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

- Two types of Prior Authorization
  - Clinical (governed by Drug Utilization Board)
  - Preferred Drug List Override
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 = Paid Amount less CMS rebate less Supplemental Rebate (if any)
Utah Medicaid’s PDL Implementation:
- PAs can be requested and approved on-line ([www.utahrxportal.org](http://www.utahrxportal.org)) or via fax
- Rapid approval/denial of requests (26-18-2.4(1)(e)(i) mandates this within 24 hours)
• 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)

- $546 (2008 Oct-Jun)
- $2,121 (2009)
- $4,755 (2010)
- $7,935 (2011)
- $9,836 (2012)
- $13,021 (2013)
- $14,084 (2014)

Federal Funds
General Funds
<table>
<thead>
<tr>
<th>SFY</th>
<th>Total Funds</th>
<th>Federal Funds</th>
<th>General Funds</th>
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<tbody>
<tr>
<td>2008 (Oct-Jun)</td>
<td>$1,943</td>
<td>$1,397</td>
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<td>2010</td>
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<tr>
<td>2014</td>
<td>$48,123</td>
<td>$34,039</td>
<td>$14,084</td>
</tr>
</tbody>
</table>
Mental Health Drugs Classes

- 9 classes of drugs
- 28,861 distinct NDCs
- $67.3 million in total expenditures
• Other State Medicaid PDLs as of 2012:
  – 96% of Medicaid Agencies have State PDL Programs - only 2 do not

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)

• 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.
Medicaid Savings Through Generic Utilization
National Average: 69%

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

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%
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