



DEPARTMENT OF THE AIR FORCE
HEADQUARTERS AIR COMBAT COMMAND
LANGLEY AIR FORCE BASE, VIRGINIA

MEMORANDUM FOR ACC MEDICAL GROUP COMMANDERS

FROM: HQ ACC/SG
162 Dodd Blvd, Ste 100
Langley AFB VA 23665-1995

SUBJECT: FY04 ACC Pharmacy Budget Guidance

1. Attachment 1 provides FY04 AFMS guidance for achieving a balanced pharmacy budget under a financially constrained year for pharmaceuticals. As mentioned in the recently distributed FY04 ACC Fiscal Guidance, ACC/SG has already provided our entire pharmacy budget to the MTFs, and we do not have a withhold for pharmacy. Each MTF's PE 87701 has been funded for pharmaceuticals at a level equal to their total FY03 obligations plus 10.1% inflation. Unfunded requests for additional pharmacy funding will not be considered.
2. The Air Staff memo offers several strategies for successfully executing your pharmacy budget. These recommendations include prudent formulary management, Resource Management Officer involvement, prime vendor compliance, non-formulary controls, civilian provider education, inventory evaluation, and workload tracking. We recognize most of you are already incorporating these recommendations. If not, now is the time to implement these strategies.
3. Air Staff guidance also mentioned the importance of a robust Third Party Collections (TPC) program. As stated in our FY04 ACC Fiscal Guidance, we invested resources this year to provide your MTFs dedicated Other Health Insurance (OHI) positions to perform pharmacy OHI collection plus Accounts Receivable (A/R) follow-up. Our intent with this initiative is to jump start your reimbursements by providing staffing for these critical areas. The incentive for you is that not only do you receive the staffing, but you also keep any additional reimbursement revenue above your validated FY04 reimbursement threshold (EEIC 599). However, please note any reimbursements you keep above your threshold should not be applied as an offset for any pharmacy shortfall. The reason for this is that your FY05 MTF pharmacy budget will not be calculated using FY04 obligations plus inflation. Instead, your MTF's FY04 "starting position" will be used to determine your FY05 pharmacy budget, adjusted for some (anticipate 10.1%) inflation. We recommend any extra revenue you receive above your validated threshold be applied towards other miscellaneous "non-recurring" commodities (i.e., equipment, IM/IT, small repairs/projects).
4. We realize one of the biggest concerns MTF Pharmacy and Therapeutics Committees have is facilitation of the Basic Core Formulary (BCF). Given the financial constraints, the question is whether or not MTFs may choose, from the BCF, only those drugs they require for their

population. We have asked Air Staff for more clarification on this issue and how it applies to the language in Title 10 (Section E) as well as current Health Affairs policy. Their response is that implementation guidance at the Office of Management and Budget (OMB) will be available within the next 90 days. As soon as we receive this information, we will forward it to you.

5. Please direct any questions on this guidance to ACC/SGSC POCs, Maj Craig Mauch, DSN 574-1329, craig.mauch@langley.af.mil, or Capt Scott Haning, DSN 574-1344, scott.haning@langley.af.mil.



MICHAEL J. MURPHY
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Deputy Command Surgeon

1 Attachment:
FY04 Pharmacy Budget Guidance