

Louisiana Medicaid Outpatient Pharmacy Benefit



Acronym	Description
AMP	Average Manufacturer Price
CMS	Centers for Medicare and Medicaid Services
COD	Cost of Dispensing
CPI	Consumer Price Index
DUR	Drug Utilization Review
FFS	Fee for Service
FMAP	Federal Medical Assistance Percentages
FUL	Federal Upper Limits
LDH	Louisiana Department of Health
MCO	Managed Care Organization
NADAC	National Average Drug Acquisition Cost
NCPDP	National Council for Prescription Drug Programs
PA	Prior Authorization

Acronym	Description
PDF	Professional Dispensing Fee
PDL	Preferred Drug List
PF	Provider Fee
P&T	Pharmaceutical and Therapeutics
POS	Point of Sale
SFY	State Fiscal Year
SIN	Single Source, Innovator, Non-Innovator
SPA	State Plan Amendment
U&C	Usual and Customary
ULM	University of Louisiana Monroe
UNO	University of New Orleans
VFC	Vaccines For Children
WAC	Wholesale Acquisition Cost

Medicaid Pharmacy

- Medicaid is a joint Federal-State program that pays for medical assistance for individuals and families with low incomes and relatively few assets.
- Our highest priority is the health and wellness of Medicaid recipients.
- The Medicaid pharmacy program must abide by federal and state laws, CMS regulations, and LDH objectives while remaining in an NCPDP compliant environment.

Medicaid Pharmacy Overview

Managed Care Organizations effective January 1, 2023

Louisiana Medicaid will contract with five existing MCOs plus one new entrant:

Medicaid Plan	Pharmacy Benefits Manager (PBM)
Fee for Service	Gainwell Technologies
Aetna	CVS
AmeriHealth Caritas	PerformRx
Healthy Blue	CVS
Louisiana Healthcare Connections	Envolve/CVS
United Healthcare	OptumRx
Humana Healthy Horizons (NEW)	Pharmacy benefit with FFS temporarily

LDH Pharmacy Staff

Current LDH Pharmacy staff:

- Melwyn Wendt, LDH Pharmacy Director
- Sue Fontenot, LDH Pharmacist
- Rachel Broussard, LDH Pharmacist
- Germaine Becks-Moody, LDH Program Manager

We also have support staff through University of Louisiana Monroe (ULM) contract pharmacists.

Gainwell staff assists with FFS claims processing and Drug Utilization Review.

University of New Orleans (UNO) staff the Pharmacy help desk.

MCO Pharmacy Directors

PLAN	PHARMACY DIRECTOR	EMAIL
Aetna Better Health of Louisiana Pharmacy PBM: CVS	Vanessa Smith	smithV9@aetna.com
Healthy Blue Pharmacy PBM: IngenioRx (CVS)	Mykayla Jones	Mykayla.Jones@anthem.com
AmeriHealth Caritas Pharmacy PBM: PerformRx	Jeanine Plante	jplante@amerihealthcaritas.com
Louisiana Healthcare Connections Pharmacy PBM: CVS	Ashleigh Netter	Ashleigh.Netter@louisianahealthconnect.com
United HealthCare Pharmacy PBM: OptumRx	Cedric Cloud	Cedric.Cloud@uhc.com

Pharmacy Staff Duties

(Examples, not comprehensive)

- Provider/recipient issue resolution (FFS and MCOs) *Priority*
- DUR meetings and implementation
- P&T meetings and implementation
 - Hepatitis C project
- Provider notices and Pharmacy Facts
- Pharmacy provider and POS manual updates
- COVID tests and vaccination updates; submission of specifications for programming to FFS and MCOs
- MCO policy (medical and pharmacy) review and postings
- SPA and Rulemaking updates (as needed)
- Proposed legislation research and response during legislative session
- Provider outreach for provider enrollment initiative
- Recurring weekly/monthly calls with MCOs and contractors

Medicaid Pharmacy Overview

- Prescription drug benefits in Medicaid are governed by the federal Medicaid Drug Rebate Program
- Medicaid reimburses pharmacies for drugs dispensed using established methodology (public)
- Medicaid then receives rebates from manufacturers for dispensed claims (confidential):
 - Federal rebates
 - Supplemental rebates(Federal and Supplemental rebates are 100% transparent to the State)
- Federal (mandatory) and supplemental rebates (state negotiated) collected are split between the state and federal government according to the Federal Medical Assistance Percentages (FMAP). Current blended FMAP is 80.85% federal and **19.15% state**.

Federal Rebates

Outpatient drug claims:

- 23.1% of Average Manufacturer Price (AMP) for brand-name drugs and 13% for generic drugs, AND
- Penalty for price increase faster than the CPI, if applicable

OR

- AMP minus “best price” (i.e., rebate down to best price), AND
- Penalty for price increase faster than the CPI, if applicable

“Best price” refers to the best price given to any commercial health plan or pharmacy benefit manager (with some limited exceptions)

- Excludes federal agencies and Medicare Part D plans

Supplemental Rebates

- Negotiated by states or multi-state pools
- Rebate typically offered in exchange for a “preferred” position on the preferred drug list
- Most important in therapeutic classes with many clinically similar brand-name products
- Supplemental rebate agreements do not trigger “best price”
- In Louisiana, the state collects all supplemental rebates (FFS + MCO), split according to the FMAP

Pharmacy Claims Reimbursement

FFS CMS approved reimbursement:

Brand Drug (lower of):

1. National Average Drug Acquisition Cost (NADAC), if no NADAC then Wholesale Acquisition Cost (WAC) + \$10.99 Professional Dispensing Fee (PDF) + \$0.10 Provider Fee (PF) - Copay
2. Usual and Customary (U&C)

Generic Drug (lower of):

1. NADAC, if no NADAC then WAC + \$10.99 PDF + \$0.10 PF - Copay
2. U&C
3. Federal Upper Limit (FUL) + \$10.99 PDF + \$0.10 PF - Copay

Specialty Drugs: no special reimbursement, if no NADAC, then WAC.

Louisiana Revised Statute 46:460.36(D) legislatively mandated the MCOs to reimburse no less than the FFS Rate on the date of service to all local pharmacies (2017).

Professional Dispensing Fee Cost of Dispensing (COD) Survey

In accordance with LDH's approved state plan by CMS, LDH conducts cost of dispensing surveys periodically. Pharmacy providers are required to participate in the cost of dispensing survey process which utilizes a survey instrument and CMS approved methodology.

The current Professional Dispensing Fee (PDF) (\$10.99) is based on Cost of Dispensing Survey completed by Mercer in 2018 based on "Weighted by Total Rx Volume".

2021 survey results by Myers and Stauffer, LLC.:

- "Weighted by Medicaid Rx Volume" cost of dispensing: \$10.25
- "Weighted by Total Rx Volume" cost of dispensing: \$11.00

The 2021 COD survey revealed that the current dispensing fee (\$10.99) is appropriate, therefore, no change is recommended by LDH executive management.

LA Single PDL (MCOs and FFS)

Considerations for PDL placement:

- Clinical merit is always considered first, then financial impact
- Financial impact
 - Price to pharmacy provider
 - Price to MCO
 - Net cost to state
- New therapeutic classes have been added to the Single PDL at the request of the MCOs

<https://ldh.la.gov/assets/HealthyLa/Pharmacy/PDL.pdf>

Brand over Generic

There are times when brand products are preferred over generics on the Single PDL because the net price to the state is less expensive after rebate.

The Brand over Generic List is updated twice a year after feedback from pharmacy stakeholders on the proposed recommendations.

Considerations for Brand over Generic:

- Price to pharmacy provider
- Bulk or unit of use (dispense entire package)
- Price to MCO
- Net cost to state (threshold is applied before consideration)

Single PDL

LA Medicaid Preferred Drug List (PDL)/Non-Preferred Drug List (NPDL)

Effective Date: July 1, 2022 (Updated August 1, 2022)

Descriptive Therapeutic Class	Drugs on PDL	Drugs on NPDL which Require Prior Authorization (PA)
HEART DISEASE, HYPERLIPIDEMIA (28)	Benazepril (Generic)	Aliskiren (AG; Generic; Tekturna®)
Hypertension	Benazepril/HCTZ (Generic)	Aliskiren/HCTZ (Tekturna HCT®)
ACE Inhibitors & Direct Renin Inhibitors	Enalapril Tablet, Solution (Generic)	Azilsartan Medoxomil (Edarbi®)
*Request Form *Criteria *POS Edits	Enalapril/HCTZ (Generic)	Azilsartan/Chlorthalidone (Edarbyclor®)
	Fosinopril (Generic)	Candesartan (AG; Generic; Atacand®)
	Fosinopril/HCTZ (Generic)	Candesartan/HCTZ (AG; Generic; Atacand HCT®)
	Irbesartan (Generic)	Captopril (Generic)
	Irbesartan/HCTZ (Generic)	Captopril/HCTZ (Generic)
	Lisinopril (Generic)	Enalapril for Solution (Epaned®)
	Lisinopril/HCTZ (Generic)	Enalapril Tablet (Vasotec®)
	Losartan (Generic)	Enalapril/HCTZ (Vaseretic®)
	Losartan/HCTZ (Generic)	Eprosartan (Generic)
	Olmesartan (AG; Generic)	Irbesartan (Avapro®)
	Olmesartan/HCTZ (AG; Generic)	Irbesartan/HCTZ (Avalide®)
	Quinapril (Generic)	Lisinopril Solution (Qbrelis®)
	Quinapril/HCTZ (AG ; Generic)	Lisinopril (Zestril®)
	Ramipril (Generic)	Lisinopril/HCTZ (Zestoretic®)
	Sacubitril/Valsartan (Entresto®)	Losartan (Cozaar®)
	Valsartan (Generic)	Losartan/HCTZ (Hyzaar®)
	Valsartan/HCTZ (Generic)	Moexipril (Generic)
		Olmesartan (Benicar®)
		Olmesartan/HCTZ (Benicar HCT®)
		Perindopril (Generic)
		Quinapril (Accupril®)
		Ramipril (Altace®)
		Telmisartan (Generic; Micardis®)
		Telmisartan/HCTZ (Generic; Micardis HCT®)
		Trandolapril (Generic)
		Valsartan (Diovan®)
		Valsartan/HCTZ (Diovan HCT®)

Additional Point-of-Sale (POS) Edits May Apply

Drugs highlighted in yellow indicate a new addition or a change in status

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POS edits on Single PDL

Heart Disease, Hyperlipidemia – Hypertension – ACE Inhibitors & Direct Renin Inhibitors

POS Edits
DX – Pharmacy claims for sacubitril/valsartan (Entresto®) must be submitted with a diagnosis code for heart failure (I50*).
TD – These agents are monitored at the pharmacy POS for duplication of therapy with each other (ACE inhibitors with other ACE inhibitors; angiotensin receptor blockers with other angiotensin receptor blockers).

Revision / Date	Implementation Date
Created POS Document	February 2020
Updated age for BH in POS Abbreviations chart / November 2020	January 2021
Added diagnosis code requirement for Entresto® / May 2021	October 2021

PA Criteria on Single PDL

Louisiana Medicaid Heart Disease – Hypertension – ACE Inhibitors and Direct Renin Inhibitors

The *Louisiana Uniform Prescription Drug Prior Authorization Form* should be utilized to request prior authorization for non-preferred ACE inhibitors and direct renin inhibitors.

Additional Point-of-Sale edits may apply.

*These agents may have **Black Box Warnings** and/or may be subject to **Risk Evaluation and Mitigation Strategy (REMS)** under FDA safety regulations. Please refer to individual prescribing information for details.*

Approval Criteria for Initial and Reauthorization Requests

- There is no preferred alternative that is the exact same chemical entity, formulation, strength, and delivery device; **AND**
- Previous use of a preferred product - **ONE** of the following is required:
 - The recipient has had a *treatment failure* with at least one preferred product; **OR**
 - The recipient has had an *intolerable side effect* to at least one preferred product; **OR**
 - The recipient has *documented contraindication(s)* to all of the preferred products that are appropriate to use for the condition being treated; **OR**
 - There is *no preferred product that is appropriate* to use for the condition being treated; **OR**
 - The prescriber states that the recipient is currently using the requested medication **AND** one of the following applies:
 - There is evidence in pharmacy claims of at least 60 days of the requested medication within the previous 90-day period; **OR**
 - There is evidence in pharmacy claims of less than 60 days of the requested medication **AND** the prescriber states the recipient has been treated with the requested medication in an inpatient facility; **OR**
 - There is evidence in pharmacy claims of less than 60 days of the requested medication **AND** the prescriber has verified that the pharmacy has dispensed at least 60 days of medication (billed to other insurance, and therefore not viewable in pharmacy claims); **AND**
- By submitting the authorization request, the prescriber attests to the following:
 - The prescribing information for the requested medication has been thoroughly reviewed, including any Black Box Warning, Risk Evaluation and Mitigation Strategy (REMS), contraindications, minimum age requirements, recommended dosing, and prior treatment requirements; **AND**
 - All laboratory testing and clinical monitoring recommended in the prescribing information have been completed as of the date of the request and will be repeated as recommended; **AND**
 - The recipient has no concomitant drug therapies or disease states medication and will not be receiving the requested medication in combination with any other medication

Drug Utilization Review (DUR)

In 1990, section 1927(g) of the Act required each state to develop a DUR program targeted, in part, at reducing clinical abuse and misuse of outpatient prescription drugs covered under the State's Medicaid Program.

Medicaid DUR includes:

- Prospective drug review (Edits at Point of Sale)
- Retrospective drug use review
- Data assessment of drug use against predetermined standards
- Ongoing educational outreach activities

The Medicaid DUR Program promotes patient safety through state-administered utilization management tools and systems that interface with the claims processing systems.

The MCO DUR program must be as comprehensive as the states FFS program.

Lock-in

Lock-in is utilized when it has been determined that an enrollee has utilized Medicaid services at a frequency or amount that is not medically necessary, as determined in accordance with utilization guidelines, in accordance with 42 Code of Federal Regulations §431.54(e).

Two types of lock-in:

- Pharmacy only lock-in
- Pharmacy and prescriber lock-in

Lock-in allows one pharmacy, one specialty pharmacy (if needed), one primary care physician and specialist(s) as needed.

The lock-in mechanism does not prohibit the enrollee from receiving services from providers who offer services other than prescriber and pharmacy benefits or emergency services.

Pharmacy Data



Pharmacy Data

Medicaid Pharmacy Providers (In-state)

SFY 19	SFY 20	SFY 21	SFY 22
1,162	1,174	1,218	1,213

Medicaid Pharmacist Providers (In-state)

SFY 19	SFY 20	SFY 21	SFY 22
1,232	1,759	1,901	1,910

Source: LDH Business Analytics September 2022

Pharmacy Data

Medicaid Recipients				
	SFY 19	SFY 20	SFY 21	SFY 22
FFS	338,860	342,744	316,116	342,999
MCO	1,560,646	1,641,797	1,728,514	1,802,508

Medicaid Recipients with Pharmacy Claims				
	SFY 19	SFY 20	SFY 21	SFY 22
FFS	29,905	27,801	24,614	23,702
MCO	1,209,709	1,162,293	1,182,196	1,295,686

Source: LDH Business Analytics September 2022

Pharmacy Claims Comparison SFY 2019

	ABH	ACLA	HB	LHCC	UHC
Total prescription claims	2,219,711	3,568,974	5,029,738	7,533,572	7,375,715
Subject to prior authorization	136,831	92,157	391,432	217,842	174,693
	6.16%	2.58%	7.78%	2.89%	2.37%
Denied	479,955	839,288	1,493,373	1,715,780	1,490,571
	21.62%	23.52%	29.69%	22.78%	20.21%
Subject to step therapy or fail first protocol	94,859	28,698	94,859	80,006	88,936
	4.27%	0.80%	1.89%	1.06%	1.21%

Source: Medicaid Managed Care Transparency Report 2019

<https://ldh.la.gov/assets/HealthyLa/Act212/AnnualTransparency2019FINAL.pdf>

Pharmacy Claims Comparison SFY 2020

	ABH	ACLA	HB	LHCC	UHC
Total prescription claims	2,234,120	3,523,302	5,834,222	7,583,390	7,009,332
Subject to prior authorization	121,140	73,356	435,494	516,817	128,658
	5.42%	2.08%	7.46%	6.82%	1.84%
Denied	531,975	782,102	1,361,710	1,871,409	1,431,903
	23.81%	22.20%	23.34%	24.68%	20.43%
Subject to step therapy or fail first protocol	96,790	32,267	40,213	95,354	53,180
	4.33%	0.92%	0.69%	1.26%	0.76%

Source: Medicaid Managed Care Transparency Report 2020

<https://ldh.la.gov/assets/HealthyLa/Act212/SFY20/FY2020.Annual.TransparencyReport.pdf>

Pharmacy Claims Comparison SFY 2021

	ABH	ACLA	HB	LHCC	UHC
Total prescription claims	2,365,405	3,465,489	6,586,047	8,024,952	7,488,635
Subject to prior authorization	735,106	82,119	505,907	557,992	138,239
	31.08%	2.37%	7.68%	6.95%	1.85%
Denied	580,160	828,971	1,619,034	2,065,813	1,692,876
	24.53%	23.92%	24.58%	25.74%	22.61%
Subject to step therapy or fail first protocol	21,116	37,395	56,199	118,797	48,403
	0.89%	1.08%	0.85%	1.48%	0.65%

Source: Medicaid Managed Care Transparency Report 2021

<https://ldh.la.gov/assets/HealthyLa/Act212/SFY21/2021MedicaidManagedCareTransparencyReport.pdf>

Pharmacy PA Requests Denied SFY 2021

	ABH	ACLA	HB	LHCC	UHC
Not Medically Appropriate	8,839	1,103	12,334	17,570	16,781
Not a Covered Benefit	2,047	872	611	468	1,216
Administrative - Lack of Information	0	10,483	2	2	993
Reduced Authorized	5	0	338	0	1,860
Other	1,004	0	7	1,084	0
Total Denials	11,895	12,458	13,292	19,124	20,850

Source: Medicaid Managed Care Transparency Report 2021
<https://ldh.la.gov/assets/HealthyLa/Act212/SFY21/2021MedicaidManagedCareTransparencyReport.pdf>

Pharmacy Benefit Vaccines

July 1, 2020: FFS implemented coverage of select adult vaccines as a pharmacy benefit.

The Vaccines For Children (VFC) program is a federally funded program that provides vaccines at no cost to children who might not otherwise be vaccinated because of inability to pay. Pharmacy claims for children would reimburse the administration fee only.

December 23, 2020: Medicaid implemented coverage for the administration fee for COVID-19 vaccines. The federal government covers the cost of the COVID-19 vaccine ingredient cost.

Vaccine Pharmacy FFS Claims and MCO Encounters:

	2022		2021		2020		2019	
	<18 yrs	>= 18 yrs	<18 yrs	>= 18 yrs	<18 yrs	>= 18 yrs	<18 yrs	>= 18 yrs
COVID	100,243	269,392	14,840	147,328	0	0	0	0
Influenza	3,056	34,887	3,658	41,225	3,918	36,158	6,691	32,666
All other vaccines	74	23,063	52	18,757	51	6,400	291	8,890

Other data
requested
and will be
provided to
the Council
via email

- Top 100 drugs by amount paid, number of prescriptions
- Top 100 drugs by number of prescriptions
- Top 100 brand name drugs paid

Questions/Comments

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