

## October 2017 Monthly Report Single 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) to be used on behalf of all Apple Health clients on or before January 1, 2018.

HCA has established a phased approach for implementing the Apple Health PDL. Phase 1 begins January 1, 2018, when HCA will implement the first set of drug classes. The contracted Medicaid managed care organizations (MCOs) and the fee-for-service program are required to comply with the Apple Health PDL.

### 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 members will have access to same set of medications and coverage rules.
3. **Maximized rebates.** A single PDL steers members to the drugs with 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 is on schedule to implement the first phase, effective January 1, 2018. The Phase 1 PDL includes 13 drug classes that are likely to result in the most cost savings. They are listed at the end of this report. For drug classes that are not part of the first phase, plans will manage them as they currently do.

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

Phase 3: HCA is also targeting July 1, 2018, for full automation of the Apple Health PDL in alignment with the approach for revising MCO rates to reflect the Single PDL. HCA will report a

firm implementation date for a system solution once it is known; therefore, the July 1<sup>st</sup> date for automation is subject to change. Additional funds are being sought to support the system enhancement through a supplemental budget request.

Until full automation can be implemented, HCA must use a more resource-intensive, semi-manual approach to manage ongoing changes to the 13 drug classes in the Apple Health PDL and to communicate the updates to the managed care plans.

### **Project accomplishments – October**

- Delivered the Phase 1 Apple Health PDL file to managed care plans October 2, 2017.
- Conducted weekly meetings with each MCO to manage Phase 1 implementation.
- The DUR Board reviewed four additional drug classes and two sets of criteria on October 18, 2017, for Phase 2 implementation. The DUR Board has approved a total of 32 drug classes for implementation, the 13 for phase one and 19 so far for phase 2.
- Delivered communications documents to MCOs for their implementation:
  - Key messages to be used for internal messaging with staff and external messaging with providers and pharmacists.
  - HCA-authored letter to be sent to MCO provider and pharmacist networks by mid-November.
- Finalized two additional FAQ documents – provider and client/member.
- Began revisions to HCA Pharmacy website.
- Prepared HCA staff to be able to respond to inquiries about the Apple Health PDL.
- Finalized managed care rates and filed them with CMS on October 2, 2017.
- Began analysis into whether efficiencies can be found in the MCO drug cost reimbursement process.

### **November priorities**

- Managed care plans to complete system programming of Phase 1 Apple Health PDL.
- Further develop HCA's semi-manual, interim approach to managing the Phase 1 PDL.
- Evaluate the systems solution and cost proposal due from OptumRx/CNSI early in November. Respond with HCA's preferred approach for a long-term systems solution (Phase 3).
- Further investigate options to find efficiencies in the MCO drug reimbursement process.
- Prepare to submit supplemental rebates on the 13 drug classes in January.
- Send final contract amendments to MCOs for signature by November 27, 2017.
- DUR Board meeting November 15, 2017 to review additional drug classes and clinical criteria for Phase 2 implementation.
- Managed care plans to send provider notices by November 1, 2017.
- Continue communication tactics to ensure that internal and external audiences are prepared with necessary information to respond to inquiries.

- Continue to revise HCA Pharmacy website and post documents such as the FAQs for prescribers and clients.

### **Project risks and issues**

1. **Risk:** Ability of our system vendors, to adequately support automation of the Apple Health PDL file and delivery to managed care plans in a timely manner.  
**Mitigation:** Develop alternate semi-manual systems solution.
2. **Issue:** Funding for the automated solution was not provided in the budget proviso.  
**Mitigation:** Seek additional funding for Phase 3 systems solution.
3. **Risk:** Stakeholder concerns with Apple Health PDL.  
**Mitigation:** Proactive presentations and meetings with stakeholders; clear, frequent, and transparent communication. Decisions are made in open public meetings.
4. **Risk:** Some Apple Health clients may need to change their medications causing possible disruption in treatment.  
**Mitigation:** Allow members to continue medication when clinically appropriate as determined by the DUR Board; allow continuation of care for certain high-volume medications to reduce administrative burden on providers and health plans; provide multiple opportunities for prescribers to become familiar with the Apple Health PDL before January 1; and, facilitate proactive outreach to patients directly impacted by the changes.
5. **Risk:** Estimated savings for Apple Health PDL is not achieved.  
**Mitigation:** Clear, consistent communication around realistic savings and reasons savings may not be achieved.
6. **Risk:** MCO rate-setting challenges due to unknown future drug expenditures.  
**Mitigation:** Align implementation of Phases 2 and 3 with rate-setting process; communicate savings as clearly and accurately as possible; rely on new vendor, Magellan, to provide alerts about expected drug cost increases.

### **Drug classes for January 1, 2018**

The 13 drug classes that will be implemented January 1, 2018 are:

- |   |                           |
|---|---------------------------|
| • Anticoagulants                        | • Inhaled Corticosteroids |
| • Anti-emetics                          | • Growth Hormones         |
| • Beta agonists (long and short acting) | • HIV                     |
| • COPD Drugs                            | • Multiple Sclerosis      |
| • Cytokines and CAM Antagonists         | • Pancreatic enzymes      |
| • Epinephrine auto-injectors            | • Substance Use Disorder  |
| • Insulin                               |                           |

### **Project Contact**

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