

Section 1612 (3) Report
Progress Report on Implementation of Pharmacy On- Line Claims Adjudication System

First Health Services, Inc., successfully implemented an on-line claims adjudication system on July 5, 2000. The contract period is April 1, 2000 through September 30, 2002 with the option of 3 one-year extensions. The total amount of the contract award is \$8,089,121. All contract programs have been implemented. The Point of Sale study that addressed the savings accrued to pharmacies as a result of point of sale was completed. The Department continues to work with Muse Associates, Inc. to complete two additional studies. A report to address the feasibility of a mail order program, and a report to review the advantages and disadvantages of having First Health pay all pharmacy for QHP beneficiaries will be completed by the end of September 2001. The Department is working closely with Muse and First Health to finalize these studies.

Following are the timeframes for the major developmental tasks remaining in the contract.

September 30, 2001	Complete report on the feasibility of a mail order program.
September 30, 2001	Complete study results regarding advantages/disadvantages to having First Health Services, Inc., pay pharmacy claims for beneficiaries enrolled in Qualified Health Plans.

7/26/01