



September 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. The Drug Utilization Review (DUR) Board has reviewed and approved preferred products for the 13 drug classes that will be implemented January 1, 2018.

Project Approach and Status

Phase 1: HCA is on schedule to implement Phase 1 of the Apple Health PDL on January 1, 2018. Managed care plans will continue to manage all drug classes not on the Apple Health PDL. HCA has joined a national supplemental rebate purchasing pool and is on track to expand collection of supplemental rebates beginning January 1, 2018. The project team is working to refine the estimate of the savings from these additional supplemental rebates.

Phase 2: HCA will add more drug classes to the Apple Health PDL beginning July 1, 2018. HCA is working with the managed care plans to align clinical policies and identify additional drug classes to add to the Apple Health PDL. As drug classes are added, the managed care plans will be required to comply with the revised list.

Phase 3: HCA is also targeting July 1, 2018 to fully automate communication of changes to the Apple Health PDL to the managed care plans. HCA had previously targeted March 2018 for full automation however that did not align with the approach for revising MCO rates to reflect the single PDL. We continue work on automating the transmission of the drug list and clinical algorithms. System options have been developed however, the point of sale vendor (OptumRX via a sub-contract with CNSI) has been slow to respond to HCA's inquires for estimates related to the different options. HCA will report a firm implementation date for a system solution once it is known; therefore, the July 1st date for automation is subject to change. Meanwhile, HCA must use a more resource-intensive, semi-manual approach to communicate with the managed care plans about changes to the Apple Health PDL.

Project Accomplishments – September

- Contract with new rebate processing vendor, Magellan, signed 9/19/2018, effective 01/01/2018. This includes HCA's participation in Magellan's rebate purchasing pool, TOP\$.
- Published a fact sheet about the Apple Health PDL and process (<https://www.hca.wa.gov/assets/program/apple-health-pdl-factsheet-2017-9-22.pdf>) 9/19/2017.
- DUR Board approved six additional drug classes on 09/20/2017 for Phase 2 implementation.
- Clinical criteria, including grandfathering approach, for the Phase 1 implementation was finalized 09/29/2017.
- Apple Health PDL file format specifications for Phase 1 were finalized with managed care plans 09/22/2017.
- Implementation kick off meeting with managed care plans 9/22/2018.
- Tribal notice and public announcement regarding the Apple Health PDL and new supplemental rebate vendor issued 09/28/2017.
- Analysis of systems options for Phase 3 automation of the Apple Health PDL file completed 09/29/2017.

October Priorities

- Delivered Phase 1 Apple Health PDL file to managed care plans on 10/2/17. Completed
- Managed care plans and FFS program to complete system programming of Apple Health PDL.
- Finalize communication and implementation plans; begin execution with managed care plans.
- Managed care plans to draft provider notices for delivery by 11/1/17.
- Finalize managed care plans rates and reimbursement methodology for 2018.
- DUR Board to review additional drug classes for Phase 2 implementation.
- Finalize savings estimate.

Project Risks and Issues

1. **Issue:** Funding for the automated solution was not provided in the budget proviso.
Mitigation: Seek additional funding for Phase 3 systems solution.
2. **Risk:** Ability of OptumRX, 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.
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 and pharmacists 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 Phase 2 with rate-setting process as much as possible; 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
- Anti-emetics
- Beta agonists (long and short acting)
- COPD Drugs
- Cytokines and CAM Antagonists
- Epinephrine auto-injectors
- Insulin
- Inhaled Corticosteroids
- Growth Hormones
- HIV
- Multiple Sclerosis
- Pancreatic enzymes
- Substance Use Disorder

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