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Drug plan might cost millions  
Pre-authorization flawed, study finds  
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THE COLUMBUS DISPATCH

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A Strickland administration initiative designed to reduce Medicaid spending on costly psychotropic drugs could actually cost the state money in the long run, a new study concludes.

The administration touted savings up to \$47 million by requiring pre-authorization for a handful of specialized drugs used primarily to treat bi-polar disorder, schizophrenia and other serious mental-health conditions.

Even before the plan was implemented, however, the savings estimate was lowered to \$20 million. And by the time state Budget Director Pari Sabety appeared before a legislative budget committee on Feb. 26, the savings estimate had been eliminated altogether.

Since then, the Ohio Department of Job and Family Services, the agency that supervises the Medicaid program, has been working on a new savings estimate, from pre-authorization.

A study to be released today by the National Alliance on Mental Illness Ohio, done by Howard Fleeter, a Columbus economics consultant and former Ohio State University professor, argues that the policy change might not save money, but could result in unintended added costs of \$23.2 million to \$38.7 million annually.

Higher medical and hospitalization costs, lost wages, homelessness and even incarceration of mentally ill patients account for the potential increase in cost, Fleeter concluded. About 45,000 people on Medicaid could be directly affected, the study said.

"The risk is that implementing a prior authorization policy for mental-health patients in Ohio will compromise the quality of patient care and thereby end up costing the state money rather than saving it," Fleeter said in his report.

Dennis Evans of the Department of Job and Family Services acknowledged that the agency doesn't yet have a handle on the cost savings. He said it's a work in progress.

"The consumers' well-being is the primary objective. We, too, do not want to see situations where patients are wrongly medicated. This isn't about changing medicines for people for whom they are currently working."

Evans noted that the prior authorization will be required only for new Medicaid patients, not existing ones.

"We're looking for the best treatment in the most cost-effective manner possible."

Gov. Ted Strickland, a former prison psychologist, backed the prior authorization mandate to cut Medicaid spending and improve treatment.

"He would not support this if he felt it would hinder a patient's ability to have access to the therapeutic drugs they need," Strickland spokesman Keith Dailey said previously.

James C. Mauro, executive director of NAMI Ohio, acknowledged that the state tried to help ease the blow by approving an exemption to the drug policy for psychiatrists affiliated with community agencies. That does not cover nearly all the patients, he said.

"There's nothing wrong in reducing cost," Mauro added. "The problem is, focusing on the silo of medical pharmacy costs causes other downstream costs. And the public has to pick up the tab."

The state may take another step this summer -- a step backward, in Mauro's estimation -- by possibly removing some of the psychotropic drugs from the "preferred drug list" if drug manufacturers don't agree to give the state significant financial rebates. Manufacturer rebates are an increasingly common practice in states' Medicaid containment efforts.

However, since there are only seven drugs on Ohio's preferred drug list now, Mauro said removing any of them would severely limit providers in prescribing medication for their patients.

State regulations require a Medicaid patient to fail using two other drugs before being allowed to return to the original medication.

Fleeter, who is better known for his research work on school funding, relied for information on several other mental-health studies, including one by a Harvard Medical School professor who examined prior authorization in Maine. The Harvard study found there was a far greater risk of a lapse in treatment of patients, triggered by doing without or switching drugs, when pre-authorization was required.

Other studies concluded that three of four schizophrenics suffer a relapse when switching drugs, often resulting in hospitalization, homelessness or violence and incarceration.

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