

August 20, 2018

To the Honorable Members of
The Illinois House of Representatives,
100th General Assembly:

Today I veto House Bill 4096 from the 100th General Assembly, which would severely restrict the State's ability to effectively manage the pharmaceutical costs of its Medicaid program.

This administration is committed to maintaining an effective and efficient program of public aid to best serve Illinoisans who utilize it while also ensuring its long-term viability. To that end, we have launched a massive overhaul of the fee-for-service system that has shifted our Medicaid program to a managed care model. This process has achieved, and will continue to achieve, cost savings that allow the State to better serve both the Medicaid population and other citizens of Illinois.

Unfortunately, this legislation would undermine some of the innovative measures that were implemented to curb program costs by limiting the Department of Health and Family Services' (HFS) control over managed care organizations' preferred drug lists (PDLs). This legislation prohibits the Department from requiring that MCOs only cover certain pharmaceuticals as preferred and from requiring participation in a universal preferred drug list. Further, the Department would not be allowed to prohibit a health plan from negotiating with drug manufacturers for drug pricing concessions or rebates on any drugs on the classes of drugs on the preferred drug list.

One of the elements the State specifically sought in its procurement of qualified managed care organizations was willingness to participate in a robust drug rebating program that necessitates limiting preferred drug lists of health plans. This system ensures access to clinically effective and appropriate drug therapies while maximizing federal and supplemental rebates. Deviating from this program as conceived would cost the State tens of millions of dollars in lost rebating opportunities.

We are proud to be managing the State's resources and maximizing opportunities for cost savings while serving our Medicaid population to the greatest extent possible. It would be a disservice to

taxpayers and participants to create barriers to the progress and potential of this recently reformed program with restrictions such as these.

Therefore, pursuant to Section 9(b) of Article IV of the Illinois Constitution of 1970, I hereby return House Bill 4096, entitled "AN ACT concerning public aid," with the foregoing objections, vetoed in its entirety.

Sincerely,

Bruce Rauner
GOVERNOR