# SINGLE PREFERRED DRUG LIST

Medicaid Stakeholder Meeting

LOUISIANA DEPARTMENT OF HEALTH
Medicaid

September 7, 2018

# WHAT IS THE SINGLE PDL?

- List of Preferred and Non-Preferred drugs that will be used by FFS and all MCOs
- Established by the state-run P&T Committee
- Determines if a drug needs Prior Authorization

| No PA Required | PA Required |
|---|---|
| • Preferred drugs<br>• Drugs in therapeutic classes that are not reviewed by the P&T Committee | • Non-Preferred drugs<br>• New drugs prior to P&T Committee review<br>• Preferred drugs with clinical criteria |

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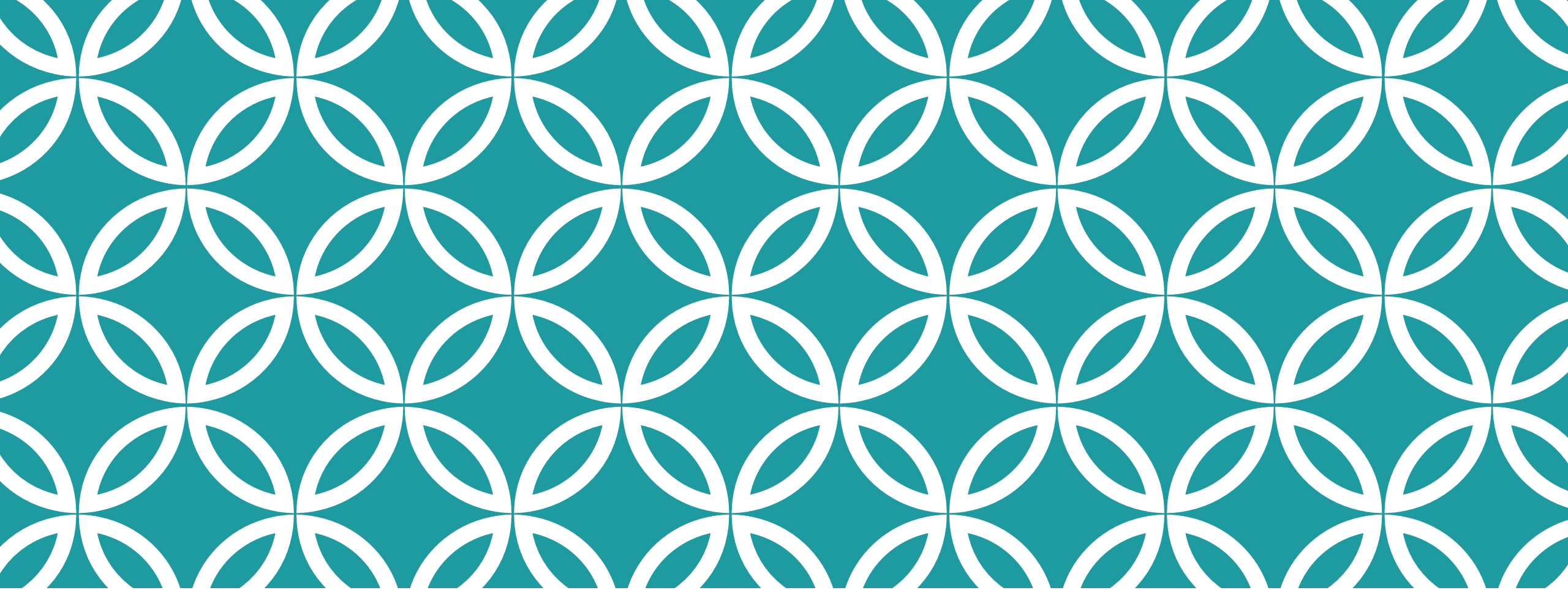


# WHY SWITCH TO A SINGLE PDL?

# CONCERNS WITH MULTIPLE PDLS

In January 2018, Senator Fred Mills invited a group of pharmacists and prescribers to express to Medicaid staff their concerns with the current environment of six different Medicaid PDLs. Concerns included:

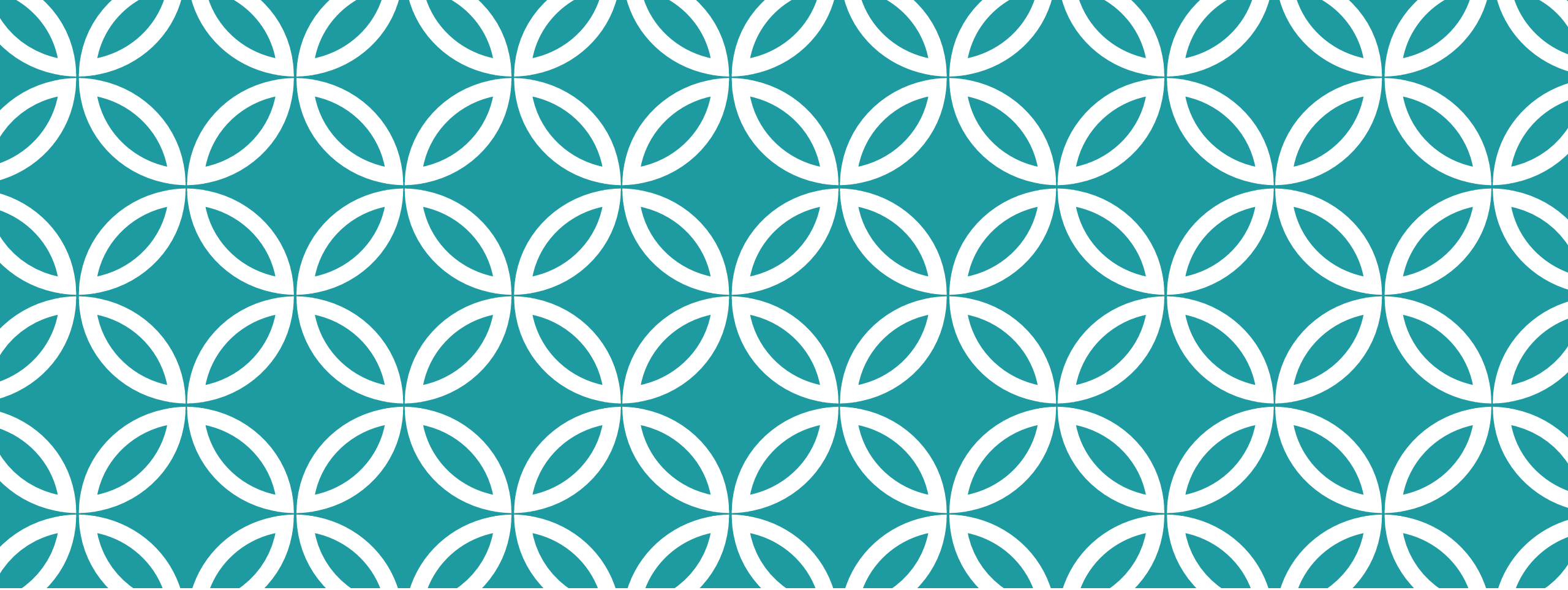
| Prescribers | Pharmacists |
|---|---|
| • Difficult to access PDLs on the web for each MCO<br>• Each PDL is published in a different format<br>• Rapidly changing PDLs<br>• Each MCO has different clinical criteria<br>• Each MCO has different quantity limits<br>• Inconsistencies are leading to delays in starting medication therapy<br>• Need more transparency, simplicity and uniformity | • High prior authorization (PA) volume<br>  ○ Time/resources required to notify prescriber<br>  ○ PA approval notification to prescribers, not pharmacists, causing delays<br>  ○ Multiple transmission fees processing claims in hope of PA approval<br>  ○ Denial reasons are inconsistent or misleading (denial for PA when it is an early refill)<br>• Inventory management challenges<br>  ○ Different products/forms preferred by various plans<br>  ○ Preferred status of products change frequently and at different times across plans |

# A SINGLE PDL WILL ADDRESS MANY CONCERNS…

| Multiple PDLs | Single PDL |
|---|---|
| 6 PDL documents, each with different preferred products and published in different locations | 1 PDL document provides for simplicity and uniformity across FFS and MCOs |
| Time and resources are expended by pharmacists and prescribers due to PA requirements | Less time/resources required to determine which drugs require PA |
| MCO PDLs updated four times per year | PDL updated twice per year |
| Inventory management challenges related to different products/forms preferred by different plans | Consistent inventory that will change less frequently and will turn over more rapidly |
| Each MCO/PBM negotiates its own rebates and discounts for drugs, which are retained by the MCO/PBM | State will negotiate supplemental rebates for drugs, which will be remitted directly to the state |

# . . . BUT SOME CHALLENGES REMAIN

- Each MCO will continue to establish its own PA criteria
  - Cannot be more restrictive than FFS
  - MCO PA criteria will align with FFS over time with a phase-in approach
- Each MCO will continue to set its own safety edits (e.g. quantity, dose, or age limits) based on FDA recommendations
- PA approval notifications will continue to be sent to the prescriber only



# SINGLE PDL DEVELOPMENT

# BLEND TRADITIONAL FFS AND MCO APPROACHES

| Traditional FFS PDL Development | Traditional MCO PDL Development | Blended Approach |
|---|---|---|
| Lowest net cost to state.<br><br>Higher manufacturer rebates → brand drugs can cost less than generic alternative.<br><br>88% generic dispense rate | Lowest net cost to MCO.<br><br>Lower manufacturer rebates → brand drugs often cost more than the generic alternative.<br><br>90% generic dispense rate | Consider the cost to the state, cost to the MCO, and the cost to the pharmacy provider on a drug-by-drug basis.<br><br>Goal = 89% generic dispense rate |

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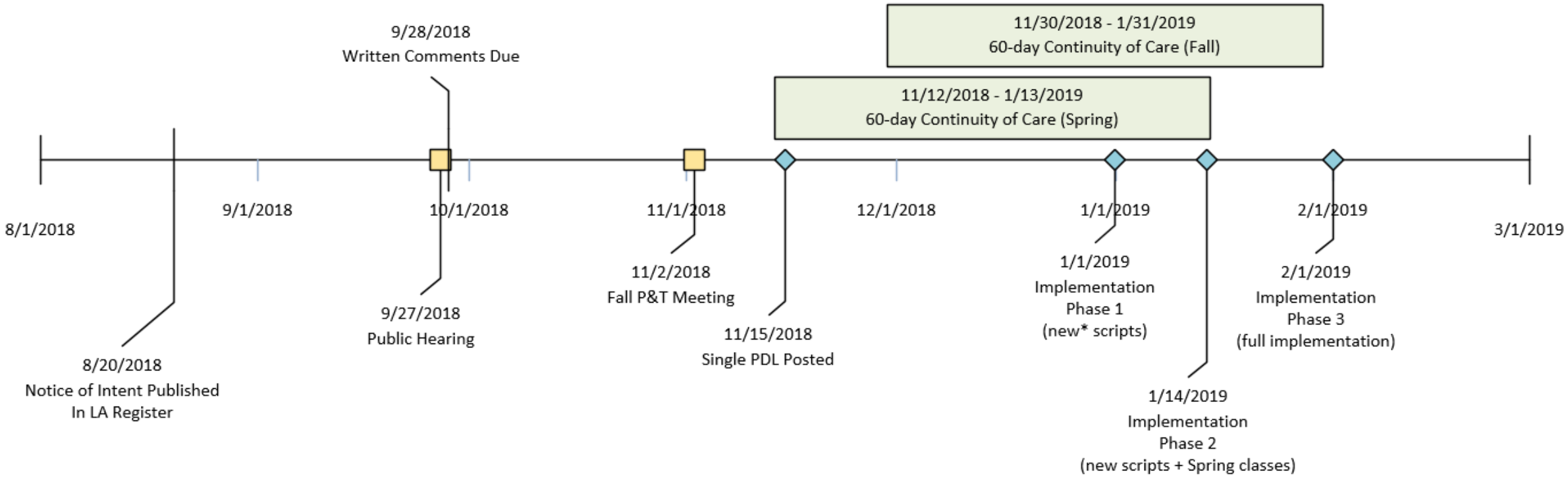
# SINGLE PDL DEVELOPMENT: PROCESS TO DATE

- Milliman/Change Healthcare developed a first draft of the single PDL based on Louisiana utilization data and national pricing at a point in time (early 2018)
- Magellan reviewed the draft and provided input based on its knowledge of Louisiana's federal and state supplemental rebates
- LDH reviewed the list and acted as tiebreaker where two vendors' recommendations differed
- Results shared with stakeholders
- LDH and Magellan continue to modify the list in response to stakeholder input

# SINGLE PDL IMPLEMENTATION TIMELINE

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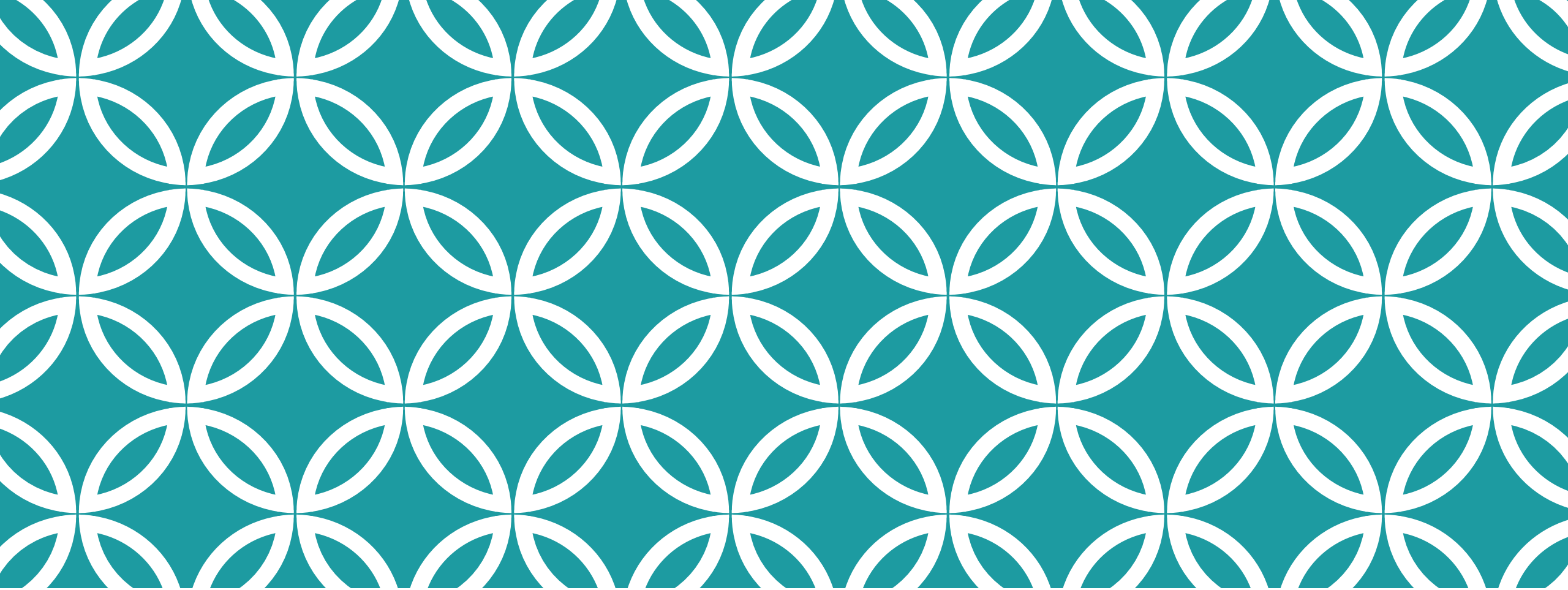
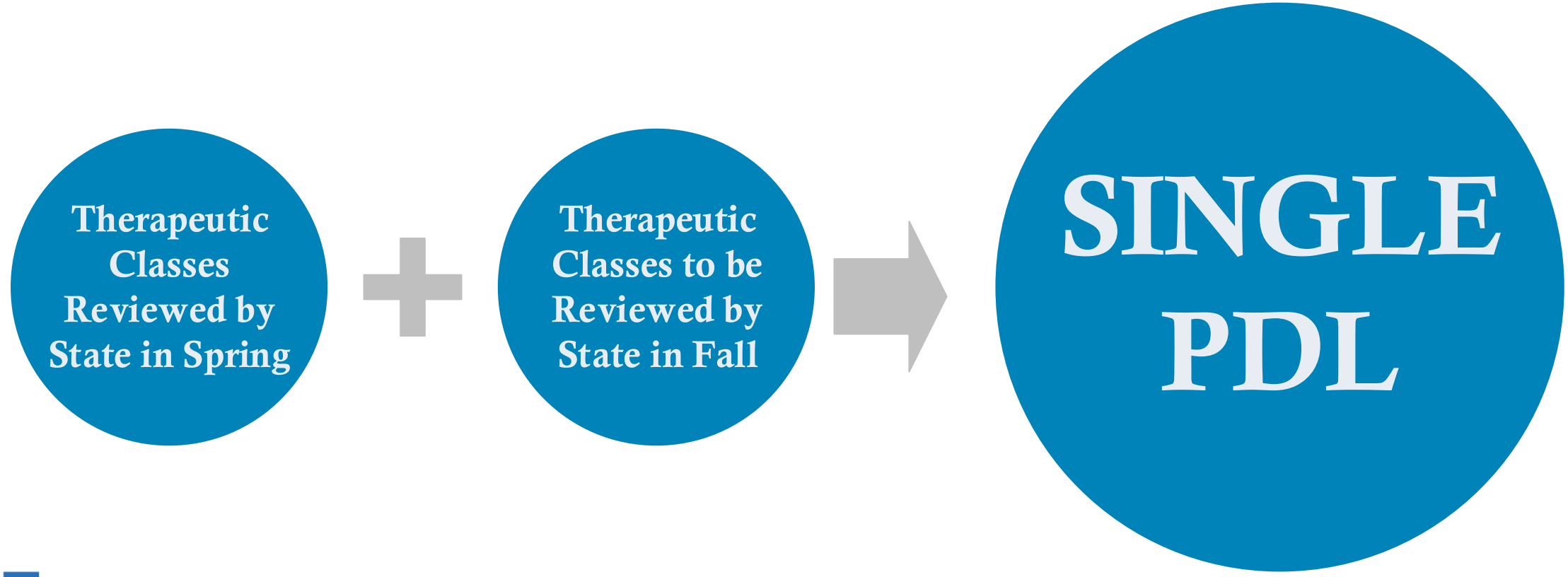
**New Script = Prescription for a drug on which the recipient isn't already established*



# SINGLE PDL COMPOSITION

# WHICH DRUGS WILL BE ON THE SINGLE PDL?

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# WHICH DRUGS WILL BE ON THE SINGLE PDL? (CONT.)

## Therapeutic Classes Reviewed by the FFS P&T Committee in Spring 2018

*Including, but not limited to:*

- Narcotic Analgesics
- Antibiotics & Antifungals
- Antivirals
- Hypoglycemics
- Lipotropics
- Proton Pump Inhibitors
- Coronary Vasodilators

## Therapeutic Classes Scheduled for Review by the FFS P&T Committee in Fall 2018

*Including, but not limited to:*

- Antidepressants, Antipsychotics, & Anxiolytics
- Hepatitis C Agents
- Immunomodulators
- Opthalmics
- Opiate Dependence Treatments
- Steroids
- Stimulants and Related Agents

# PREFERRED BRANDS

- One consideration in PDL development is the cost to the state net of rebates
- Two types of rebates: federal and supplemental

| Federal Rebate | Supplemental Rebate |
|---|---|
| Agreement between manufacturer and CMS | Agreement between manufacturer and state |
| Inclusion on state's formulary | Inclusion on state's PDL |

  - Supplemental rebates are received in addition to federal rebates

- Drugs that do not have a federal rebate agreement are generally not eligible for Medicaid reimbursement

# PREFERRED BRANDS (CONT.)

The state may choose to prefer a brand product when…

- No generics are available
- The generic product does not have a federal rebate agreement
- The *net* cost of the brand is less than the *net* cost of the generic

| | Drug Cost (A) | Federal Rebate (B) | Supplemental Rebate (C) | Net Cost to State (A-B-C) |
|---|---|---|---|---|
| Brand (Preferred) | $250 | $150 | $50 | $50 |
| Generic (Non-Preferred) | $100 | $15 | $0 | $85 |

# PREFERRED BRANDS WITH GENERIC EQUIVALENTS

- In Spring 2018, Milliman released its model, including a list of 22 preferred branded products. This model was based on point-in-time data and will evolve with implementation.
- 9 brand-name drugs were reviewed in Spring 2018 and will be on the single PDL:

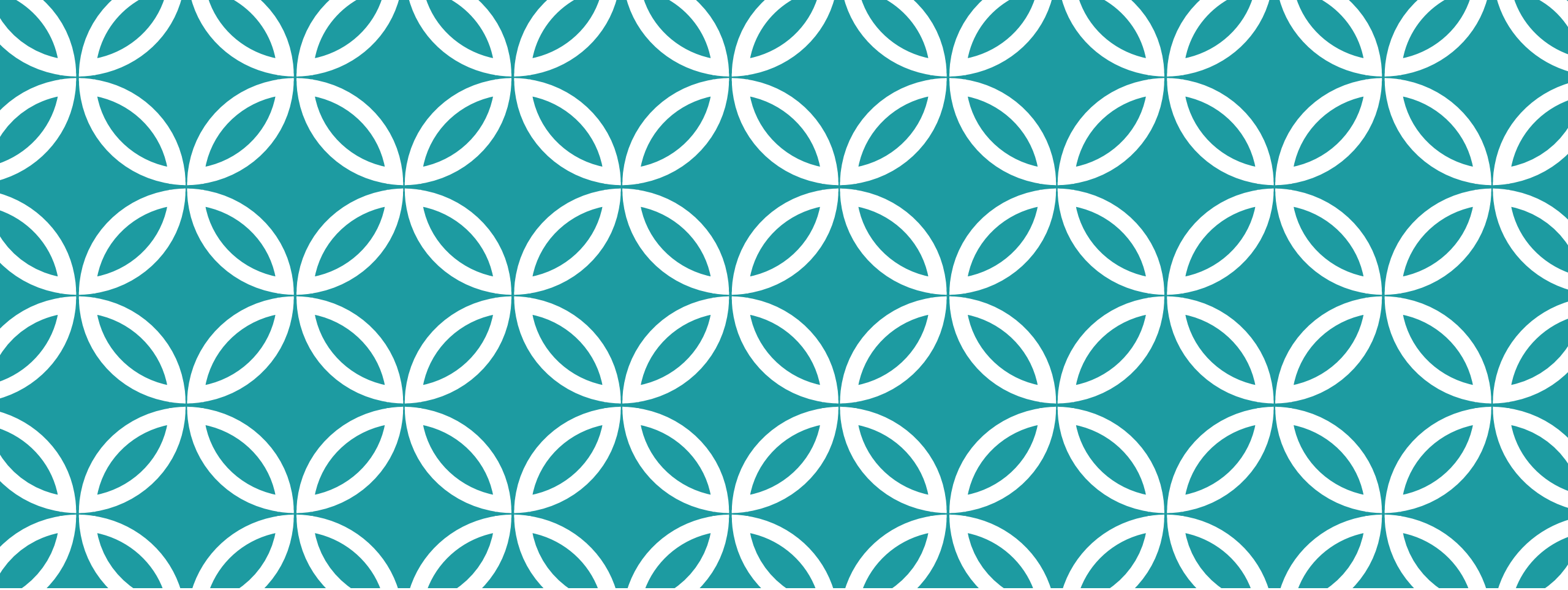
| Therapeutic Class | Drug Name | Milliman 22 |
|---|---|---|
| Androgenic Agents | Androgel Packet | Y |
| | Androgel Pump | Y |
| Antiparasitic Agents, Topical | Natroba | |
| Antiemetic/Antivertigo Agents | Emend | |
| | Transderm-Scop | Y |
| Anticoagulants | Aggrenox | Y |
| Antibiotics, Inhaled | Kitabis Pak | |
| Multiple Sclerosis | Copaxone 20mg | Y |
| Antivirals, Oral | Tamiflu Capsule | |

# PREFERRED BRANDS WITH GENERIC EQUIVALENTS

- In Fall 2018, the P&T Committee will consider 9* brand-name drugs for preferred status:

| Therapeutic Class | Drug Name | Milliman 22 |
|---|---|---|
| ADD/ADHD (Stimulants and Related Agents) | Focalin XR | Y |
| | Procentra | |
| Alzheimer's Agents | Exelon Transdermal | Y |
| Asthma/COPD | Pulmicort Respules (1mg) | |
| Sympatholytics | Catapres-TTS | Y |
| Glaucoma Agents | Alphagan P | Y |
| Opthalmics, Antibiotic/Steroid | Tobradex | |
| Neuropathic Pain | Neurontin Solution | |
| NSAIDS | Voltaren Gel | |

** Preferred drug suggestions and classes reviewed are subject to change. PDL development is a dynamic process, and all recommendations require P&T Committee approval.*



# ADDITIONAL TRANSFORMATIONS

# OTHER JANUARY 2019 DEVELOPMENTS

- Medicaid MCO PBMs paid on a transaction fee basis
  - Eliminates spread pricing
  - Eliminates MCO/PBM rebates/discounts
  - Early compliance with Act 483 of the 2018 Regular Legislative Session
- Single PA Form for all payers
  - Act 423 of the 2018 Regular Legislative Session
  - Exceptions: specialty drugs, electronic prescriptions

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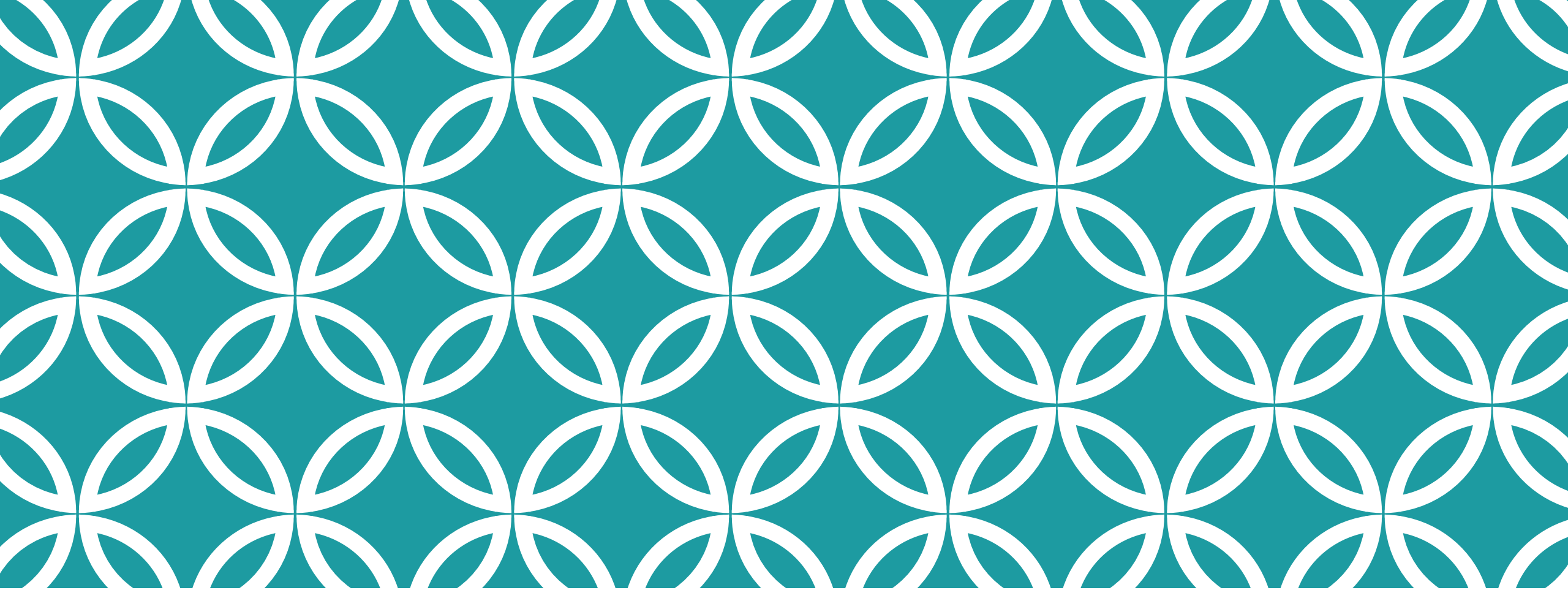

# STAKEHOLDER COMMENTS & QUESTIONS

Open Discussion

# QUESTIONS?

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