



Medicaid Prescription Drug Benefit

New Services Subcommittee
November 18, 2015

Medicaid Prescription Drug Benefit

- All states provide outpatient drug coverage for at least some Medicaid beneficiaries with well over half (including South Dakota) providing coverage for all beneficiaries
- SFY15 Prescription Drug Spending \$35.1 million (net drug rebates)
 - About 21% of all recipients utilize the prescription drug benefit
 - 984,000 prescriptions annually
 - high rate of generic utilization – 83.3%

Medicaid Prescription Drug Benefit

- Certain classes of drugs may be excluded from coverage or otherwise restricted.
 - Cosmetic
 - Fertility
 - Experimental
- Federal Upper Limits, maximum price for certain generic medications as established by CMS.
- State Maximum Allowable Cost, maximum price for certain medications as established by individual states. Often less than FUL.

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- Most state payment formulas including South Dakota are based on Average Wholesale Prices (AWP) less some percentage discount plus a dispensing fee.
 - South Dakota also utilizes other payment structures for certain drugs
- The dispensing fee supports:
 - Operational expenses (rent, utilities, etc.)
 - Professional services (DUR, medication review, interactions, etc.)

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- Cost sharing:
 - SD Medicaid co-payments for prescription drugs for certain recipients. Majority of recipients are federally exempt from cost sharing – children, pregnant women, Native Americans.
 - \$3.30 non-generic drugs
 - \$1.00 generic
 - Co-payments are reduced from the payment to the provider.

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- Formulary
 - Federal regulations limit Medicaid programs ability to implement closed formularies in the same way private plans can.
 - Drug manufacturers that wish to have their drugs available for Medicaid enrollees must enter into rebate agreements with the federal government and in turn Medicaid programs are required to cover all drugs covered by that rebate agreement.
 - States, including SD use a robust prior authorization process to implement “formularies”.

Prior Authorization & Drug Utilization and Review

- Federal requirements for prior authorization systems:
 - Required telephone response or other device within 24 hours or request
 - Must allow dispensing of 72 hour supply of a covered drug in an emergency situation.
- List of drugs requiring PA managed through Pharmacy and Therapeutics Committee (P&T).
 - most effective review for P&T is “class review”
- Federal mandate to perform drug utilization and review of Medicaid patient’s therapy.
- Prospective DUR – at time of dispensing, ex. early refill.
- Retrospective DUR – after dispensing.

Supporting Recipients

- Pharmacists play an important role in supporting the health of SD Medicaid recipients, particularly those with chronic conditions.
 - Counseling patients to ensure they understand the medication they are filling and the instructions.
 - Monitor drugs prescribed to identify potential harmful interactions.
 - Report suspected fraud or drug abuse.
 - Coordinate with prescribers when prescriptions raise red flags.
- Expanded role for pharmacy in Health Homes program for recipients with chronic conditions.

Health Homes

- Health Homes provide 6 Core Services to Medicaid recipients with chronic conditions.
 - Comprehensive care management
 - Care coordination
 - Health promotion
 - Comprehensive transitional care/follow-up
 - Patient and family support
 - Referral to community and social support services
- Core Service provision is led by a Designated Provider (physician, PA, mental health professional), but includes a team of health care providers.
- The team can include a care coordinator, pharmacist, chiropractor, dietician, or other health care professionals depending on the needs of the individual recipient.

How Medication Management Can be Provided through Health Homes

- Comprehensive Care Management
 - Reviewing the medications at the time of care plan development
 - Ensure there is no potential for harmful drug interactions
 - Make recommendations for new drugs if necessary
 - Share key clinical information (med list, allergies, etc.) with other providers.
- Care Coordination
 - Assistance with daily medication management
 - Fill med management devices
 - Follow-up calls with recipients (medication fills and refills/side effects?)
- Health Promotion
 - Participate as needed in health promotion activities, including recommendations for treatments that could support lifestyle changes (tobacco cessation)

How Medication Management Can be Provided through Health Homes

- Transitional Care
 - Participate in discharge planning.
 - Ensure recipient has filled and understands prescriptions provided in ER visit or inpatient stay.
 - Ensure prescriptions don't have unintended interactions with other medications recipient is already taking.
- Individual and Family Support
 - Provide prescription education to recipients and their family members.
 - Discuss importance of therapy adherence.