SINGLE PREFERRED DRUG LIST

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WHAT IS THE SINGLE PDL?

- List of Preferred and Non-Preferred drugs that will be used by FFS and all MCOs
- Established by the state-run P&T Committee
- Determines if a drug needs Prior Authorization

No PA Required	PA Required
• Preferred drugs • Drugs in therapeutic classes that are not reviewed by the P&T Committee	• Non-Preferred drugs • New drugs prior to P&T Committee review • Preferred drugs with clinical criteria

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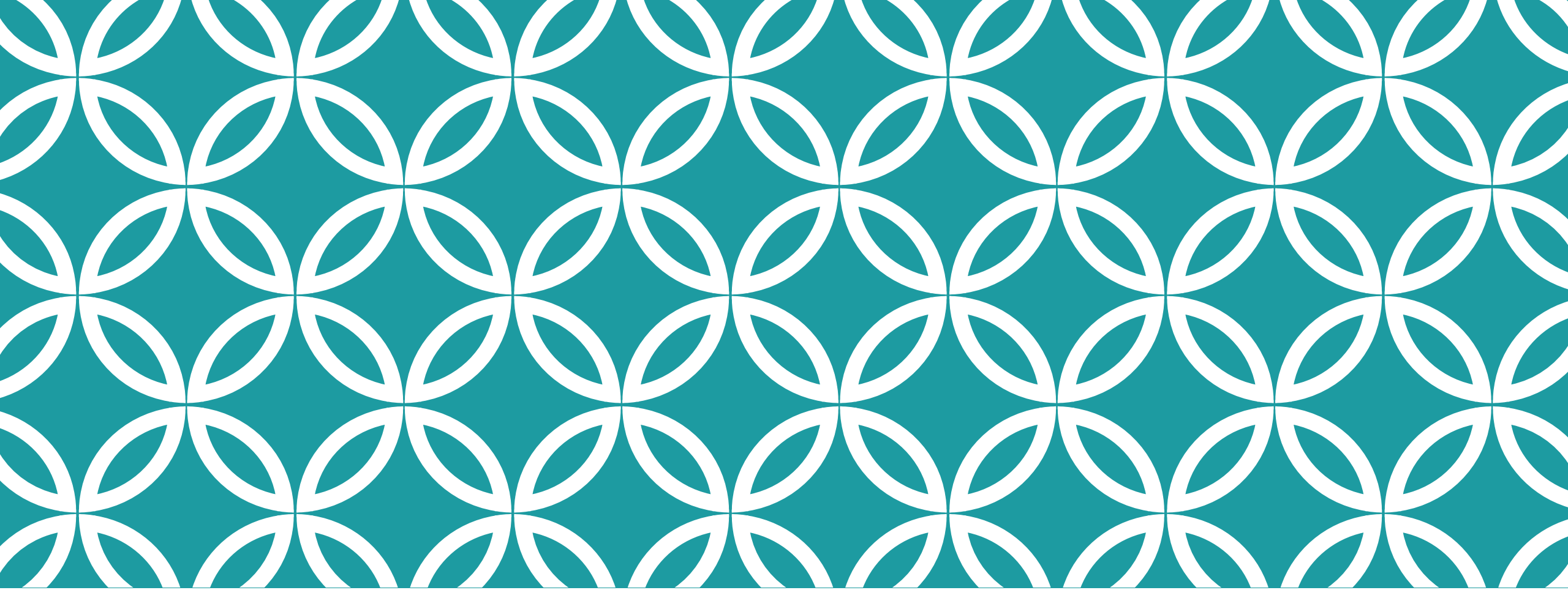


WHY IS THE SINGLE PDL A GOOD IDEA?

CONCERNS WITH MULTIPLE PDLS

In January 2018, Senator Fred Mills invited a group of pharmacists and prescribers to express to Medicaid staff their concerns with the current environment of six different Medicaid PDLs. Concerns included:

Prescribers	Pharmacists

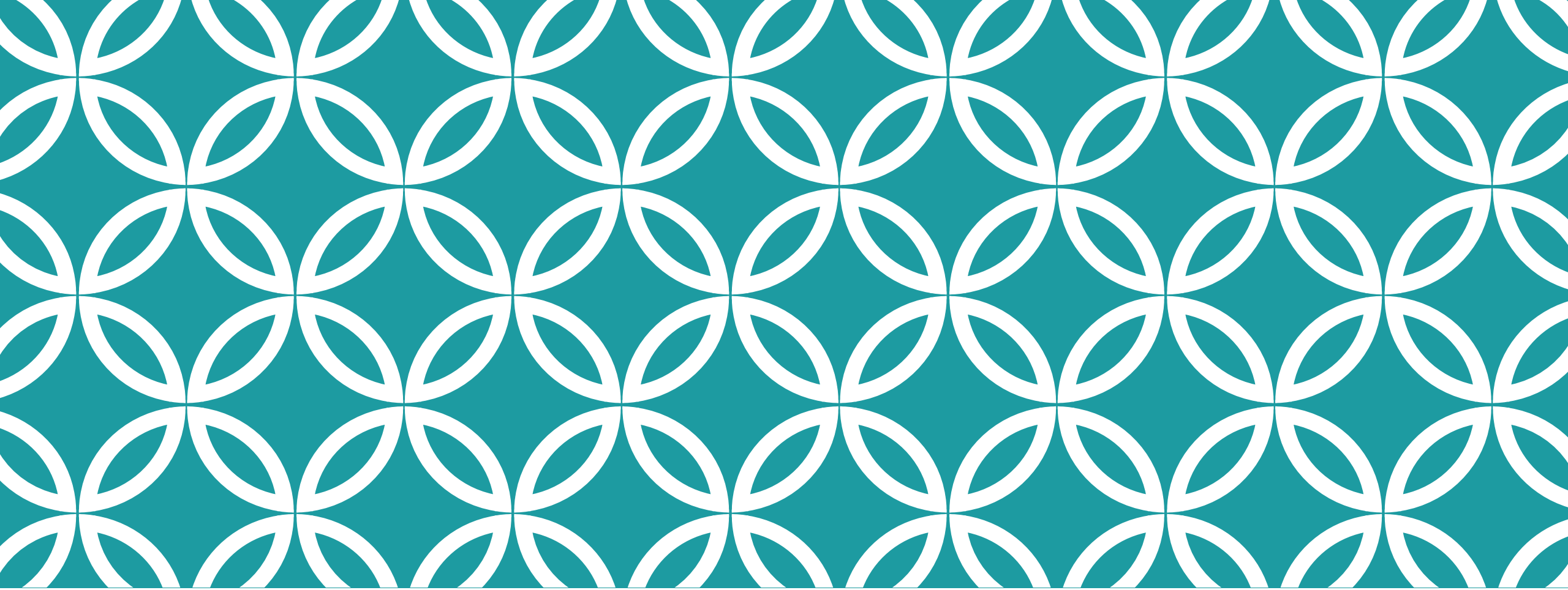
• Difficult to access PDLs on the web for each MCO
• Each PDL is published in a different format
• Rapidly changing PDLs
• Each MCO has different clinical criteria
• Each MCO has different quantity limits
• Inconsistencies are leading to delays in starting medication therapy
• Need more transparency, simplicity and uniformity
	• High prior authorization (PA) volume
	  ○ Time/resources required to notify prescriber
	  ○ PA approval notification to prescribers, not pharmacists, causing delays
	  ○ Multiple transmission fees processing claims in hope of PA approval
	  ○ Denial reasons are inconsistent or misleading (denial for PA when it is an early refill)
	• Inventory management challenges
	  ○ Different products/forms preferred by various plans
	  ○ Preferred status of products change frequently and at different times across plans

A SINGLE PDL ADDRESSES MANY CONCERNS…

- ✓ **One PDL document provides for simplicity and uniformity across FFS and MCOs**
  - Consistency of preferred products
  - Elimination of formatting differences across 6 documents
  - Each MCO will maintain a static link from their webpage to the single PDL document housed on the Department's website
- ✓ **Less time and resources** required to determine which drugs require PA
- ✓ **Fewer updates:** The single PDL will be updated twice per year, which is a decrease from the four times per year that MCOs update their PDLs

. . . BUT SOME CHALLENGES REMAIN

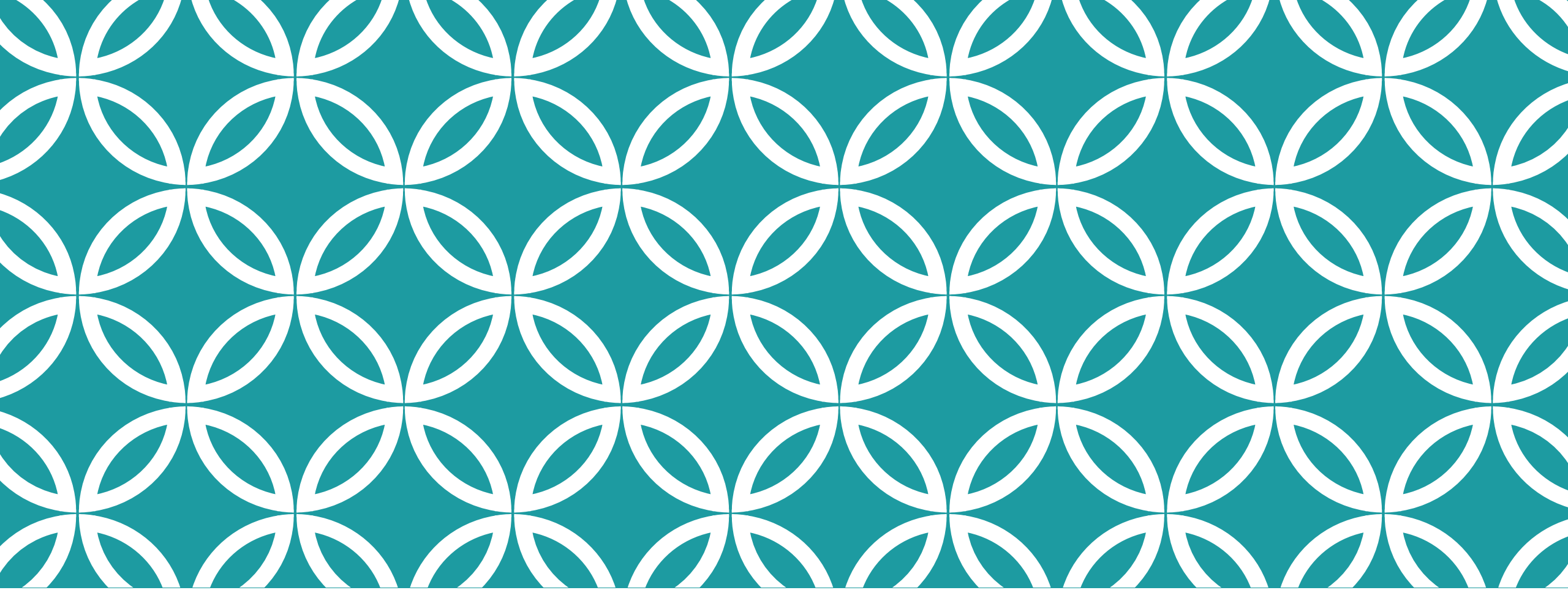
- Each MCO is still allowed to establish its own PA criteria but most are aligned currently
  - Cannot be more restrictive than FFS
  - MCO PA criteria will align with FFS over time with a phase-in approach
- Each MCO will continue to set its own safety edits (e.g. quantity, dose, or age limits) based on FDA recommendations



SINGLE PDL DEVELOPMENT

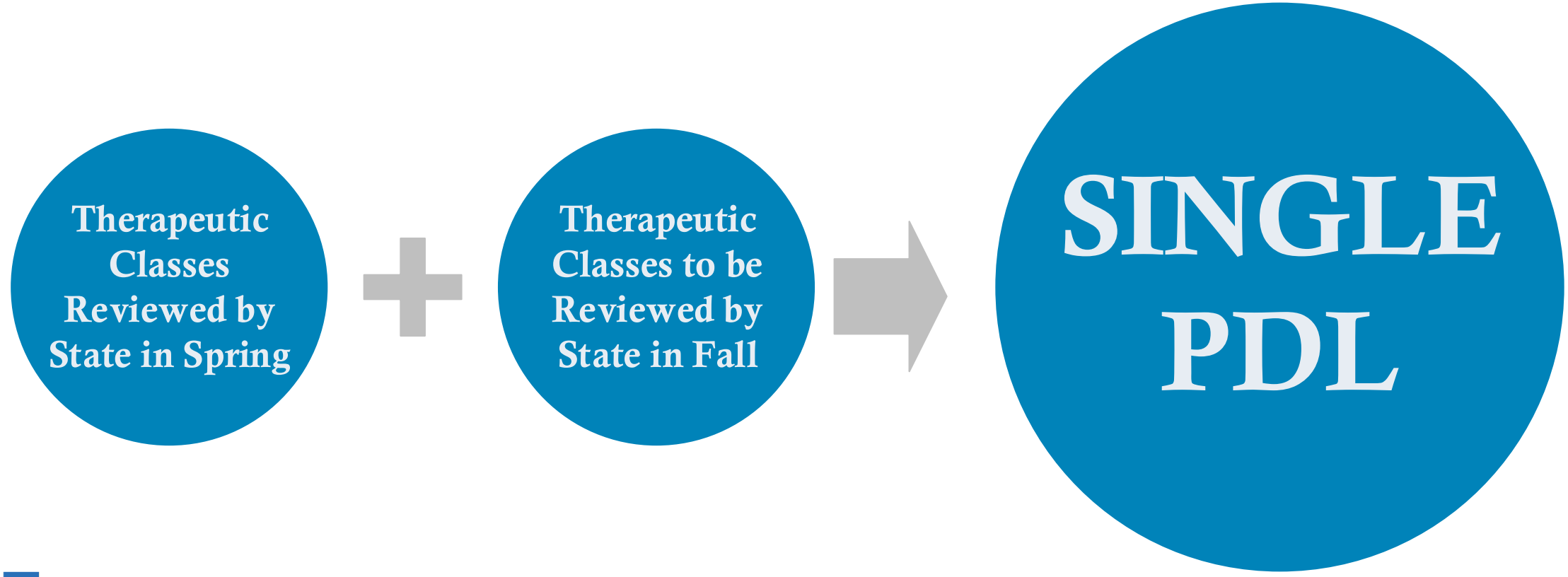
BLEND TRADITIONAL FFS AND MCO APPROACHES

Traditional FFS PDL Development	Traditional MCO PDL Development	Blended Approach
Lowest net cost to state. Higher manufacturer rebates → brand drugs can cost less than generic alternative. 88% generic dispense rate	Lowest net cost to MCO. Lower manufacturer rebates → brand drugs often cost more than the generic alternative. 90% generic dispense rate	Consider the cost to the state, cost to the MCO, and the cost to the pharmacy provider on a drug-by-drug basis. Goal = 89% generic dispense rate



SINGLE PDL COMPOSITION

WHICH DRUGS ARE ON ON THE SINGLE PDL?



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WHICH DRUGS ARE ON THE SINGLE PDL? (CONT.)

Therapeutic Classes Reviewed by the FFS P&T Committee in Spring

Including, but not limited to:

- Narcotic Analgesics
- Antibiotics & Antifungals
- Antivirals
- Hypoglycemics
- Lipotropics
- Proton Pump Inhibitors
- Coronary Vasodilators

Therapeutic Classes Scheduled for Review by the FFS P&T Committee in Fall

Including, but not limited to:

- Antidepressants, Antipsychotics, & Anxiolytics
- Hepatitis C Agents
- Immunomodulators
- Opthalmics
- Opiate Dependence Treatments
- Steroids
- Stimulants and Related Agents

PREFERRED BRANDS

- One consideration in PDL development is the cost to the state net of rebates
- Two types of rebates: federal and supplemental

Federal Rebate	Supplemental Rebate
Agreement between manufacturer and CMS	Agreement between manufacturer and state
Inclusion on state's formulary	Inclusion on state's PDL

  - Supplemental rebates are received in addition to federal rebates

- Drugs that do not have a federal rebate agreement are generally not eligible for Medicaid reimbursement

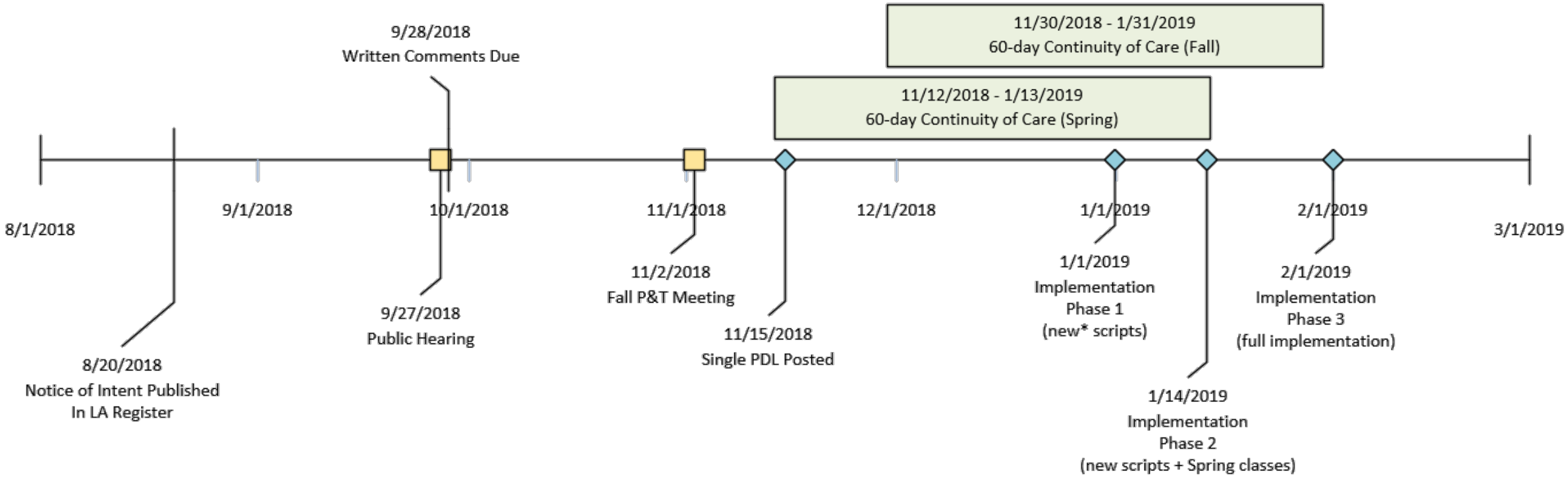
PREFERRED BRANDS (CONT.)

The state may choose to prefer a brand product when…

- No generics are available
- The *net* cost of the brand is less than the *net* cost of the generic

	Drug Cost (A)	Federal Rebate (B)	Supplemental Rebate (C)	Net Cost to State (A-B-C)
Brand (Preferred)	$250	$150	$50	$50
Generic (Non-Preferred)	$100	$15	$0	$85

SINGLE PDL IMPLEMENTATION TIMELINE



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**New Script = Prescription for a drug on which the recipient isn't already established*

SUCCESSES AND STRUGGLES OF SINGLE PDL (5/1/19)

Successes	Struggles
1. Prescribing and pharmacy providers have one PDL list	1. Other initiatives implemented at the same time -Reimbursement changes (National Average Drug Acquisition Cost & Dispensing Fee) -AmeriHealth Caritas Louisiana changed claims processor -Healthy Blue changed its Pharmacy Benefit Manager
2. Drug File Cleanup	2. MCO coding improperly
3. Constant communication/oversight with MCOs	3. Confusion among providers as a result of MCO letters

QUESTIONS/COMMENTS

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