

State of Washington PDL Selection Process
(Proposed Final 7/19/2010)

Required Data Elements

Each agency will provide Milliman with the data elements listed in the “data request” workbook.

Note: All PDL determinations shall be based on the most recent 4 quarters of data.

Upfront Unit Costs

Each agency will provide Milliman with the following information in order to calculate the prospective upfront costs:

- a. Current MAC prices
- b. Current Reimbursement Benchmark (AWP, WAC, AAC, etc)
- c. Discount off of reimbursement benchmark

Determining the Daily Average Consumption (DACON)

DACON = total units dispensed / total days supply

Average Daily Upfront Cost

Average Daily Upfront Cost = DACON x Unit Upfront Cost

Average Monthly (30-days) Upfront Costs

Average Monthly Upfront Cost = Average Daily Upfront Cost x 30-Days

Rebatable Units

Rebatable Units = (Rebatable Units – Non-Rebatable Units) * (Rebate Unit Conversion Factor)

Average Monthly Net Cost

Average Monthly Net Cost =
Monthly Upfront Cost – (Rebatable Units)*(Unit Rebate Amount)

New Generics

If a new generic enters the market before the analysis or before PDL is implemented and is not included in the utilization data:

1. Milliman will use 85% of the new multi-source brand name drug utilization as a proxy for the generic drug utilization.
2. Staff will calculate the number of months the generic will be exclusive after implementation of the PDL decision. Milliman will calculate a weighted average cost for the generic drugs using the current price for the remaining months of the exclusivity period and 40% of the brand name cost for the remaining months in the analysis.

If a new generic is expected to enter the market after the PDL class is implemented:

3. Milliman will use 85% of the brand name drug utilization as a proxy for the generic drug utilization.
Staff will calculate the number of months the generic will be exclusive after implementation of the PDL decision. Milliman will calculate a weighted average cost for the generic drugs using the 95% of the brand price for the remaining months of the exclusivity period and 40% of the brand name cost for the remaining months in the analysis.

Generics First

If the Medicaid Purchasing Agency (MPA) will begin a “generics first” program after the class is implemented, Milliman will model scenarios with generic utilization 5% higher than the brands. Shift assumptions will be determined individually for each drug class.

Status Indicators

Within each therapeutic class, each drug will have a PDL eligibility status defined as one of the following five options:

1. **Required for inclusion on the preferred drug list.** In most cases this situation is the direct result of a P&T Committee decision.
2. **Single Source Brand, Single Source Generic, & Multi-Source Generic Drugs Eligible for PDL inclusion.** Single source brands and generics are generally eligible for PDL inclusion.
3. **Multi-Source Brands** identified as having a generic equivalent available and are not eligible for PDL inclusion.
4. **Excluded Drugs.** Drugs identified by the P&T Committee as being excluded from eligibility for the PDL, usually for safety concerns. These drugs are expected to have a very selective PA and minimal utilization.
5. **P&T Committee selected drugs for specific populations or medical conditions.** Similar to Status 1 drugs in that the P&T Committee has

directed their inclusion. However, these drugs differ in the model because they address a specific population (e.g. pediatric) or medical condition. Therefore, the model assumes their inclusion in the PDL but excludes them from any utilization shifting assumptions as part of the savings estimates.

MASTER Data Sheet

Washington State Health Care Authority
Preferred Drug Program
Data for MMDDYYYY Analysis

<u>Drug Class</u>	<u>GPI or GCN Number</u>	<u>ANDA/NDA</u>	<u>TEE</u>	<u>MS Indicator</u>	<u>Generic Indicator</u>	<u>P&T Status Indicator</u>	<u>NDC Code</u>	<u>Brand Name</u>	<u>Generic Name</u>	<u>Drug Strength</u>	<u>Dosage Form</u>	<u>Average Wholesale Price (AWP)</u>	<u>Wholesale Acquisition Cost (WAC)</u>
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Provided By? Agency, HCA or Both	Field Name	Field Description
Agency	Start Date	Starting Year & Month of Data Collection Period
Agency	End Date	Ending Year & Month of Data Collection Period
Agency	340B Claim indicator	Identifies what claims are subject to 340B pricing and will not get Federal Rebate
Agency	Prescription Count	Total number of prescriptions dispensed
Agency	Rebatable Units Dispensed	Total quantity of drug provided that is eligible for rebates
Agency	Nonrebatable Units Dispensed	Total quantity of drug provided that is NOT eligible for rebates
Agency	Rebate Conversion Factor	Converts POS units to Rebatable units
Agency	Days Supply	Total days supply of drug provided.
Agency	Ingredient Cost	Total drug cost without dispensing fees and before cost sharing
Agency	Cost Sharing	Total cost sharing (deductible, copay, coinsurance, ancillary charge)
Agency	Federal Rebate	Total federal rebates
Agency	Other Rebate - One of One	Cost per Unit if One of One
Agency	Other Rebate - One of Two	Cost per Unit if One of Two
Agency	Other Rebate - One of Three	Cost per Unit if One of Three
Agency	Other Rebate - One of Many	Cost per Unit if One of Many
Agency	Other Rebate Adj. Factor	Adjustment to Other Rebates if actual rebates are less than offered rebates
Agency	MAC	Maximum Allowable Cost - Per Unit (either State or HCA)
Agency	MAC Claim Indicator	Shows the number of claims paid using MAC
Agency	Tier	Member cost sharing tier (1=Generic; 2=preferred brand; 3=non-preferred brand)
Agency	Retail/Mail Order	Retail/Mail order indicator
Both	NDC Code	Please list as an 11 digit numer with leading zeros (if needed) and no dashes.
Both	Generic Indicator	Indicates if product is considered a generic drug
Both	Generic Name	Generic name of the drug.
Both	Brand Name	Brand name of the drug. (Use generic name if drug is generic)
Both	Drug Strength	Strength of drug (i.e. 25 MG, 10G/15ML).
Both	Dosage Form	Form of drug (e.g. Tablet, Capsule, Aerosol).
Master	Drug Class	As defined by the P&T Committee
Master	GCN	Generic Code Number (is the same for all products of the same drug and strength regardless of manufacturer)
Master	GPI Number	Please list as a 14 digit numer with leading zeros (if needed) and no dashes. Need to define GPI and where it is coming from Medimpacts GPI not the same as Medispan
Master	ANDA	Abbreviated New Drug Application
Master	NDA	New Drug Application
Master	TEE	Therapeutic Equivalence Evaluation Code
Master	Multisource Indicator	Y=MS; M=SS co-licensed; N= SS; O=Innovator
Master	Generic Name Indicator	Indicates if product is labeled using its generic name
Master	WAC	Wholesale Acquisition Cost - Per Unit
Master	AWP	Average Wholesale Price - Per Unit
Master	FUL	Federal Upper Limit - Per Unit
Master	Status	Status Indicator

AGENCY Data Sheet

Washington State Health Care Authority
 Preferred Drug Program
 Data for MMDDYY Analysis
 Agency: [Agency Name](#)

Drug Class	NDC Code	Brand Name	Generic Name	Drug Strength	Dosage Form	RX Dispensed	Quantity	Non-Rebatable Prescriptions			Rx Dispensed	Quantity	Rebatable Prescriptions			Rebate Unit Conversion	Per Unit Rebate				Federal Upper Limit (FUL)	Maximum Allowable Cost (MAC)	FDL Tier	Retail Mail Indicator
								Days Supply	Ingredient Cost	Patient Cost Share			Days Supply	Ingredient Cost	Patient Cost Share		One of One	One of Two	One of Three	One of Many				

Exhibit 1

Status	Cost	Drug	UMP Tier	MPA Tier	MAC??	Rebate Description			Days Supply			Average Upfront Cost ¹ /30 Days				Average Net Cost ² /30 Days			
						MPA	UMP	LNI	MPA	UMP	LNI	MPA	UMP	LNI	Combined	MPA	UMP	LNI	Combined
1	3	a	2		NO	1 of many			100	100	100	1	1.7	1.1	1	1	1.7	1.1	1
2	1	b	1		Yes	1 of many			200	200	200	1.1	1.6	1.2	2	1.1	1.6	1.2	2
2	2	c	1		Yes	1 of many			300	300	300	1.2	1.5	1.3	3	1.2	1.5	1.3	3
2	4	d	2		NO	1 of many			400	400	400	1.3	1.4	1.4	4	1.3	1.4	1.4	4
2	5	e	2		NO		1 of many		500	500	500	1.4	1.3	1.5	5	1.4	1.3	1.5	5
2	6	f	2		NO		1 of many		600	600	600	1.5	1.2	1.6	6	1.5	1.2	1.6	6
3	7	g	3		Yes				700	700	700	1.6	2	1.7	7	1.6	2	1.7	7
3	8	h	3		Yes				800	800	800	1.7	3	1.8	8	1.7	3	1.8	8

¹Net of copays

²Net of copays and rebates