



**DEPARTMENT OF  
HEALTH**  
AND HOSPITALS

# **Modernizing Louisiana's Medicaid Pharmacy Program**

Prescription for Reform

Bruce D. Greenstein, Secretary



# Today's Discussion



- A New Era of Health Care Delivery
- Pharmacy Today
- A Comprehensive Approach to Reform
- Health Plans as Partners
- Strengthening the State-Run PBM
- Next Steps
- Open Discussion



# New Era of Health Care Delivery



**Fully Launched June 1 Statewide**



**Launched March 1 Statewide**



***Business Partners  
to Improve Care***

# Bayou Health: Two Models to Improve Care



## Shared Savings Health Plans

- Receives monthly enhanced care fee (\$11.81/\$18.16)
- Partial network - only contracts with Primary Care Providers (PCPs) (doctors, clinics, NPs)
- Remaining provider network is the Medicaid fee-for-service network
- Claims for core benefits and services (except DME and NEMT) for members are **pre-processed** and sent to Molina for payment

## Prepaid Health Plans

- Receives monthly capitation payment (**average** is ~\$172)
- Full network - contracts with specialists, hospitals, home health, lab/X-ray, DME, therapy, & transportation providers
- Can contract with providers not enrolled in La Medicaid
- Claims for core benefits and services are processed and **paid** by the Plan



# Who is currently enrolled?



- **Mandatory enrollees (~830,000)**
  - Families & Children
    - Medicaid children; CHIP children (<200%FPL); Parents < 11% FPL; Pregnant Women
  - Aged, Blind and Disabled
    - Over age 65, or over 19 and blind or disabled
- **Voluntary enrollees – May opt out (~44,000)**
  - Children under age 19 receiving SSI
  - Foster Children and children in out of home placement
  - Native Tribal Americans
- **Excluded Enrollees**
  - Medicare dual eligibles
  - Chisholm class members
  - Persons in nursing and DD facilities
  - HCBS waiver recipients, regardless of age/waiver
  - Persons receiving hospice services





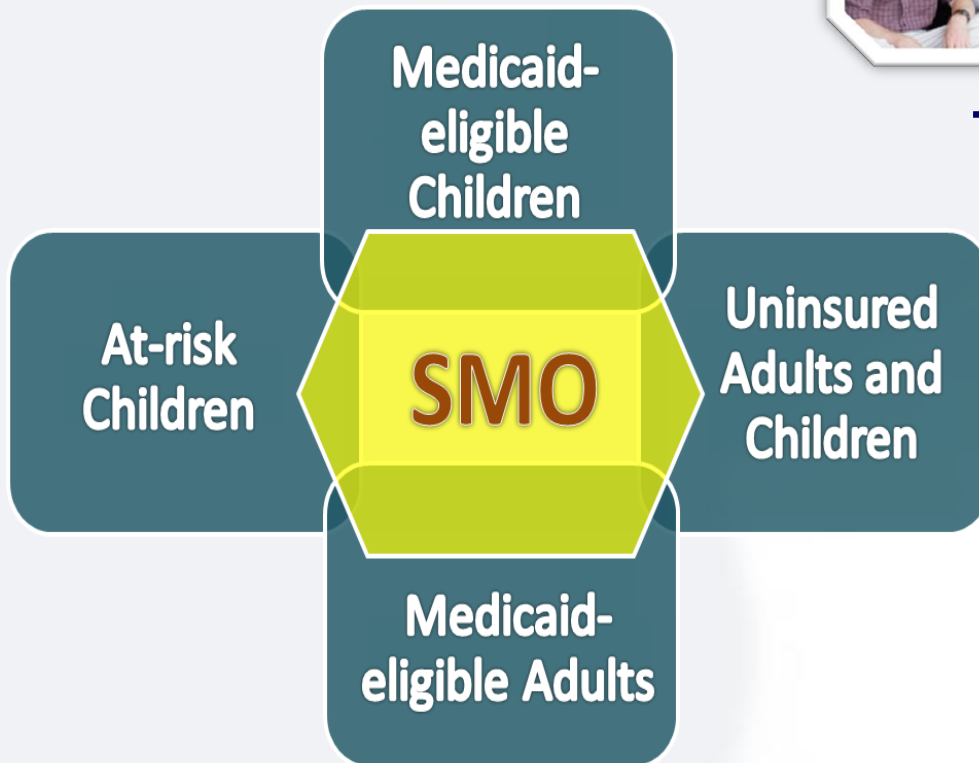
# Rigorous Accountability



- Prepaid Plans: Up to 2.5% of monthly PMPM can be withheld if quality benchmarks are not reached
- Shared Savings Plans: Shared savings is contingent on reaching performance benchmarks
- Once quality measures are available, preference given in auto assignment to best performers
- Hefty financial sanctions for failure to perform satisfactorily, including things like:
  - Failure to maintain an adequate network
  - Failure to submit complete and accurate encounter data
  - Failure to promptly pay claims
  - Failure to provide medically necessary items and services
  - Unreasonable telephone hold time



# The La. Behavioral Health Partnership



## The LBHP is designed to:

- Enhance the consumer experience;
- Increase access and array of services;
- Improve quality and outcomes; and
- Reduce repeat ER visits, hospitalizations, out-of-home placements and institutionalizations.



# Magellan's Role

- As the **Statewide Management Organization (SMO)**, Magellan is charged with executing the vision outlined by DHH for improved behavioral health outcomes by:
  - Coordinating care
  - Fostering evidence based services
  - Increasing access
  - Improving quality
  - Measuring outcomes
  - Managing costs
  - Fostering reliance on natural and community supports
- **Magellan does not currently manage or pay for outpatient pharmacy services.**





# Pharmacy Today

- Administered by state staff with various contracted supports
- \$950 million annual spend (not including rebates)
  - Second largest line item in Medicaid budget
- Generic Utilization ~ 67%
- Variety of management tools
  - Prescription limit (currently four)
  - Prior authorization
  - Drug Utilization Review
    - Point-of-sale edits
    - Retrospective review
  - Provider audits
  - Preferred Drug List (recommendations by P&T committee)
- Administers federally mandated drug rebate program and state supplemental drug rebate program (contract with UNO)



# Comprehensive Approach to Reform



- Two distinct strategies for modernization:
  - Promote whole patient management by allowing prepaid Bayou Health Plans to manage pharmacy benefit
  - Modernize and strengthen state-run PBM for those enrollees who remain in fee-for-service Medicaid

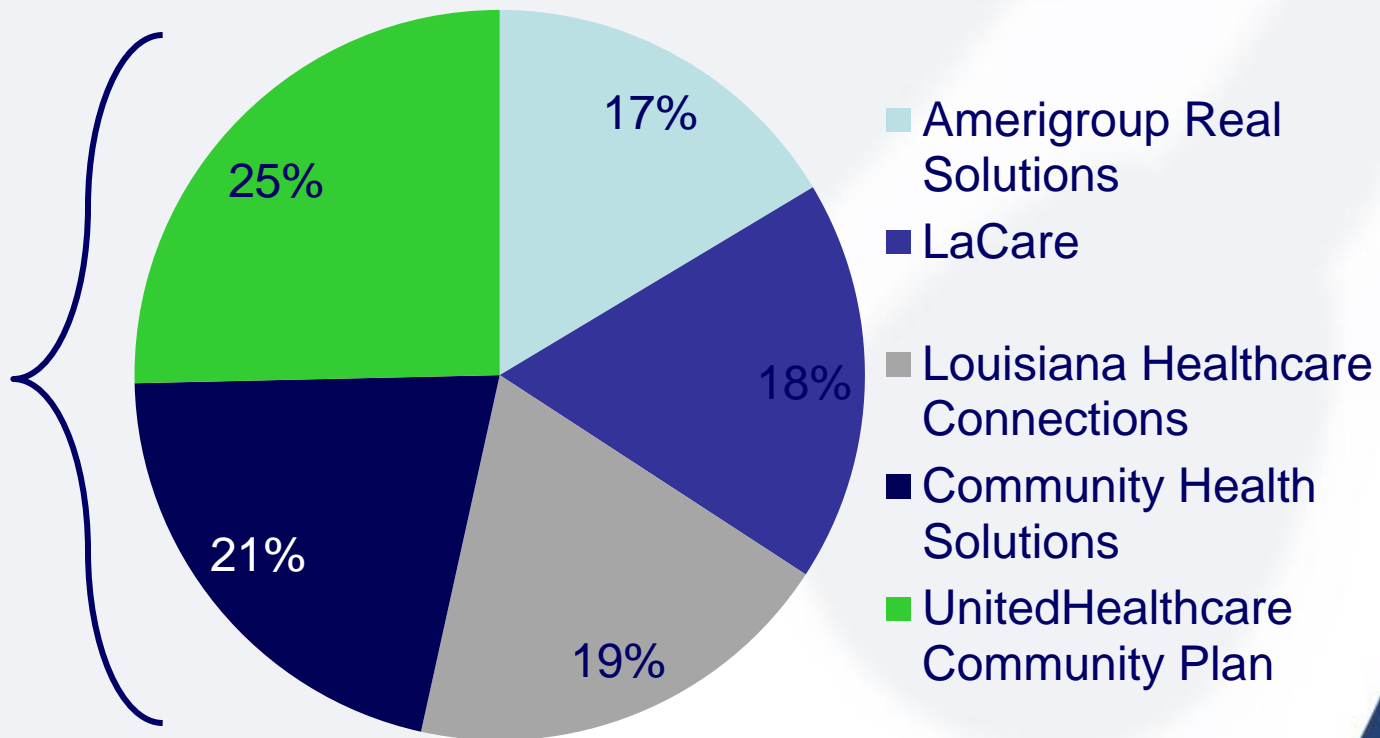


# Bayou Health Enrollment



## Current Health Plan Enrollment (as of 6/8/2012)

46% of  
Bayou Health  
enrollees are  
covered by a  
Shared  
Savings Plan

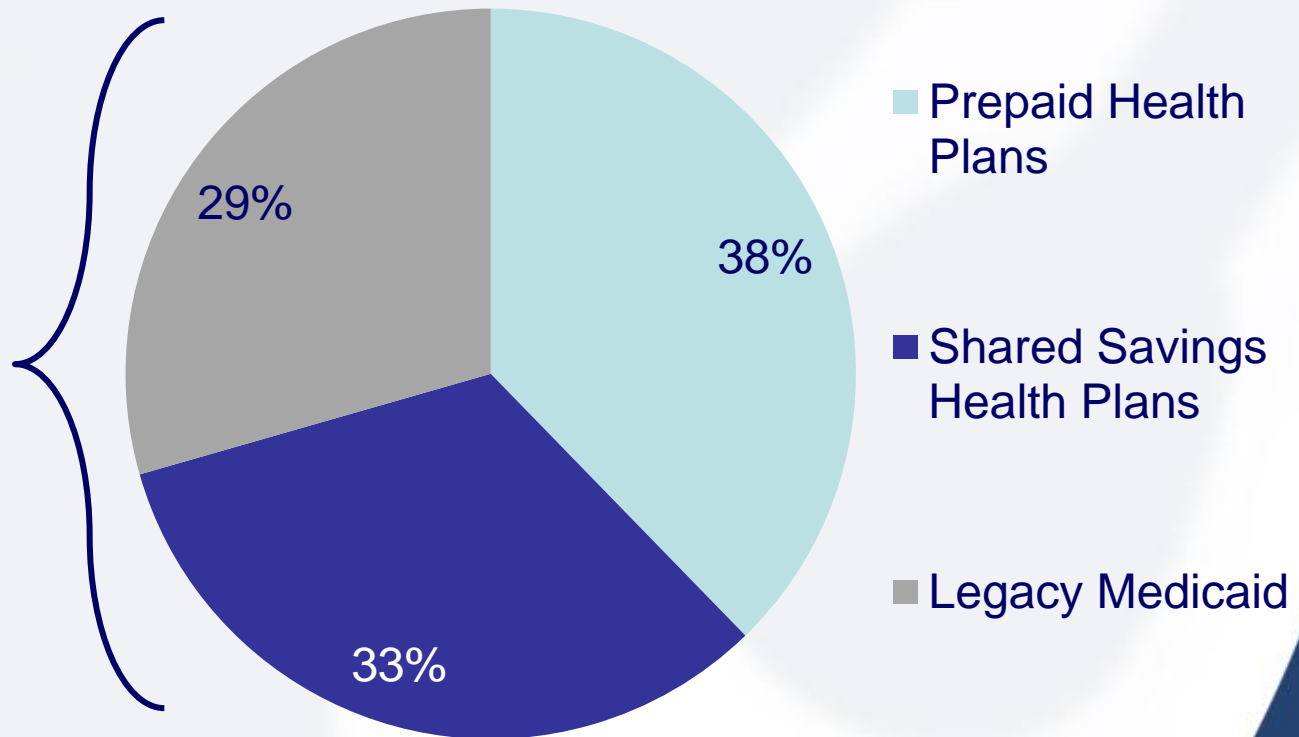


# Medicaid Enrollment



## Current Medicaid Enrollment – 1.24 million

62% of Medicaid enrollees will continue to have their pharmacy benefit managed outside of the Prepaid MCOs



# Six Key Principles

- *Provide continued access to in-person pharmacy services*
- *Engage stakeholders through reform and ongoing operation*
- *Use best practices to strengthen state-run PBM*
- *Provide Health Plans with necessary flexibility to effectively manage the pharmacy benefit*
- *Require network adequacy and consideration of significant traditional Medicaid providers*
- *Provide Enrollees with access to the robust BAYOU HEALTH protections*





# Bayou Health Pre-paid Plans

- **Three pre-paid plans will manage the delivery of pharmacy services in the patients' care plans.**
  - Achieves savings through appropriate care, network and formulary management
  - Respects role of significant traditional providers
  - Ensures strong patient protections



# Bayou Health Protections



- Network adequacy requirements
- Requirements to make good faith effort to contract with significant traditional providers from legacy Medicaid
- Robust appeals and grievances processes
- Prompt pay standards for clean claims
- Medical loss ratio (85% in Bayou Health)
- Outcomes and performance reporting
- Financial transparency and reporting requirements
- Transition of care requirements
- Standards for timely submission of encounter data



# Additional Pharmacy Protections Under Consideration



- *Emergency refill requirements*
  - Providing for time-limited supplies of prescriptions in emergency situations
- *A clear exception process*
  - Medical necessity review of requests for drugs not covered on the formularies
- *Disaster preparedness requirements*
  - Plans required to maintain disaster preparedness plans, and specific provisions for pharmacy services will be added
- *Provisions for lost or stolen prescriptions*
  - Provisions to account for these scenarios



# Shared Savings Plans & FFS Medicaid



- **About 62 percent of Medicaid enrollees are outside of the carve-in reform.**
- DHH will work simultaneously to improve management of the state-run PBM, with a goal to ensure elements are adding value, not just friction.
  - Strengthen management elements; including PDL, prior authorization, point-of-sale edits, and prescription limits
  - Improve transparency
  - Better define and structure role of support partners and contractors





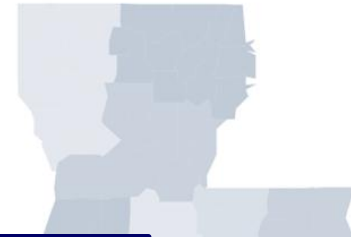
# Concept Paper

- Published at [MakingMedicaidBetter.com](http://MakingMedicaidBetter.com)
- Public comment and feedback will feed into final rule and contracts

## MODERNIZING LOUISIANA'S MEDICAID PHARMACY PROGRAM

*A Prescription for Reform*

CONCEPT PAPER



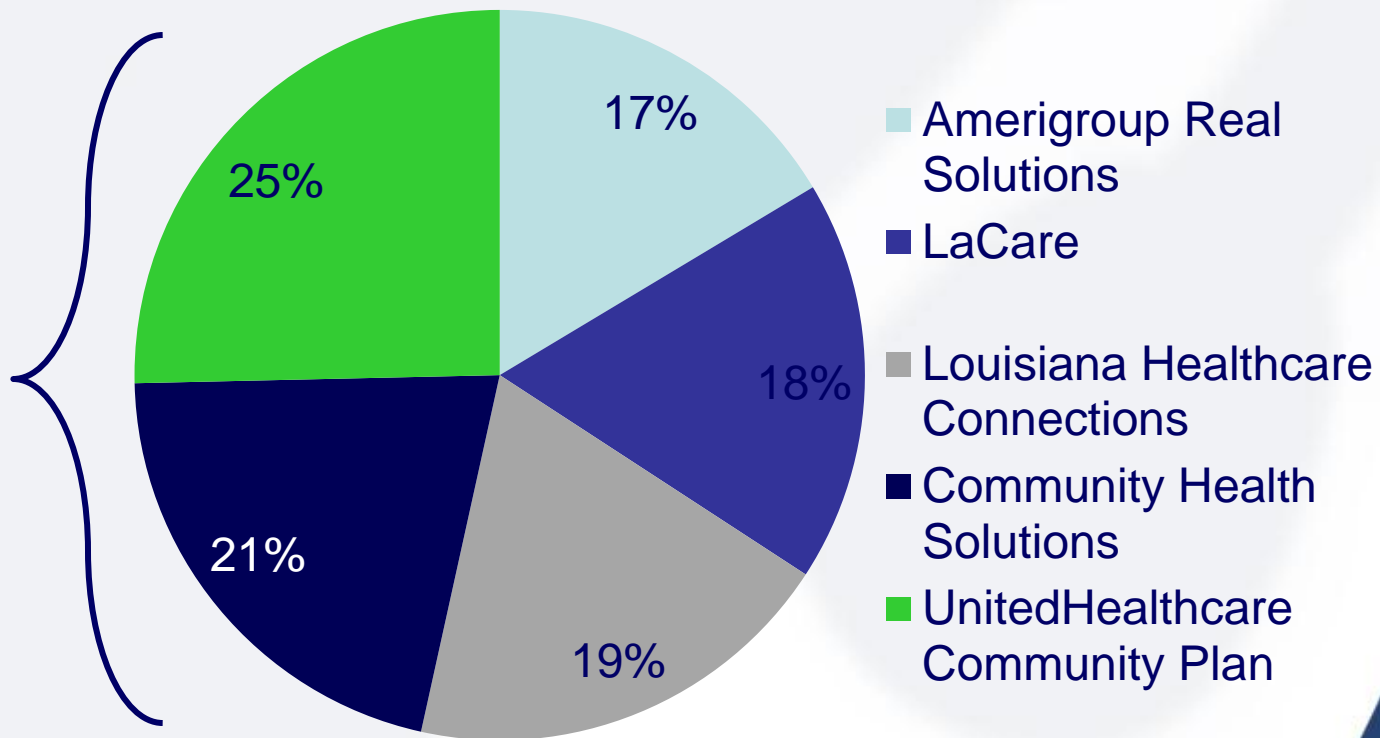


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# Next Steps

- **Target Implementation: Fall 2012**
- **Steps ahead:**
  - Publish rule
  - Submit State Plan Amendment to CMS
  - Develop actuarial rates for prepaid Plans
  - Amending BAYOU HEALTH contracts
  - Conducting system programming changes
  - Inform and educate enrollees and providers of change
  - Conduct ongoing stakeholder discussion
  - Test data files and encounter data submission
  - Assess implications of Fiscal Intermediary transition





# Open Discussion



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Email [BayouHealth@LA.gov](mailto:BayouHealth@LA.gov) with  
future questions and comments

