



**DEPARTMENT OF
HEALTH
AND HOSPITALS**

Modernizing Louisiana's Medicaid Pharmacy Program

Prescription for Reform

Bruce D. Greenstein, Secretary



Today's Discussion



- How we got here
- What we've learned
- How we've responded
- Where we stand
- How we move forward together



Dual Purpose for Reform

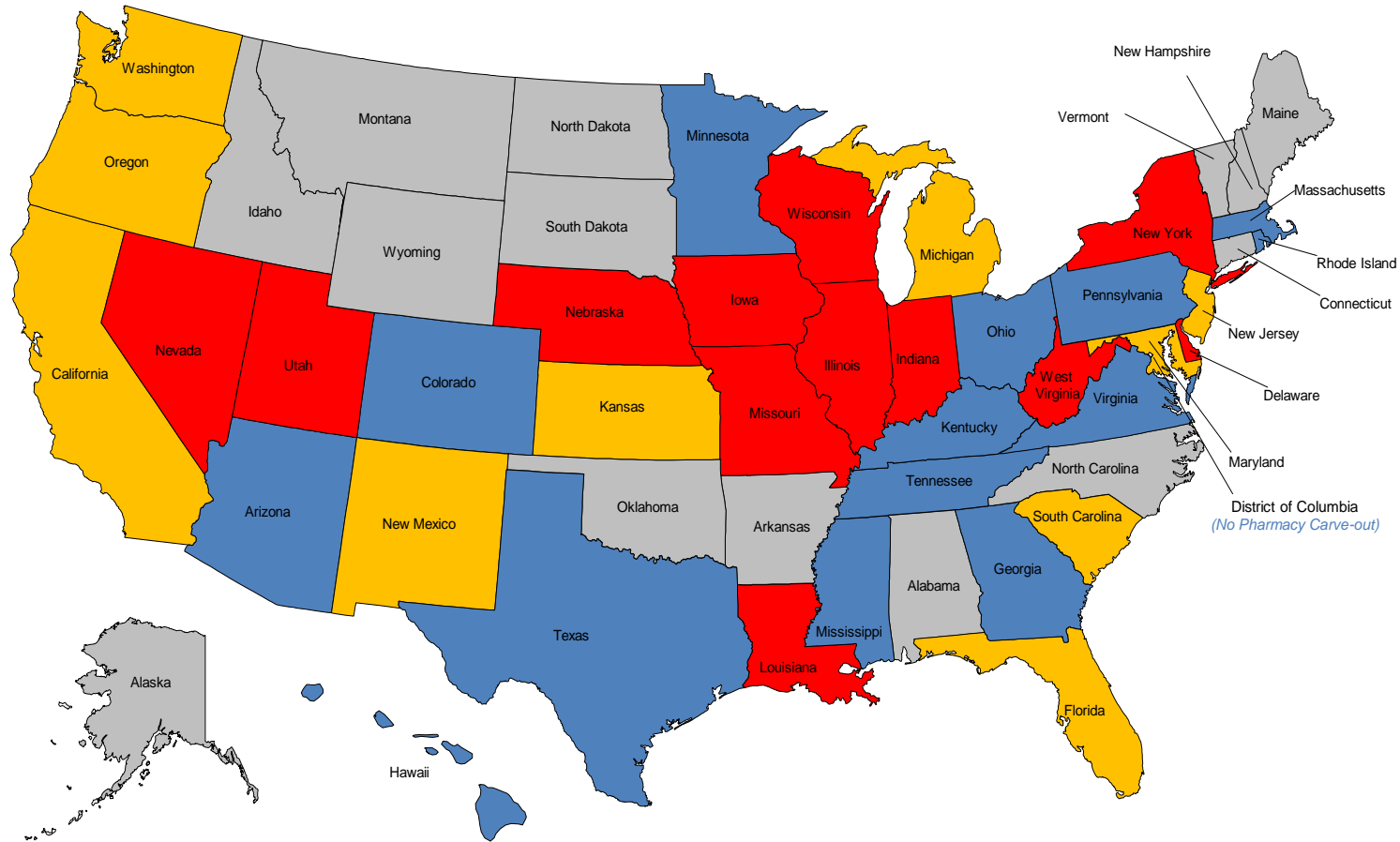
- DHH is pursuing modernization of the pharmacy program for two reasons:
 - Integrate care for whole patient to improve health outcomes
 - Address continuing need to create efficiencies due to budget challenges
- Today's Meeting Goals:
 - Explain DHH's pharmacy reform plans
 - Gather feedback on reform concept for carve-in to Bayou health
 - Answer questions and listen to concerns about changes to pharmacy program



Louisiana will join 15 other states with pharmacy carved-in



MCO Pharmacy Carve-out by State

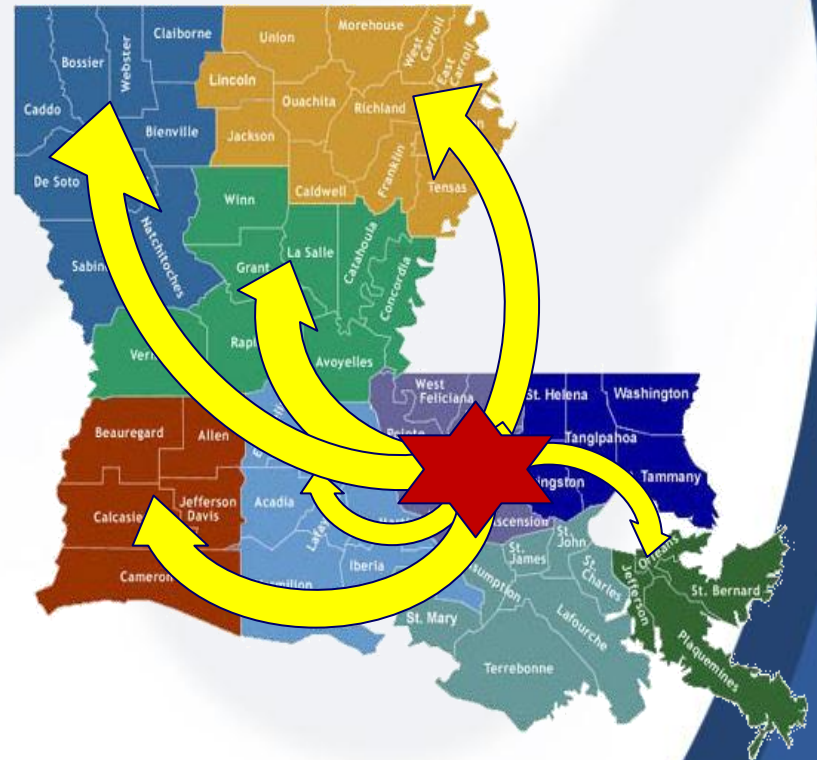


- Not Applicable, No Capitated Plans
- Full Pharmacy Carve-out
- No Pharmacy Carve-out
- Partial Pharmacy Carve-out



We've Listened

- Since publishing the concept paper, we've held:
 - 14 hours of forums in 7 cities across the state with nearly 500 attendees
 - Many meetings between DHH staff and stakeholders
- We've made key changes to our plans based on feedback received.



What We've Heard

- DHH received immense feedback regarding:
 - Reimbursement
 - Patient steering
 - Transparency
 - PBM practices
 - Network adequacy and contracting
 - Access and continuity of care
 - Formulary development
 - Behavioral health care
 - Prior authorizations
 - Specialty drugs



Existing Commitments



- Commitments already made:
 - Health Plans cannot mandate mail order, nor may mail order exceed cap based on historical levels.
 - DHH requirement to review and approve formulary, PDL and prior authorization processes that meet our defined criteria.
 - DHH will establish a common definition of Specialty Drugs.
 - Health Plans will be required to provide for and meet certain transition of care and exception requirements.
 - Health plans must meet network adequacy and consider significant traditional providers.



What we added/changed

What it does

Any Willing Provider



Ensures that Health Plans may not deny contracts to any pharmacy willing to participate in their network.

**Minimum
Dispensing Fee**



Guarantees that pharmacists cannot be paid a dispensing fee less than a rate of \$2.50.

No Co-Branding



Prohibits Health Plans from displaying a name or logo of a co-branded PBM on patient ID card.

**Additional
Transparency Rules**



Imposes additional requirements, like public P&T committee meetings and financial disclosure.

**Limits on
Repackaging**



Prohibits Health Plan/PBM from allowing repackaged products not readily available to other providers.

**Medication Therapy
Management**



Requires Plans to develop MTM programs using community pharmacists.



Preserving Today's Pharmacy Network



- DHH will establish Any Willing Provider language by rule:
 - *Any pharmacy or pharmacist may participate as a network provider if licensed and in good standing with the Louisiana State Board of Pharmacy and accepts the terms and conditions of the contract offered to them by the Health Plan.*
- DHH will prohibit Health Plans from mandating the use of mail service pharmacy or exceeding a set volume limit based on historic utilization (1 percent).
- Health Plans will still be required to meet DHH network adequacy requirements and make good faith efforts to contract with significant traditional providers.



Minimum Dispensing Fee



- DHH recognizes the need to offer some protection regarding reimbursement.
- Health plans will not be allowed to pay a per-prescription dispensing fee less than \$2.50.
- This is more than 50% higher than dispensing fees typically seen in other states with pharmacy carved into managed care (average \$1.25-1.75).



Co-Branding

- DHH will adopt and enforce guidelines consistent with Medicare Part-D regarding co-branded PBMs.
- Health Plans will be prohibited from displaying the names or logos of co-branded PBM's on the Health Plan's member identification card.
- For any other marketing materials, they will be required to include the following language:
 - *“Other Pharmacies are Available in Our Network.”*



Additional Transparency Rules



- In addition to the robust reporting and transparency requirements of Bayou Health, DHH will require that the health plans:
 - Disclose to DHH all financial terms and arrangements that apply between the Health Plan and any prescription drug manufacturer or labeler
 - Keep all P&T committee meetings open to the public
 - Report claims-level encounter data to DHH
 - Report prior authorization performance specific to pharmacy
 - Keep up-to-date formulary and PDL prominently posted on website



Limits on Repackaging

- DHH will require that the Health Plans follow rules consistent with repackaging requirements in Medicaid pharmacy today.
- The Health Plan will be required to ensure that the manufacturer number, product number, and package number for the drug dispensed shall be listed on all claims.
- Repackaged drug products supplied through co-ops, franchises, or other sources not readily available to other providers will not be allowed to be used.
 - In such instances, the manufacturer number, product number, and package number for the largest package size, as reported in one or more national compendia for the drug shall be listed



Medication Therapy Management

A blue stethoscope is positioned in the top right corner of the slide, partially overlapping the dark blue header and the white content area.

- DHH will require the Health Plans to develop MTM programs that include participation from community pharmacists, and include both in-person and telephonic interventions with trained clinical pharmacists.
- DHH will require that any reimbursement for MTM services with participating pharmacists be separate and above dispensing and ingredient cost reimbursement.



Preparing for Go-Live



- Due to delays caused by Hurricane Isaac and our desire to gather continued feedback on final reform concept, DHH is adjusting the start of the pharmacy carve-in to November 1.
- Pharmacists should prepare now. You can contact the Health Plans through the hotlines below to begin the process of becoming part of their network:
 - Amerigroup: 1-480-391-4623
 - LaCare: 1-800-555-5690
 - Louisiana Healthcare Connections: 1-877-690-9330
- Beginning next week, each Monday, Tuesday and Friday DHH will host Noon calls to answer questions specifically about the pharmacy carve-in to Bayou Health. The call-in information (pre-registration is not required) is:
 - Call-in #: 1-888-278-0296
 - Access Code: 6556479#



State-Run PBM

- DHH intends to conduct continued dialogue on improvements to the state-run PBM, to be phased in over course of fiscal year. This will include:
 - Changes to formulary/PDL
 - Changes to PA process
 - Enhancements to point-of-sale system
 - Efforts to promote lowest net cost product
- Effective 9/5/2012, reimbursement was revised to Average Acquisition Cost (AAC) plus a dispensing fee of \$10.13.
 - Provides reimbursement based on a transparent pricing mechanism - actual acquisition cost (invoice) data and a Cost of Dispensing Survey.
 - Consistent with CMS approvals for AAC based-methodology.



How are AAC prices determined?

- AACs are based on the **average acquisition cost** of pharmacy providers.
- Baseline AAC rates will be calculated twice a year based on invoice costs submitted by Louisiana Medicaid pharmacies.
 - AAC rates will also be adjusted weekly for published pricing changes and daily when calls are received through the Myers & Stauffer Pharmacy Reimbursement Help Desk.
- As AAC represents an “average cost”, prices for individual drugs may sometimes be below the costs experienced by individual providers.
 - Adjustments will be made to the AAC rate when the overall average has increased, which can be reported to the Myers and Stauffer help desk.



Requesting a Price Review

- DHH has worked with Myers & Stauffer to establish a process for pharmacists to request a price review when reimbursement varies widely from cost.
- Pharmacies should call the Myers & Stauffer Help Desk at 1-800-591-1183 and be prepared to provide cost/invoice data information.
- Myers & Stauffer will review your invoice data along with the range of costs reported by Louisiana pharmacists and adjust the price when evidence indicates that the overall average cost of the drug has increased.
 - This could be due to a supply shortage or changes in the market.
 - Prices adjusted during this implementation period will be retroactive to September 5th.



Moving Forward



Steps ahead:

- Continue dialogue on impact of reimbursement change, make price adjustments where appropriate
- Finalize and publish rule for carve-in
- Amend Bayou Health contracts
- Conduct system programming changes and testing
- Inform and educate enrollees and providers of change
- Carve-In Go live: moved from October 1 to November 1
- Ongoing discussion on state-run PBM reform





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