



February 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:
www.hca.wa.gov/apple-health-pdl .

February highlights

- The Center for Medicare and Medicaid Services (CMS) has approved our Medicaid State Plan Amendments (SPA) to implement the single Apple Health PDL across all managed care plans and FFS as well as our SPA to join the TOP\$ Supplemental Rebate pool. Approval from CMS means that HCA has met the necessary federal requirements to continue implementing the PDL. It also means HCA can begin invoicing for supplemental rebates on drugs covered by the managed care plans at the end of this quarter.
- The cost of all outpatient prescription drugs will be eliminated from the MCO rates starting in July 2018 rather than removing the cost gradually as we implement drug classes. This means that HCA will reimburse the MCOs on a monthly basis for the direct costs they incur for all outpatient prescription drugs. The decision allows more flexibility to add drug classes to the PDL outside of the semi-annual rate setting process with MCOs. Also, HCA may be able to more quickly put the drug expenses back into the managed care rate and cease the direct reimbursement process.
- HCA will purchase the licenses for two national drug databases, Medispan and First Databank. This decision will allow HCA to provide proprietary drug class information to the MCOs that contract with either Medispan or First Databank when we pass our PDL file to them. Providing this information to the MCOs will allow them to more efficiently process updates to the PDL and clinical edits in their systems.
- HCA continued to make progress programming the automated PDL file, which will be used to provide weekly PDL updates to the MCOs.

- The Drug Utilization Review Board met February 21, 2018. The board reviewed and approved 23 drug classes and seven clinical policies to be added to the Apple Health PDL on July 1.
- HCA created a short URL—www.hca.wa.gov/apple-health-pdl—to help website visitors quickly reach the webpage on the Apple Health PDL. The webpage includes access to the PDL file and links to frequently asked questions for providers and drug manufacturers. The page text and FAQs have been edited to show the first phase of implementation has occurred.

Upcoming work – March

- Implement the automated PDL file for the first 13 drug classes with the MCOs.
- Begin programming the additional drug classes in HCA’s systems for the July 1 implementation.
- By April 1, share the drugs and drug classes for July implementation with the MCOs so that they can begin to plan and program their systems. The final clinical policies will be provided in May.
- Develop a communication strategy to drive internal and external stakeholder engagement for the rest of the project.
- Establish feedback mechanisms to assess satisfaction with the Apple Health PDL.
- Make updates to the pharmacy information on the client pages of HCA’s website.
- Continue to work with the MCOs to assure that when claims reject, they are providing pharmacies with information about preferred drugs.

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. **Price transparency.** Improved price transparency 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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