Apple Health (Medicaid) Preferred Drug List (PDL)

The 2017-19 state operating budget directs the Health Care Authority (HCA) to implement one preferred drug list (PDL) to be used by all Apple Health (Medicaid) managed care organizations by January 1, 2018. Below are answers to questions about the PDL that HCA has received from drug manufacturers, managed care organizations, and other stakeholders.

For more information, visit www.hca.wa.gov/about-hca/prescription-drug-program.

About Apple Health PDL implementation

What is changing on January 1?
As directed by the Legislature, we are moving to a single list of preferred drugs, called the Apple Health Preferred Drug List, for all Apple Health clients. We plan to implement this PDL in two phases. In the first phase, which HCA will implement on January 1, 2018, the Apple Health PDL will include 13 drug classes that are likely to result in the most cost savings. Phase 1 drug classes will be posted to HCA’s website by October 1, 2017.

Phase 2 is tentatively scheduled for March 1, 2018. Additional drug classes planned for the PDL will begin at this time, and will continue until all drug classes have been added.

Which drug classes will be included in the PDL on January 1?
- Anticoagulants
- Antiemetics
- 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

Is HCA holding more Pharmacy and Therapeutic Committee meetings before implementing the PDL?
Yes. HCA will have monthly Pharmacy and Therapeutic (P&T) Committee/Drug Utilization Review (DUR) Board meetings through the end of 2017 and into early 2018. Currently scheduled meetings are:
- October 18
- November 15
- December 20

All meetings are open to the public. Learn more at www.hca.wa.gov/about-hca/prescription-drug-program/meetings-and-materials.

Will medical benefit drugs be included in the Apple Health PDL?
The primary focus will be drugs that are covered in outpatient settings. HCA expects to include drugs traditionally covered in medical benefit (drugs typically administered by injection or infusion, not self-administered) in the future, but not in 2018.

Continued
If a drug becomes non-preferred on January 1, 2018, will it be grandfathered?
Certain medications may be grandfathered. This means that patients already stabilized on a medication will not require a prior authorization (PA) to continue on that medication. The DUR Board will determine which drugs must be grandfathered for clinical purposes. HCA recognizes the clinical and practical impacts of such changes, and will make every effort to minimize these occurrences and provide adequate notice.

Who is developing Prior Authorization (PA) criteria?
HCA clinical staff in collaboration with the pharmacy directors from the Apple Health managed care plans develop PA criteria, which are then reviewed by the DUR Board.

Do you expect to achieve the financial savings assumed in the 2017-19 state operating budget?
We support the concept of a single Apple Health PDL as one tool for curbing rising drug costs. HCA’s Director stated this in a letter to legislative leadership during the 2017 session. However, without additional study, we do not know whether the PDL will achieve the assumed savings. During the 2017 legislative session, HCA went on record that the assumed savings from a single PDL were not realistic; however, the savings have been booked in the 2017-19 budget.

How the PDL affects Apple Health managed care plans

Will plans be able to add drugs to the PDL?
No. Plans may not add additional preferred drugs to classes within the Apple Health PDL. Plans may follow their own PDL for drugs or drug classes that are not part of the Apple Health PDL.

Will plans be able to negotiate their own rebates after January 1, 2018?
Plans are prohibited from negotiating rebates for any drugs within a class on the Apple Health PDL whether they are preferred or non-preferred. Plans may negotiate rebates on drugs outside of the Apple Health PDL.

Will managed care plans use their own prior authorization criteria?
The goal is that all plans use the same prior authorization criteria, step therapy edits, and quantity limits developed by HCA. This is expected to be implemented in Phase II. Beginning January 1, 2018, plans will use the same preferred status on drugs list on the Apple Health PDL; however, they will continue to use their own quantity limits. Only two classes (Cytokine and CAM Antagonists and Growth Hormones) will have prior authorization. HCA has reviewed each plan’s criteria and will allow the plans to use their own criteria until a common set of criteria are established.

Will the therapeutic interchange program apply to the Apple Health single PDL?
Managed care plans are excluded from the therapeutic interchange program.

Will you expand the number of Apple Health managed care plans?
No, the managed care plans will remain the same.

Continued
Supplemental rebates

Will changes be made to the supplemental rebate contracting process?
HCA will be joining The Optimal PDL Solution (TOP$) supplemental rebate pool administered by Provider Synergies, a subsidiary of Magellan Medicaid Administration, LLC, effective January 1, 2018. Supplemental rebate contracts may begin to be transitioned as early as October 1, 2017, to facilitate PDL implementation.

What is the process for submitting rebates? If we don’t have a contract with the vendor, can we get one?
The process for submitting rebates through TOP$ can be found here: www.providersynergies.com/services/medicaid/default.asp?content=TOPS
Check this website for more information about contracting with TOP$.

Will current rebate contracts with the Apple Health Fee-for-Service program be cancelled?
Yes, these rebate agreements will be cancelled and transitioned to TOP$ supplemental rebate contracts. Rebate contracts will be transitioned October 1, 2017, for the Medicaid FFS program. Supplemental rebate contracts for MCO utilization will begin January 1, 2018.

Operating the Apple Health PDL

What is the general process for the PDL?
Clinical: Magellan will review each drug and drug class on its clinical merits relative to other medications in the same therapeutic class.

Published, peer-reviewed clinical trials are the primary source of information Magellan uses for this review. Data regarding efficacy, effectiveness, adverse effects, and tolerability will be analyzed and compared to other drugs within the therapeutic class.

DUR Board Meetings: Magellan will present the therapeutic class review and analysis to the DUR Board. From this analysis, the board determines an agent’s superiority, equivalency, or inferiority relative to the therapeutic alternatives within the class.

Financial: In addition, Magellan will perform a financial analysis of the drug class. This analysis incorporates Medicaid utilization data from Washington State as well as net drug costs after consideration of all rebates from manufacturers. Magellan will make recommendations to HCA on which drugs to select as preferred.

After considering both DUR Board recommendations and the financial analysis from Magellan, HCA will make the final selection of preferred drugs for the PDL.

How often will therapeutic classes be reviewed and changes made to the PDL?
Therapeutic classes will be reviewed at least once a year. They may be reviewed more often if new drugs are introduced to the class.

Who makes the final decision as to which drugs become part of the PDL?
Washington State’s Medicaid Director, who is a deputy director within HCA, or her designee, has the final authority for PDL decisions.

Continued
What will be the path for a newly approved product to be considered for the Apple Health PDL?
If a therapeutic class has been reviewed by the DUR Board and the Medicaid Director has approved the recommended drugs in that category, new chemical entities listed in Medispan will be non-preferred and available via the PA process until the next scheduled review of that drug class.

The new drug will not be listed on the PDL until officially reviewed. If a new medication is considered unique and has been classified as a priority drug by the FDA, HCA may indicate that this drug is preferred until the DUR Board reviews the drug at their next scheduled meeting.

This process does not always apply to line item extensions, such as new strengths or dosage forms of previously available medications, combination drugs whose primary ingredients have already been reviewed by the DUR Board, or generics of currently available medications.

How will HCA communicate updates to the PDL to companies and the public?
All updates and a variety of related data, reports, and drug information will be posted and maintained on the HCA website. Prior authorization forms and criteria will be located here as well. We will publicize the link as soon as the webpage is available.

Does the Apple Health PDL affect the Uniform Medical Plan offered through HCA’s Public Employees Benefits Board (PEBB) Program?
No. The legislative directive is only for Apple Health.

How is the Apple Health PDL different from the Washington PDL?
State agencies with programs that purchase health care services use the Washington PDL. They include the Uniform Medical Plan for public employees (HCA), Apple Health Fee-for-Service program (HCA), and the workers’ compensation system (Labor & Industries). The Washington PDL includes the Therapeutic Interchange Program (TIP) and dispense-as-written on certain non-preferred products for the endorsing practitioners.

The Apple Health PDL will include the drug classes that are also on the Washington PDL. However, HCA will use a different analysis to select preferred drugs for the Apple Health PDL. This means the preferred products on the Apple Health PDL may differ for these drug classes. Therapeutic Interchange will only apply to the Apple Health Fee-for-Service program for those drug classes on both the Washington PDL and the Apple Health PDL.

Apple Health managed care plans will not implement therapeutic interchange.