

August 5, 2003

Donald S. Clark
Office of the Secretary
Federal Trade Commission
600 Pennsylvania Ave. NW
Washington, DC 20580

Subject: Comments Regarding the June 26, 2003 Joint FTC-DoJ Hearings on Health Care and Competition Law and Policy (Pharmaceuticals: Formulary)

The Academy of Managed Care Pharmacy (AMCP) is pleased to provide information to the Commission and Department staff as they examine the use of formularies in the provision of health care.

The Academy is a professional association of pharmacists who serve patients and the public by the promotion of wellness and rational drug therapy through the application of managed care principles and practices. The Academy has more than 4,800 members nationally who provide comprehensive coverage and services to the more than 200 million Americans served by managed care.

Because Academy members are directly involved in the development and maintenance of formulary management systems on behalf of PBMs, health plans and others, we believe our expertise and the materials we have developed will be of assistance to the staff of the Commission and Department. The Academy has helped to develop a consensus document outlining the Principles of a Sound Drug Formulary System. It represents the collaborative agreement of stakeholders concerned about formulary administration – physicians, pharmacists and patients. The Principles document can be found on the Academy website at: <http://www.amcp.org/publications/drugformulary.pdf> and is included with this letter.

President
Michael E. Bailey, RPh
MedImpact Healthcare
Systems, Inc.
San Diego, CA

President-Elect
Rusly Hailey, PharmD, DPh, MBA
Coventry Health Care, Inc.
Franklin, TN

Past President
C.E. (Gene) Reeder, RPh, PhD
University of South Carolina,
College of Pharmacy
Columbia, SC

Treasurer
Peter M. Penna, PharmD
Formulary Resources, LLC
University Place, WA

Director
Beth Brusig, PharmD, BCPS
Sentara Health Care --
Optima Health Plan
Virginia Beach, VA

Director
Michael J. Dillon, MS, RPh,
FAMCP
NMHCRx
Latham, NY

Director
Lydia Nesemann, PharmD
Midwestern University
College of Pharmacy
Glendale, AZ

Director
Craig S. Stern, PharmD, MBA,
FAMCP
Pro Pharma Pharmaceutical
Consultants, Inc.
Northridge, CA

Director
Doug Stephens, RPh
AdvancePCS
Scottsdale, AZ
Midwestern University
College of Pharmacy
Glendale, AZ

Executive Director
Judith A. Cahill, CEBS
AMCP
Alexandria, VA

100 North Pitt Street
Suite 100
Alexandria, VA 22314

703 683 8416
800 827 2627
Fax 703 683 8417

The Academy believes that, when properly implemented, formulary management serves as an integrated patient care process that enables health care professionals to work together to promote clinically sound, cost-effective pharmaceutical care. In the face of the escalating number and complexity of drug products, rising drug prices and direct-to-consumer advertising, the formulary management process provides the managed health care system with the ability to objectively differentiate between superior and marginal drugs. The formulary process is further explained in AMCP's concept series paper on formulary management, a copy of which is enclosed and which can be found on the AMCP website at:

http://www.amcp.org/professional_res/concepts/form_man.asp.

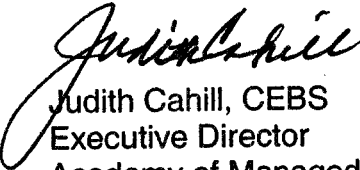
AMCP believes further that a well-designed, properly administered formulary will assist in the effective management of a patient's overall health care. A formulary improves quality of care by encouraging the use of medications that are demonstrated to be the safest, and most effective and will produce the most positive therapeutic outcomes for the patient. A copy of the Academy's position statement on formularies is enclosed and can also be found on the AMCP website at http://www.amcp.org/professional_res/position/013.asp.

The Academy has taken the lead in developing a tool to assist health plans, PBMs and government payors in formulary decision making. AMCP's *Format for Formulary Submission*, published in October 2000, is a set of guidelines for the evaluation of medications. The *Format* is helping to answer the oft-asked questions, "Which new drugs offer advantages at reasonable costs, thus providing good value?" AMCP's *Format* does not focus on reducing drug spending; in fact there will be cases where drug spending will increase. Rather the intent is for interested stakeholders to understand the value that they are getting for their pharmaceutical expenditures. Organizations that cover prescription drug services for millions of Americans have adopted the *Format*. For more information on the *Format* and its use by PBMs, please contact Marissa Schlaifer, AMCP Pharmacy Affairs Director, at (703) 683-8416 or mschlaifer@amcp.org.

The Academy also believes that government should encourage an environment in which PBMs and other managed care organizations can continue to use existing and develop new strategies to manage prescription drug benefits. Overly burdensome regulatory restrictions that limit their ability to do so will increase the cost of health care and could compromise the availability and affordability of the prescription drug benefit. The AMCP position statement on the regulation of pharmacy benefit management companies is enclosed and can also be found on the AMCP website at http://www.amcp.org/professional_res/position/017.asp.

The Academy appreciates the opportunity to provide information and comments and would be pleased to address any further questions that may arise. For additional information, I may be contacted at (703) 683-8416 or at icahill@amcp.org.

Sincerely,

A handwritten signature in cursive script that reads "Judith Cahill". The signature is written in black ink and is positioned to the left of the printed name.

Judith Cahill, CEBS
Executive Director
Academy of Managed Care Pharmacy