

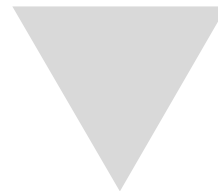
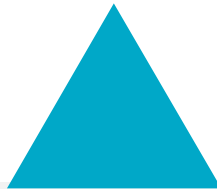
HEALTH WEALTH CAREER

MISSISSIPPI DIVISION OF MEDICAID

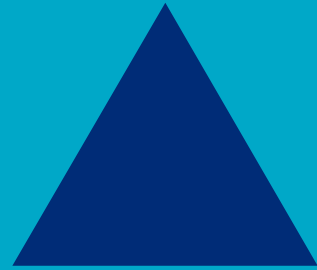
PHARMACY STAKEHOLDER MEETING

August 2, 2016

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AVERAGE ACQUISITION COST (AAC) REIMBURSEMENT NADAC FOLLOW-UPS



AAC REIMBURSEMENT PROPOSED STATE PLAN LANGUAGE — NADAC

- 1. Reimbursement Methodology (for mandatory compliance with final rule)
 - A. Covered Outpatient Drugs

Actual Acquisition Cost (AAC) is defined in accordance with 42 CFR Part 447 as the price paid by pharmacies based on an average of actual acquisition costs determined by a survey of retail pharmacy providers.

 - 1. If National Average Drug Acquisition Cost (NADAC) pricing is available the current pricing will be used.
 - 2. If NADAC pricing is unavailable, then the AAC will be priced using:
 - a. the Wholesale Acquisition Cost (WAC), as published by pricing compendia, plus two percent (+2%), or
 - b. as determined from a current survey of Mississippi Division of Medicaid enrolled pharmacies.
 - 3. Payment for brand and generic legend and over the counter drugs will be calculated based on the lower of:
 - a. AAC as defined above, plus a professional dispensing fee, or
 - b. The provider's usual and customary charges to the general public.

AAC REIMBURSEMENT ESTIMATED REIMBURSEMENT — NADAC

NADAC Analysis	Pre-NADAC					Post-NADAC					Difference
	Brand		Generic		Total	Brand		Generic		Total	Total
	FFS	MCO*	FFS	MCO*		FFS	MCO*	FFS	MCO*		
Ingredient Reimbursement	\$133.1 M	\$405.7 M	\$23.9 M	\$72.8 M	\$635.4 M	\$125.2 M	\$381.6 M	\$16.6 M	\$50.6 M	\$574.0 M	-\$61.5 M
Dispensing Fee Reimbursement	\$0.7 M	\$3.8 M	\$4.3 M	\$21.7 M	\$30.4 M	\$2.1 M	\$10.9 M	\$9.9 M	\$50.6 M	\$73.6 M	\$43.2 M
Estimated Total Reimbursement	\$133.8 M	\$409.5 M	\$28.1 M	\$94.4 M	\$665.9 M	\$127.3 M	\$392.5 M	\$26.5 M	\$101.2 M	\$647.6 M	-\$18.3 M

*All reimbursement analyses are based on FFS claims from June 1, 2015 through May 31, 2016 with paid dates through June 30, 2016.

*MCO ingredient reimbursement was extrapolated from FFS claims based on Q4 2015 percentage of spend provided by the State. FFS: 24.7% | MCO: 75.3%

*MCO dispensing fee reimbursement was extrapolated from FFS claims based on Q4 2015 percentage of claims provided by the State. FFS: 16.4% | MCO: 83.6%

Note: Reimbursement amounts represent projected payment to pharmacies. These amounts do not reflect final actual net cost to DOM after rebate collection.

AAC REIMBURSEMENT TOP 25 BRAND DRUGS BY PRESCRIPTION COUNT

Top 25 Brand by Total Prescription Count*				Pre-NADAC				Post-NADAC		
Rank	Drug Name	Drug Type	Quantity	Cost Basis	Unit Rate	Dispensing Fee	Reimbursed Amount per Prescription	Unit Rate	Dispensing Fee	Reimbursed Amount per Prescription
1	SINGULAIR 5 MG TABLET CHEW	Brand	30	AWP-12%	\$7.58208	\$3.91	\$231.37	\$7.00059	\$11.29	\$221.31
2	VENTOLIN HFA 90 MCG INHALER	Brand	18	AWP-12%	\$2.97195	\$3.91	\$57.41	\$2.72523	\$11.29	\$60.34
3	SINGULAIR 10 MG TABLET	Brand	30	AWP-12%	\$7.58208	\$3.91	\$231.37	\$7.00016	\$11.29	\$221.29
4	PROAIR HFA 90 MCG INHALER	Brand	8.5	AWP-12%	\$6.58654	\$3.91	\$59.90	\$6.03744	\$11.29	\$62.61
5	VYVANSE 30 MG CAPSULE	Brand	30	AWP-12%	\$8.73963	\$3.91	\$266.10	\$8.03627	\$11.29	\$252.38
6	PROVENTIL HFA 90 MCG INHALER	Brand	6.7	AWP-12%	\$11.21541	\$3.91	\$79.05	\$10.27271	\$11.29	\$80.12
7	LANTUS 100 UNITS/ML VIAL	Brand	10	AWP-12%	\$26.24248	\$3.91	\$266.33	\$23.93244	\$11.29	\$250.61
8	VYVANSE 40 MG CAPSULE	Brand	30	AWP-12%	\$8.73963	\$3.91	\$266.10	\$8.02916	\$11.29	\$252.16
9	ORTHO TRI-CYCLEN LO TABLET	Brand	28	AWP-12%	\$5.62954	\$3.91	\$161.54	\$5.14744	\$11.29	\$155.42
10	ABILIFY 20 MG TABLET	Brand	30	AWP-12%	\$44.39952	\$3.91	\$1,335.90	\$40.50859	\$11.29	\$1,226.55
11	SINGULAIR 4 MG TABLET CHEW	Brand	30	AWP-12%	\$7.58208	\$3.91	\$231.37	\$7.03073	\$11.29	\$222.21
12	VYVANSE 50 MG CAPSULE	Brand	30	AWP-12%	\$8.73963	\$3.91	\$266.10	\$8.03384	\$11.29	\$252.31
13	ABILIFY 10 MG TABLET	Brand	30	AWP-12%	\$31.39723	\$3.91	\$945.83	\$28.82920	\$11.29	\$876.17
14	SEROQUEL 100 MG TABLET	Brand	30	AWP-12%	\$7.04035	\$3.91	\$215.12	\$6.42082	\$11.29	\$203.91
15	NOVOLOG 100 UNIT/ML VIAL	Brand	10	AWP-12%	\$26.97024	\$3.91	\$273.61	\$24.71313	\$11.29	\$258.42
16	NEXIUM DR 40 MG CAPSULE	Brand	30	AWP-12%	\$8.83315	\$3.91	\$268.90	\$8.11312	\$11.29	\$254.68
17	PULMICORT 0.5 MG/2 ML RESPULE	Brand	60	AWP-12%	\$5.41581	\$3.91	\$328.86	\$4.98495	\$11.29	\$310.39
18	VYVANSE 20 MG CAPSULE	Brand	30	AWP-12%	\$8.73963	\$3.91	\$266.10	\$7.99461	\$11.29	\$251.13
19	ADDERALL XR 30 MG CAPSULE	Brand	30	AWP-12%	\$7.52180	\$3.91	\$229.56	\$6.89356	\$11.29	\$218.10
20	ADDERALL XR 20 MG CAPSULE	Brand	30	AWP+9%	\$7.52180	\$3.91	\$229.56	\$6.89757	\$11.29	\$218.22
21	VYVANSE 70 MG CAPSULE	Brand	30	AWP-12%	\$8.73963	\$3.91	\$266.10	\$7.99722	\$11.29	\$251.21
22	VYVANSE 60 MG CAPSULE	Brand	30	AWP-12%	\$8.73963	\$3.91	\$266.10	\$8.01594	\$11.29	\$251.77
23	SEROQUEL 50 MG TABLET	Brand	60	AWP-12%	\$6.74168	\$3.91	\$408.41	\$6.51188	\$11.29	\$402.00
24	CIPRODEX OTIC SUSPENSION	Brand	7.5	AWP-12%	\$27.15328	\$3.91	\$207.56	\$24.85738	\$11.29	\$197.72
25	LEVEMIR 100 UNITS/ML VIAL	Brand	10	AWP-12%	\$28.40640	\$3.91	\$287.97	\$26.07263	\$11.29	\$272.02
Average for Top 25 Brand Drugs							\$305.85			\$288.92

*MCO ingredient reimbursement was extrapolated from FFS claims based on Q4 2015 percentage of spend provided by the State. FFS: 24.7% | MCO: 75.3%
 *MCO dispensing fee reimbursement was extrapolated from FFS claims based on Q4 2015 percentage of claims provided by the State. FFS: 16.4% | MCO: 83.6%
 Note: Reimbursement amounts represent projected payment to pharmacies. These amounts do not reflect final actual net cost to DOM after rebate collection.

AAC REIMBURSEMENT TOP 25 BRAND DRUGS BY REIMBURSEMENT

Top 25 Brand Drugs by Total Reimbursed Amount*				Pre-NADAC				Post-NADAC		
Rank	Drug Name	Drug Type	Quantity	Cost Basis	Unit Rate	Dispensing Fee	Reimbursed Amount per Prescription	Unit Rate	Dispensing Fee	Reimbursed Amount per Prescription
1	HARVONI 90-400 MG TABLET	Brand	28	AWP-12%	\$1,188.00000	\$3.91	\$33,267.91	\$1,096.19063	\$11.29	\$30,704.63
2	ABILIFY 20 MG TABLET	Brand	30	AWP-12%	\$44.39952	\$3.91	\$1,335.90	\$40.50859	\$11.29	\$1,226.55
3	LANTUS 100 UNITS/ML VIAL	Brand	10	AWP-12%	\$26.24248	\$3.91	\$266.33	\$23.93244	\$11.29	\$250.61
4	SINGULAIR 5 MG TABLET CHEW	Brand	30	AWP-12%	\$7.58208	\$3.91	\$231.37	\$7.00059	\$11.29	\$221.31
5	PULMOZYME 1 MG/ML AMPUL	Brand	75	AWP-12%	\$43.20600	\$3.91	\$3,244.36	\$39.55559	\$11.29	\$2,977.96
6	ORKAMBI 200 MG-125 MG TABLET	Brand	112	AWP-12%	\$187.84622	\$3.91	\$21,042.69	\$181.44233	\$11.29	\$20,332.83
7	JADENU 360 MG TABLET	Brand	30	AWP-12%	\$136.74701	\$3.91	\$4,106.32	\$132.08524	\$11.29	\$3,973.85
8	ABILIFY 10 MG TABLET	Brand	30	AWP-12%	\$31.39723	\$3.91	\$945.83	\$28.82920	\$11.29	\$876.17
9	ABILIFY 30 MG TABLET	Brand	30	AWP-12%	\$44.39952	\$3.91	\$1,335.90	\$40.61592	\$11.29	\$1,229.77
10	SINGULAIR 10 MG TABLET	Brand	30	AWP-12%	\$7.58208	\$3.91	\$231.37	\$7.00016	\$11.29	\$221.29
11	PULMICORT 0.5 MG/2 ML RESPULE	Brand	60	AWP-12%	\$5.41581	\$3.91	\$328.86	\$4.98495	\$11.29	\$310.39
12	PROCYSBI DR 75 MG CAPSULE	Brand	250	AWP-12%	\$80.49888	\$3.91	\$20,128.63	\$77.75460	\$11.29	\$19,449.94
13	NORDITROPIN FLEXPPO 10 MG/1.5	Brand	1.5	AWP-12%	\$724.27520	\$3.91	\$1,090.32	\$666.41431	\$11.29	\$1,010.91
14	ABILIFY 2 MG TABLET	Brand	30	AWP-12%	\$31.39723	\$3.91	\$945.83	\$28.89329	\$11.29	\$878.09
15	SEROQUEL 300 MG TABLET	Brand	60	AWP-12%	\$17.41491	\$3.91	\$1,048.80	\$15.94722	\$11.29	\$968.12
16	VYVANSE 30 MG CAPSULE	Brand	30	AWP-12%	\$8.73963	\$3.91	\$266.10	\$8.03627	\$11.29	\$252.38
17	NOVOLOG 100 UNIT/ML VIAL	Brand	10	AWP-12%	\$26.97024	\$3.91	\$273.61	\$24.71313	\$11.29	\$258.42
18	HUMIRA 40 MG/0.8 ML PEN	Brand	2	AWP-12%	\$2,163.25120	\$3.91	\$4,330.41	\$1,990.00203	\$11.29	\$3,991.29
19	SEROQUEL 200 MG TABLET	Brand	60	AWP-12%	\$13.28184	\$3.91	\$800.82	\$12.10719	\$11.29	\$737.72
20	VYVANSE 40 MG CAPSULE	Brand	30	AWP-12%	\$8.73963	\$3.91	\$266.10	\$8.02916	\$11.29	\$252.16
21	SEROQUEL 100 MG TABLET	Brand	30	AWP-12%	\$7.04035	\$3.91	\$215.12	\$6.42082	\$11.29	\$203.91
22	NORDITROPIN FLEXPPO 15 MG/1.5	Brand	1.5	AWP-12%	\$1,086.41280	\$3.91	\$1,633.53	\$984.70608	\$11.29	\$1,488.35
23	ONFI 2.5 MG/ML SUSPENSION	Brand	120	AWP-12%	\$6.70567	\$3.91	\$808.59	\$6.11164	\$11.29	\$744.69
24	LEVEMIR 100 UNITS/ML VIAL	Brand	10	AWP-12%	\$28.40640	\$3.91	\$287.97	\$26.07263	\$11.29	\$272.02
25	ATRIPLA TABLET	Brand	30	AWP-12%	\$84.18256	\$3.91	\$2,529.39	\$77.27223	\$11.29	\$2,329.46
Average for Top 25 Brand Drugs							\$4,038.48			\$3,806.51

*MCO ingredient reimbursement was extrapolated from FFS claims based on Q4 2015 percentage of spend provided by the State. FFS: 24.7% | MCO: 75.3%
 *MCO dispensing fee reimbursement was extrapolated from FFS claims based on Q4 2015 percentage of claims provided by the State. FFS: 16.4% | MCO: 83.6%
 Note: Reimbursement amounts represent projected payment to pharmacies. These amounts do not reflect final actual net cost to DOM after rebate collection.

AAC REIMBURSEMENT TOP 25 GENERIC DRUGS BY PRESCRIPTION COUNT

Top 25 Generic by Total Claim Count*				Pre-NADAC				Post-NADAC		
Rank	Drug Name	Drug Type	Quantity	Cost Basis	Unit Rate	Dispensing Fee	Reimbursed Amount per Prescription	Unit Rate	Dispensing Fee	Reimbursed Amount per Prescription
1	MEDROXYPROGESTERONE 150 MG/ML	Generic	1	AWP-25%	\$66.32250	\$4.91	\$71.23	\$82.27159	\$11.29	\$93.56
2	RYNEX DM LIQUID	Generic	120	AWP-25%	\$0.02696	\$3.91	\$7.14	\$0.03698	\$11.29	\$15.73
3	FOLIC ACID 1 MG TABLET	Generic	100	FUL	\$0.02221	\$4.91	\$7.13	\$0.01981	\$11.29	\$13.27
4	FOLIC ACID 1 MG TABLET	Generic	100	FUL	\$0.02221	\$4.91	\$7.13	\$0.01981	\$11.29	\$13.27
5	CETIRIZINE HCL 10 MG TABLET	Generic	30	FUL	\$0.20869	\$3.91	\$10.17	\$0.08599	\$11.29	\$13.87
6	CETIRIZINE HCL 10 MG TABLET	Generic	30	FUL	\$0.20869	\$3.91	\$10.17	\$0.08599	\$11.29	\$13.87
7	HYDROCODON-ACETAMINOPHN 10-325	Generic	60	FUL	\$0.18617	\$4.91	\$16.08	\$0.19218	\$11.29	\$22.82
8	MUPIROCIN 2% OINTMENT	Generic	22	FUL	\$0.33362	\$4.91	\$12.25	\$0.29534	\$11.29	\$17.79
9	CETIRIZINE HCL 1 MG/ML SYRUP	Generic	120	AWP-25%	\$0.22813	\$4.91	\$32.29	\$0.02718	\$11.29	\$14.55
10	XULANE PATCH	Generic	3	AWP-25%	\$33.10000	\$4.91	\$104.21	\$34.24270	\$11.29	\$114.02
11	MEDROXYPROGESTERONE 150 MG/ML	Generic	1	AWP-25%	\$60.42000	\$4.91	\$65.33	\$63.44028	\$11.29	\$74.73
12	FLUTICASONE PROP 50 MCG SPRAY	Generic	16	AWP-25%	\$3.99656	\$4.91	\$68.86	\$0.25729	\$11.29	\$15.41
13	AMOXICILLIN 400 MG/5 ML SUSP	Generic	100	AWP-25%	\$0.07358	\$4.91	\$12.27	\$0.02902	\$11.29	\$14.19
14	CYANOCOBALAMIN 1,000 MCG/ML	Generic	1	AWP-25%	\$8.98200	\$4.91	\$13.89	\$6.88133	\$11.29	\$18.17
15	MEDROXYPROGESTERONE 150 MG/ML	Generic	1	AWP-25%	\$60.42390	\$4.91	\$65.33	\$70.78240	\$11.29	\$82.07
16	SULFAMETHOXAZOLE-TMP DS TABLET	Generic	28	FUL	\$0.08520	\$4.91	\$7.30	\$0.09143	\$11.29	\$13.85
17	CLONIDINE HCL 0.1 MG TABLET	Generic	100	FUL	\$0.02808	\$4.91	\$7.72	\$0.02740	\$11.29	\$14.03
18	CYANOCOBALAMIN 1,000 MCG/ML	Generic	1	AWP-25%	\$6.55500	\$4.91	\$11.47	\$6.88133	\$11.29	\$18.17
19	TRI-SPRINTEC TABLET	Generic	28	FUL	\$0.44509	\$4.91	\$17.37	\$0.30508	\$11.29	\$19.83
20	VIT D2 1.25 MG (50,000 UNIT)	Generic	100	FUL	\$0.24284	\$4.91	\$29.19	\$0.24404	\$11.29	\$35.69
21	HYDROCODON-ACETAMINOPHN 10-325	Generic	60	FUL	\$0.18617	\$4.91	\$16.08	\$0.19218	\$11.29	\$22.82
22	FLUTICASONE PROP 50 MCG SPRAY	Generic	16	AWP-25%	\$3.52829	\$4.91	\$61.36	\$0.25729	\$11.29	\$15.41
23	LORATADINE 10 MG TABLET	Generic	30	FUL	\$0.09535	\$3.91	\$6.77	\$0.05773	\$11.29	\$13.02
24	GUANFACINE 1 MG TABLET	Generic	30	FUL	\$0.07044	\$4.91	\$7.02	\$0.07000	\$11.29	\$13.39
25	AMOXICILLIN 500 MG CAPSULE	Generic	28	FUL	\$0.07261	\$4.91	\$6.94	\$0.07701	\$11.29	\$13.45
Average for Top 25 Generic Drugs							\$26.99			\$28.68

*MCO ingredient reimbursement was extrapolated from FFS claims based on Q4 2015 percentage of spend provided by the State. FFS: 24.7% | MCO: 75.3%

*MCO dispensing fee reimbursement was extrapolated from FFS claims based on Q4 2015 percentage of claims provided by the State. FFS: 16.4% | MCO: 83.6%

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AAC REIMBURSEMENT TOP 25 GENERIC DRUGS BY REIMBURSEMENT

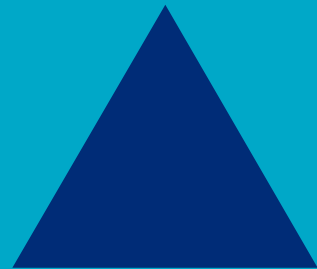
Top 25 Generic by Total Reimbursed Amount*				Pre-NADAC				Post-NADAC		
Rank	Drug Name	Drug Type	Quantity	Cost Basis	Unit Rate	Dispensing Fee	Reimbursed Amount per Prescription	Unit Rate	Dispensing Fee	Reimbursed Amount per Prescription
1	METHYLPHENIDATE ER 36 MG TAB	Generic	30	AWP-25%	\$6.51173	\$4.91	\$200.26	\$6.62066	\$11.29	\$209.91
2	XULANE PATCH	Generic	3	AWP-25%	\$33.10000	\$4.91	\$104.21	\$34.24270	\$11.29	\$114.02
3	METHYLPHENIDATE ER 54 MG TAB	Generic	30	AWP-25%	\$7.08548	\$4.91	\$217.47	\$7.44537	\$11.29	\$234.65
4	MEDROXYPROGESTERONE 150 MG/ML	Generic	1	AWP-25%	\$66.32250	\$4.91	\$71.23	\$82.27159	\$11.29	\$93.56
5	CHLORPROMAZINE 200 MG TABLET	Generic	100	AWP-25%	\$17.13158	\$4.91	\$1,718.07	\$8.79385	\$11.29	\$890.68
6	MEDROXYPROGESTERONE 150 MG/ML	Generic	1	AWP-25%	\$60.42000	\$4.91	\$65.33	\$63.44028	\$11.29	\$74.73
7	DESMOPRESSIN ACETATE 0.2 MG TB	Generic	100	FUL	\$0.86998	\$4.91	\$91.91	\$0.92096	\$11.29	\$103.39
8	CLONIDINE HCL ER 0.1 MG TABLET	Generic	60	AWP-25%	\$3.37475	\$4.91	\$207.40	\$3.30177	\$11.29	\$209.40
9	METHYLPHENIDATE ER 27 MG TAB	Generic	30	AWP-25%	\$6.31298	\$4.91	\$194.30	\$6.62552	\$11.29	\$210.06
10	FLUTICASONE PROP 50 MCG SPRAY	Generic	16	AWP-25%	\$3.99656	\$4.91	\$68.86	\$0.25729	\$11.29	\$15.41
11	CAPECITABINE 500 MG TABLET	Generic	120	FUL	\$24.81633	\$4.91	\$2,982.87	\$18.31612	\$11.29	\$2,209.22
12	OLANZAPINE 10 MG TABLET	Generic	30	FUL	\$1.21248	\$4.91	\$41.28	\$0.22240	\$11.29	\$17.96
13	GUANFACINE HCL ER 4 MG TABLET	Generic	30	FUL	\$2.00452	\$4.91	\$65.05	\$0.67062	\$11.29	\$31.41
14	CHLORPROMAZINE 100 MG TABLET	Generic	100	AWP-25%	\$11.16518	\$4.91	\$1,121.43	\$6.30973	\$11.29	\$642.26
15	METHYLPHENIDATE ER 18 MG TAB	Generic	30	AWP-25%	\$6.15863	\$4.91	\$189.67	\$6.54806	\$11.29	\$207.73
16	GUANFACINE HCL ER 2 MG TABLET	Generic	30	FUL	\$1.26286	\$4.91	\$42.80	\$0.65824	\$11.29	\$31.04
17	DIVALPROEX SOD ER 500 MG TAB	Generic	100	FUL	\$0.99670	\$4.91	\$104.58	\$0.97905	\$11.29	\$109.20
18	OXCARBAZEPINE 300 MG/5 ML SUSP	Generic	250	AWP-25%	\$0.81903	\$4.91	\$209.67	\$0.46849	\$11.29	\$128.41
19	CAPECITABINE 500 MG TABLET	Generic	120	FUL	\$24.81633	\$4.91	\$2,982.87	\$18.31612	\$11.29	\$2,209.22
20	GUANFACINE HCL ER 3 MG TABLET	Generic	30	FUL	\$1.64228	\$4.91	\$54.18	\$0.77657	\$11.29	\$34.59
21	HYDROCODON-ACETAMINOPHN 10-325	Generic	60	FUL	\$0.18617	\$4.91	\$16.08	\$0.19218	\$11.29	\$22.82
22	METHYLPHENIDATE ER 36 MG TAB	Generic	30	AWP-25%	\$4.93395	\$4.91	\$152.93	\$4.48950	\$11.29	\$145.98
23	OMEPRAZOLE DR 20 MG CAPSULE	Generic	30	FUL	\$0.09910	\$4.91	\$7.88	\$0.04772	\$11.29	\$12.72
24	FLUTICASONE PROP 50 MCG SPRAY	Generic	16	AWP-25%	\$3.52829	\$4.91	\$61.36	\$0.25729	\$11.29	\$15.41
25	OLANZAPINE 20 MG TABLET	Generic	30	FUL	\$2.72372	\$4.91	\$86.62	\$0.43916	\$11.29	\$24.46
	Average for Top 25 Generic Drugs						\$442.33			\$319.93

*MCO ingredient reimbursement was extrapolated from FFS claims based on Q4 2015 percentage of spend provided by the State. FFS: 24.7% | MCO: 75.3%

*MCO dispensing fee reimbursement was extrapolated from FFS claims based on Q4 2015 percentage of claims provided by the State. FFS: 16.4% | MCO: 83.6%

Note: Reimbursement amounts represent projected payment to pharmacies. These amounts do not reflect final actual net cost to DOM after rebate collection.

SPECIALTY DRUG REIMBURSEMENT



SPECIALTY DRUG REIMBURSEMENT

SPECIALTY DEFINITION

- Final Rule CMS-2345-F
 - Does not further define the term specialty pharmacy since there is no standard set of characteristics associated with specialty pharmacies (page 5222 of final rule)
 - States have ability for determining separate reimbursement rates for specialty and physician administered drugs (page 5293 of final rule)
 - Specialty drugs purchased through retail community pharmacy are included in the NADAC files (page 5313 of final rule)

**Hemophilia products not included

SPECIALTY DRUG REIMBURSEMENT

SPECIALTY DRUG PROGRAM CONSIDERATIONS

- **Specialty Drug Selection**
 - Cost Thresholds
 - Comprehensive patient care, clinical management and product support services criteria
 - Specialty drug list
- **Provider Agreement and Accreditation Standards**
- **Reimbursement**
 - No NADAC rate
 - Same or variable rate depending on drug/drug disease state

SPECIALTY DRUG REIMBURSEMENT

SPECIALTY DRUG SELECTION

- **Cost Thresholds**
 - Ranges from \$1,500 to \$5,000 per month supply
- **Comprehensive patient care services, clinical management and product support services criteria**
 - Prescribed for complex, chronic or rare medical conditions
 - Not routinely stocked at a majority of community retail pharmacies
 - Special handling, storage, inventory, or distribution requirements
 - Requires complex education and treatment maintenance

SPECIALTY DRUG REIMBURSEMENT SPECIALTY DRUG SELECTION (CONTINUED)

- **Specialty Drug List based on disease state (including, but not limited to):**
 - Anemia/Neutropenia
 - Cancer
 - Cystic Fibrosis
 - Growth Hormone
 - Hepatitis
 - Multiple Sclerosis
 - Pulmonary Hypertension
 - Rheumatoid Arthritis and Other Inflammatory Conditions

SPECIALTY DRUG REIMBURSEMENT SPECIALTY DRUG SELECTION (CONTINUED)

- **Examples of State Medicaid programs that have similar disease states on their specialty drug lists:**
 - Georgia
 - Missouri
 - North Carolina
 - Tennessee
 - Texas
 - Wisconsin

SPECIALTY DRUG REIMBURSEMENT SPECIALTY DRUG SELECTION (CONTINUED)

Common Specialty Drug & Disease States Combinations

Specialty Drug Disease State	Drug Example
Anemia/Neutropenia	Aranesp
Anticoagulant	Atryn
Anti-Infective	Ancobon
Blood Cell Deficiency	Promacta
Endocrine Disorder	Kuvan
Enzyme Deficiency	Adagen
Growth Hormone	Genotropin
Hepatitis	Zepatier
High Cholesterol	Juxtapid
HIV	Descovy
Immune Deficiency	Gammaplex
Lupus	Benlysta
Misc: Iron Deficiency	Dexferrum
Misc: Antipsychotic Injectable	Aristada
Misc: Hypocalcemia	Calcijex
Misc: Iron Overload	Exjade
Multiple Sclerosis	Lemtrada
Oncology	Alimta
Oncology - Adjunct Therapy	Leukovorin
Oncology - Oral	Tagrisso
Organ Transplantation/Immunosuppressant	Astragraf XL
Osteoarthritis	Euflexxa
Osteoporosis	Forteo
Other Specialty Condition	Xenazine
Pulmonary	Kalydeco
Pulmonary Hypertension	Adcirca
Rheumatoid Arthritis and Other Inflammatory Conditions	Humira
RSV Prevention	Synagis

SPECIALTY DRUG REIMBURSEMENT PROVIDER AGREEMENTS AND ACCREDITATION

- **Provider Agreements and Accreditation Standards**
 - Standard of care requirements
 - Reporting requirements
 - Utilization Review Accreditation Commission (URAC)
 - Accrediting Commission for Health Care (ACHC)
 - The Joint Commission

SPECIALTY DRUG REIMBURSEMENT SPECIALTY DRUG REIMBURSEMENT OPTIONS

- **Reimbursement Overview To Determine Ingredient Cost**
 - Option 1:
 - No NADAC rate
 - No defined cost threshold
 - Defined specialty drug list
 - Acquisition cost based on WAC + 0%
 - Option 2:
 - No NADAC rate
 - No defined cost threshold
 - Defined specialty drug list
 - Acquisition cost based on variable WAC discounts

SPECIALTY DRUG REIMBURSEMENT SPECIALTY DRUG REIMBURSEMENT OPTIONS

- **Reimbursement Overview To Determine Ingredient Cost**
 - Option 3:
 - No NADAC rate
 - Defined cost threshold for a month supply (ranges \$1,500 - \$5,000)
 - Defined specialty drug list
 - Acquisition cost based on WAC + 0%
 - Option 4:
 - No NADAC rate
 - Defined cost threshold for a month supply (ranges \$1,500 - \$5,000)
 - Defined specialty drug list
 - Acquisition cost based on variable WAC discounts

SPECIALTY DRUG REIMBURSEMENT SPECIALTY DRUG REIMBURSEMENT OPTIONS

- **Reimbursement Overview To Determine Ingredient Cost**
 - Option 5:
 - No NADAC rate
 - No defined cost threshold
 - Defined specialty drug list
 - Acquisition cost based on of Average Sales Price (ASP) + 6%
 - Option 6:
 - No NADAC rate
 - No defined cost threshold
 - Defined specialty drug list
 - Acquisition cost based on WAC + 0%
 - Medication Therapy Management (MTM) fee

SPECIALTY DRUG REIMBURSEMENT SPECIALTY DRUG REIMBURSEMENT OPTIONS

Option 1: WAC + 0%

- Methodology:
 - Drugs with no NADAC rates
 - No defined cost threshold
 - Defined specialty drug list
 - Ingredient Reimbursement:
 - WAC + 0%
- Considerations:
 - WAC rates can be updated on a weekly basis
 - Minimal maintenance requirements
 - North Carolina is an example of a state that reimburses non-NADAC products at WAC + 0% including specialty

SPECIALTY DRUG REIMBURSEMENT

SPECIALTY DRUG REIMBURSEMENT OPTIONS

Option 2: Variable Rate Discounts

- Methodology:
 - Drugs with no NADAC rates
 - No defined cost threshold
 - Defined specialty drug list
 - Ingredient Reimbursement:
 - Variable rate discounts
 - Typically grouped by therapy class
- Considerations:
 - WAC rates can be updated on a weekly basis
 - States with variable rate discounts for ingredient reimbursement and no cost threshold:
 - Missouri, Wisconsin
 - Similar to commercial specialty contracting rates for large employers

SPECIALTY DRUG REIMBURSEMENT SPECIALTY DRUG REIMBURSEMENT OPTIONS

Option 3: WAC + 0% & Defined Cost Threshold

- Methodology:
 - Drugs with no NADAC rates
 - Defined cost threshold for a month supply
 - Defined specialty drug list
 - Ingredient Reimbursement:
 - WAC + 0%
- Considerations:
 - Rates can be updated on a weekly basis
 - Requires more maintenance to maintain cost threshold
 - States with WAC + 0% for ingredient reimbursement and cost threshold:
 - North Carolina (\$1,500 cost threshold)

SPECIALTY DRUG REIMBURSEMENT

SPECIALTY DRUG REIMBURSEMENT OPTIONS

Option 4: Variable Rate Discounts & Defined Cost Threshold

- Methodology:
 - Drugs with no NADAC rates
 - Defined cost threshold for a month supply
 - Defined specialty drug list
 - Ingredient Reimbursement:
 - Variable rate discounts
 - Typically grouped by therapy class
- Considerations:
 - Rates can be updated on a weekly basis
 - Requires more maintenance to maintain cost threshold
 - States with variable rate discounts for ingredient reimbursement and cost thresholds:
 - Georgia (\$5000)

SPECIALTY DRUG REIMBURSEMENT

SPECIALTY DRUG REIMBURSEMENT OPTIONS

Option 5: ASP + 6%

- Methodology:
 - Drugs with no NADAC rates
 - No defined cost threshold
 - Defined specialty drug list
 - Ingredient Reimbursement:
 - ASP + 6%
- Considerations:
 - Rates are updated on a quarterly basis
 - Rates are published by Centers for Medicare and Medicaid Services for Medicare Part B reimbursement
 - States with ASP + 6% for ingredient reimbursement:
 - Oklahoma

SPECIALTY DRUG REIMBURSEMENT

SPECIALTY DRUG REIMBURSEMENT OPTIONS

Option 6: MTM Reimbursement for Clinical Services

- Methodology:
 - Drugs with no NADAC rates
 - No defined cost threshold
 - Defined specialty drug list
 - Ingredient Reimbursement:
 - WAC + 0%
 - Medication Therapy Management (MTM) fee billed with CPT
- Considerations:
 - MTM would be separate payment for ongoing clinical coordination (e.g., complex care management) and other clinical professional services (e.g., flu vaccine administration)
 - Iowa, North Dakota, Minnesota and Wisconsin are state examples of Medicaid programs with MTM program

SPECIALTY DRUG REIMBURSEMENT SPECIALTY DRUG REIMBURSEMENT OPTIONS

Specialty Drug	Quantity Per Month	Current Ingredient Cost per Month Supply	Per Month Supply					
			Option 1 WAC+0%	Option 2 Variable WAC	Option 3 WAC+0% for Ingredient Cost Month Supply >\$5,000	Option 4 Variable WAC for Ingredient Cost Month Supply >\$5,000	Option 5 ASP+6%	Option 6 WAC+0% + \$50 MTM Fee
DAKLINZA 60 MG TABLET	30	\$23,760	\$22,500	\$22,410	\$22,500	\$22,410		\$22,550
AMPYRA ER 10 MG TABLET	60	\$2,082	\$1,971	\$1,940				\$2,021
AUBAGIO 14 MG TABLET	30	\$6,456	\$6,113	\$6,016	\$6,113	\$6,016		\$6,163
REVLIMID 25 MG CAPSULE	21	\$11,906	\$11,274	\$11,319	\$11,274	\$11,319		\$11,324
AVASTIN 100 MG/4 ML VIAL	90	\$17,239	\$16,324	\$16,488	\$16,324	\$16,488	\$16,318	\$16,374

Note: Reimbursement amounts represent projected payment to pharmacies. These amounts do not reflect final actual net cost to DOM after rebate collection.

COST OF DISPENSING SURVEY SPECIALTY PROVIDERS TOP 10 NON-NADAC, NON-HEMOPHILIA DRUGS RANKED BY PAID AMOUNT

Rank by Paid Amount	Drug Name	AHFS	Drug Type
1	GENOTROPIN 12 MG CARTRIDGE	PITUITARY	Brand
2	SYNAGIS 100 MG/1 ML VIAL	MONOCLONAL ANTIBODIES	Brand
3	NUTROPIN AQ NUSPIN 10 PEN C	PITUITARY	Brand
4	SABRIL 500 MG POWDER PACKET	ANTICONVULSANTS, MISCELLANEOUS	Brand
5	XTANDI 40 MG CAPSULE	ANTINEOPLASTIC AGENTS	Brand
6	VOTRIENT 200 MG TABLET	ANTINEOPLASTIC AGENTS	Brand
7	NUTROPIN AQ NUSPIN 20 PEN C	PITUITARY	Brand
8	CINRYZE 500 UNIT VIAL	COMPLEMENT INHIBITORS	Brand
9	STIVARGA 40 MG TABLET	ANTINEOPLASTIC AGENTS	Brand
10	ELAPRASE 6 MG/3 ML VIAL	ENZYMES	Brand

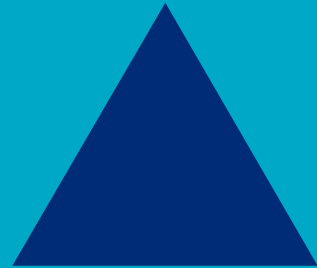
*Specialty pharmacy paid claims January 1, 2015 – June 17, 2016; Myers & Stauffer June 2016 COD Survey

COST OF DISPENSING SURVEY SPECIALTY PROVIDERS TOP 10 NON-NADAC, NON-HEMOPHILIA DRUGS RANKED BY PRESCRIPTION COUNT

Rank by Rx Count	Drug Name	AHFS	Drug Type
1	SYNAGIS 100 MG/1 ML VIAL	MONOCLONAL ANTIBODIES	Brand
2	SODIUM CHLORIDE 0.9% SOLUTI	REPLACEMENT PREPARATIONS	Generic
3	NUTROPIN AQ NUSPIN 10 PEN C	PITUITARY	Brand
4	SYNAGIS 50 MG/0.5 ML VIAL	MONOCLONAL ANTIBODIES	Brand
5	GENOTROPIN 12 MG CARTRIDGE	PITUITARY	Brand
6	DEXTROSE 70%-WATER IV SOLN	CALORIC AGENTS	Generic
7	PEDIASURE LIQUID	CALORIC AGENTS	Brand
8	BOOST KID ESSENTIALS LIQUID	CALORIC AGENTS	Generic
9	STERILE WATER FOR INJECTION	PHARMACEUTICAL AIDS	Generic
10	BOOST KID ESSENTIALS LIQUID	CALORIC AGENTS	Generic

*Specialty pharmacy paid claims January 1, 2015 – June 17, 2016; Myers & Stauffer June 2016 COD Survey

STAKEHOLDER DISCUSSION



MAKE



**TOMORROW,
TODAY**