



Medicaid Preferred Drug List (PDL)

Health and Human Services Interim Committee

Presented by Michael Hales

June 17, 2015

Medicaid Preferred Drug List

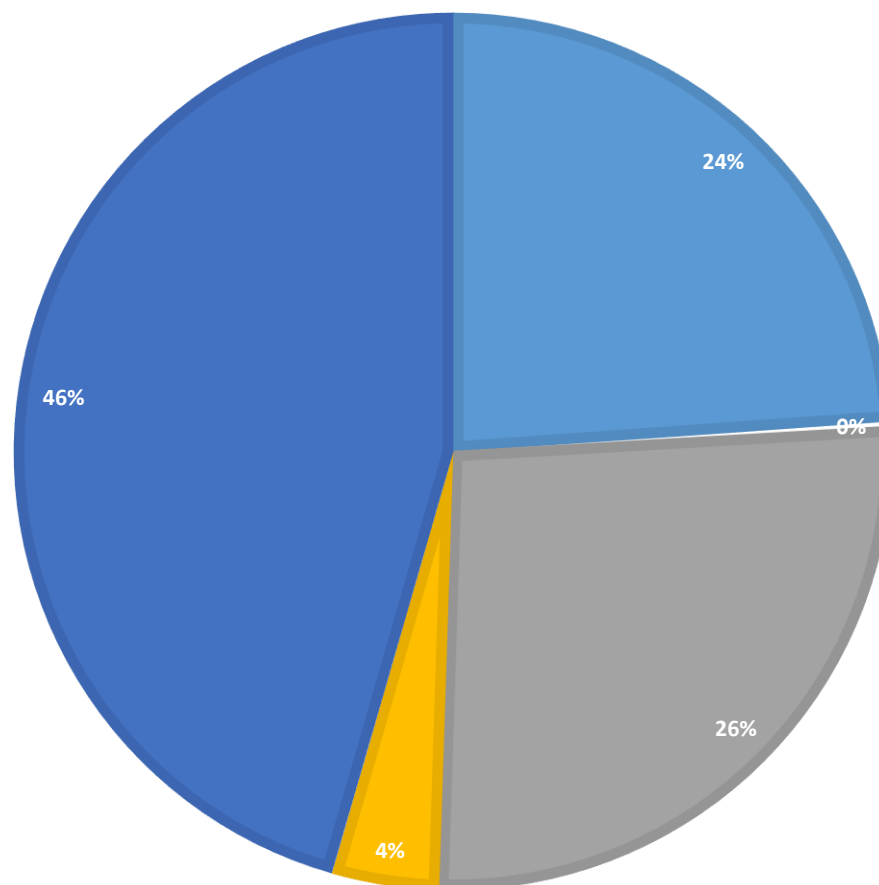
Background

- Utah Medicaid paid 1,385,417 prescriptions in FY 2014.
- Of those prescriptions, 68,326 required a prior authorization for payment (5 percent).

Medicaid Preferred Drug List

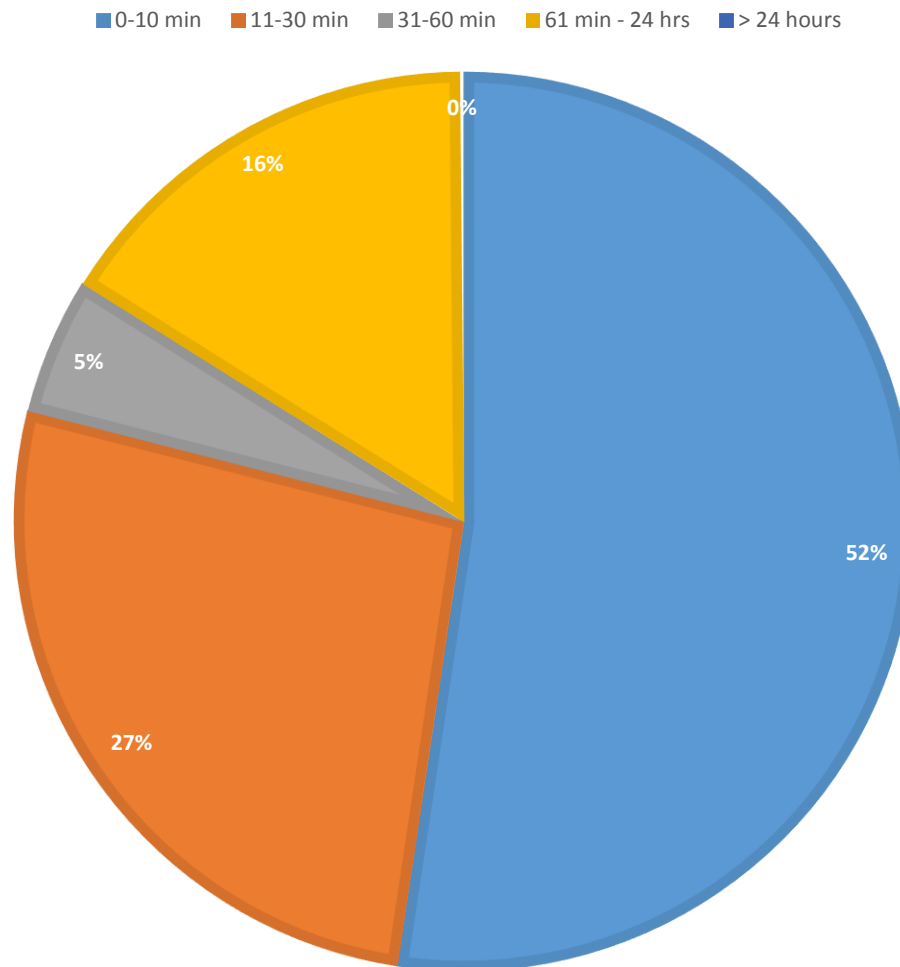
PA BREAKOUT BY TYPE

■ Paid with TPL
 ■ Paid with ePA, Medical
 ■ Paid with ePA
 ■ Paid with Online Override
 ■ Paid with PADSS



Medicaid Preferred Drug List

PA COUNTS BY DETERMINATION AND TIME BAND



Medicaid Preferred Drug List

- Two types of Prior Authorization
 - Clinical (governed by Drug Utilization Board)
 - Preferred Drug List Override

Medicaid Preferred Drug List

- What is a Preferred Drug List (PDL)?
 - A list of drugs, grouped by similar activity (a class), noting preferred status
 - Who uses PDLs?
 - Private insurance plans
 - State Medicaid agencies

Medicaid Preferred Drug List

- Utah Code 26-18-2.4
 - Established PDL in October 2007
 - Limited Implementation – without psychotherapeutic and immunosuppressive drugs
 - “Voluntary” or “Dispense as Written” PDL until May 2009
 - Sedative Hypnotics were added in June 2013.



Medicaid Preferred Drug List



- Pharmacy and Therapeutics (P&T) Committee
 - Acts in consultation with the Department
 - Makes recommendations regarding safety and efficacy for PDL classes
 - Meets monthly to review clinical evidence

Medicaid Preferred Drug List

- P&T Committee Membership
 - Physicians (specialties)
 - Internal Medicine
 - Family Practice
 - Psychiatry
 - Pediatrics
 - Pharmacists (specialties)
 - Academic
 - Independent
 - Retail
 - Hospital



Medicaid Preferred Drug List



- Non-Preferred drugs can be approved (overrideable). Requires any one of:
 - “...[trial and failure](#) of at least one preferred agent in the class”
 - “...potential [drug interaction](#)”
 - “...a [condition or contraindication](#)”
 - “...at high risk of [adverse event](#) due to a therapeutic interchange (patient stabilized)...”

Medicaid Preferred Drug List

- Steering Market Share
 - Not all PDL classes have Supplemental Rebates (SR)
 - Preferred drugs are determined based on Dead Net Cost (DNC)
 - $DNC = \text{Paid Amount} - \text{CMS rebate} - \text{Supplemental Rebate (if any)}$



Medicaid Preferred Drug List



- Utah Medicaid's PDL Implementation:
 - Complete transparency - Criteria for approval of non-preferred drugs on website:
www.health.utah.gov/medicaid/pharmacy
 - PAs can be requested and approved on-line
(www.utahrportal.org) or via fax
 - Rapid approval/denial of requests
(26-18-2.4(1)(e)(i) mandates this within 24 hours)

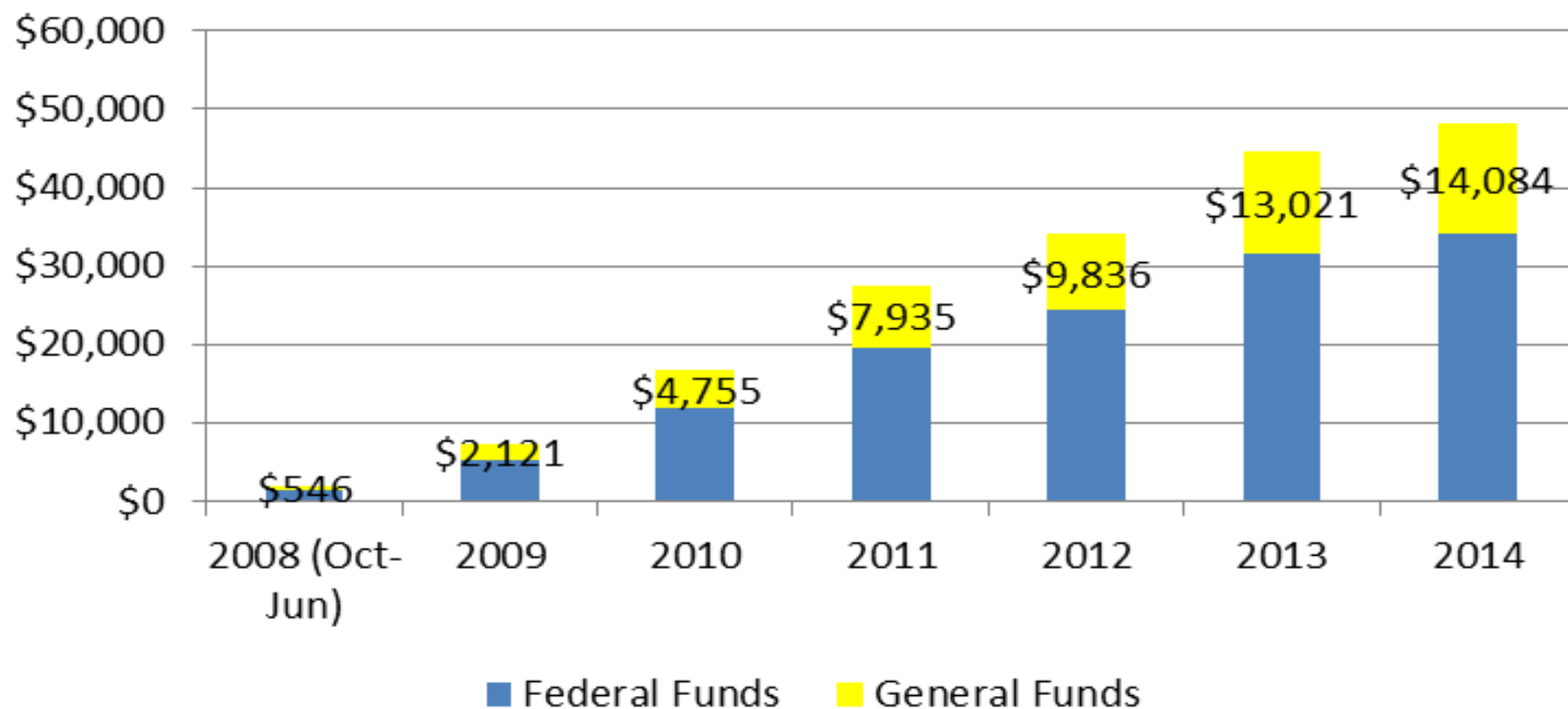
Medicaid Preferred Drug List

- Utah Medicaid's PDL Implementation - Continued
 - Emergency 72-hour supply approved for non-business days or for after hour prescriptions
 - Specific classes are excluded from PDL (26.18-2.4)



Medicaid PDL Savings

PDL Savings (in thousands)



Medicaid PDL Savings

	'000s		
SFY	Total Funds	Federal Funds	General Funds
2008 (Oct-Jun)	\$1,943	\$1,397	\$546
2009	\$7,323	\$5,202	\$2,121
2010	\$16,648	\$11,892	\$4,755
2011	\$27,589	\$19,654	\$7,935
2012	\$34,115	\$24,280	\$9,836
2013	\$44,507	\$31,486	\$13,021
2014	\$48,123	\$34,039	\$14,084

Medicaid Preferred Drug List



Mental Health Drugs Classes

- 9 classes of drugs
- 28,861 distinct NDCs
- \$67.3 million in total expenditures

Medicaid Preferred Drug List

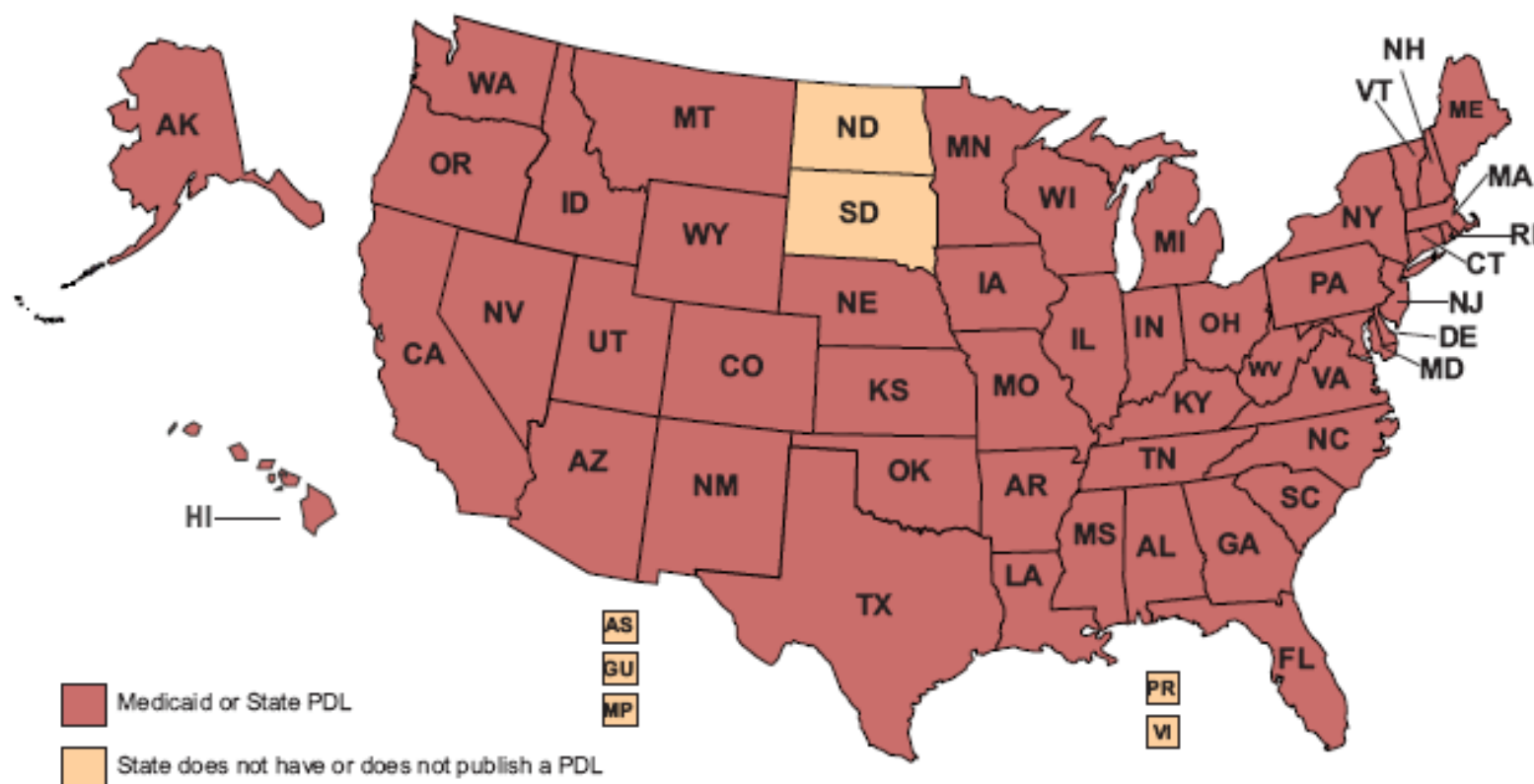


- Other State Medicaid PDLs as of 2012:
 - 96% of Medicaid Agencies have State PDL Programs - only 2 do not

Source: NCSL www.ncsl.org/documents/health/PDL-2-2012.pdf

Medicaid Preferred Drug List

State and Medicaid Preferred Drug Lists (PDLs)



Source: NCSL; updated February 2012. Operational status may vary, and is for general information only.

Medicaid Preferred Drug List



- Utah's PDL Differs from other Medicaid PDLs
 - 86% of other states include Antipsychotics
 - 90% of other states include Antidepressants
 - 90% of other states include Stimulants
 - 72% of other states include Anticonvulsants
 - 34% of other states include Anxiolytics
- Utah Medicaid is precluded from placing these drugs on a PDL (26-18-2.4)

Source: NCSL www.ncsl.org/documents/health/PDL-2-2012.pdf

Medicaid Preferred Drug List



- Examples of Dead Net Cost (DNC)
Calculation for Supplemental Rebates
(SR) Savings:

Cost of Alzheimer's Drug A without SR:

EAC \$9.80 – CMS Rebate \$5.68 = **DNC \$4.12**

Cost of Alzheimer's Drug A with SR:

EAC \$9.80 – CMS Rebate \$5.68 – SR \$1.91 =
DNC \$2.21

Medicaid Preferred Drug List



- Utah Mandatory Generic Program
 - Utah Code 58-17b-606 mandates Generic coverage
 - Unless medically necessary for Brand, or
 - The Brand is less expensive, due to a financial benefit that will accrue to the state.



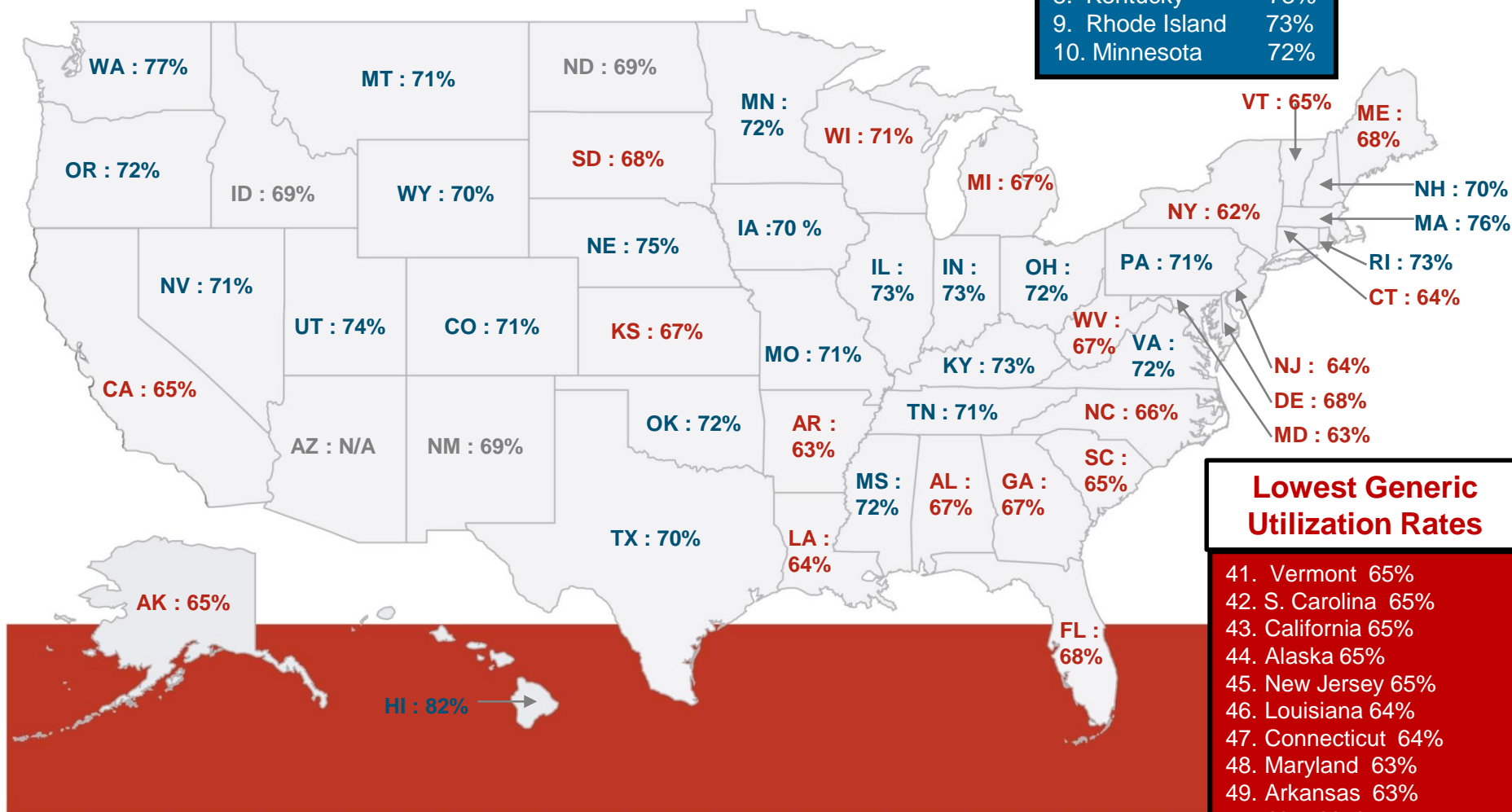
www.gphaonline.org

Medicaid Savings Through Generic Utilization

National Average: 69%

Highest Generic Utilization Rates

1. Hawaii 82%
2. Washington 77%
3. Massachusetts 76%
4. Nebraska 75%
5. Utah 74%
6. Illinois 73%
7. Indiana 73%
8. Kentucky 73%
9. Rhode Island 73%
10. Minnesota 72%



Lowest Generic Utilization Rates

41. Vermont 65%
42. S. Carolina 65%
43. California 65%
44. Alaska 65%
45. New Jersey 65%
46. Louisiana 64%
47. Connecticut 64%
48. Maryland 63%
49. Arkansas 63%
50. New York 62%

Generic Prescription Medicaid Utilization as reported to CMS Q3 2009-Q2 2010. (CMS data does not reflect net Rebate cost).

- **Utah Medicaid's PDL – Summary**
 - Maximizes cost savings by shifting volume to lowest DNC drugs
 - Has complete transparency in criteria
 - Includes 94 therapeutic classes currently
 - Meets “...lowest price possible...” statutory mandate for available classes