

Modernizing Louisiana's Medicaid Pharmacy Program

A Prescription for Reform

Louisiana Department of Health and Hospitals' Final Pharmacy Program Reform Concept

In June 2012, the Louisiana Department of Health and Hospitals published a concept paper on plans to enhance the Medicaid Pharmacy Program by adding pharmacy services as a benefit to some of the Bayou Health Plans while simultaneously modernizing and reforming the State-run Medicaid Pharmacy Benefits program, which will continue serving more than half of Medicaid recipients even with the inclusion of pharmacy into Bayou Health.

After publishing this concept paper, DHH held more than 14 hours of public forums in seven cities around the state to gather stakeholders' feedback, participated in smaller meetings to discuss plans and received a lot of direct feedback through emails and phone calls from pharmacists, physicians, advocates, recipients and others who are interested in the pharmacy program reform.

DHH has used this feedback to strengthen its pharmacy reform plans, and has made several important changes in the final reform concept, which was released Aug. 24. The final reform concept outlines these changes and the details of what will be included in the rules and contracts that govern the Bayou Health pharmacy program.

Overview of Pharmacy Inclusion in Bayou Health

Beginning this fall, pharmacy will be a covered benefit in three of the five Bayou Health Plans. Bayou Health is the State's new approach to coordinating care for most Medicaid and LaCHIP recipients. DHH has contracted with five Health Plans - Amerigroup RealSolutions, Community Health Solutions, LaCare, Louisiana Healthcare Connections and UnitedHealthcare Community Plan -- that are responsible for coordinating health care for recipients and working with them to address issues and empower them to take a more active role in owning their own health.

As Bayou Health was implemented earlier this year, pharmacy was one of several services that were

"carved out," meaning Medicaid recipients in a Bayou Health Plan got prescriptions filled and received other pharmacy services through the legacy Medicaid fee-for-service program. Now, DHH is moving forward with adding pharmacy as a benefit for recipients in the three Bayou Health plans that are a prepaid model, meaning they operate as traditional, MCO-style health care networks with a capitated rate. The three prepaid plans are Amerigroup, LaCare and Louisiana Healthcare Connections.

Final Reform Concept Improvements

Some changes DHH made based on feedback that will be included into the rule to add pharmacy as a covered benefit for Bayou Health Plans are:

- ▶ **Any willing provider language** – Health Plans cannot deny any pharmacist/pharmacy that currently participates in the legacy Medicaid fee-for-service program the opportunity to sign a contract with the Health Plan to provide pharmacy services to its members. This will ensure the existing Medicaid pharmacy network is preserved.
- ▶ **Minimum dispensing fee** – DHH will require the Health Plans to pay at least a \$2.50 dispensing fee per prescription.
- ▶ **Prohibition of cobranding** – DHH will enact robust enforcement of Pharmacy Benefits Management cobranding guidelines with the Health Plans, and will not allow Health Plans to include a PBM logo on members' Health Plan cards.
- ▶ **Additional transparency requirements** – Bayou Health Plans must abide by strong transparency requirements in their existing contracts. Specific to pharmacy, Health Plans will be required to disclose additional data on financial terms and agreements made with drug manufacturers, hold public pharmacy and therapeutics committee meetings, report claims-level encounter data to DHH, report prior authorizations performance and post information about pharmacy and therapeutics

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committee meetings/decisions and Preferred Drug List criteria prominently on the Plan's website.

- ▶ **Limits on repackaging** – Health Plans will be required to operate within the limits imposed on repackaging in the legacy Medicaid program.
- ▶ **Develop Medication Therapy Management** – this will include both in-person and remote (e.g. telephone) capability. Each Health Plan is required to develop this program within 90 days of assuming responsibility for pharmacy services.

In addition to these changes, DHH has developed specific criteria for Health Plans to follow for addressing the items below, and DHH must review and approve the Health Plans' actions on these items:

- Covered Services
- Co-Pays and Cost Sharing (not allowed beyond what is done in the current Medicaid program)
- Pharmacy and Therapeutics (P&T) Committees
- Formulary
- Preferred Drug List
- Prior Authorization Process
- Step Therapy/Fail First Protocols
- Drug Utilization Review
- Network Adequacy
- Specialty Drugs/Specialty Pharmacies
- Mail Order/Mail Service Pharmacy (cannot expand beyond the very limited amount currently allowed in the Medicaid fee-for-service program)
- Rebates
- Claims Processing for Payment
- Use of a Pharmacy Benefits Manager (PBM)
- Financial Disclosures
- Transition of Patient Care
- Marketing/Member Outreach and Education
- Lock-In Protocols

DHH will require all Health Plans to meet the staunch reporting requirements currently in effect for Bayou Health, but specific to pharmacy, the Health Plans must submit regular reports on pharmacy help

desk performance, prior authorization performance, network access and grievances/appeals processes and resolution.

Specific criteria for each of the items listed here are outlined in the final pharmacy reform concept, which is available online at www.MakingMedicaidBetter.com, under the "Pharmacy" section.

Strengthening the State-Run Pharmacy Program

The remaining two Bayou Health Plans, Community Health Solutions and United Healthcare Community Plan, are enhanced primary care case management networks. These Plans process and pay claims using the Medicaid fiscal intermediary, and pharmacy benefits for recipients in these networks will continue through the legacy Medicaid fee-for-service program.

Membership in these two Plans, combined with those individuals remaining in legacy Medicaid, account for nearly 62 percent of Medicaid recipients.

Concurrent with adding responsibility for pharmacy services to the prepaid plans, DHH will continue to work with stakeholders as it moves forward with plans to strengthen the legacy Medicaid pharmacy program.

DHH intends to further the dialogue with stakeholders to develop reforms of the State-run Pharmacy Benefits Program, which will be phased in over the course of the current fiscal year. Areas slated for improvement are:

- State formulary/Preferred Drug List
- Prior Authorization Process
- Point of Sale System
- Generic Utilization/Drive Toward Lowest-Cost Product

DHH's final pharmacy reform concept is available online at

www.MakingMedicaidBetter.com.

This site also includes a Pharmacy portal and information that is frequently updated to provide the latest details on the proposed pharmacy changes.

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