

April 2018 Monthly Report Preferred Drug List for Apple Health (Medicaid)

Background and purpose

The 2017-19 state operating budget directs HCA to implement a single, standard preferred drug list (PDL) for all Apple Health (Medicaid) clients on or before January 1, 2018.

HCA implemented the first phase of the Apple Health PDL (13 drug classes) on January 1, 2018. Phase 2 will go live July 1, 2018, and any remaining drug classes will be implemented later in 2018. All contracted Medicaid managed care organizations (MCOs) and the fee-for-service (FFS) program will use the Apple Health PDL.

The link to the Apple Health PDL is on [HCA's Apple Health PDL webpage](#).

April highlights

- HCA has received signed attestations from each MCO stating that they are in compliance with the drugs and policies associated with the Phase 1 (January 1) release of the Apple Health PDL.
- HCA finalized the Phase 2 Apple Health PDL on April 10 and provided it to the MCOs. The MCOs will use the PDL to configure their systems appropriately prior to the Phase 2 implementation on July 1.
- HCA finalized all remaining clinical policies for those drugs slated for implementation in Phase 2. The Drug Utilization Review (DUR) Board met on April 18 and approved both the Phase 2 drugs and their associated policies.
- HCA has begun configuring the fee-for-service (FFS) point of sale (POS) system to process claims for PDL drug classes going live on July 1.
- The Apple Health PDL Executive Steering Committee met on April 27 to review the proposed Apple Health PDL communication strategy. The communication strategy will guide HCA engagement with various Apple Health PDL stakeholders.
- The steering committee also discussed HCA's approach to establish community feedback mechanisms that would assess: 1) patient/provider satisfaction with the Apple Health PDL roll-out and its associated communication, and 2) how well the Apple Health PDL is achieving expected patient/provider benefits.

Upcoming work – May

- Discuss with project and HCA leadership a revised approach and timeline for the remaining Apple Health PDL implementation phases. A smaller number of drug classes implemented quarterly between July 1, 2018 and July 1, 2019 may help to simplify the application of drug policies (e.g., grandfathering) and streamline the workload for HCA and MCO staff.
- Complete the POS system configuration required for Phase 2.
- Submit all invoices for the first quarter of 2018 supplemental drug rebates associated with the 13 drug classes implemented on January 1 with the Phase 1 Apple Health PDL.
- Finalize the communication strategy to guide internal and external stakeholder engagement for the remainder of the project.
- Determine HCA's approach to establish patient/provider community feedback mechanisms, and a schedule for capturing both baseline and recurring feedback.
- Plan for the pharmacy services webpage redesign to include information about the PDL for clients.
- Monitor the MCOs' progress on updating reject messages to pharmacies.

Benefits of a single preferred drug list

When fully implemented, the expected benefits of the Apple Health PDL include:

1. **Administrative ease.** A single PDL simplifies formulary selection and prior authorization requirements for prescribing providers and pharmacies.
2. **Consistent access.** All Medicaid clients will have access to the same set of medications and coverage rules.
3. **Maximized rebates.** A single PDL steers members to highly effective drugs that have the lowest cost or maximum rebate potential, resulting in an overall reduction in prescription drug costs.
4. **Rebate transparency.** Improved rebate transparency to HCA will allow for more accurate rate setting and better cost management.
5. **Minimize disruptions.** Some members enrolled in MCO coverage switch plans to access certain prescription medications. While the number of members who switch plans is small, such disruptions would not occur with a single statewide PDL.

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