

A photograph of a man in a bright green sweater lifting a young child in a blue jacket. The child is smiling and looking towards the camera. The background is a bright, outdoor setting, possibly a beach or park.

Apple Health Preferred Drug List (PDL)

House Health Care
and Wellness Committee

September 12, 2018

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Budget Proviso

- ▶ HCA shall develop and implement single, standard Medicaid preferred drug list (PDL):
 - ▶ To be used by all contracted Medicaid managed care systems (MCO) — on or before January 1, 2018
 - ▶ In consultation with all Medicaid managed health care systems (MCO), and the Pharmacy and Therapeutics Committee or Drug Utilization Review Board
 - ▶ That ensures access to clinically effective and appropriate drug therapies, while maximizing federal and supplemental rebates
- ▶ HCA may use consultants with expertise in evidence-based drug class reviews, pharmacy benefit management, and purchasing

Budget Proviso

- ▶ Annual report to Governor and Legislature:
 - ▶ November 15, 2018 and 2019
 - ▶ Comparing amount spent in previous two fiscal years to expenditures under the new system — by fund source, total expenditure, drug class, and top 25 drugs
- ▶ Budget included savings expectation of 10% (\$144M) over the biennium
 - ▶ HCA responded to the Legislature with an estimate of \$22M

HCA Principles

- ▶ Patient care and access to necessary medications come first
- ▶ Patients, prescribers, and pharmacists have easy access to the right information
- ▶ Minimize patient and provider disruption

Implementation – Regulatory

- ▶ 2 State Plan amendments
 - ▶ Single PDL (approved Feb. 17, 2018)
 - ▶ Supplemental Rebate Contract (approved March 7, 2018)

- ▶ Contracts
 - ▶ Project manager
 - ▶ MCOs
 - ▶ Moda Health (Sept. 19, 2017)
 - ▶ Magellan Health (Dec. 18, 2017)
 - ▶ First Data Bank (July 2018)
 - ▶ Medispan (July 2018)

Implementation – Finance

- ▶ MCO rates and reimbursement process
 - ▶ PDL drugs carved out of rates
 - ▶ January 1, 2018 (27 classes)
 - ▶ July 1, 2018 (all claims paid through point-of-sale)
 - ▶ Monthly reimbursement to plans
 - ▶ Weekly automated reimbursement (early 2019)
- ▶ CMS Reporting

Implementation – Systems

- ▶ Fee-for-service, point-of-sale programming
- ▶ Developed weekly data file for plans
 - ▶ Manual production (for January 1, 2018 implementation)
 - ▶ Automated process (completed in March 2018)
- ▶ Rebate collection
 - ▶ Configure RxMax to allow invoicing of MCO supplemental rebates
 - ▶ Load supplemental rebate contracts into RxMax
 - ▶ 172 contracts for 1st and 2nd quarter

Implementation – Clinical Design

▶ Clinical design

- ▶ Weekly meetings with MCOs
 - Created 43 clinical policies
- ▶ Magellan
 - Evidence reviews
- ▶ Drug Utilization Review Board
 - 11 meetings since July 2017
 - Reviewed 165 drug classes
 - 41 clinical policies (2 scheduled in October)

Implementation – Communication

- ▶ Developed a communication strategy
- ▶ Monthly updates provided to authorizing environment
- ▶ Member communication
 - ▶ 30 days prior to each implementation if they needed to change medications
 - ▶ Allowed 90 days continuity of care for transition purposes
- ▶ Provider communication
 - ▶ Prescribers and pharmacies were notified of PDL and clinical policy changes 30 days prior to implementation
- ▶ Redesigned website for providers and members

Milestones



Implemented 27 drug classes

Approx. 36.6% of gross prescription drug expenditure

Phase 1
January 1, 2018



Implement 57 additional classes & clinical coverage status indicators

Approx. 21.6% of gross prescription drug expenditure

Phase 2
July 2018



Implement 66 additional classes

Approx. 5% of gross prescription drug expenditure

Phase 3
October 2018



Implement remaining 247 drug classes

Approx. 18.6% of gross prescription drug expenditure

Phase 3 contd.
January-April-July 2019

Expected Advantages

▶ Administrative ease

- ▶ Simplifies formulary selection and prior authorization requirement for prescribing providers and pharmacies. All Apple Health clients have access to the same set of medications and coverage rules.

▶ Rebate maximization

- ▶ Clients guided to drugs with lowest cost or maximum rebate potential, reducing overall prescription drug costs

▶ Rebate transparency

- ▶ More accurate rate setting and better cost management

▶ Minimize disruptions

- ▶ Some members enrolled in MCO coverage switch plans to access certain prescription medications. While these numbers are small, single PDL ends patients' needs to switch.

Next Steps/Lessons Learned

▶ Next steps

- ▶ Quarterly additions
- ▶ Updating data files
(Medispan and First Data Bank)
- ▶ Financial results analysis
 - ▶ Completing collection of 1st quarter rebates now
 - ▶ Just invoiced 2nd quarter rebates
(August 28, 2018)

▶ Lessons learned

- ▶ Need to scope work early to accurately estimate needed resources
- ▶ Align resources to scope of work
- ▶ Communication



Questions?

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