Apple Health Preferred Drug List (PDL)

House Health Care and Wellness Committee

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Washington State Health Care Authority
Budget Proviso

- HCA shall develop and implement single, standard Medicaid preferred drug list (PDL):
  - To be used by all contracted Medicaid managed care systems (MCO) — on or before January 1, 2018
  - In consultation with all Medicaid managed health care systems (MCO), and the Pharmacy and Therapeutics Committee or Drug Utilization Review Board
  - That ensures access to clinically effective and appropriate drug therapies, while maximizing federal and supplemental rebates

- HCA may use consultants with expertise in evidence-based drug class reviews, pharmacy benefit management, and purchasing
Budget Proviso

- Annual report to Governor and Legislature:
  - November 15, 2018 and 2019
  - Comparing amount spent in previous two fiscal years to expenditures under the new system — by fund source, total expenditure, drug class, and top 25 drugs

- Budget included savings expectation of 10% ($144M) over the biennium
  - HCA responded to the Legislature with an estimate of $22M
HCA Principles

- Patient care and access to necessary medications come first
- Patients, prescribers, and pharmacists have easy access to the right information
- Minimize patient and provider disruption
Implementation – Regulatory

- 2 State Plan amendments
  - Single PDL (approved Feb. 17, 2018)
  - Supplemental Rebate Contract (approved March 7, 2018)

- Contracts
  - Project manager
  - MCOs
  - Moda Health (Sept. 19, 2017)
  - Magellan Health (Dec. 18, 2017)
  - First Data Bank (July 2018)
  - Medispan (July 2018)
Implementation – Finance

- MCO rates and reimbursement process
  - PDL drugs carved out of rates
    - January 1, 2018 (27 classes)
    - July 1, 2018 (all claims paid through point-of-sale)
  - Monthly reimbursement to plans
    - Weekly automated reimbursement (early 2019)

- CMS Reporting
Implementation – Systems

- Fee-for-service, point-of-sale programming
- Developed weekly data file for plans
  - Manual production (for January 1, 2018 implementation)
  - Automated process (completed in March 2018)
- Rebate collection
  - Configure RxMax to allow invoicing of MCO supplemental rebates
  - Load supplemental rebate contracts into RxMax
    - 172 contracts for 1st and 2nd quarter
Implementation – Clinical Design

- Clinical design
  - Weekly meetings with MCOs
    - Created 43 clinical policies
  - Magellan
    - Evidence reviews
  - Drug Utilization Review Board
    - 11 meetings since July 2017
    - Reviewed 165 drug classes
    - 41 clinical policies (2 scheduled in October)
Implementation – Communication

- Developed a communication strategy
- Monthly updates provided to authorizing environment
- Member communication
  - 30 days prior to each implementation if they needed to change medications
  - Allowed 90 days continuity of care for transition purposes
- Provider communication
  - Prescribers and pharmacies were notified of PDL and clinical policy changes 30 days prior to implementation
- Redesigned website for providers and members
**Milestones**

- **Phase 1**
  - January 1, 2018
  - Implemented 27 drug classes
  - Approx. 36.6% of gross prescription drug expenditure

- **Phase 2**
  - July 2018
  - Implement 57 additional classes & clinical coverage status indicators
  - Approx. 21.6% of gross prescription drug expenditure

- **Phase 3**
  - October 2018
  - Implement 66 additional classes
  - Approx. 5% of gross prescription drug expenditure

- **Phase 3 contd.**
  - January-April-July 2019
  - Implement remaining 247 drug classes
  - Approx. 18.6% of gross prescription drug expenditure
Expected Advantages

» Administrative ease
  ▶ Simplifies formulary selection and prior authorization requirement for prescribing providers and pharmacies. All Apple Health clients have access to the same set of medications and coverage rules.

» Rebate maximization
  ▶ Clients guided to drugs with lowest cost or maximum rebate potential, reducing overall prescription drug costs

» Rebate transparency
  ▶ More accurate rate setting and better cost management

» Minimize disruptions
  ▶ Some members enrolled in MCO coverage switch plans to access certain prescription medications. While these numbers are small, single PDL ends patients’ needs to switch.
Next Steps/Lessons Learned

Next steps

- Quarterly additions
- Updating data files (Medispan and First Data Bank)
- Financial results analysis
  - Completing collection of 1st quarter rebates now
  - Just invoiced 2nd quarter rebates (August 28, 2018)

Lessons learned

- Need to scope work early to accurately estimate needed resources
- Align resources to scope of work
- Communication
Questions?

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