

Table of Contents

Executive Summary

Overview.....	3
Enrollment Criteria.....	4
Benefit Coverage.....	4

Demographics

Program Enrollment.....	6
DPAP & Medicare Part D Clients.....	6
Enrollment by Eligibility Category.....	7
Enrollment by County.....	7
Enrollment by Race.....	8
Enrollment by Gender.....	8

Applications

Applications Received.....	9
Applications Approved.....	10
Applications Denied.....	11

Phone Lines

Monthly Phone Calls.....	12
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Outreach Activities

Community Outreach.....	13
Application Distribution.....	13
Special Events.....	14
Materials Distributed.....	14

Financial Reporting

2006 Financial Overview.....	15
Paid Amount: Prescriptions.....	15
Paid Amount: Medicare Part D PDP Premiums.....	16
Per Member Per Month Cost: Medicare Part D PDP Premiums.....	17
DPAP/Part D Clients with LIS "Extra Help".....	18
Program Expenditures: Prescriptions.....	19

Number of Prescriptions.....	20
Percentage of Clients Using Benefits.....	22
Average Number of Prescriptions per Client per Month.....	23
Average Cost per Prescription.....	24
Per Member per Month Cost: Prescriptions.....	25
Financial Costs Since Program Inception.....	26
 Member Expenditure	
Benefit Dollars Spent.....	27
Drug Expenditure by Category.....	28
Number of Prescriptions by Category.....	28
Drug Expenditure by Category: Non-Part D Covered Drugs.....	29
Number of Prescriptions by Category: Non-Part D Covered Drugs.....	29
 Drug Utilization Review	
Drug Utilization Review Overview.....	30
Prospective Drug Utilization Review.....	30
Retrospective Drug Utilization Review.....	32
 End Summary.....	33
 Appendix A.....	34
 Contact Information.....	35

Executive Summary

Overview

The Delaware Prescription Assistance Program (DPAP) began on January 14, 2000 through the passage of Senate Bill 6, during the 1999 legislative session. DPAP is paid for with tobacco settlement funds through the Delaware Health Fund. The program provides up to \$3,000 per person, per calendar year, for prescription assistance to qualified Delaware citizens who are over 65 years old and those under 65 years with disabilities. The benefit was originally based on a fiscal year, but the program adapted the calendar year benefit to coordinate with the Medicare Part D benefits. The Division of Medicaid & Medical Assistance (DMMA) contracts with Electronic Data Systems (EDS), the Delaware Medical Assistance Program (DMAP) fiscal agent, to conduct outreach, manage the application process, determine eligibility, and pay the prescription drug claims submitted from participating pharmacies.

DPAP leverages the existing Department of Health and Social Services (DHSS) pharmacy provider network. Pharmacy providers servicing other DHSS clients also submit claims for DPAP clients. All of the major chains and independent pharmacies in the state are enrolled as DHSS providers. The claims are submitted electronically in a real-time processing environment. Eligibility and medication coverage are verified and the pharmacies are notified within seconds of the claim status (paid or denied). These drug claims are also subject to all DMAP processing edits, audits, and Drug Utilization Review (DUR) alerts.

Due in large part to the inception of Medicare Part D drug coverage, which offers prescription coverage to all clients with Medicare Part A and/or Part B coverage, 2006 represented a year of change for DPAP.

- Effective January 1, 2006, in order to be in line with the Centers for Medicare & Medicaid Services (CMS) Medicare Part D calendar, DPAP began to follow a calendar year instead of the State fiscal year. Therefore, the annual DPAP reenrollment period changed from April 1 to June 30, to November 1 through December 31.
- The vast majority of clients who received prescription help through the now defunct Nemours program applied for and were approved for the DPAP benefit. This influx of former Nemours program clients, coupled with the normal trend of increasing DPAP enrollment, led to a very large increase in the number of clients enrolled in DPAP. At the end of 2005, 7,798 clients were enrolled in DPAP. At the end of 2006, 9,658 clients were enrolled in DPAP, representing an increase of 1,860 clients, or 23.85%, in one year.
- Effective January 1, 2006, new and existing DPAP clients who are eligible for Medicare Part D must satisfy the following terms in order to be approved for the DPAP benefit, in addition to the normal application or reenrollment process:
 - These clients must provide proof of enrollment in a Medicare Prescription Drug Plan (PDP).
 - These clients must provide proof that they have applied to the Social Security Administration (SSA) for Low Income Subsidy (LIS) “extra help” in paying their Medicare Part D monthly premiums. DPAP will pay the Medicare Part D monthly premiums for clients, out of their annual \$3,000 benefit, if they are denied for “extra help” by the SSA. However, if clients are approved for SSA “extra help,” DPAP will not have to pay these premiums.
- On September 8, 2006, clients were sent written notification that their annual benefit had increased from \$2,500 to \$3,000 per calendar year, in an effort to help those Medicare Part D clients whose drug costs are high enough to reach the Medicare Part D coverage gap.

As of December 31, 2006, DPAP had 9,658 members statewide. Of the 8,228 applications received during 2006, 89.50% were approved. Of the 10.50% of applications that were denied, 37.87% were denied because they were incomplete, and 30.24% were denied due to a Medicare Part D related

issue—failure to enroll in a Medicare Part D PDP, failure to apply for SSA LIS “extra help,” or both. The remaining 31.89% were denied mainly due to applicants’ being enrolled in Medicaid, not being 65 or receiving Social Security Disability Insurance (SSDI), or being above the income limits.

During 2006, DPAP provided 139,271 prescriptions at a total cost of \$2,637,088. State DPAP funds were used to fill an average of 3.00 prescriptions per member per month. 37.78% of DPAP clients used their benefit at some time during 2006. DPAP also paid a total of \$759,544 in Medicare Part D PDP premiums during 2006. These premiums were paid for clients who were dually-eligible for DPAP and Medicare Part D, and who had partial or no LIS “extra help” paying their PDP premiums. Therefore, DPAP’s total program expenditure during 2006—including prescription costs and Part D premiums—was \$3,396,632.

The Drug Utilization Review process, mandated by the federal government to ensure safe, appropriate, and efficient pharmaceutical coverage for DMAP clients, is applied both prospectively and retrospectively to all DPAP prescriptions. DUR activities include physician notifications and the addition of new drugs to prior authorization procedures. The same clinical alerts applied to DMAP are applied to DPAP.

Enrollment Criteria

To be qualified for the Delaware Prescription Assistance Program, the applicant must meet all the following criteria.

- Be a resident of the State of Delaware;
- Be at least 65 years of age, or qualify for SSDI benefits;
- Meet the income guidelines (200% of the federal poverty level) or have prescription costs that are at least 40% of his or her annual income;
- Submit proof of income and/or SSDI benefits;
- Not have or be eligible for prescription coverage through Federal, State, or private sources regardless of any annual limitations to the benefits, excluding Medicare Part D prescription drug coverage;
- If eligible for Medicare Part D prescription drug coverage, provide proof of enrollment in a Medicare Part D PDP, and must provide proof of approval or denial for SSA “extra help,” also known as LIS (Low Income Subsidy).

In order to apply for DPAP, clients may call the DPAP customer service number (1-800-996-9969, option 2, then option 1), and ask to have an application mailed to them. Also, clients may pick up an application at various health fairs and events, State Service Centers, or the offices of medical providers. Once clients have a DPAP application, if they need assistance to complete it, they may call DPAP customer service for assistance in completing the application.

Benefit Coverage

As noted above, effective January 1, 2006, in order to be in line with the CMS Medicare Part D calendar, DPAP began to follow a calendar year instead of the State fiscal year. Therefore, the annual DPAP reenrollment period changed from April 1 to June 30, to November 1 through December 31.

There was no normal reenrollment process for DPAP clients during 2005. Instead, there was an automatic reenrollment for all DPAP clients eligible for benefits as of June 30, 2005. Existing and new DPAP clients who were eligible for Medicare Part D coverage were given a grace period through June 30, 2006, in order to supply proof of enrollment in a Medicare Part D PDP and proof of application for SSA “extra help.” These clients continued to receive DPAP benefits through June 30, 2006. At that time, if they still had not supplied the necessary Medicare Part D documentation, clients lost their DPAP coverage.

In 2006, DPAP returned to a normal reenrollment period—from November 1 through December 31. Existing clients were made aware of the reenrollment period through a mailing at the beginning of the period. Clients who did not respond to this mailing were sent a final notice reminder in early December. In order to reenroll, clients simply needed to return the brief questionnaire, along with proof of income

and, if applicable, proof of enrollment in a Medicare Part D PDP and proof of approval or denial for SSA “extra help.” Clients were encouraged to call DPAP customer service with questions about the process.

Also, as stated above, on September 8, 2006, clients were sent written notification that their annual benefit had increased from \$2,500 to \$3,000 per calendar year, in an effort to help those Medicare Part D clients whose drug costs are high enough to reach the Medicare Part D coverage gap. Clients did not need to do anything to receive this benefit increase. Clients were instructed that if they had already paid for prescriptions out-of-pocket exhausting their \$2,500 benefit, they could instruct their pharmacy to bill DPAP for those prescriptions and receive reimbursement for up to the \$500 benefit increase.

The Delaware Prescription Assistance Program has full benefit coverage with few limitations. Brand name drugs are covered only when there is no generic equivalent or in cases where verification of medical necessity for the brand name drug is provided by the prescribing practitioner.

The program covers medically necessary drugs manufactured by companies that agree to pay the State a rebate for the right to participate. Drug manufacturers provide a rebate to the State, based on the units of each drug that have been dispensed to DPAP clients. For each unit that the DPAP program reimburses the pharmacy, the drug manufacturer pays a rebate to the State at a percentage of the drug cost or unit rebate amount. The rebate program assists the State in obtaining the best prices for the covered drugs, and is modeled after the federal drug rebate program operated by the Centers for Medicare and Medicaid Services (CMS). The EDS rebate analyst and the pharmacist consultant actively monitor rebate participation. Rebates are not available if the prescription was partially covered by the Medicare PDP, therefore the rebate dollars are severely reduced by the program changes.

Effective April 1, 2005, the DMMA of Delaware began using a Preferred Drug List (PDL). The PDL must be used by doctors when prescribing medication. This list is a selection of drugs that are therapeutically effective while at the same time less expensive. The list has been completed, and it will be reviewed annually in order to remain current with the latest research, national guidelines, and changes in available medications. PDPs also have a list of formulary drugs which might be different from the DMMA. To prevent a client from being caught between the two payers, DPAP PDL rules are not applied if there is primary coverage.

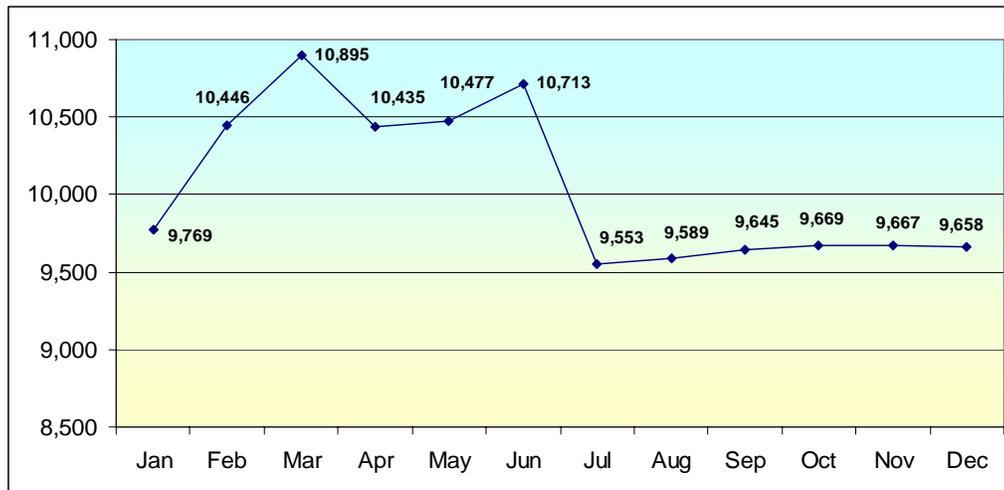
DPAP does not pay for any of the drugs covered by Medicare Part B, including diabetic supplies. Medicare currently covers these supplies for both insulin and non-insulin dependent patients. By encouraging the use of Medicare, DPAP dollars are saved for future use on non-Medicare covered pharmaceuticals. DPAP covers 75% of the client’s deductible as well as over-the-counter (OTC) drugs and non-Part D covered class drugs. The DPAP benefit then picks up during the client’s Part D coverage gap. For those clients who have all or part of their Part D PDP premiums paid by DPAP, the premium dollars are held out of the clients’ annual benefit amount at the beginning of the calendar year. As previously stated, during 2006, the annual client benefit amount increased from \$2,500 to \$3,000. For DPAP-covered drugs, clients must make a co-pay of \$5 or 25% of the cost of the prescription, whichever is greater. The co-pay is collected by the dispensing pharmacy.

The following pages contain program details for calendar year 2006, as well as appropriate comparisons to previous program years and meaningful analysis of the data.

Demographics

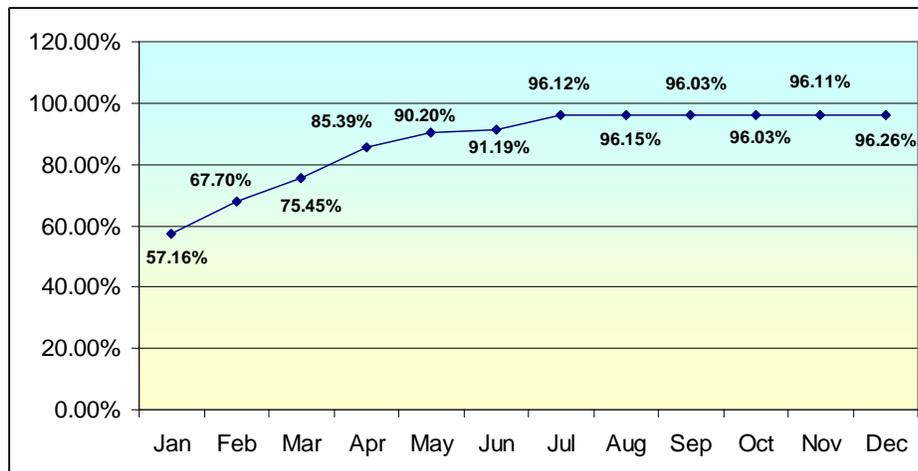
Program Enrollment

The Delaware Prescription Assistance Program originally began enrolling clients on January 14, 2000. As of December 31, 2006, there were 9,658 clients enrolled in the program. Each year, the program continues to add to the number of clients it serves. The chart below details the number of DPAP clients enrolled during 2006, as of the end of each month. The average monthly DPAP enrollment during 2006 was 10,043. (Between June and July, DPAP enrollment dropped from 10,713 to 9,553. DPAP clients who also qualified for Medicare Part D had until June 30 to join a Part D prescription drug plan (PDP) and apply for PDP premium payments “extra help” from the Social Security Administration (SSA) Low Income Subsidy (LIS) program. Clients who did not fulfill these requirements before June 30 lost their DPAP eligibility.)



DPAP & Medicare Part D Clients

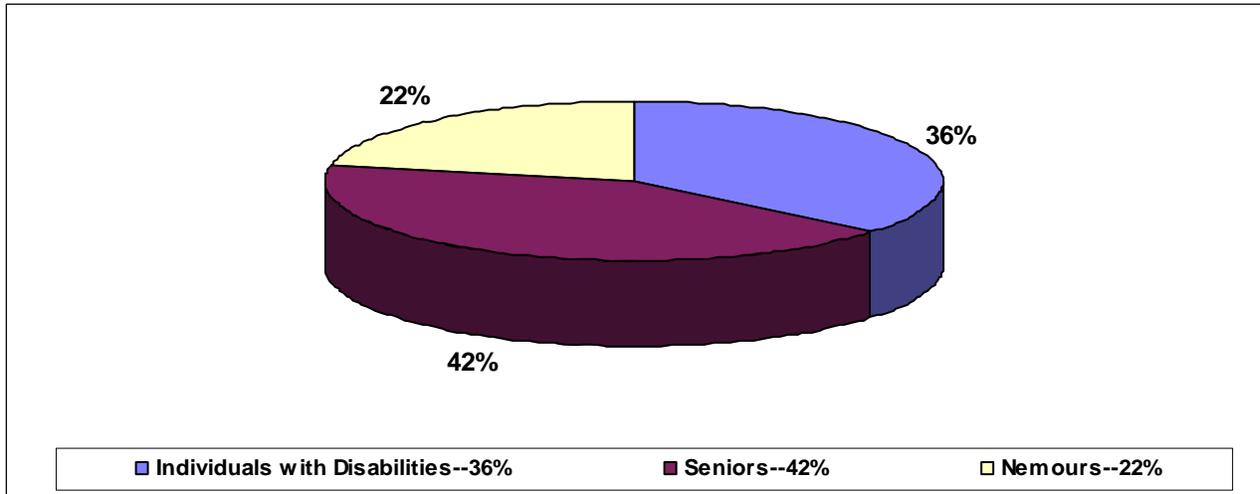
The chart below details the percentage of DPAP clients for each month of 2006 who were also enrolled in a Medicare Part D Prescription Drug Plan (PDP.) As evidenced in the chart below, the vast majority of DPAP clients are also enrolled in a Medicare Part D PDP. Percentages are lower during the first few months of 2006. Although the original intent of the program was to maximize the Federal program by requiring Part D participation for DPAP coverage, the challenges with the Part D implementation between CMS, SSA and the PDP were significant, therefore clients eligible for DPAP and Medicare Part D were not required to be enrolled in a PDP in order to keep their DPAP benefits until the end of June.



Enrollment by Eligibility Category

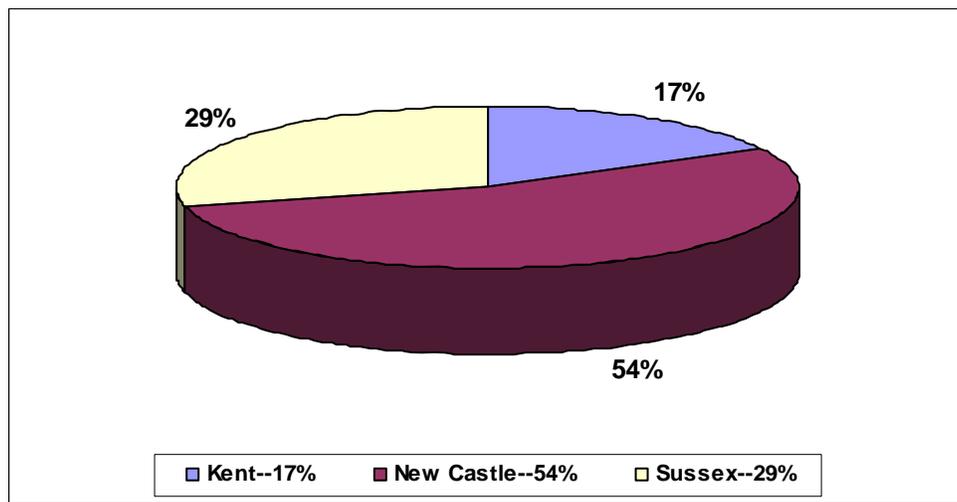
DPAP enrolls senior citizens who are at least 65 years of age, disabled individuals who receive Social Security disability benefits under Title II of the Social Security Act, and individuals whose prescription costs total at least 40% of their annual income. Senior citizens and disabled individuals must also have an income less than or equal to 200% of the Federal Poverty Level. In addition, former Nemours clients are enrolled in DPAP. The State pays the Medicare Part B premiums for these clients. Due to Medicare Part D, clients whose prescription costs total at least 40% of their annual income represented less than 1% of DPAP clients—only 8 DPAP clients, in fact. Therefore, they are not represented in the chart below.

The chart below depicts the distribution of DPAP members by eligibility category. As of December 31, 2006, DPAP members included 4,017 senior citizens; 3,503 disabled individuals; and 2,130 Nemours clients.



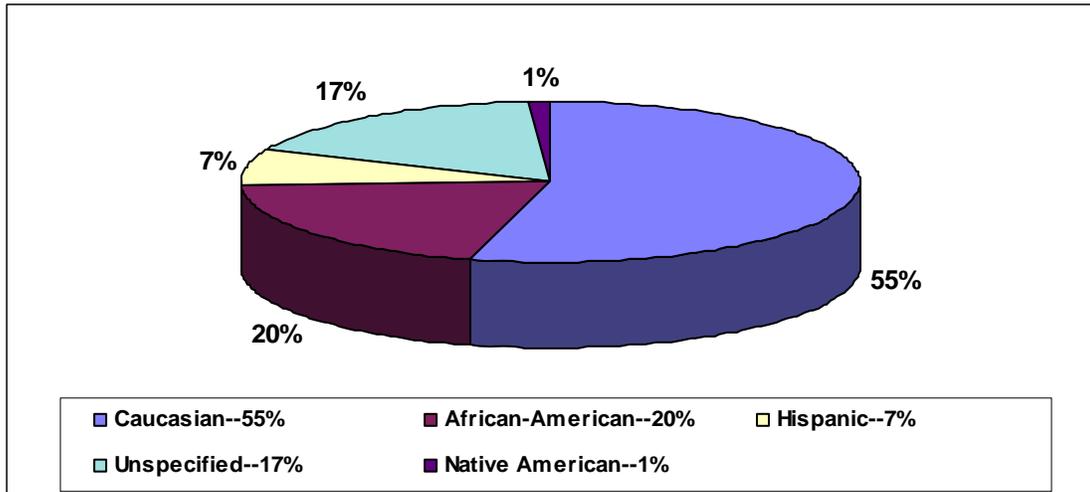
Enrollment by County

As of December 31, 2006, 5,174 enrollees were from New Castle County; 1,693 enrollees were from Kent County; and 2,791 enrollees were from Sussex County. County enrollment percentages are depicted in the chart below. These percentages remain consistent with previous reporting periods.



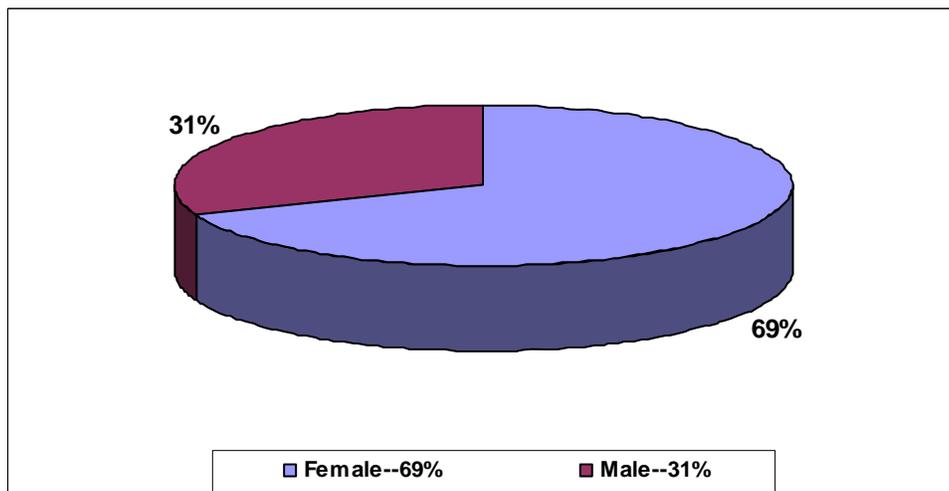
Enrollment by Race

As of December 31, 2006, 5,205 members identified as Caucasian; 1,952 members identified as African-American; 675 members identified as Hispanic; 96 members identified as Native American; and 1,672 members did not specify their race. (Not all applicants wish to specify their race on their DPAP application.) Race enrollment percentages are depicted in the chart below. (Less than one-half of one percent of clients—58 total clients—identified as Asian-American or Native Hawaiian/Pacific Islander. Therefore, these clients are not represented in the chart below.) These racial enrollment percentages remain consistent with previous reporting periods.



Enrollment by Gender

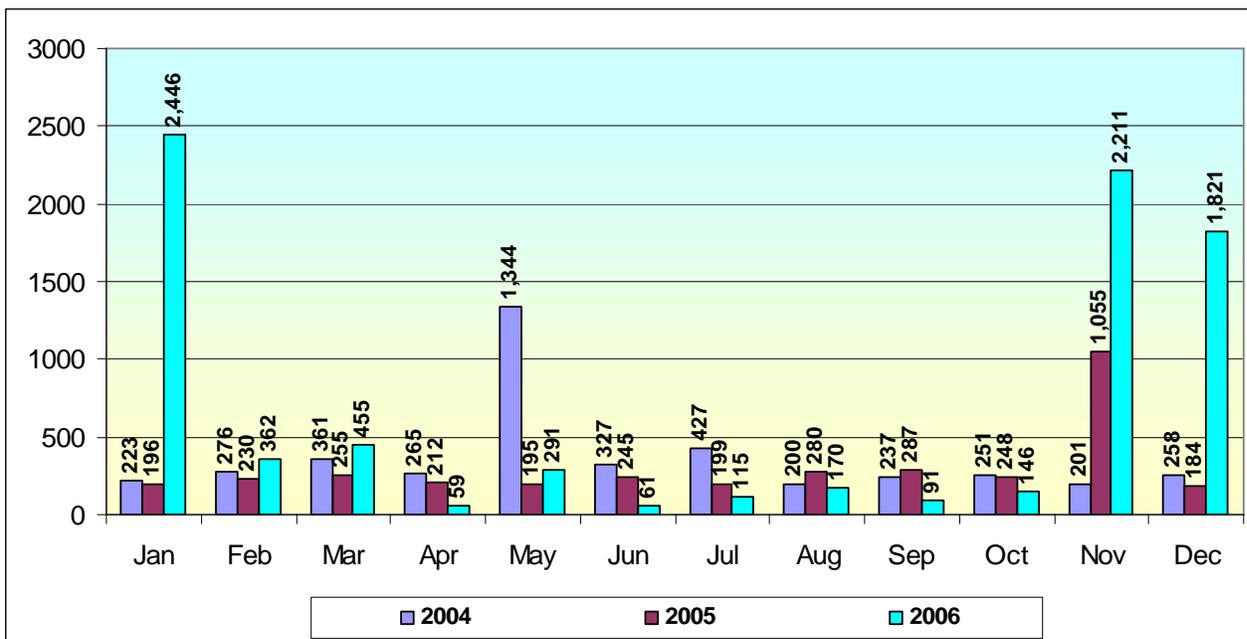
As of December 31, 2006, DPAP had 6,699 female members and 2,959 male members. Consistently since the inception of the program, the majority of DPAP enrollees have been female. Gender enrollment percentages are depicted in the chart below.



Applications

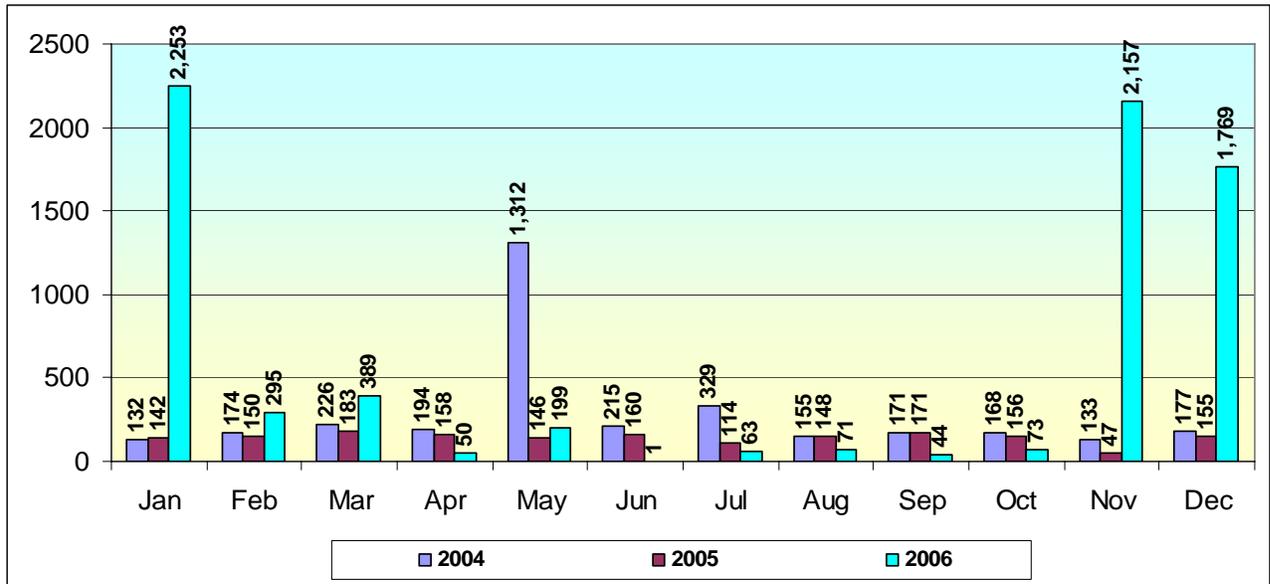
Applications Received

During 2006, DPAP processed 8,228 applications, an average of 686 new applications each month. This is an increase of 4,642 applications (129%) over 2005, and an increase of 3,858 applications (88%) over 2004. The large increase of applicants during 2006 can be largely attributed to Medicare Part D—existing DPAP clients reapplying to the program, former Nemours clients applying to the program, new clients who heard about the program through DPAP and Medicare Part D community outreach efforts, and the new calendar year reenrollment process. The chart below depicts the numbers of DPAP applications processed during each month of the past three years. Throughout the years, the number of DPAP applications received has spiked, naturally, during the reenrollment process.



Applications Approved

During 2006, DPAP approved 7,364 applications, or 89.50% of the total 8,228 applications received. The chart below shows the number of new DPAP applications approved during the past three years.

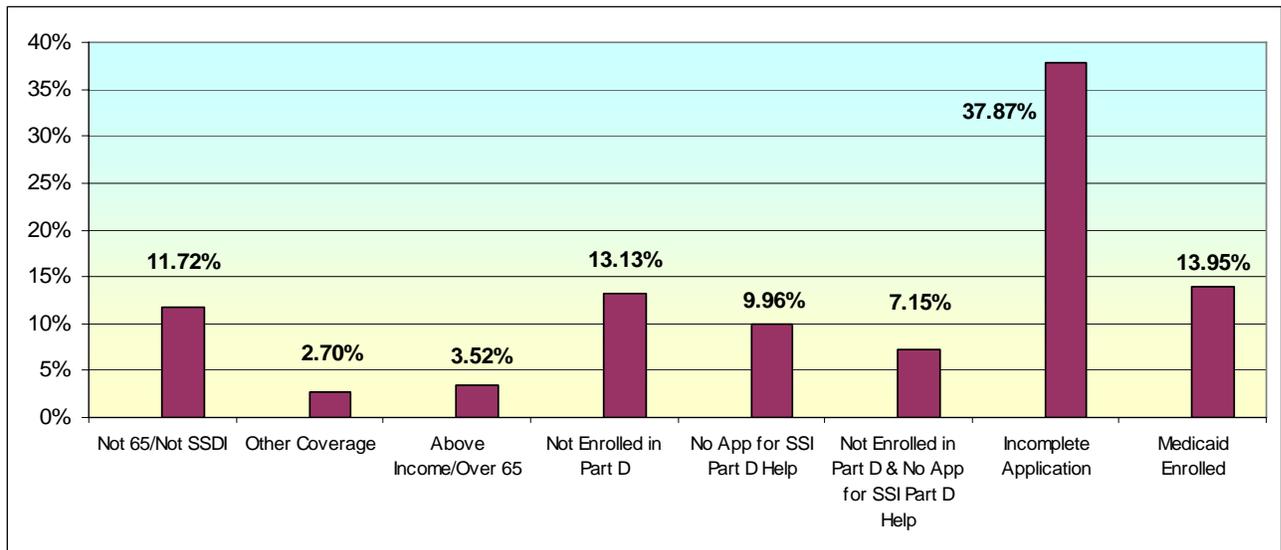


Applications Denied

During 2006, DPAP denied 864 applications, or 10.50% of the total 8,228 applications received. Possible reasons for denial of new DPAP applications include:

- Applicants who are not at least 65 years of age
- Applicants who do not receive Social Security disability benefits
- Applicants with an income not less than or equal to 200% FPL
- Applicants who currently have prescription coverage through Medicaid
- Applicants who are eligible for Medicare Part D but have not enrolled with a PDP
- Applicants who are eligible for Medicare Part D but have not applied to Social Security for LIS “extra help”
- Applicants who are eligible for Medicare Part D but have not chosen a PDP or applied to Social Security for LIS “extra help”
- Applicants who submitted an incomplete DPAP application.

The chart below depicts, in percentages, the reasons for DPAP application denials during 2006.



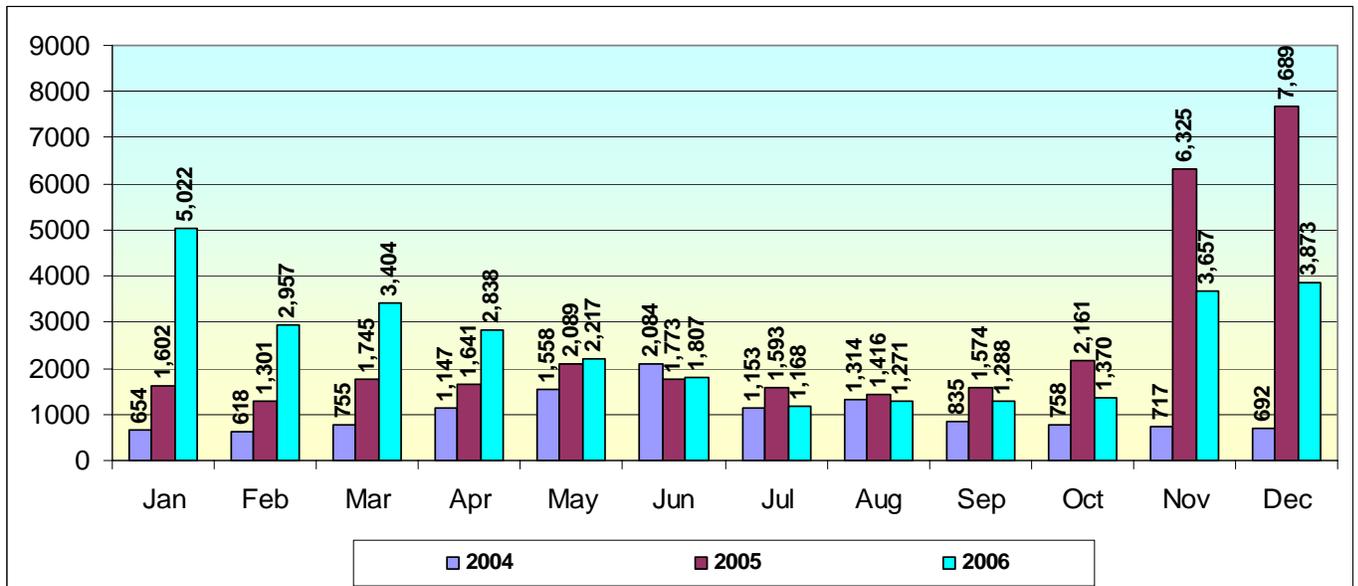
Phone Lines

Monthly Phone Calls

During 2006, DPAP representatives took a total of 30,872 incoming calls through the customer service telephone line, an average of 2,573 phone calls per month. The 2006 call volume was almost identical to the 2005 call volume, and more than double the 2004 call volume.

The 2006 average answer speed was 33 seconds, and the 2006 abandoned call rate was 4.47%. Incoming DPAP calls focused on enrollment, reenrollment, and eligibility questions. This year, a large number of calls also focused on Medicare Part D related questions, particularly during the early part of the year. Also, call volumes increased after client mailings and during the annual reenrollment period.

The following chart depicts the number of incoming calls taken by DPAP representatives during each month of the past three years.



Outreach Activities

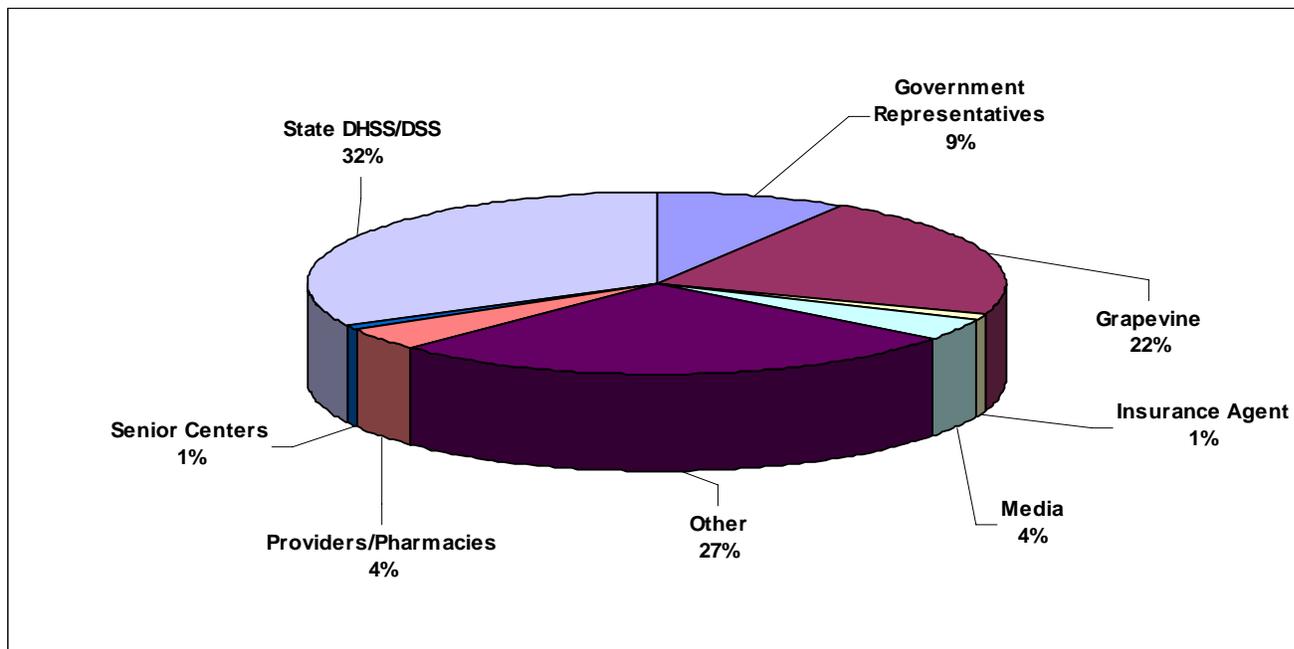
Community Outreach

DPAP outreach activities continue to engage the government, the public, and medical professionals throughout the State. Outreach channels include advertising, information and materials dissemination, attendance at special events, presentations, and meetings, one-on-one and group education, and application assistance opportunities. Areas of focus continue to include senior centers, State Service Centers, community mental health facilities, and doctors' offices, hospitals, clinics, and pharmacies Statewide. Community outreach played a crucial role during the first few months of 2006, as the outreach team worked to educate the public and providers about the new Medicare Part D program.

Application Distribution

During 2006, over 2,100 DPAP applications were distributed Statewide, either in-person or via the mail. Applications were distributed regularly to pharmacies, doctors' offices, State Service Centers, hospitals, and other appropriate locations, as well as to individuals who may qualify for DPAP. The State pharmacy community continues to support the program by identifying and educating potential DPAP clients.

To gauge the success of outreach efforts, DPAP tracks how each applicant heard about the program. The chart below depicts, in percentages, how 2006 DPAP applicants learned about the program.



***Media** includes the phone book, the Internet, newspapers and magazines, television, and radio.

***Grapevine** includes word-of-mouth referrals by friends and family.

***Government representatives** includes Senators, Representatives, Medicare, and other federal programs.

***State DHSS/DSS** includes State agencies and programs, State Services Centers, and the Health Benefits Manager (HBM).

***Other** includes retail stores, restaurants, work, and any other sources not captured in one of the other categories.

Special Events

DPAP outreach leveraged a number of different types of events and opportunities during 2006, in order to educate current and prospective clients about the program. The outreach team participated with numerous other organizations at various Statewide events. Outreach team members attended events including State caseworker trainings, health fairs, meetings, and presentations. Outreach team members disseminated information about Medicare Part D during Medicare Roadshows and RSVP Events, and through individual client assistance at State Service Centers, senior centers, and other locations. The outreach team also delivered and mailed out educational materials on a number of occasions. The 2006 outreach activities are summarized in the chart below.

Event Type	Number of 2006 Events
Caseworker Trainings	2
Health Fairs	16
Material Drop-Offs	76
Material Mailings	18
Medicare Part D: Individual Client Assistance	123
Medicare "Roadshows"	4
Medicare "RSVP" Programs	16
Meetings	9
Presentations	17

Materials Distributed

The outreach team distributed many written materials during 2006, at outreach events, by mail, and in-person. The chart below summarizes those DPAP materials distributed during 2006.

Information Type	2006 Total Distributed
DPAP Applications	2,078
Part D Tabletop Displays	12
Part D Fact Cards	3,074
Part D Provider Fact Sheets	1,040

Financial Reporting

2006 Financial Overview

During 2006, DPAP provided 139,271 prescriptions to its clients, at a total cost of \$2,637,088. Also, during 2006, DPAP paid a total of \$759,544 for Medicare Part D clients' Prescription Drug Plan (PDP) premiums. Including prescription costs and PDP premium payments, DPAP's total 2006 expenditure was \$3,396,632. The following sections report on various financial aspects of DPAP during the calendar year 2006.

Paid Amount: Prescriptions

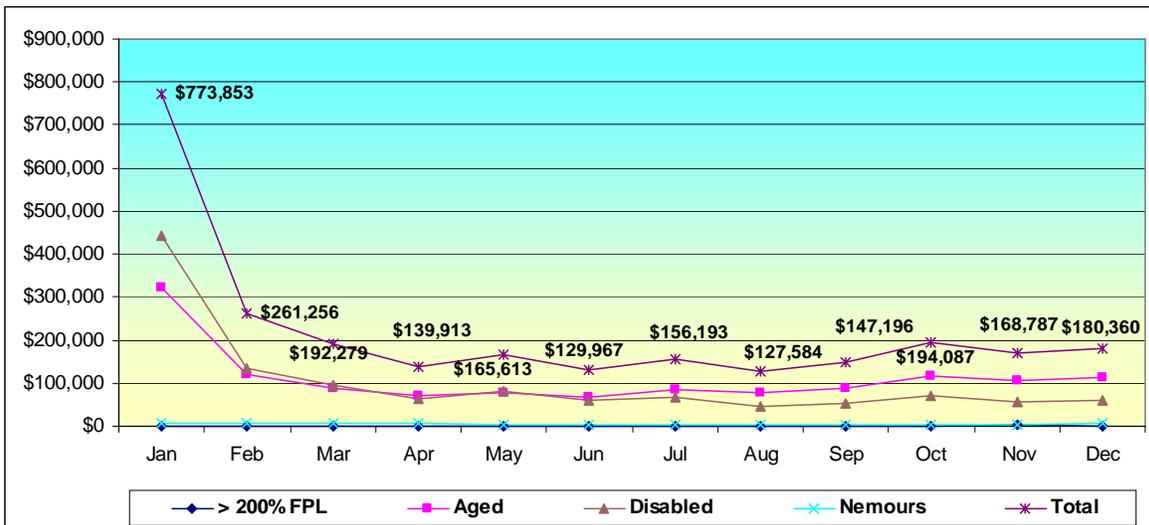
During 2006, the average monthly amount paid in DPAP prescriptions was \$219,757. During 2005, the average monthly amount paid in DPAP prescriptions was \$806,310. This represents an average monthly decrease in paid prescriptions between 2005 and 2006 of \$586,553 or 72.75%. This very significant drop in the average monthly prescription amount paid between 2005 and 2006 can be attributed to the inception of Medicare Part D prescription drug coverage. As stated earlier in this report, the vast majority of DPAP clients also have Medicare Part D prescription drug coverage. Despite this drop, DPAP remains invaluable to its clients who depend on it for payment of Part D PDP premiums, prescription assistance during the Part D coverage gap, coverage for non-Part D covered drugs, and for clients without Part D.

DPAP covers 75% of the client's deductible as well as over-the-counter (OTC) drugs and non-Part D covered class drugs. The DPAP benefit then picks up during the client's Part D coverage gap. For those clients who have all or part of their Part D PDP premiums paid by DPAP, the premium dollars are held out of the clients' annual benefit amount at the beginning of the calendar year. As previously stated, during 2006, the annual client benefit amount increased from \$2,500 to \$3,000.

Since the inception of the DPAP, the dollars spent on the aged and disabled client categories has remained quite close to equal. Nemours clients, and those clients whose annual prescription costs represent at least 40% of their total annual income, represent a very small percentage of the DPAP population. Therefore, DPAP costs for these clients are much lower than the costs for aged and disabled clients.

The chart below shows the total prescription costs per month for DPAP clients during 2006. The dollar amounts printed on the chart represent the prescription costs for all clients, the chart's purple line.

Notes: The prescription paid amount spiked in January since most dual DPAP/Medicare Part D clients had not yet joined a PDP. This trend levels off during the next few months, after most dual DPAP/Medicare Part D clients had joined a PDP. In July, the prescription paid amount spikes since clients were given the choice of either choosing a PDP or no longer being a DPAP client. Prescription paid amounts go up again from September through December since many dual DPAP/Medicare Part D clients had reached their Part D coverage gap, so they relied on DPAP for prescription assistance.



Paid Amount: Medicare Part D PDP Premiums

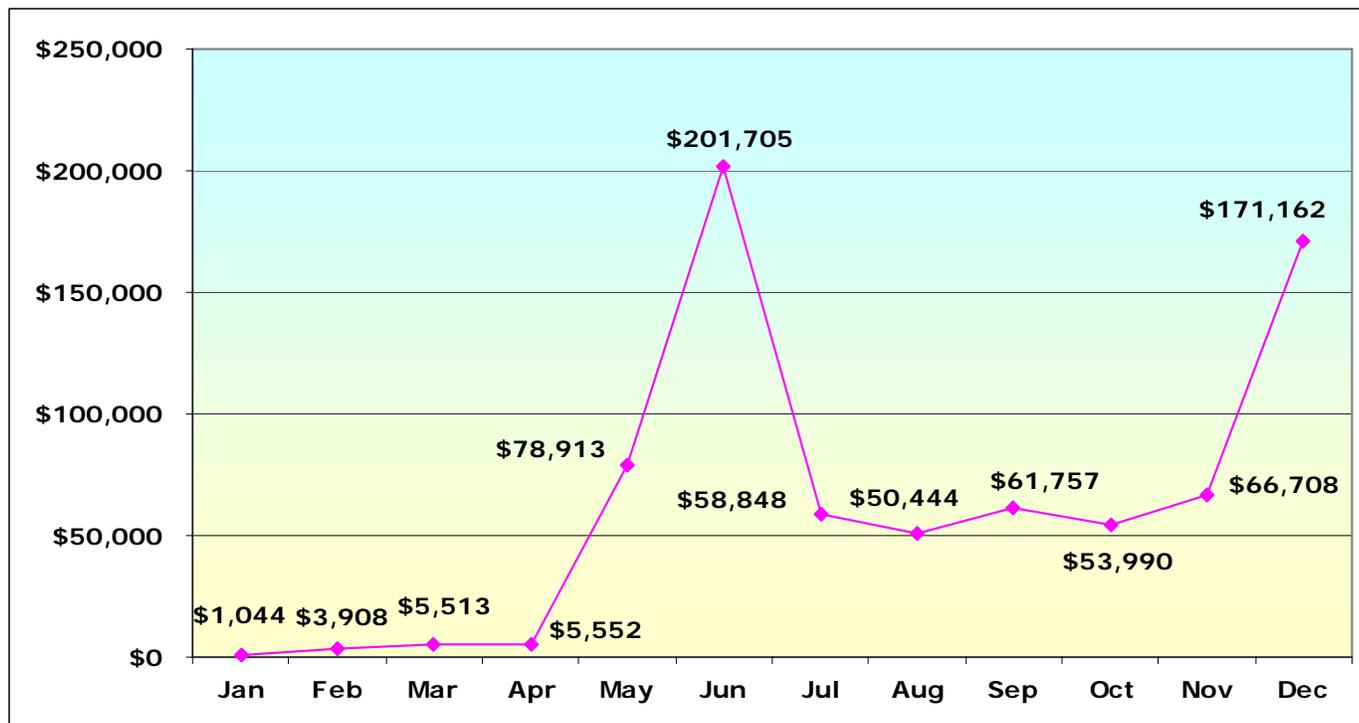
During 2006, the average monthly amount paid in premiums to Medicare Part D Prescription Drug Plans (PDPs) was \$63,295 at a total cost of \$759,544. DPAP pays on clients' PDP monthly premiums only when the client has shown that they have applied to, and do not qualify for, Low Income Subsidy (LIS) "extra help" through the Social Security Administration (SSA).

It is important to note, however, that for clients who financially qualify, the SSA may pay for 100%, 75%, 50%, or 25% of the client's monthly PDP premiums. In the cases when clients qualify for "partial extra help" (75%, 50%, or 25%) from the SSA, DPAP will pay the remainder of the client's monthly premium.

As previously stated in this report, clients applying to DPAP who are also eligible for Medicare Part D must supply DPAP with proof of enrollment in a Medicare Part D PDP, as well as proof of application to the SSA for LIS "extra help." This prevents DPAP from paying for prescriptions that should be covered under Medicare Part D, as well as paying for PDP premiums that should be covered by the SSA.

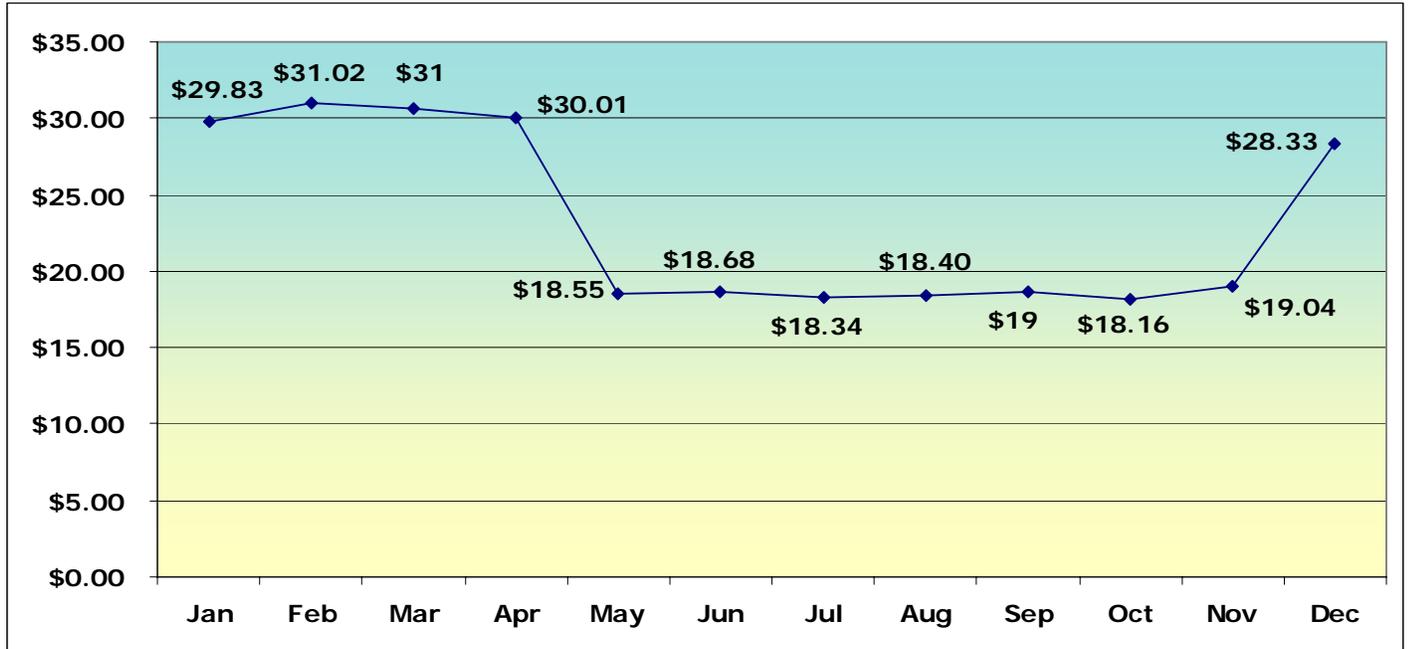
The chart below shows the total Medicare Part D PDP premium costs per month for DPAP clients during 2006. Please note that PDP payments were much lower in the first few months of the year due to the fact that most DPAP clients who needed to select a PDP and apply for LIS "extra help" had not yet done so, or had not yet heard back regarding their applications.

Not all PDPs were prepared to collect premiums from the State program. The premium costs spike in June and December reflects major changes to allow the premiums to be paid. During December, four new PDPs were added, and these PDPs received back payments through January.



Per Member Per Month Cost: Medicare Part D PDP Premiums

The chart below shows the average per member per month cost during 2006, for those clients who had part or all of their Part D PDP premiums paid for by DPAP. (The chart below does not include any prescription costs. It refers to Part D PDP premiums only.) Each month's average per member per month costs is calculated by dividing the total dollar amount of PDP premiums paid that month by the total number of payments made that month. During 2006, the average monthly per member per month cost for Part D premiums was \$20.33.



DPAP/Part D Clients with LIS “Extra Help”

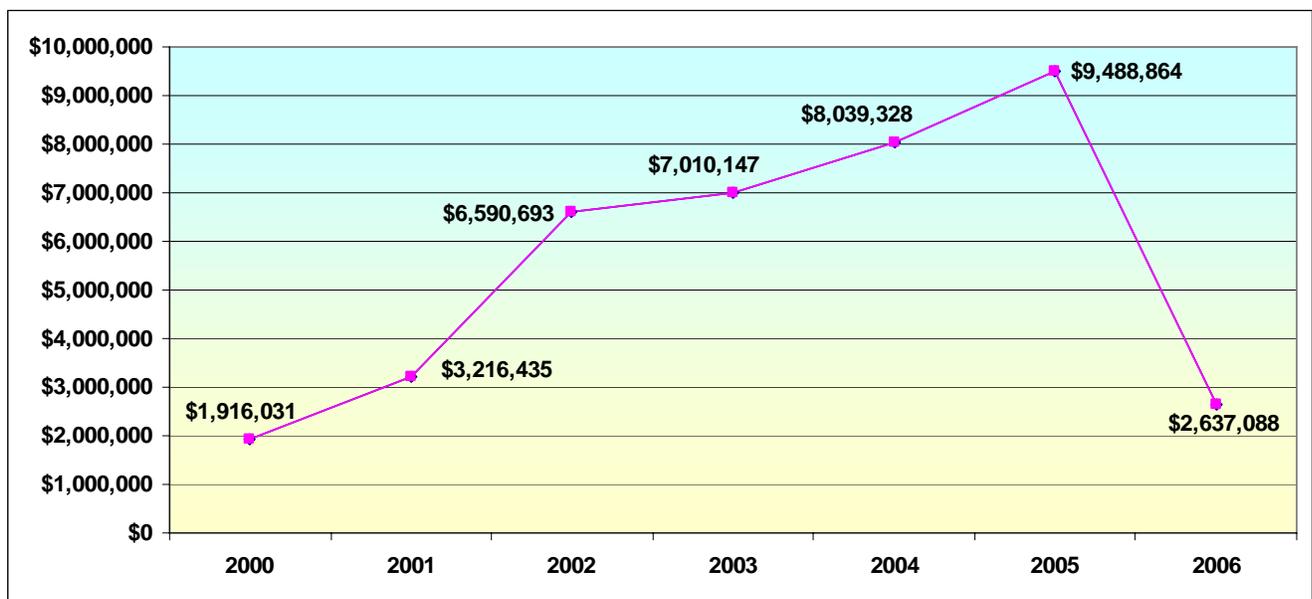
The chart below details the numbers of dual DPAP and Medicare Part D PDP clients for each month of 2006 who also received “extra help” paying their monthly PDP premiums from the Social Security Administration (SSA) Low Income Subsidy (LIS) program. As noted above, clients who qualify for “extra help” may have 25%, 50%, 75%, or 100% of their Medicare Part D PDP premiums paid by SSA. On average, at any given time during 2006, 64% of DPAP clients who were enrolled in a Medicare Part D PDP also received at least partial “extra help” from the SSA to pay their PDP premiums. As evident in the chart below, the vast majority of clients who had any kind of LIS “extra help” had 100% help with their monthly Part D PDP premiums.

2006 Month	100% Help	75% Help	50% Help	25% Help	No Help
January	54%	1%	1%	1%	43%
February	58%	1%	1%	1%	39%
March	59%	1%	1%	1%	38%
April	60%	1%	1%	1%	37%
May	60%	1%	1%	1%	37%
June	60%	1%	1%	1%	37%
July	64%	1%	1%	1%	33%
August	64%	1%	1%	1%	33%
September	63%	1%	1%	1%	34%
October	63%	1%	1%	1%	34%
November	63%	1%	1%	1%	34%
December	63%	1%	1%	1%	34%
Monthly Average	61%	1%	1%	1%	36%

Program Expenditures: Prescriptions

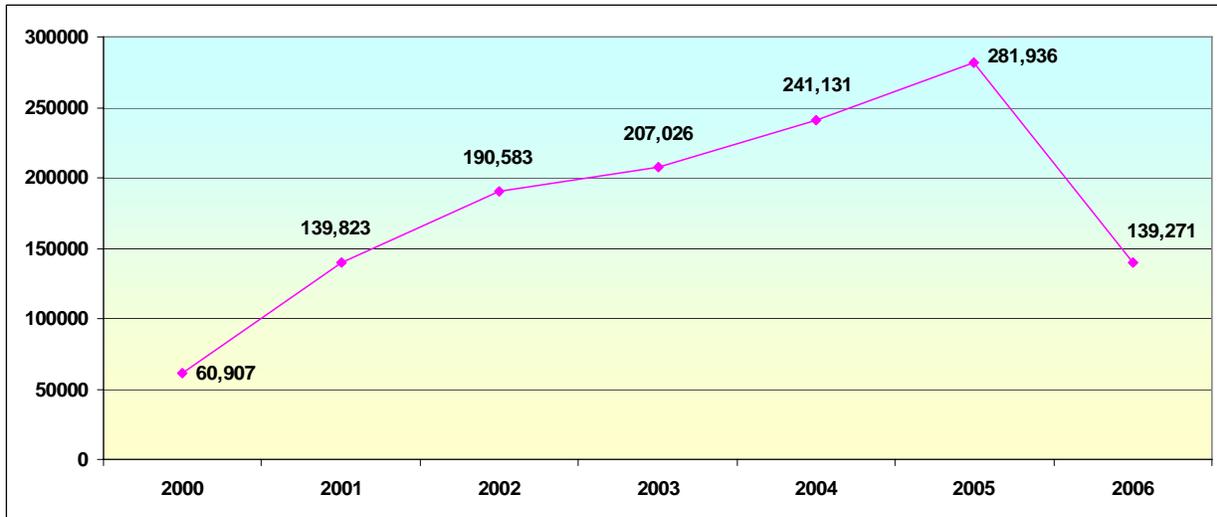
The chart below shows the total annual expenditures for calendar years 2000 through 2006, for prescriptions only. For 2000 through 2005, there was a steady increase in the annual prescription expenditures of the program, attributed to the rising costs of drugs, increasing program enrollment, and increasing client benefit usage. In 2006, the total annual prescription expenditure dropped dramatically due to the implementation of Medicare Part D and the fact that so many DPAP clients' drugs were covered through their Part D PDP instead of DPAP. Despite this drop, DPAP remains invaluable to its clients who depend on it for payment of Part D PDP premiums, prescription assistance during the Part D coverage gap, coverage for non-Part D covered drugs, and for clients without Part D.

Note: The 2006 total program expenditure of \$2,637,088 in the chart below does **not** include Part D PDP premium payments made by DPAP. DPAP paid a total of \$759,544 premium payments during 2006, for clients who were dually-eligible for DPAP and Part D and had partial or no LIS "extra help" in paying their monthly PDP premiums. Therefore, including prescription costs and Part D PDP premium payments, DPAP's total 2006 expenditure was \$3,396,632.

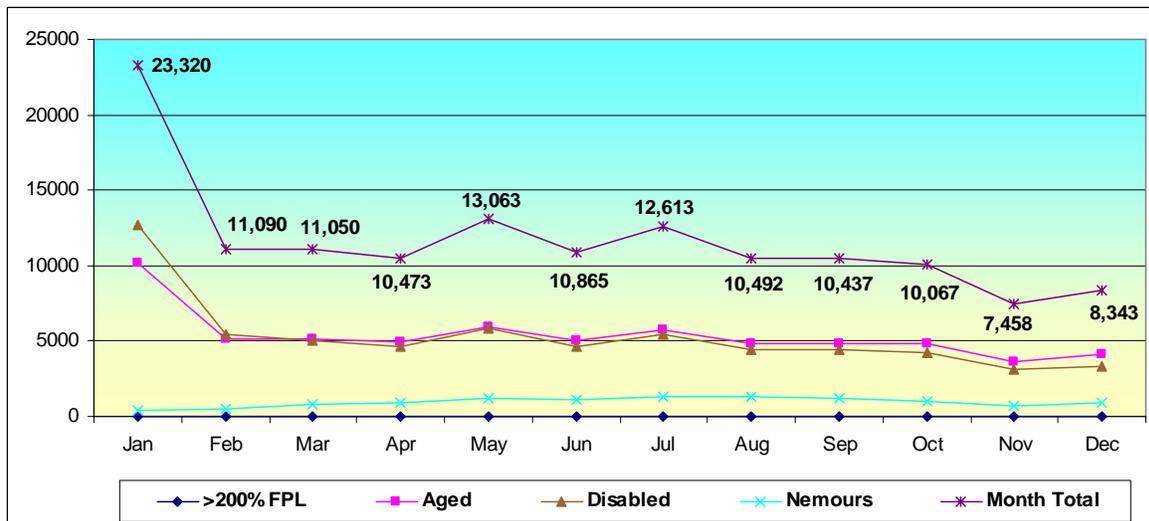


Number of Prescriptions

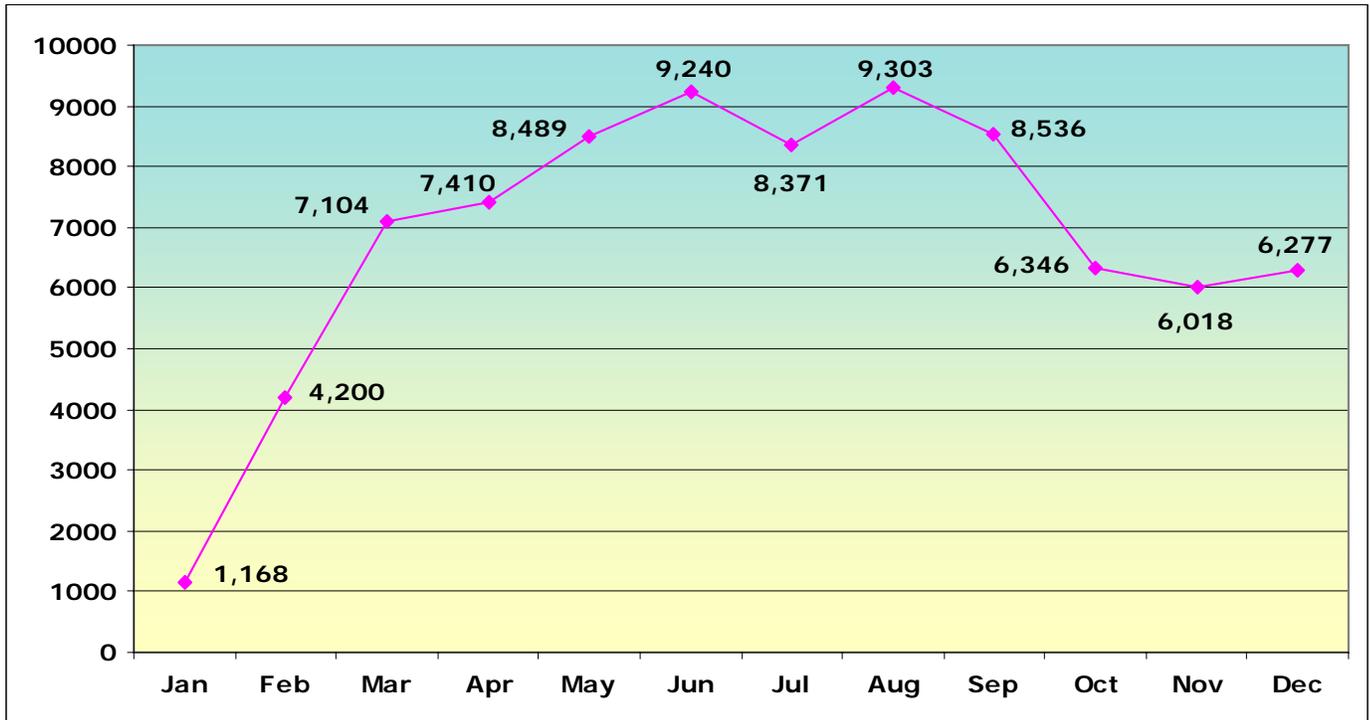
The chart below depicts the average number of prescriptions filled each year since 2000. During 2006, the average number of prescriptions filled each month was 11,606. During 2005, the average number of prescriptions filled each month was 23,721. Therefore, in 2006, there was a decrease of 12,115 average prescriptions filled per month, or 51.07%, from 2005. This dramatic drop is due to the implementation of Medicare Part D and the fact that so many DPAP clients' drugs were covered through their Part D PDP as primary coverage. Despite this drop, DPAP remains invaluable to its clients who depend on it for payment of Part D PDP premiums, prescription assistance during the Part D coverage gap, coverage for non-Part D covered drugs, and for clients without Part D. **Note:** If the PDP reports a \$1-\$2 client co-pay, the pharmacy is not required to send the transaction to EDS. Therefore, the numbers in the charts below do not include these transactions and would be higher if these transactions were counted.



The chart below depicts the number of prescriptions filled during each month of 2006, per DPAP eligibility category. The number of prescriptions filled per month was quite equal between the aged and disabled, which represents a trend since the inception of the program. Since Nemours clients and those clients whose annual prescription costs represent at least 40% of their total annual income represent a very small percentage of the DPAP population, the number of prescriptions filled for these clients is much lower than the number of prescriptions filled for aged and disabled clients.



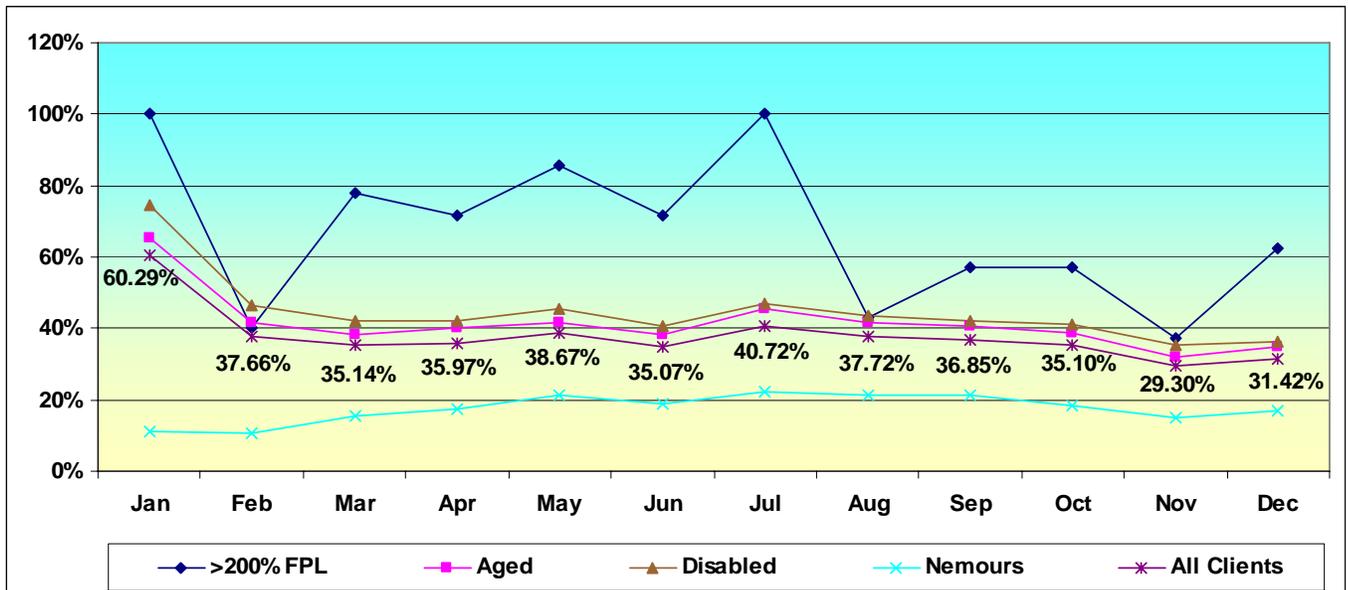
The chart below depicts the number of prescriptions filled during each month of 2006 and includes **only prescriptions covered by Medicare Part D**. It excludes DPAP-covered prescriptions. The number of Medicare Part D-covered prescriptions was much lower in the first two months of the year than the rest of the year since, during the first two months of 2006, few DPAP clients who were also eligible for Medicare part D had actually enrolled into a PDP.



Percentage of Clients Using Benefits

The chart below shows the percentage of clients who used their benefits at some time during each month of 2006. (Note: Percentages are written out on the chart only for all clients. Percentages are depicted in the line graphs for each DPAP eligibility category, but not written out.) During 2006, on a monthly average, 37.83% of DPAP clients used their benefits at some time during the month. During 2005, on a monthly average, 77.94% of DPAP clients used their benefits at some time during the month. Therefore, from 2005 to 2006, the average number of clients who used their benefits at some time during the month dropped by 40.11%, due to clients' relying on Medicare Part D. Despite this drop, DPAP remains invaluable to its clients who depend on it for payment of Part D PDP premiums, prescription assistance during the Part D coverage gap, coverage for non-Part D covered drugs, and for clients without Part D.

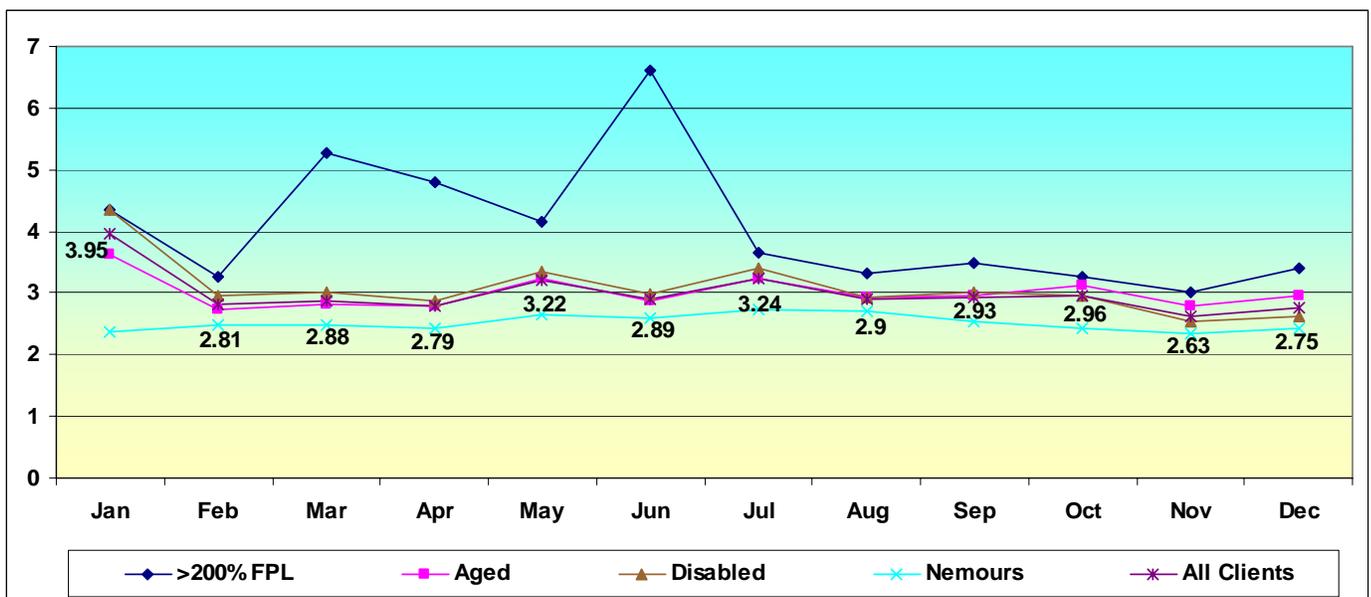
As noted earlier in this report, due to Medicare Part D, clients whose prescription costs total at least 40% of their annual income—labeled as “>200% FPL” in the chart below—represent less than 1% of DPAP clients. These clients are more likely to use their DPAP benefit than other clients, so their percentages are higher in the chart below. Also, because these clients represent such a small number of the DPAP population, any statistical variances among these clients will cause large variances in a chart.



Average Number of Prescriptions per Client per Month

The chart below shows the average number of prescriptions filled per client, per month, during 2006. (Note: Numbers are written out on the chart only for all clients. Numbers are depicted in the line graphs for each DPAP eligibility category, but not written out.) During 2006, on a monthly average, clients filled 3.00 prescriptions. During 2005, on a monthly average, clients filled 4.08 prescriptions. Therefore, from 2005 to 2006, the monthly average of prescriptions per client per month dropped by 1.08 prescriptions, or 26.48%. Despite this drop, DPAP remains invaluable to its clients who depend on it for payment of Part D PDP premiums, prescription assistance during the Part D coverage gap, coverage for non-Part D covered drugs, and for clients without Part D.

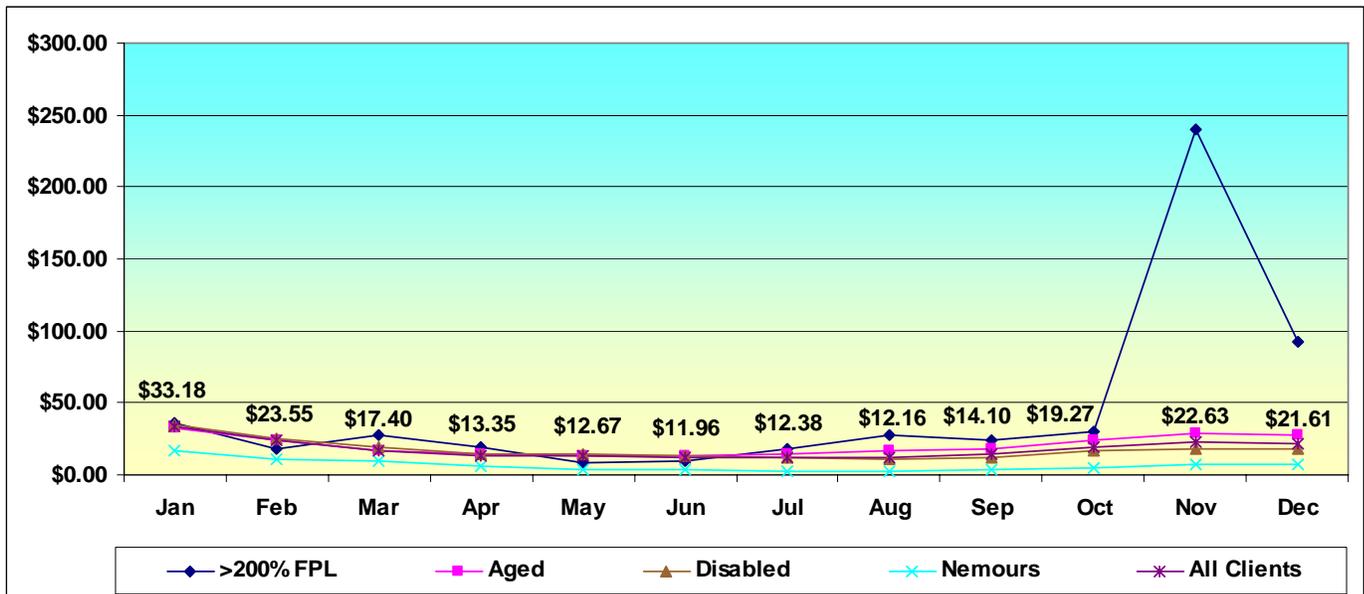
As noted earlier in this report, due to Medicare Part D, clients whose prescription costs total at least 40% of their annual income—labeled as “>200% FPL” in the chart below—represent less than 1% of DPAP clients. These clients are more likely to use their DPAP benefit than other clients, so their percentages are higher in the chart below. Also, because these clients represent such a small number of the DPAP population, any statistical variances among these clients will cause large variances in a chart.



Average Cost per Prescription

The chart below shows the average cost per prescription, per month, during 2006. Calculations for the average cost per prescription include only those clients who filled at least one prescription during a given month, in order to make the statistics more relevant. Those clients who did not fill at least one prescription during a given month are not included in that month's calculations. (Note: Dollar amounts are written out on the chart only for all clients. Dollar amounts are depicted in the line graphs for each DPAP eligibility category, but not written out.) During 2006, the monthly average prescription cost was \$17.86. During 2005, the monthly average prescription cost was \$33.70. Therefore, from 2005 to 2006, the monthly average prescription cost dropped \$15.84, or 47.00%. Despite this drop, DPAP remains invaluable to its clients who depend on it for payment of Part D PDP premiums, prescription assistance during the Part D coverage gap, coverage for non-Part D covered drugs, and for clients without Part D.

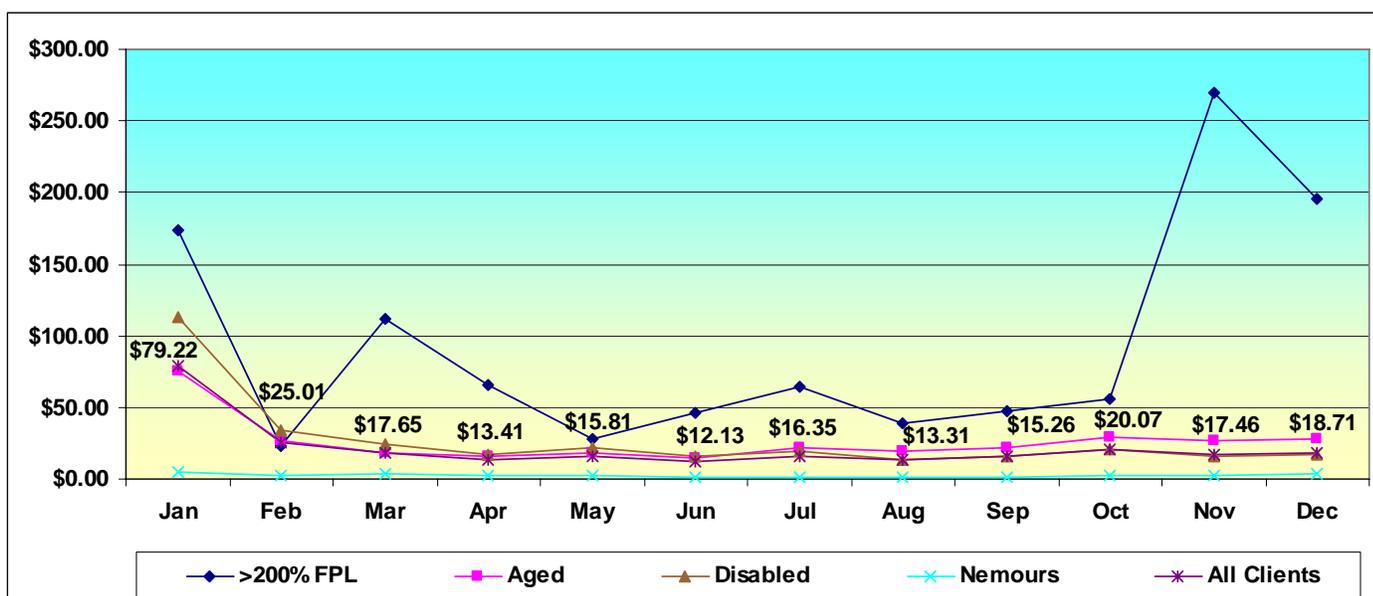
Please note that during November and December 2006, one particular >200% FPL client was prescribed several very expensive drugs. Since >200% FPL clients represent such a small number of all DPAP clients as to make virtually any change statistically significant, the November/December 2006 variance in the chart below for >200% FPL clients seems extreme but is in fact correct.



Per Member per Month Cost: Prescriptions

The chart below shows the average program cost per member per month during 2006, for prescriptions only. (The chart below excludes costs for Medicare Part D PDP premiums.) Calculations for the per member per month cost include all clients eligible during the given month, including those clients who did not use their benefits during the given month. (Note: Dollar amounts are written out on the chart only for all clients. Dollar amounts are depicted in the line graphs for each DPAP eligibility category, but not written out.) Since the inception of the program, the average per member per month cost has remained quite equal between the aged and disabled eligibility categories. During 2006, on a monthly average, the average per member per month cost was \$22.03. During 2005, on a monthly average, the average per member per month cost was \$108.97. Therefore, from 2005 to 2006, the monthly average per member per month cost dropped \$86.94, or 79.78%. Despite this drop, DPAP remains invaluable to its clients who depend on it for payment of Part D PDP premiums, prescription assistance during the Part D coverage gap, coverage for non-Part D covered drugs, and for clients without Part D.

Please note that during November and December 2006, one particular >200% FPL client was prescribed several very expensive drugs. Also, since >200% FPL clients represent such a small number of all DPAP clients as to make virtually any change statistically significant, the variances in the chart below for >200% FPL clients may seem extreme but are in fact correct.



Financial Costs Since Program Inception

For easy comparison, the chart below shows three different statistics for DPAP clients for the years 2000 through 2006: the average cost per member per month (annualized average), the average cost per prescription (annualized average), and each year's total program expenditures. The chart represents a summary of expenditures since the inception of the program. The dramatic drop in each of the three categories from 2005 to 2006 is attributable to the implementation of Medicare Part D.

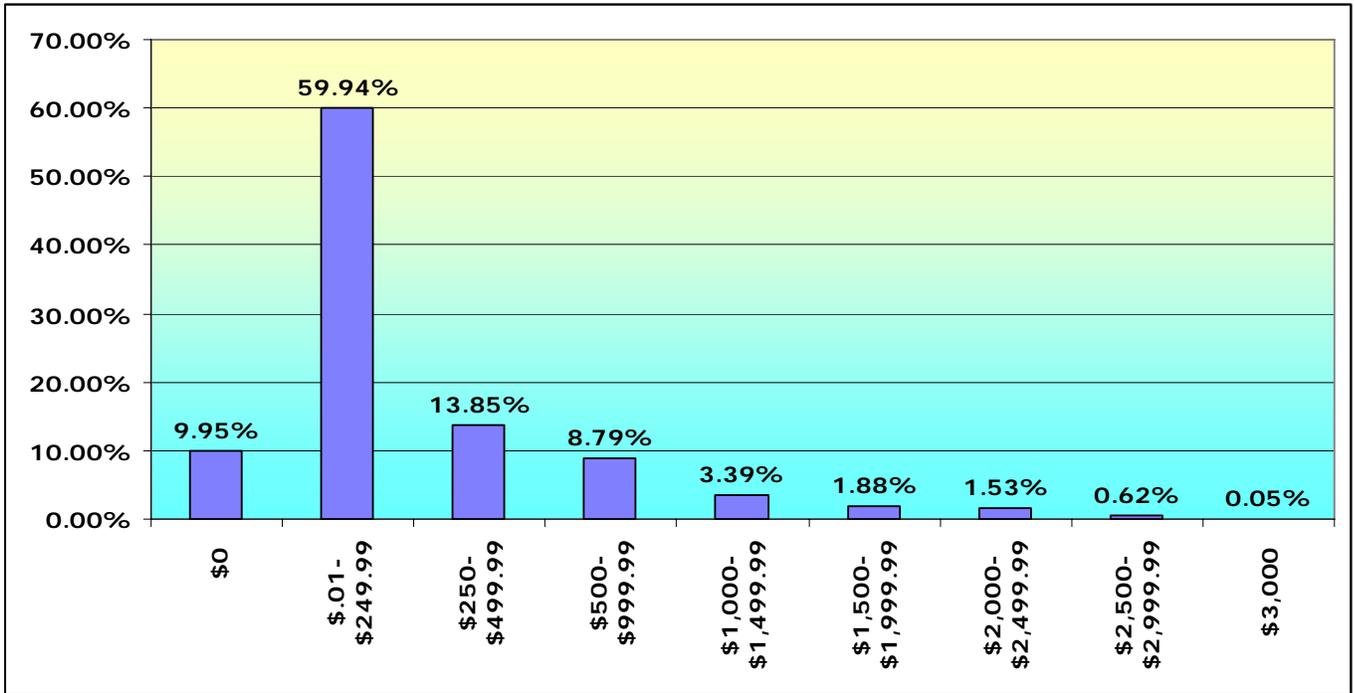
Year	Cost per Member per Month	Average Cost per Prescription	Average Cost per PDP Premium Payment	Total Program Expenditure
2006	\$22.03	\$17.86	\$20.33	\$3,396,632*
2005	\$106.95	\$33.48	N/A	\$9,488,864
2004	\$107.94	\$33.31	N/A	\$8,039,328
2003	\$106.48	\$33.92	N/A	\$7,010,147
2002	\$108.95	\$34.48	N/A	\$6,590,693
2001	\$92.21	\$32.70	N/A	\$3,216,435
2000	\$70.47	\$31.44	N/A	\$1,916,031

*Includes prescriptions and Part D PDP premium payments made by DPAP.

Member Expenditure

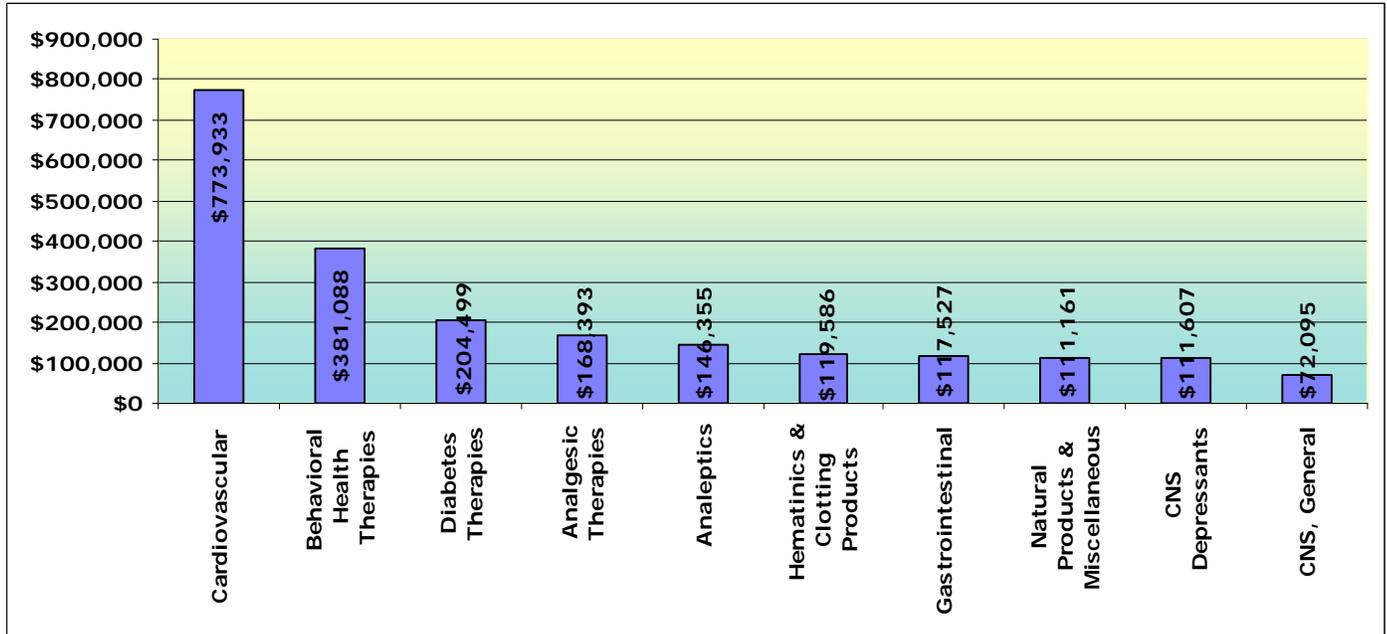
Benefit Dollars Spent

The chart below shows how much DPAP clients spent of their total available benefit during 2006. The chart includes DPAP prescription costs as well as Medicare Part D PDP premium payments, since PDP payments are taken out of the annual benefit for those clients who receive PDP premium payment assistance from DPAP. As stated previously in this report, during 2006, the DPAP member annual benefit increased from \$2,500 to \$3,000. During 2006, DPAP clients spent much less of their benefit than in previous years, due to the implementation of the Medicare Part D prescription drug program. Despite this drop, DPAP remains invaluable to its clients who depend on it for payment of Part D PDP premiums, prescription assistance during the Part D coverage gap, coverage for non-Part D covered drugs, and for clients without Part D. As depicted in the chart below, 73.79% of DPAP clients spent less than \$500 of their maximum \$3,000 benefit during 2006. 9.95% of clients did not use their benefit at all, and only .05% of clients used the \$3,000 maximum benefit.



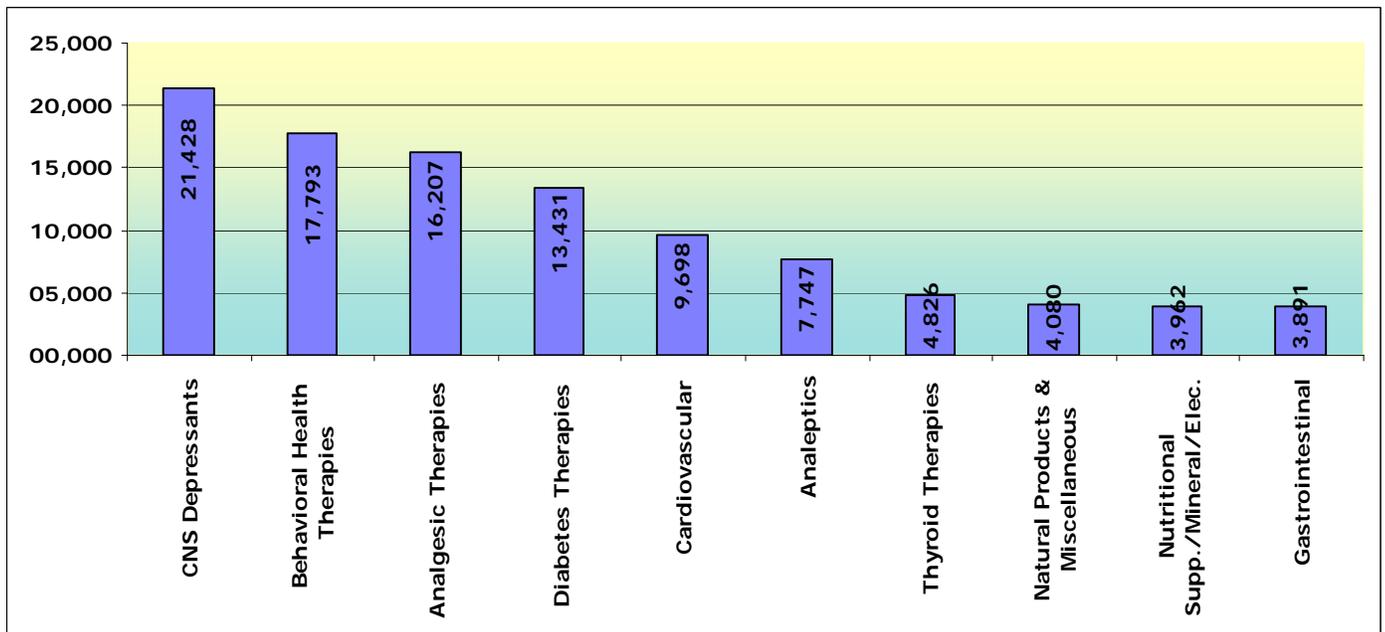
Drug Expenditure by Category

During 2006, DPAP spent 83.66% of prescription drug dollars on the top ten therapeutic class drug categories, as depicted in the chart below. In previous reporting periods, the top ten drug categories have normally accounted for 70%–85% of annual drug costs. Most categories represent treatment for chronic illnesses that would be expected with either the elderly or individuals with disabilities.



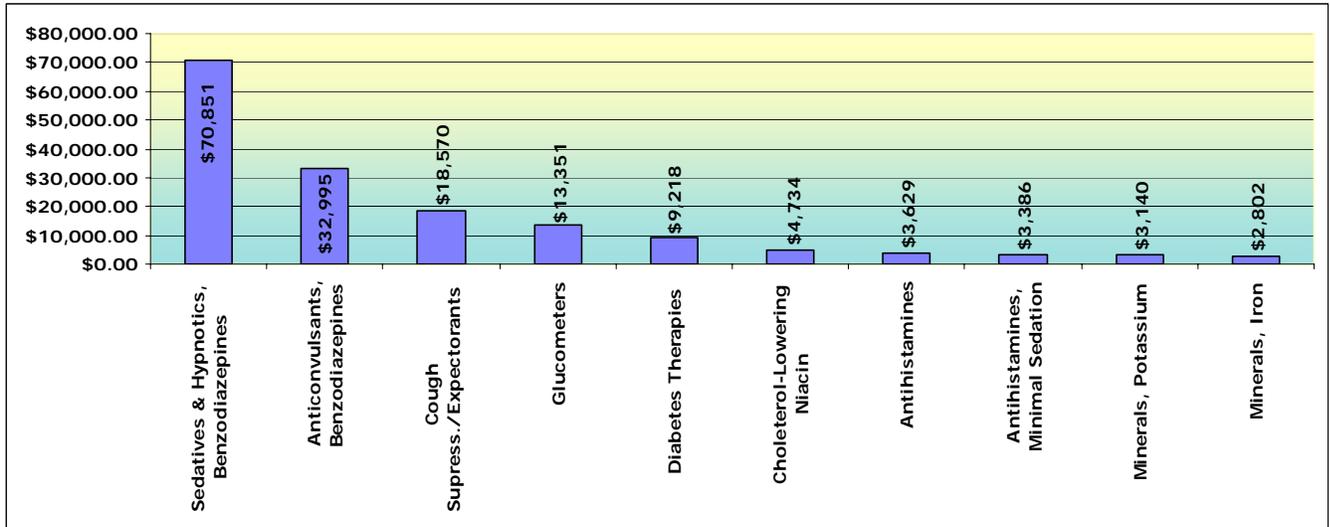
Number of Prescriptions by Category

During 2006, the top ten therapeutic class drug categories accounted for 74.00% of DPAP prescriptions filled, as depicted in the chart below. In previous reporting periods, the top ten drug categories have normally accounted for 60%–75% of annual drug costs.



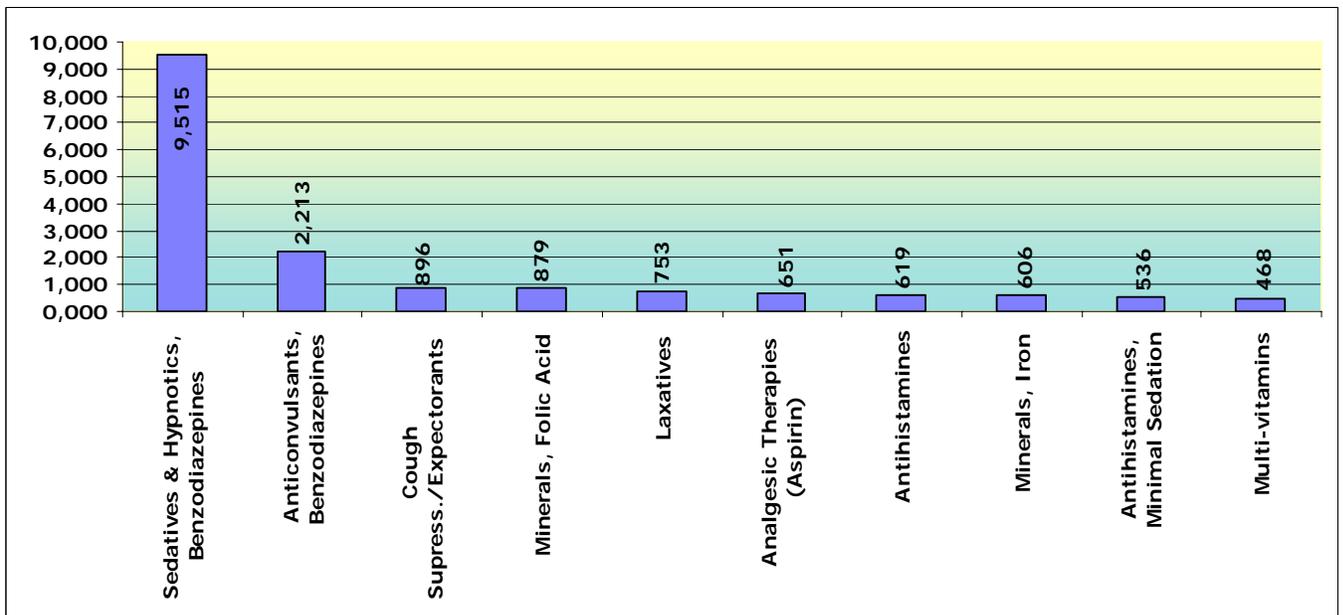
Drug Expenditure by Category: Non-Part D Covered Drugs

The chart below depicts the top ten therapeutic class drug categories **only for those drugs covered by DPAP and excluded from Part D coverage**. The chart reports on these drugs by dollars for calendar year 2006. Although the vast majority of DPAP clients also have Part D coverage, these clients depend on DPAP to cover non-Part D covered drugs, as well as for assistance in paying Part D PDP premiums and prescription assistance during the Part D coverage gap.



Number of Prescriptions by Category: Non-Part D Covered Drugs

The chart below depicts the top ten therapeutic class drug categories **only for those drugs covered by DPAP and excluded from Part D coverage**. The chart reports on these drugs by prescription numbers for calendar year 2006. Although the vast majority of DPAP clients also have Part D coverage, these clients depend on DPAP to cover non-Part D covered drugs, as well as for assistance in paying Part D PDP premiums and prescription assistance during the Part D coverage gap.



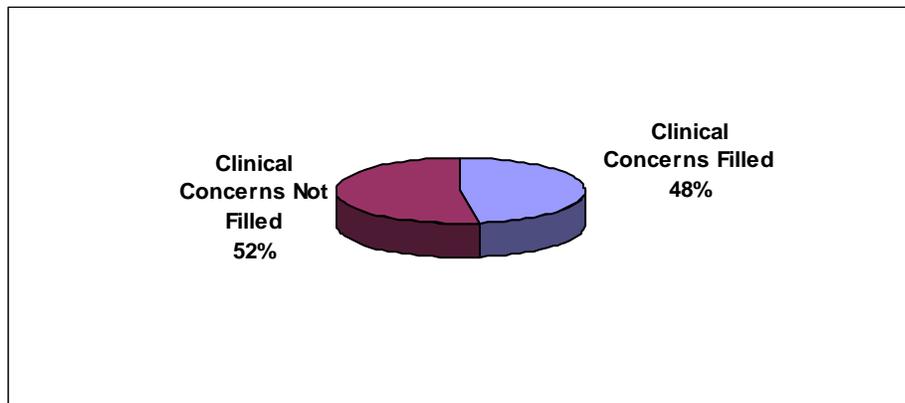
Drug Utilization Review

Drug Utilization Review Overview

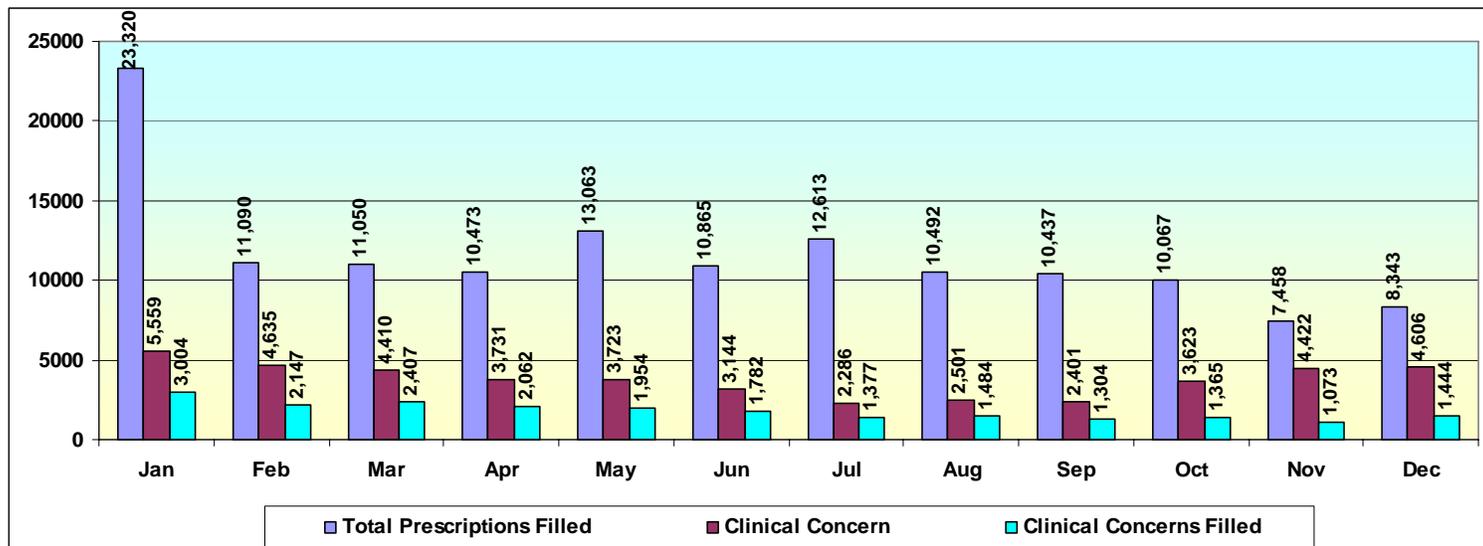
All prescriptions that are filled for DPAP clients are automatically reviewed for clinical appropriateness. This process is called Drug Utilization Review (DUR). There are two types of DUR: prospective and retrospective. Prospective DUR alerts the dispensing pharmacist before the prescription is filled. Retrospective analysis looks at prescription usage over a long period of time. The DUR processes optimize medical and pharmaceutical care by reviewing client prescription drug therapy. The DUR Board identifies criteria used. The Board consists of physicians, pharmacists, and an advanced practice nurse.

Prospective Drug Utilization Review

Pharmacists submit claims electronically in a real-time environment, called the Point-of-Service (POS) system. Eligibility and prescription coverage is verified and pharmacies are notified within seconds for claim status. During 2006, 162,909 prescription claims were submitted to DPAP. Of the submitted claims, 139,271 prescriptions, or 85.49%, were filled. Of the 162,909 prescription claims submitted to DPAP, 45,041, or 27.65%, generated a clinical concern, also known as an “alert.” Of the prescription claims which generated an alert, 52.48% were not filled, and 47.52% were overridden and filled, as depicted in the chart below.



When faced with a clinical concern from the POS system, pharmacists take appropriate action, which can entail using their professional judgment, contacting the physician, or simply talking to the patient. The prescriptions that were not filled may be related to a minor issue, such as its being too early for a refill. Major issues also arise, and are carefully screened by the appropriate medical professionals. The chart below details the number of prescriptions filled during 2006, the number of prescriptions flagged for clinical concern and the number of those flagged prescriptions filled.



Retrospective Drug Utilization Review

A retrospective drug utilization review allows for an evaluation of drug usage over a long span of time, generally six months to a year. EDS contracts with Heritage Information Systems, Inc. for the retrospective drug utilization review. This type of review can alert practitioners to problems that may not be apparent at client pharmacy visits or upon renewal of a prescription. Exceptions are identified when a patient's therapy falls outside established guidelines.

This year, four mailings were sent to DPAP clients for the purpose of retrospective drug utilization review. Details on those four mailings are below. Final outcomes for all interventions listed below are pending.

Pain Management (COC): The purpose of this mailing was to target patients who were “doctor shopping” for narcotic analgesics. The criteria approved by the Board included patients that had been on an opiate analgesic in the past 60 days (excluding patients with inferred cancer diagnosis) and had received 8 or more prescriptions for opiates from 4 or more physicians in the past 180 days. The major outcome measured by this intervention was a reduction in narcotic abuse and program expense. For this mailing, 564 letters were sent on March 2, 2006, targeting 93 DPAP clients.

Short-Acting Opiate (DUE): The purpose of this mailing was to improve pain management therapy for patients who were over-utilizing short-acting opiates. The approved criteria included long-term/chronic use (greater than 3 months) of one or more short-acting opiates (quantity of 120 units every 30 days). The primary outcomes measured were a reduction in the utilization of short-acting opiates and a corresponding increase in the use of long-acting opiate products when clinically appropriate. For this mailing, 382 letters were sent on April 18, 2006, targeting 140 DPAP clients.

Hypertension: The focuses of this mailing were appropriate antihypertensive use and non-compliance. Additional inclusion criteria included underutilization of certain classes of medications (i.e. ACE modulating, beta blockers, Thiazides) and increased risk of adverse drug events. The major outcomes measured by this intervention were improved medication compliance, increased utilization of clinically appropriate agents for specific conditions, and a decrease in adverse drug events. For this mailing, 371 letters were sent on September 19, 2006, targeting 87 DPAP clients.

Polypharmacy: The mailing targeted those patients receiving a high number of prescriptions per month. Disease states excluded from the analysis included ESRD, HIV, and cancer. The criteria included:

- 10—14 prescriptions within a 30-day time frame; multiple physicians; opiates and tramadol
- 10—14 prescriptions within a 30-day time frame; multiple physicians and pharmacies
- 10—14 prescriptions within a 30-day time frame; 3 or more physicians

The primary measures of this intervention were to achieve a reduction in the number of prescriptions that patients were receiving, to achieve a reduction in program expenses, and to improve coordination between providers when appropriate. For this mailing, 424 letters were sent on November 22, 2006, targeting 103 DPAP clients.

End Summary

2006 was a year of changes and challenges for DPAP. The implementation of the Medicare Part D prescription drug program had a significant effect on the policies, procedures, and financials of DPAP. As a result of Medicare Part D implementation, DPAP spent about one-third of what the program spent last year. In 2005, the DPAP program expenditure totaled \$9,488,864. In 2006, including prescriptions and Medicare Part D premium payments, the DPAP program expenditure totaled \$3,396,632—only 35.80% of the 2005 program expenditure. Despite this drop, DPAP remains invaluable to its clients who depend on it for payment of Part D PDP premiums, prescription assistance during the Part D coverage gap, coverage for non-Part D covered drugs, and for clients without Part D.

Medicare Part D changed DPAP in other important ways during 2006. The annual client benefit increased from \$2,500 to \$3,000. To be in line with the CMS Medicare Part D calendar, DPAP began to follow a calendar year instead of the State fiscal year, changing DPAP's annual reenrollment period from April 1 to June 30, to November 1 through December 31. The DPAP client population increased greatly during 2006, mainly due to the influx of former Nemours program clients. At the end of 2006, 9,658 clients were enrolled in DPAP, representing a 23.85% increase in program membership in just one year.

2006 held changes not only for the DPAP program itself, but for its clients as well. DPAP clients who are also eligible for Medicare Part D must now enroll in a PDP and apply for SSA LIS "extra help" in order to receive DPAP eligibility. Dually-eligible DPAP and Medicare Part D clients—who represent the vast majority of all DPAP clients—must understand how the implementation of Medicare Part D affects them and their benefits. To assist and educate these clients, the DPAP outreach team worked vigorously during 2006, attending various Medicare events, health fairs, meetings and presentations, and distributing over 2,100 DPAP applications.

The DPAP team worked diligently during 2006 to ensure a successful transition regarding the numerous Part D changes. During 2006, DPAP processed 8,228 applications, an average of 686 new applications each month, representing a 129% increase over the number of new applications processed during 2005. The DPAP team took a total of 30,872 incoming telephone calls during 2006, an average of 2,573 calls per month. During 2006, DPAP clients received 139,271 prescriptions through the program, and 37.83% of DPAP clients used their benefit at some time during the year. During 2006, DPAP paid \$2,637,088 in prescription costs and \$759,544 in Medicare Part D PDP premiums.

Thousands of clients depend on DPAP to assist them with their prescription costs and to help them navigate the new sea of Medicare Part D changes. The DPAP team looks forward to continuing to serve its clients well during 2007.

Appendix A

	Clients Eligible	Clients Who Used Benefit	Percentage of Clients Who Used Benefit	Claim Count	Claim Paid Amount	Per Member per Month Cost: Prescriptions	Average Cost per Prescription	Average Number of Prescriptions per Client
January 2006	9,769	5,890	60.29%	23,320	\$773,852.57	\$79.22	\$33.18	3.95
February 2006	10,446	3,934	37.66%	11,090	\$261,256.32	\$25.01	\$23.55	2.81
March 2006	10,895	3,829	35.14%	11,050	\$192,279.30	\$17.65	\$17.40	2.88
April 2006	10,435	3,753	35.97%	10,473	\$139,912.60	\$13.41	\$13.35	2.79
May 2006	10,477	4,051	38.67%	13,063	\$165,612.88	\$15.81	\$12.67	3.22
June 2006	10,713	3,757	35.07%	10,865	\$129,967.45	\$12.13	\$11.96	2.89
July 2006	9,553	3,890	40.72%	12,613	\$156,193.43	\$16.35	\$12.38	3.24
August 2006	9,589	3,617	37.72%	10,492	\$127,583.67	\$13.31	\$12.16	2.90
September 2006	9,645	3,554	36.85%	10,437	\$147,196.16	\$15.26	\$14.10	2.93
October 2006	9,669	3,394	35.10%	10,067	\$194,086.74	\$20.07	\$19.27	2.96
November 2006	9,667	2,832	29.30%	7,458	\$168,786.73	\$17.46	\$22.63	2.63
December 2006	9,658	3,029	31.42%	8,343	\$180,360.46	\$18.71	\$21.61	2.75
2006 Total	120,516	45,530	N/A	139,271	\$2,637,088.31	N/A	N/A	N/A
Annualized Monthly Average	10,043	3,794	37.83%	11,606	\$219,757.36	\$22.03	\$17.86	3.00

Contact Information

Any questions or concerns regarding this report should be directed to the DPAP Manager, Rose Miller. She may be reached via email at rose.miller@eds.com, or via telephone at 302.454.7622, ext. 203.