

Prior Authorizations for Medications Used to Treat Opioid Use Disorder

Response to HR 257 for the 2019 Regular Legislative Session

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Background

- The United States is experiencing an unprecedented epidemic of opioid misuse, addiction, and overdose deaths.
- Louisiana is no exception: in 2018, 470 Louisianans died of an overdose involving opioids.
- HR 257 of the 2019 regular legislative session requested that the Louisiana Department of Health make changes necessary to eliminate prior authorization requirements in the Medicaid program for all formulations of buprenorphine/naloxone and naltrexone, two medications used for the treatment of opioid use disorder.

Section 1 - Treatment of Opioid Addiction

- Medication treatments for opioid addiction are the standard of care as recommended by the American Society of Addiction Medicine.
- The current Food and Drug Administration medication treatments are methadone, buprenorphine, and naltrexone.
- Methadone treatment for opioid addiction is provided in federally regulated specialty treatment facilities—methadone used for this purpose is not dispensed at regular pharmacies.
- Several buprenorphine and naltrexone products are expensive brand name drugs and are dispensed by regular pharmacies.

Section 2 - Medicaid Drug Pricing

- State Medicaid programs are generally required to cover all Food and Drug Administration-approved medications.
- State Medicaid programs, in partnership with the federal Medicaid Drug Rebate Program, are highly effective in securing rebates on prescription drugs.
- For brand name drugs that have market competition, states use their preferred drug lists to negotiate for more favorable drug rebates—preferred drugs are generally available without prior authorization and non-preferred drugs require prior authorization.
- In exchange for preferred status, drug manufacturers offer substantial rebates.
- In addition, prior authorization can help ensure that expensive brand name drugs are only used appropriately for patients.

Section 3 - Current Louisiana Medicaid Policies

- In Louisiana Medicaid, the fee-for-service program and all five managed care organizations have a single, uniform preferred drug list.
- The single preferred drug list is reviewed twice per year by a Pharmaceutical & Therapeutics committee composed of independent experts (pharmacists, physicians, and other stakeholders) for both clinical and financial benefits, assuring adequate coverage of preferred drugs.
- Methadone treatment will be a covered service available without prior authorization, with an anticipated start date of January 20, 2020.
- Buprenorphine/naloxone sublingual films are available without prior authorization.
- Injectable extended-release naltrexone is available with prior authorization.

Section 4 - Study Findings

Louisiana Medicaid receives substantial rebates on medications used to treat opioid use disorder. Removing all prior authorization from all medications used to treat opioid use disorder is estimated to cost \$2.2 million (estimated state general fund: \$395,544) *without treating a single additional patient*¹. This increase in expenditures is due to a loss of rebate negotiating power.

Oklahoma, Michigan, Colorado, and Washington have recently engaged in value-based drug purchasing. Under these agreements, states align their payment for a drug with a drug's effectiveness in a patient. Oklahoma, in particular, recently implemented a drug pricing agreement with the manufacturer of injectable extended-release naltrexone.

Louisiana Medicaid has begun exploring value-based contracting for medication treatments for opioid use disorder. Preliminary discussions have been held and three large manufacturers have been actively engaged. A value-based contract could potentially allow Louisiana Medicaid to increase the number of preferred drugs available without prior authorization. In addition, as payment in a value-based agreement is aligned with a drug's effectiveness, Louisiana Medicaid's financial obligation is reduced in the event that a drug is less effective than anticipated or if it is not prescribed to optimal patients.

With respect to quantity limits, current Louisiana Medicaid policy is in alignment with the American Society of Addiction Medicine National Practice Guideline for the Use of Medications in the Treatment of Addiction Involving Opioid Use.

¹ This estimate was created by projecting forward future expenditures. Rebate information is confidential under 42 U.S.C. 1396-r8 (b) (3) (D) therefore the estimation methodology cannot be shared. This estimate is higher than estimates provided previously due to increases in utilization and increases in rebates and may differ from future estimates as data that is more current is obtained.

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