

PHARMACY FACTS

Program Updates from Louisiana Medicaid

May 11, 2018

Cost of Dispensing Survey

The Cost of Dispensing Survey deadline has been extended until **May 18, 2018**. LDH sincerely appreciates the pharmacy providers who have completed the survey and those still working on it. We understand the time and effort expended. Refer to this website <https://ghscapps.mercer.com/LApharmacy/> for the latest information. Email any related questions to the following address: RxSurvey@mercer.com.

Single Preferred Drug List Development

The Louisiana Department of Health (LDH) is actively working to develop a single Preferred Drug List (PDL) for use by both its fee-for-service (FFS) and managed care Medicaid pharmacy programs. The goal is to improve the experience of Medicaid recipients, pharmacists and prescribing providers who interact with the Medicaid pharmacy program. Specifically, we aim to overcome the practical challenges faced today with the six different Medicaid drug lists, including:

For Prescribers	For Pharmacists
<ul style="list-style-type: none">▪ Difficult to access preferred drug lists (PDLs) on the web for each Managed Care Organization (MCO)▪ Each PDL is published in a different format▪ Rapidly changing formularies▪ Each MCO has different clinical criteria▪ Each MCO has different quantity limits▪ Inconsistencies are leading to delays in recipients starting medication therapy▪ Need more transparency, simplicity, and uniformity	<ul style="list-style-type: none">▪ High prior authorization (PA) volume<ul style="list-style-type: none">▪ Time/resources required to notify prescriber▪ PA approval notification to prescribers, not pharmacists, causing delays▪ Multiple transmission fees processing claims in hope of PA approval▪ Denial reasons are inconsistent and vague - denial for PA when it is an early refill▪ Inventory management challenges<ul style="list-style-type: none">▪ Different products/forms preferred by various MCOs▪ Preferred status of products change frequently and at different times across MCOs

Since January 2018, LDH has been meeting with stakeholders to gather input into the design of the single PDL. During the last week of March, LDH and its single PDL design contractors – Milliman and Change Healthcare – met with Medicaid-participating physicians and pharmacists, managed care health plans, LDH staff and other contractors central to the operation of the program to seek feedback on a first draft. To view the slide deck presented to stakeholders go to:

http://ldh.la.gov/assets/docs/BayouHealth/Pharmacy/Louisiana_Single_PDL-Stakeholders_Presentation-20180427.pdf.

PHARMACY FACTS

Program Updates from Louisiana Medicaid

The draft single PDL blends traditional FFS and MCO approaches to PDL development. A traditional FFS PDL tends to prefer drugs with the lowest cost to the state. Because of the high level of manufacturer rebates available to states, brand drugs often cost states less than the generic alternative. The current FFS generic dispense rate (GDR) is approximately 88 percent. MCOs tend to prefer drugs with the lowest cost to the MCO. Because MCOs do not have access to the same level of manufacturer rebates (or discounts) as states, brand drugs often cost MCOs more than the generic alternative. The current MCO GDR is approximately 90 percent. The proposed blended approach represents only a 1-percent difference from both FFS and MCO, with a GDR of approximately 89 percent.

Milliman and Change Healthcare developed a first draft of the single PDL based on Louisiana utilization data and national pricing. Magellan (LDH's rebate vendor) reviewed the draft, provided input based on its knowledge of Louisiana's federal and state supplemental rebates, which are confidential to the state and its supplemental rebate vendor. Then, LDH reviewed the list, acting as the tiebreaker on those drugs where the two vendors' recommendations differed, bearing in mind the cost to the pharmacy, clinical considerations, rebate revenues and cost to MCOs.

The majority of therapeutic classes are included in the draft single PDL. Exclusions include certain classes prohibited by state law, such as antiretrovirals, and others with minimal opportunity for management. Only 22 brand drugs with generic equivalents are recommended as preferred. Those brands with generics available include: Adderall XR, Concerta, Focalin XR, Androgel 1.25% pump, Androgel 1% packet, Exelon transdermal, Gleeevec, Xeloda, Cyclessa, Leena, Ortho Tri-Cyclen, Ortho Tri-Cyclen Lo, Trinessa Lo, Femhrt, Transderm-Scop, Xenazine, Copaxone 20mg sub-q, Alphagan P 0.15%, Pataday, Bleph-10, Aggrenox and Catapres TTS patch.

Moving forward, Mercer (LDH's actuary) will review the draft single PDL and provide input based on its knowledge of Louisiana's managed care rate setting. Medicaid MCOs will review the draft and provide input based on their knowledge of managed care formularies, utilization and cost. Pharmacist and prescriber stakeholders will also review the draft and provide input based on their provider and recipient experience.

To review the complete draft list go to:

http://ldh.la.gov/assets/docs/BayouHealth/Pharmacy/Single_PDL_Analysis.pdf. To share your feedback on the draft list, email healthy@la.gov by May 31, 2018.

This summer, Milliman and Change Healthcare will finalize the list in consideration of feedback received, and LDH will begin the process to implement the final version, tentatively in early 2019. With implementation of a single PDL, LDH anticipates overcoming many of the current challenges with multiple drug lists.

We appreciate your interest in this new development and will continue to provide updates on it through *Pharmacy Facts*: www.ldh.la.gov/pharmacyfacts.