



State of Louisiana

Louisiana Department of Health
Bureau of Health Services Financing

Single Prescription Drug List Stakeholders Meeting

Wednesday, November 7, 2018

11:30 am

Bienville Building Room 173

AGENDA

- 1) Implementation Timeline
- 2) LIPA Asks
- 3) LDH Response
- 4) Focused discussion / LIPA member guidance
- 5) Next Steps

Evolution of Louisiana Medicaid Single PDL in Consideration of Stakeholder Input

Status Quo			Single PDL - Original Proposal		Single PDL - Revised Proposal (in consideration of stakeholder feedback)
FFS	MCOs	Stakeholder Feedback	Proposed	Stakeholder Feedback	Proposed
Brand focused, with benefit of State/federal rebates (88% GDR)	Generic focused, without benefit of State/federal rebates (90% GDR)	Prefer generic focus	Single PDL for FFS and all five MCOs (89% GDR); 22 brand drugs preferred over generic	Maximize generics; minimize brands, particularly bulk packaged; ensure drugs are multi-source	Single PDL for FFS and all five MCOs (90% GDR); 13 multi-source brand drugs preferred over generic, nearly all unit of use packaging
FFS PDL changes twice a year	PDL changes quarterly, with each MCO on its own timeline	Prefer fewer PDL changes to keep up with, reducing confusion and pharmacy inventory impact	One PDL that changes twice a year	N/A	No change
Preferred/non-preferred drug status unique to FFS PDL	Preferred/non-preferred drug status unique to each of 5 MCO PDLs	Variation results in high PA volume/denials/transaction fees; adverse impact on timely access to care and health outcomes for members	Consistency in preferred/non-preferred status for drugs on single PDL, inconsistency for drugs off single PDL	Need more uniformity and simplicity	Single covered drug list and single PDL. <i>Covered drug list</i> = universe of drugs covered/payable by Medicaid, FFS and MCO. Single PDL = subset of covered drug list, recommended by P&T as preferred or non-preferred, after review of subset of classes (~100) on covered drug list. FFS does not PA drugs not on PDL; MCOs vary. To address demand for "true single PDL"/complete alignment, LDH now proposes MCOs align with FFS on single PDL and not PA drugs off single PDL. In addition, LDH is exploring the feasibility of reviewing additional drug classes for PDL development purposes.
FFS PDL posted on LDH website	Each MCO PDL (5) posted on a different website in different format; hard to find; hard to search	Prefer one PDL that is easy to find and search	LDH/P&T will establish one (single) PDL for FFS and MCOs; LDH will post PDL in FFS format on LDH website; MCOs will post static link to LDH PDL/website	N/A	No change
Prior Authorization (PA) criteria unique to FFS	PA criterial unique to each of 5 MCOs	Variation results in high PA volume/denials/transaction fees; adverse impact on timely access to care and health outcomes for members	Align PA criteria across FFS and MCOs over time	N/A	No change

LDH Response to LIPA Request for Medicaid Pharmacy Program Changes as of 10/26/18

LIPA Request	LDH Response
Maintain professional dispensing fee	LDH is agreeable, with CMS approval
Provide advance notice of PDL	LDH is agreeable. It will post on LDH website the list of brand drugs recommended to be preferred over the generic equivalents not later than 2 weeks prior to the P&T meeting
Change ingredient cost method from AAC to NADAC	LDH is agreeable, with CMS approval.
Waive copays for brands preferred over generics on single PDL	<p>Maintain current copay policy.</p> <p>The impacted volume is very small. In FY18, for the 13 brands preferred over generics, independent pharmacies dispensed 36,635 prescriptions (0.18% of all Medicaid prescriptions) to 23,334 recipients (1.4% of all Medicaid recipients).</p> <p>More importantly, the copay amount would be the same for these 13 drugs, either \$2 or \$3, whether brand or generic.</p>

Brands Preferred over Generic

Original 22 Brands Preferred Over Generic

ADDERAL XR (ORAL)
CONCERTA (ORAL)
FOCALIN XR (ORAL)
ANDROGEL (TRANSDERM) GEL 1.25%, PUMP
ANDROGEL (TRANSDERM) GEL PACKER 1%
EXELON (TRANSDERM)
GLEEVEC (ORAL)
XELODA (ORAL)
CYCLESSA (ORAL)
LEENA (ORAL)
ORTHO TRI-CYCLEN (ORAL)
ORTHO TRI-CYCLEN LO (ORAL)
TRINESSA LO (ORAL)
FEMHRT (ORAL)
TRANSDERM-SCOP (TRANSDERM*)
XENAZINE (ORAL)
COPAXONE (SUB-Q) 20 MG
ALPHAGAN P 0.15%
PATADAY (OPHTHALMIC) DROPS
BLEPH-10 (OPHTHALMIC) DROPS
AGGRENIX (ORAL)
CATAPRES-TTS (TRANSDERM) PATCH

Revised 13 Brands Preferred Over Generic

MAKENA SDV (INTRAMUSCULAR)
FOCALIN XR (ORAL)
TAMIFLU CAPSULE (ORAL)
XELONDA (ORAL)
COPAXONE 20 MG/ML (SUBCUTANE)
TOBRADEX SUSPENSION (OPHTHALMIC)
NATROBA (TOPICAL)
ALPHAGAN P 0.15% (OPHTHALMIC)
VOLTAREN (TOPICAL)
PROCENTRA (ORAL)
GLEEVEC (ORAL)
CATAPRES-TTS (TRANSDERM)
TRANSDERM-SCOP (TRANSDERM)

13 Brand Preferred over Generic

NDC	Drug Name	Unit of Use	LA Brand AAC	Brand NADAC	WAC	LA Generic AAC	FUL	Copay Brand	Copay Generic
00023917705	ALPHAGAN P 0.15 % DROPS (5ML)	Y	30.71236	29.82153	31.14800	23.29464	N/A	\$3.00	\$3.00
00023917710	ALPHAGAN P 0.15 % DROPS (10ML)	Y	30.71236	29.87713	31.14100	23.29464	N/A	\$3.00	\$3.00
00023917715	ALPHAGAN P 0.15 % DROPS (15ML)	Y	30.71236	30.41437	31.14333	23.29464	N/A	\$3.00	\$3.00
00597003134	CATAPRES-TTS 1 0.1 MG/24 HOUR PATCH	Y	58.62279	58.48826	60.94500	12.84333	11.84819	\$3.00	\$3.00
00597003234	CATAPRES-TTS 2 0.2 MG/24 HOUR PATCH	Y	99.63967	98.85235	102.61750	14.65979	N/A	\$3.00	\$3.00
00597003334	CATAPRES-TTS 3 0.3 MG/24 HOUR PATCH	Y	138.86594	137.54083	142.35250	15.47512	29.70256	\$3.00	\$3.00
68546031730	COPAXONE 20 MG/ML SYRINGE	Y	231.22958	230.77340	237.13333	N/A	N/A	\$3.00	\$3.00
00078043005	FOCALIN XR 5 MG CAP	N	11.90705	11.46435	11.96620	3.10808	9.14782	\$3.00	\$3.00
00078043105	FOCALIN XR 10 MG CAP	N	11.97270	11.63646	12.14340	4.61484	8.77631	\$3.00	\$3.00
00078043205	FOCALIN XR 20 MG CAP	N	12.31266	12.00409	12.48800	2.77759	9.38817	\$3.00	\$3.00
00078043305	FOCALIN XR 30 MG CAP	N	11.87178	11.53156	12.02990	3.02272	9.15761	\$3.00	\$3.00
00078043405	FOCALIN XR 40 MG CAP	N	13.65184	13.23738	13.76890	3.54778	9.26271	\$3.00	\$3.00
00078049305	FOCALIN XR 15 MG CAP	N	12.46116	12.01568	12.48800	1.97923	11.71448	\$3.00	\$3.00
00078060805	FOCALIN XR 25 MG CAP	N	12.94273	12.58843	13.11270	1.67973	10.71962	\$3.00	\$3.00
00078060905	FOCALIN XR 35 MG CAP	N	13.73828	13.27538	13.76890	1.60764	N/A	\$3.00	\$3.00
00078040134	GLEEVEC 100 MG TAB	N	N/A	N/A	93.63822	5.69277	58.03854	\$3.00	\$3.00
00078064930	GLEEVEC 400 MG TAB	Y (30's)	N/A	326.92753	337.41433	29.14920	193.58763	\$3.00	\$3.00
64011024301	MAKENA 1,250 MG/5 ML VIAL	Y	N/A	N/A	803.00000	N/A	N/A	\$3.00	\$3.00
64011024702	MAKENA 250 MG/ML VIAL	Y	N/A	N/A	803.00000	N/A	N/A	\$3.00	\$3.00
64011030103	MAKENA 275 MG/1.1 ML AUTOINJECT	Y	N/A	N/A	730.00000	N/A	N/A	\$3.00	\$3.00
52246092904	NATROBA 0.9 % SUSPENSION	Y	2.13793	2.09900	2.19408	1.82279	N/A	\$3.00	\$3.00
21724070105	PROCENTRA 5 MG/5 ML SOLUTION	N	N/A	N/A	1.69133	1.36399	N/A	\$3.00	\$3.00
00004080085	TAMIFLU 75 MG CAPSULE	Y	N/A	14.59375	15.18800	8.07425	N/A	\$3.00	\$3.00
00004080185	TAMIFLU 45 MG CAPSULE	Y	N/A	13.41350	13.93400	6.63620	N/A	\$3.00	\$3.00
00004080285	TAMIFLU 30 MG CAPSULE	Y	N/A	13.41650	13.93400	5.62517	N/A	\$3.00	\$3.00
00065064705	TOBRADEX 0.3 %-0.1 % DROPS SUSP (5ML)	Y	30.86202	30.37868	31.72600	15.74298	N/A	\$3.00	\$3.00
00065065205	TOBRADEX 0.3 %-0.1 % DROPS SUSP (5ML)	Y	40.26844	39.61733	41.42200	N/A	N/A	\$3.00	N/A
00065064710	TOBRADEX 0.3 %-0.1 % DROPS SUSP (10ML)	Y	30.86202	N/A	31.72100	15.74298	N/A	\$3.00	\$3.00
00065064725	TOBRADEX 0.3 %-0.1 % DROPS SUSP (2.5ML)	Y	30.86202	N/A	31.67200	15.74298	N/A	\$3.00	\$3.00
00067434509	TRANSDERM-SCOP 1.5MG/72HR PATCH (PS 1)	Y	21.01813	17.12309	N/A	N/A	N/A	\$2.00	\$2.00
10019055303	TRANSDERM-SCOP 1.5MG/72HR PATCH (PS 10)	N	21.01813	20.37471	21.29600	N/A	N/A	\$3.00	\$3.00
10019055304	TRANSDERM-SCOP 1.5MG/72HR PATCH (PS 24)	N	21.01813	20.37471	21.29625	N/A	N/A	\$3.00	\$3.00
10019055390	TRANSDERM-SCOP 1.5 MG/3 DAY (PS 1)	Y	21.01813	17.12309	N/A	N/A	N/A	\$2.00	\$2.00
63481068447	VOLTAREN 1 % GEL	Y	0.52952	0.51778	0.54020	0.23604	N/A	\$3.00	\$3.00
00004110020	XELODA 150 MG TAB	Y (60's)	13.42837	N/A	13.55766	N/A	N/A	\$3.00	\$3.00
00004110150	XELODA 500 MG TAB	Y (120's)	44.57010	N/A	45.18591	7.93622	9.42149	\$3.00	\$3.00

Total amount reimbursed to pharmacy	Copay
\$10.00 or less	\$0.50
\$10.01-\$25.00	\$1.00
\$25.01-\$50.00	\$2.00
\$50.01 or more	\$3.00

**Louisiana Department of Health (LDH)
Policy Differences between LA AAC and NADAC**



Chart 1: Policy Differences between LA AAC and NADAC

Policy	LA AAC	NADAC	Pros/Cons of NADAC approach
Timing for survey-based rate updates	Semi-annual	Monthly	Pro: Rates are updated more frequently based on actual invoice data. Con: Data is not solely based on Louisiana pharmacy costs.
Frequency of rate changes in published pricing.	Weekly for both brand and generic drugs	Weekly for brand drugs only	Con: Generic rates are not updated weekly.
Frequency of rates adjustments in response to provider inquiries.	Daily	Weekly	Con: NADAC does not have the ability to back date the change to the provider's date of service, whereas LA AAC rates can. LDH also has no influence on NADAC rates.
Rates for drugs with different package sizes (e.g., creams, ointments, vials)	Blended AAC rate for the different package sizes	Possible different rates for different package sizes	Pro: Rates would more accurately reflect the cost of different package sizes, paying more for smaller sizes and less for larger sizes. Con: Removes incentive to dispense more cost efficient package size if possible.
Rates for brand drugs from multiple manufacturers within the same drug group (e.g., Proventil, ProAir, and Ventolin)	Blended brand AAC rate for multiple manufacturers' products when appropriate. Otherwise, no AAC rate is set for the drug group	When there are clear pricing differences, specific rates are calculated for each manufacturers' product	Pro: Rates match pricing from different manufacturers, paying more or less than an overall average. Con: Differential pricing by manufacturer may confuse pharmacies. May not impact State due to PDL status dictating utilization.
Rates for drugs that have both legend and OTC NDCs	Same rate for both legend and OTC	Different rates for legend and OTC	Pro: Rates reflect cost differences between legend and OTC versions of the same product.
Rates for drugs with multiple therapeutic equivalency ratings within the same drug group (e.g., Synthroid)	Blended AAC rate for multiple therapeutic equivalency ratings when appropriate. Otherwise, no AAC rate is set for the drug group	When there are clear pricing differences, specific rates are calculated for each therapeutic equivalency rating	Pro: Rates reflect cost differences between different therapeutic ratings for the same drug group. Con: Potential pharmacy confusion for different reimbursement for drugs in the same drug group
Drugs included for rate calculations	All LA Medicaid covered drugs are eligible for an AAC rate. Allows for flexibility to calculate AAC rates based upon potential PDL requirements	Only drugs on the Medicaid Covered Outpatient Drugs File. No drugs dispensed solely through specialty pharmacies. Does not consider individual states' PDL in the rate calculation.	Con: Drugs that do not appear on the Covered Outpatient Drugs File will not have a NADAC rate, including specialty drugs

Additional Notes

- Modeled reimbursement comparing the Louisiana AAC to the NADAC shows, in the aggregate, brand reimbursement is lower when utilizing the NADAC, and generic reimbursement is higher when utilizing the NADAC.
- NADAC methodology documentation is available on the CMS website at: <https://www.medicaid.gov/medicaid/prescription-drugs/retail-price-survey/index.html>
- Louisiana's AAC rates and FAQs can be found at: <http://www.mslc.com/Louisiana/Pharmacy.aspx>

Louisiana Department of Health
 NADAC Feasibility Analysis - DRAFT
 November 2018



Table 1: Analysis Reimbursement Methodology Logic

Reimbursement Category	Current LA AAC Reimbursement Logic	Modeled NADAC Based Reimbursement Logic
<i>Brand Drugs</i>	AAC. If no AAC, then WAC + 0%.	NADAC. If no NADAC, then WAC + 0%.
<i>Generic Drugs</i>	The lower of: - ACA FUL - AAC. If no AAC then WAC + 0%.	The lower of: - ACA FUL - NADAC. If no NADAC then WAC + 0%.

Table 2: Estimated Annual Fiscal Impact due to Change in Reimbursement Methodology (State and Federal dollars)

Claims Source	Current LA AAC Model Reimbursement			Modeled NADAC Based Reimbursement			Estimated Brand & Generic Fiscal Impact (g = f - c)
	Estimated Annual Brand Drug Expenditures (a)	Estimated Annual Generic Drug Expenditures (b)	Estimated Annual Expenditures (c = a + b)	Estimated Annual Brand Drug Expenditures (d)	Estimated Annual Generic Drug Expenditures (e)	Estimated Annual Expenditures (f = d + e)	
TOTAL MCO	\$798.5 M	\$177.9 M	\$976.4 M	\$781.2 M	\$207.9 M	\$989.1 M	\$12.7 M
TOTAL FFS	\$65.8 M	\$10.7 M	\$76.5 M	\$64.6 M	\$12.5 M	\$77.1 M	\$0.6 M
TOTAL MCO + FFS	\$864.3 M	\$188.6 M	\$1,052.9 M	\$845.8 M	\$220.4 M	\$1,066.2 M	\$13.3 M

Analysis Notes:

- Estimated expenditures are calculated by multiplying the units dispensed on the claim by the applicable reimbursement rate, as defined in Table 1.
- Published pricing benchmarks and State AAC rates were effective as of the last day of the month the product was dispensed. For example, claims with dates of services between July 1 and July 31, 2018, were analyzed using the available benchmarks as of July 31, 2018.
- Analysis is based upon FFS and encounter data with dates of services between May 11, 2017, and May 10, 2018.
- Due to claims data limitations, compounded claims may be included in the analysis.
- Where possible, usual and customary charges were excluded from the analysis.
- A positive fiscal impact reflects a potential increase in LDH expenditures.
- Analysis was limited to changes in ingredient reimbursement only.
- In addition to the increased cost in pharmacy ingredient reimbursement, there could be other potential costs associated with the change such as implications to the PDL and changes to the POS system which were not captured by this analysis.
- Analysis assumes each MCO reimburses providers utilizing LDH's current FFS reimbursement methodology as required by Act 301 of the 2017 regular legislative session.

Table X—Pharmacy characteristics and average cost of dispensing a prescription

	n	N	%	Means Weighted By:		Medians Weighted By:			
				Unweighted	Total Rx Volume	Medicaid Rx Volume	Unweighted	Total Rx Volume	Medicaid Rx Volume
<i>Overall</i>	617	1130	100.0%	\$11.51	\$10.99	\$10.32	\$9.56	\$9.18	\$8.91
<i>Pharmacy Type</i>									
Specialty	13	29	2.57%	\$27.35	\$27.64	\$24.14	\$89.95	\$27.75	\$27.75
Non-Specialty	604	1101	97.43%	\$11.17	\$10.17	\$9.89	\$9.50	\$9.11	\$8.79
Independent Retail	296	474	41.95%	\$11.79	\$11.08	\$10.77	\$9.69	\$9.48	\$9.30
Retail Chain	308	627	55.49%	\$10.58	\$9.57	\$9.33	\$9.39	\$8.89	\$8.68
<i>Rural vs. Urban</i>									
Rural	113	191	16.90%	\$9.73	\$9.05	\$9.13	\$8.81	\$8.55	\$8.55
Urban	504	939	83.10%	\$11.91	\$11.33	\$10.58	\$9.77	\$9.30	\$8.99
<i>Total Yearly Prescription Volume</i>									
0 - 79,999	337	594	52.57%	\$12.98	\$11.48	\$11.39	\$11.42	\$10.45	\$9.87
80,000 or more	280	536	47.43%	\$9.74	\$10.79	\$9.81	\$8.73	\$8.91	\$8.58
<i>Percent Medicaid Prescriptions</i>									
0 - 19.99%	133	245	21.68%	\$12.69	\$11.62	\$11.34	\$11.07	\$10.14	\$9.95
20% or more	484	885	78.32%	\$11.18	\$10.82	\$10.24	\$9.33	\$8.98	\$8.78
<i>Percent Specialty Prescriptions</i>									
0 - 4.99%	601	1096	96.99%	\$11.12	\$10.10	\$9.81	\$9.49	\$9.10	\$8.78
5% or more	16	34	3.01%	\$26.30	\$27.17	\$22.75	\$70.53	\$27.75	\$27.75

**Pharmacy Cost of Dispensing Survey
Statistical Summary
Louisiana Department of Health and Hospitals**

Characteristic	Pharmacy Dispensing Cost per Prescription ¹											
	Measurements of Central Tendency					Other Statistics						
	n: Number of Pharmacies	Average Total Prescription Volume	Average Medicaid Prescription Volume	Means Weighted by Total Rx Volume	Medians Weighted by Total Rx Volume	Weighted by Medicaid Rx Volume	Standard Deviation	95% Confidence Interval for Mean (based on Student t)		t Value (with n-1 degrees of freedom)		
All Pharmacies in Sample	978	76,355	5,370	\$20.15	\$10.42	\$9.47	\$8.34	\$8.22	\$164.87	\$9.80	\$30.49	1.96
Non Specialty Pharmacies²	940	76,065	5,519	\$11.07	\$9.08	\$9.09	\$8.23	\$8.19	\$7.65	\$10.58	\$11.56	1.96
Specialty Pharmacies²	38	83,552	1,676	\$244.75	\$40.69	\$40.12	\$30.67	\$10.85	\$813.88	(\$22.77)	\$512.26	2.03
Specialty Pharmacy Breakdown³												
Blood Factor	5	18,021	70	\$1,282.70	\$103.12	\$205.34	\$86.30	\$234.12	\$2,126.20	(\$1,357.00)	\$3,922.70	2.78
Compounded Infusion / Intravenous	8	42,856	3,884	\$112.57	\$43.90	\$30.95	\$10.38	\$10.38	\$92.84	\$34.95	\$190.19	2.36
Other	25	109,681	1,290	\$79.45	\$38.24	\$47.17	\$30.67	\$17.38	\$80.78	\$46.10	\$112.80	2.06
Non Specialty Pharmacies Only												
Affiliation:												
Chain	567	85,883	5,176	\$10.63	\$8.83	\$8.57	\$8.03	\$7.86	\$6.18	\$10.12	\$11.14	1.96
Independent	373	61,140	6,042	\$11.74	\$9.59	\$9.77	\$8.77	\$9.10	\$9.42	\$10.78	\$12.70	1.97
Affiliation (In State Only):												
Chain (In State)	550	85,951	5,333	\$10.66	\$8.82	\$8.57	\$8.04	\$7.86	\$6.24	\$10.14	\$11.18	1.96
Independent (In State)	371	61,218	6,072	\$11.72	\$9.57	\$9.77	\$8.77	\$9.10	\$9.42	\$10.76	\$12.68	1.97
Location (Urban vs. Rural):⁴												
In State Urban	646	78,708	5,484	\$11.78	\$9.25	\$9.30	\$8.34	\$8.27	\$8.72	\$11.11	\$12.46	1.96
In State Rural	275	69,600	5,974	\$9.45	\$8.56	\$8.65	\$7.89	\$7.95	\$3.97	\$8.98	\$9.92	1.97
All In State (Urban and Rural)	921	75,988	5,631	\$11.09	\$9.06	\$9.09	\$8.26	\$8.19	\$7.69	\$10.59	\$11.58	1.96
Out of State	19	79,769	133	\$10.26	\$9.60	\$7.71	\$7.93	\$7.69	\$5.07	\$7.81	\$12.70	2.10