**Washington State Preferred Drug List (WA PDL) Selection Process**

The Health Care Authority (HCA) and the Department of Labor and Industry (L&I) contract with Moda Health to perform the actuary cost modeling to determine which drugs are preferred on the WA PDL.

**Required data elements are gathered prior to cost modeling:**

- HCA will provide Moda with a master list of GPI numbers included in each drug class.
- HCA will provide Moda with the Pharmacy and Therapeutics (P&T) Committee drug class motions.
- Moda will pull Uniform Medical Plan (UMP) data from the most recent 4 quarters.
- L&I will provide Moda with their data from the most recent 4 quarters.
- Moda will work with their industry relations team to gather rebate offers on behalf of UMP and L&I.

**Actuary services**:

- Creates UMP and L&I drug cost summaries.
- Cost modeling of confidential formulary scenarios based on manufacturer rebate offers and feedback from UMP and L&I. Feedback includes clinical and market factors.

**HCA and L&I evaluate each formulary scenario by analyzing the:**

- Actual utilization for each drug from the most recent 4 quarters (total day supply for each drug for each agency);
- Allowed cost for each drug;
- Average cost per day for each drug without rebates (total day supply / total allowed cost);
- Available rebate offers;
- Average cost per day for each drug net of rebate offer;
- Total net cost for each formulary scenario; and
- Assumptions related to product shifting may be applied based on clinical and market factors.

**Determination of preferred products:**

- HCA and L&I determine preferred products based on analysis of the cost model and the P&T Committee motion.
- Chosen scenario is outlined in an agency director memo for approval by HCA and L&I agency directors.
- The agency director memo includes relative daily cost of each drug. The lowest cost drug in the class is represented with a cost of $1.00 per day.
- Drug class update report is posted to website and sent to Prescription Drug Program stakeholder list with effective date of changes.
- Updates are made to the WA PDL for the quarter they become effective.

**New Generics that enter the market:**

If a generic of a preferred brand name product enters the market after a cost analysis is completed, the generic automatically becomes preferred and the brand name product becomes non-preferred.

**Status Indicators:**

Within each therapeutic class, each drug will have a PDL eligibility status defined as one of the following six options:

1. **Required for inclusion on the preferred drug list.** In most cases this situation is the direct result of a P&T Committee decision.
2. **Single Source Brand, Single Source Generic, & Multi-Source Generic Drugs Eligible for PDL inclusion.** Single source brands and generics are generally eligible for PDL inclusion.
3. **Multi-Source Brands.** Multi-source brands identified as having a generic equivalent available are not eligible for PDL inclusion.
4. **Excluded Drugs**. Drugs identified by the P&T Committee as being excluded from eligibility for the PDL, usually for safety concerns. These drugs are expected to have a very selective prior authorization and minimal utilization.
5. **P&T Committee selected drugs for specific populations or medical conditions.** Similar to Status 1 drugs in that the P&T Committee has directed their inclusion. However, these drugs differ in the model because they address a specific population (e.g. pediatric) or medical condition. Therefore, the model assumes their inclusion in the PDL but excludes them from any utilization shifting assumptions as part of the savings estimates.
6. **Not reviewed by DERP.** Drug belongs in class and may be included in cost analysis but has not been reviewed by DERP, therefore it is not subject to the therapeutic interchange program, dispense as written (TIP/DAW) provisions, or eligible for inclusion on the WA PDL.