

May 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. The comprehensive Apple Health PDL will be implemented in three phases.

HCA implemented Phase 1 (27 drug classes*) on January 1, 2018. Phase 2 implementation occurs July 1, 2018 and will implement 57 unique drug classes. Phase 3 will include all remaining drug classes (approximately 350), which will be implemented quarterly until complete. All of the Apple Health (Medicaid) managed care organizations (MCOs) under contract with HCA and the Apple Health Fee-for-service program will use the Apple Health PDL.

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

**Note: HCA originally communicated the number of drug classes implemented in Phase 1 as 13. A recent adjustment in the way HCA defines a drug "class" amends this number to 27.*

May highlights

- Revised the approach and timeline for remaining Apple Health PDL implementation phases. Implementing a smaller number of drug classes quarterly between July 1, 2018 and July 1, 2019 will help to simplify the application of drug policies (e.g., grandfathering) and streamline the workload for HCA and MCO staff.
- Submitted all invoices for the first quarter of 2018 supplemental drug rebates associated with the 27 drug classes implemented on January 1 as part of Phase 1
- Finalized the communication strategy to guide internal and external stakeholder engagement for the remainder of the project
- Determined HCA's approach to establishing patient/provider community feedback mechanisms
- Planned for the pharmacy services webpage redesign to include information about the PDL for clients
- Worked with MCOs to complete updates on reject messages to pharmacies

Upcoming work – June

- Finalize the Phase 2 file specifications for all drug classes
- Provide Phase 2 PDL test file to MCOs for testing and review
- Complete the POS system configuration required for Phase 2
- Execute planned communications ahead of the Phase 2 release on 7/1
- Develop content for the pharmacy services webpage redesign to include information about the PDL for clients

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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