

January 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 a third later in 2018. All contracted Medicaid managed care organizations (MCOs) and the fee-for-service program will use the Apple Health PDL.

The Apple Health PDL can be found on HCA's website: <https://www.hca.wa.gov/assets/billers-and-providers/apple-health-preferred-drug-list.pdf>

January highlights

HCA successfully launched Phase 1 of the Apple Health PDL on January 1, 2018, as planned.

Other progress included:

- Developing uniform clinical coverage policies and related criteria for Phase 2 implementation July 1, 2018.
- Aligned reject messaging for denied pharmacy claims across all plans and FFS.
- Obtained necessary information to prepare supplemental rebate invoices for MCO encounters.
- Prepared and tested the data extract file used to reimburse the MCOs for their drug costs on a monthly basis.
- Continued planning communications strategy for the second phase of the PDL implementation.

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.

Project approach

Phase 1: The Health Care Authority implemented the first phase, effective January 1, 2018, with limited uniform coverage criteria. The Phase 1 PDL includes the 13 drug classes that are likely to result in the most cost savings. For drug classes that are not part of the first phase, plans will manage them as they currently do.

Phase 2: July 1, 2018, add additional drug classes to the Apple Health PDL. Managed care plans will use the Apple Health PDL as it expands and includes more drug classes.

Phase 3: Add any remaining drug classes to the PDL. Phase 3 classes will be determined in early 2018.

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