,751	\$376,148	240
193 HYDROCODONE W/ACETAMINOPHEN	7.5-750MG	GEN	10,707	\$144,097	489
194 CLONIDINE HCL	0.1MG	GEN	10,438	\$83,964	668
195 POTASSIUM CHLORIDE	20MEQ	GEN	10,387	\$196,406	395
196 VERAPAMIL HCL	180MG	GEN	10,324	\$247,475	344

**TABLE VI
300 MOST FREQUENTLY PURCHASED DRUGS**

DRUG	STRENGTH	DRUG TYPE	NUMBER OF CLAIMS	EPIC PAYMENT	RANK BY PAYMENT
197 PREDNISOLONE ACETATE	1%	GEN	10,268	\$150,112	477
198 FLUOXETINE HCL	20MG	GEN	10,227	\$872,181	111
199 HYDROCHLOROTHIAZIDE	50MG	GEN	10,219	\$51,997	874
200 DITROPAN XL	5MG	SS	10,188	\$961,120	91
201 HYZAAR	100-25MG	SS	10,172	\$787,205	120
202 COLCHICINE	0.6MG	GEN	10,106	\$80,985	684
203 LOTREL	5-10MG	SS	10,089	\$734,825	133
204 METFORMIN HCL	1000MG	GEN	10,058	\$665,880	145
205 PRINIVIL	10MG	BNMS	9,966	\$381,432	239
206 TOBRADEX	0.3-0.1%	SS	9,955	\$342,790	269
207 ACTOS	45MG	SS	9,840	\$2,260,732	35
208 TERAZOSIN HCL	5MG	GEN	9,815	\$489,267	188
209 TRAZODONE HCL	50MG	GEN	9,733	\$74,302	714
210 TRIAMCINOLONE ACETONIDE	0.1%	GEN	9,622	\$54,362	856
211 METHOTREXATE	2.5MG	GEN	9,612	\$414,502	223
212 COREG	6.25MG	SS	9,605	\$904,976	104
213 ADVAIR DISKUS	100-50MCG	SS	9,559	\$781,699	122
214 LORAZEPAM	1MG	GEN	9,556	\$330,652	276
215 BETOPTIC S	0.25%	SS	9,517	\$495,068	187
216 LEVAQUIN	250MG	SS	9,432	\$412,817	225
217 ISOSORBIDE DINITRATE	20MG	GEN	9,398	\$42,269	966
218 CIPRO	250MG	SS	9,371	\$434,272	211
219 SYNTHROID	88MCG	BNMS	9,338	\$132,504	517
220 ALLEGRA	180MG	SS	9,330	\$681,001	143
221 ACTONEL	5MG	SS	9,173	\$717,445	138
222 TRICOR	160MG	SS	9,151	\$899,521	107
223 GLIPIZIDE	10MG	GEN	9,067	\$147,094	482
224 CARTIA XT	240MG	GEN	8,916	\$635,650	147
225 ENALAPRIL MALEATE	2.5MG	GEN	8,899	\$226,008	360
226 METOCLOPRAMIDE HCL	10MG	GEN	8,874	\$89,214	651
227 OXYBUTYNIN CHLORIDE	5MG	GEN	8,804	\$96,473	621
228 QUININE SULFATE	260MG	GEN	8,674	\$62,785	773
229 PREDNISON	1MG	SS	8,672	\$105,420	585
230 ISOSORBIDE DINITRATE	10MG	GEN	8,650	\$34,660	1058
231 IPRATROPIUM BROMIDE	0.2MG/ML	GEN	8,609	\$954,688	92
232 HYDROCODONE/ACETAMINOPHEN	5-500MG	GEN	8,609	\$93,873	632
233 ACTONEL	30MG	SS	8,592	\$834,844	114
234 AZMACORT	100MCG	SS	8,578	\$432,991	212
235 CAPTOPRIL	50MG	GEN	8,578	\$198,787	393

**TABLE VI
300 MOST FREQUENTLY PURCHASED DRUGS**

DRUG	STRENGTH	DRUG TYPE	NUMBER OF CLAIMS	EPIC PAYMENT	RANK BY PAYMENT
236 PLETAL	100MG	SS	8,564	\$737,951	132
237 NYSTATIN W/TRIAMCINOLONE	100000-0.1	GEN	8,472	\$55,218	845
238 OCUFLOX	0.3%	SS	8,434	\$208,146	376
239 CYCLOBENZAPRINE HCL	10MG	GEN	8,420	\$95,231	627
240 THEOPHYLLINE ANHYDROUS	200MG	GEN	8,413	\$96,140	625
241 GLUCOVANCE	2.5-500MG	SS	8,321	\$400,744	232
242 PROPRANOLOL HCL	20MG	GEN	8,299	\$67,469	748
243 COREG	3.125MG	SS	8,281	\$729,518	134
244 SYNTHROID	150MCG	BNMS	8,263	\$130,879	521
245 CARTIA XT	180MG	GEN	8,219	\$403,141	230
246 ULTRACET	37.5-325MG	SS	8,146	\$383,675	236
247 NAPROXEN	500MG	GEN	8,142	\$159,818	457
248 LEVOXYL	25MCG	GEN	8,125	\$69,230	740
249 CLONAZEPAM	0.5MG	GEN	8,069	\$171,564	427
250 DOXYCYCLINE HYCLATE	100MG	GEN	8,066	\$58,068	818
251 MONOPRIL	40MG	SS	8,015	\$303,648	297
252 RISPERDAL	0.5MG	SS	8,003	\$901,477	106
253 HYDROXYZINE HCL	25MG	GEN	7,987	\$69,419	736
254 ASACOL	400MG	SS	7,965	\$1,002,721	88
255 AVAPRO	300MG	SS	7,952	\$520,988	179
256 DIOVAN HCT	80-12.5MG	SS	7,941	\$457,908	198
257 AMARYL	2MG	SS	7,909	\$131,687	519
258 FLUOCINONIDE	0.05%	GEN	7,909	\$126,704	531
259 ACTOS	15MG	SS	7,871	\$949,720	94
260 LASIX	40MG	BNMS	7,798	\$113,036	567
261 LESCOL	40MG	SS	7,756	\$424,721	215
262 NASONEX	50MCG	SS	7,736	\$324,319	284
263 WARFARIN SODIUM	3MG	GEN	7,711	\$119,229	551
264 NIFEDIPINE	30MG	GEN	7,686	\$258,796	333
265 BACTROBAN	2%	SS	7,673	\$249,550	342
266 ZOLOFT	25MG	SS	7,658	\$615,197	152
267 COUMADIN	3MG	BNMS	7,619	\$170,032	432
268 ZAROXOLYN	2.5MG	SS	7,607	\$195,846	398
269 THEOPHYLLINE ANHYDROUS	300MG	GEN	7,545	\$88,020	654
270 CLOTRIMAZOLE/BETAMETHASONE	1-0.05%	GEN	7,539	\$233,972	354
271 CAPTOPRIL	12.5MG	GEN	7,538	\$89,212	652
272 ADVAIR DISKUS	500-50MCG	SS	7,535	\$1,155,913	73
273 LEVOTHROID	50MCG	GEN	7,510	\$60,574	795
274 DITROPAN XL	10MG	SS	7,495	\$789,396	119
275 DOXAZOSIN MESYLATE	2MG	GEN	7,477	\$186,930	408

**TABLE VI
300 MOST FREQUENTLY PURCHASED DRUGS**

DRUG	STRENGTH	DRUG TYPE	NUMBER OF CLAIMS	EPIC PAYMENT	RANK BY PAYMENT
276 GLUCOPHAGE	850MG	BNMS	7,475	\$589,141	158
277 LOTENSIN	20MG	SS	7,439	\$269,579	328
278 LESCOL	20MG	SS	7,426	\$386,670	235
279 COZAAR	25MG	SS	7,376	\$409,057	227
280 QUININE SULFATE	325MG	GEN	7,362	\$64,416	761
281 CLONIDINE HCL	0.2MG	GEN	7,352	\$79,464	692
282 COZAAR	100MG	SS	7,350	\$567,736	167
283 MIRALAX		SS	7,336	\$137,914	504
284 ACULAR	0.5%	SS	7,330	\$321,656	288
285 PHENYTOIN SODIUM, EXTENDED	100MG	GEN	7,292	\$117,805	555
286 PROPRANOLOL HCL	10MG	GEN	7,265	\$51,895	877
287 AUGMENTIN	875-125MG	SS	7,192	\$582,471	160
288 SOTALOL	80MG	GEN	7,170	\$618,758	150
289 ZYPREXA	2.5MG	SS	7,105	\$1,283,875	66
290 TOPROL XL	200MG	SS	7,044	\$525,983	177
291 ZESTORETIC	20-12.5MG	BNMS	6,961	\$330,397	278
292 LESCOL XL	80MG	SS	6,955	\$455,202	201
293 SYNTHROID	112MCG	BNMS	6,948	\$106,453	582
294 MACROBID	100MG	SS	6,779	\$197,335	394
295 VERAPAMIL HCL	120MG	GEN	6,770	\$201,258	386
296 CILOXAN	0.3%	SS	6,671	\$159,317	460
297 WARFARIN SODIUM	4MG	GEN	6,631	\$102,453	595
298 IBUPROFEN	600MG	GEN	6,628	\$46,510	929
299 KLOR-CON 8	8MEQ	GEN	6,621	\$49,791	895
300 PREMARIN	0.625MG/G	SS	6,563	\$247,416	346
Top 300 Total			<u>6,245,609</u>	<u>\$316,046,494</u>	
% Top 300 Total			73%	69%	
INS=INSULIN		3	59,631	\$1,998,817	
GEN=GENERIC		127	2,525,816	\$42,492,446	
BNMS=BRAND DRUG MULTI SOURCE		32	550,242	\$14,863,675	
SS=BRAND DRUG SOLE SOURCE		138	3,109,920	\$256,691,556	
		300	6,245,609	\$316,046,494	

**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	1,849,392	21.61%	\$ 74,006,697	203,612
DIURETICS	531,342	6.21%	4,397,329	108,298
ANTIHYPERTENSIVE DRUGS	510,174	5.96%	56,158,256	103,817
GASTROINTESTINAL DRUGS, MISC.	377,071	4.41%	48,546,550	79,544
ANTIDEPRESSANTS	282,892	3.31%	18,551,985	53,438
VASODILATING AGENTS	271,143	3.17%	8,727,944	48,702
OPIATE AGONISTS	252,070	2.95%	9,292,143	65,996
THYROID AGENTS/HORMONES	249,153	2.91%	3,067,087	44,440
NON-STEROID/ANTI-INFLAM. AGENT	245,170	2.86%	19,866,932	68,474
SULFONYLUREAS	220,403	2.58%	5,949,699	36,068
TOTAL	<u>4,788,810</u>	<u>55.95%</u>	<u>\$ 248,564,622</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	154,174	\$ 781,262	123
2	LIPITOR	10MG	SS	144,399	11,500,244	2
3	FOSAMAX	70MG	SS	115,915	8,998,716	7
4	METOPROLOL TARTRATE	50MG	GEN	113,815	1,062,752	80
5	NORVASC	5MG	SS	109,302	5,631,008	9
6	FUROSEMIDE	20MG	GEN	90,234	393,362	233
7	ATENOLOL	50MG	GEN	85,256	628,738	148
8	PLAVIX	75MG	SS	78,688	10,870,219	4
9	CELEBREX	200MG	SS	75,220	8,417,454	8
10	LIPITOR	20MG	SS	71,828	9,251,997	5
11	XALATAN	0.005%	SS	68,059	2,761,111	24
12	PREVACID	30MG	SS	67,410	11,480,635	3
13	ATENOLOL	25MG	GEN	67,160	474,379	190
14	PRILOSEC	20MG	SS	66,982	12,640,411	1
15	PROPOXYPHENE NAPSYLATE W/APAP	100-650MG	GEN	63,623	1,086,993	77
16	NORVASC	10MG	SS	63,570	4,930,550	11
17	HYDROCHLOROTHIAZIDE	25MG	BNMS	62,042	211,534	372
18	TRIAMTERENE W/HCTZ	37.5-25MG	GEN	61,103	721,303	136
19	TOPROL XL	50MG	SS	59,947	1,333,957	64
20	ZOCOR	20MG	SS	53,383	9,142,444	6
TOP 20 TOTALS				<u>1,672,110</u>	<u>\$ 102,319,070</u>	
% OF TOTALS				19.54%	22.22%	
SS=Sole Source				974,703	\$ 96,958,747	
GEN=Generic				635,365	\$ 5,148,788	
BNMS=Multi Source				53,383	\$ 9,142,444	

**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	66,982	\$ 12,640,411	14
2	LIPITOR	10MG	SS	144,399	11,500,244	2
3	PREVACID	30MG	SS	67,410	11,480,635	12
4	PLAVIX	75MG	SS	78,688	10,870,219	8
5	LIPITOR	20MG	SS	71,828	9,251,997	10
6	ZOCOR	20MG	SS	53,383	9,142,444	20
7	FOSAMAX	70MG	SS	115,915	8,998,716	3
8	CELEBREX	200MG	SS	75,220	8,417,454	9
9	NORVASC	5MG	SS	109,302	5,631,008	5
10	PROCRIT	40000 U/ML	SS	2,521	5,155,123	592
11	NORVASC	10MG	SS	63,570	4,930,550	16
12	PRAVACHOL	40MG	SS	27,958	4,798,310	58
13	NEXIUM	40MG	SS	30,933	4,795,796	46
14	PROTONIX	40MG	SS	46,010	4,788,737	25
15	VIOXX	25MG	SS	48,403	4,536,515	23
16	PRAVACHOL	20MG	SS	40,865	4,100,000	29
17	ZOCOR	40MG	SS	23,223	4,053,492	79
18	LIPITOR	40MG	SS	26,764	3,881,308	61
19	ARICEPT	10MG	SS	23,291	3,462,142	77
20	EVISTA	60MG	SS	35,936	3,448,207	39
TOP 20 TOTALS				<u>1,152,601</u>	<u>\$135,883,309</u>	
% OF TOTALS				13.5%	29.5%	

TABLE X
DISTRIBUTION OF CLAIMS AND PAYMENTS BY PHARMACY TYPE

TYPE OF PHARMACY	NUMBER ACTIVE	NUMBER OF CLAIMS	PAYMENTS TO PHARMACIES
CHAIN	2,173	5,474,700	\$ 281,511,099
CLINICAL	108	355,444	14,710,160
INDEPENDENT	1,647	2,696,904	162,015,399
MAIL ORDER	7	31,559	2,167,450
TOTAL	<u>3,935</u>	<u>8,558,607</u>	<u>\$ 460,404,109</u>

TABLE XI
ENROLLED PHARMACIES, CLAIMS AND PAYMENTS BY COUNTY

COUNTY	NUMBER OF PHARMACIES ENROLLED	NUMBER OF PAID CLAIMS	PAYMENTS TO PHARMACIES	TOTAL ENROLLMENT AS OF 9/30/02
ALBANY	61	147,494	\$ 7,990,270	4,738
ALLEGANY	12	32,926	1,601,730	1,122
BROOME	43	160,207	8,287,530	5,306
CATTARAUGUS	21	85,232	4,685,808	2,556
CAYUGA	13	54,633	2,533,367	1,909
CHAUTAUQUA	34	162,755	8,718,929	5,253
CHEMUNG	20	84,081	4,568,582	2,532
CHENANGO	12	45,560	2,225,270	1,626
CLINTON	19	58,733	3,349,256	1,955
COLUMBIA	10	50,659	2,518,973	1,776
CORTLAND	15	51,039	2,423,402	1,287
DELAWARE	11	50,914	2,955,731	1,745
DUTCHESS	54	141,671	7,311,471	4,432
ERIE	220	697,087	28,560,620	20,718
ESSEX	20	38,862	1,994,309	928
FRANKLIN	10	38,848	2,224,680	1,280
FULTON	16	76,326	4,021,829	1,946
GENESEE	12	52,088	2,530,623	1,743
GREENE	11	43,309	2,322,276	1,507
HERKIMER	15	65,229	3,247,508	2,356
JEFFERSON	25	98,806	4,511,898	2,867
LEWIS	4	21,702	1,147,891	851
LIVINGSTON	14	40,553	2,135,591	1,427
MADISON	17	43,890	2,579,176	1,532
MONROE	142	361,470	16,392,425	11,604
MONTGOMERY	14	60,791	2,976,139	2,301
NASSAU	284	644,159	38,024,379	21,653
NIAGARA	47	150,151	6,567,170	5,076
ONEIDA	54	242,663	12,177,315	6,823
ONONDAGA	97	303,212	14,294,916	8,829
ONTARIO	23	77,205	3,823,734	2,495
ORANGE	61	183,061	10,472,309	5,679
ORLEANS	8	23,714	1,071,512	918
OSWEGO	27	93,355	4,931,573	3,297
OTSEGO	14	57,849	2,763,705	1,774
PUTNAM	18	34,013	1,806,421	1,530
RENSSELAER	32	97,833	5,132,738	2,792
ROCKLAND	55	121,933	7,643,133	4,245
ST. LAWRENCE	18	89,447	4,609,074	3,455
SARATOGA	31	107,451	5,379,464	2,617
SCHENECTADY	43	104,651	5,227,518	763
SCHOHARIE	8	23,181	1,144,575	513
SCHUYLER	3	15,848	926,585	674
SENECA	5	18,572	936,705	2,776
STEUBEN	19	76,696	4,265,520	2,249
SUFFOLK	283	614,488	37,033,060	23,486
SULLIVAN	14	39,265	2,199,172	1,780

**TABLE XI
ENROLLED PHARMACIES, CLAIMS AND PAYMENTS BY COUNTY**

COUNTY	NUMBER OF PHARMACIES ENROLLED	NUMBER OF PAID CLAIMS	PAYMENTS TO PHARMACIES	TOTAL ENROLLMENT AS OF 9/30/02
TIOGA	6	21,908	1,059,800	1,122
TOMPKINS	14	36,416	1,797,589	1,239
ULSTER	32	103,753	5,828,845	3,762
WARREN	17	63,477	3,281,336	1,702
WASHINGTON	15	55,100	2,955,345	1,740
WAYNE	17	63,112	3,539,748	2,303
WESTCHESTER	184	378,950	20,446,733	13,678
WYOMING	7	29,815	1,522,788	1,120
YATES	7	21,760	1,208,774	770
SUBTOTAL	<u>2,288</u>	<u>6,657,903</u>	<u>\$ 345,886,819</u>	<u>218,157</u>
NEW YORK CITY:				
BRONX	222	198,371	\$ 11,578,695	8,605
KINGS	496	572,511	34,342,711	22,978
MANHATTAN	432	370,615	24,651,052	13,144
QUEENS	390	627,105	36,603,093	26,828
RICHMOND	<u>74</u>	<u>128,429</u>	<u>7,128,501</u>	<u>4,801</u>
TOTAL NYC	1,614	1,897,031	\$ 114,304,051	76,356
Out-of-State	19	3,673	213,239	-
EPIC TOTAL	<u><u>3,921</u></u>	<u><u>8,558,607</u></u>	<u><u>\$ 460,404,109</u></u>	<u><u>294,513</u></u>

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Department of Health

State Office for the Aging