

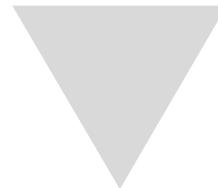
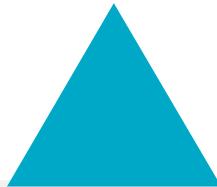
HEALTH WEALTH CAREER

# MISSISSIPPI DIVISION OF MEDICAID

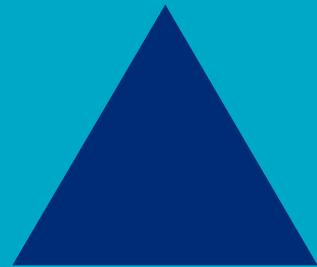
## PHARMACY STAKEHOLDER MEETING

October 12, 2016

**Shawna Kittridge, MHS, RPh**  
**Lisa Weeks, PharmD, RPh**



# SPECIALTY DRUG REIMBURSEMENT



# CMS FINAL RULE (CMS-2345-F) STATE PLAN

- States must submit an amendment to its State Plan to the Centers for Medicare and Medicaid Services (CMS)
- Effective date of no later than April 1, 2017
- Required for compliance with the new reimbursement requirements in the CMS Covered Outpatient Drug final rule
  - **State Plan pages must include the following reimbursement information:**
    - A. Ingredient Cost methodology in accordance with the Actual Acquisition Cost (AAC) definition – COMPLETE

# CMS FINAL RULE (CMS-2345-F) STATE PLAN

- **State Plan pages must include the following reimbursement information:**
- B. Payment for the following drugs do not need to meet the AAC definition, however, states must define INGREDIENT COST/PROFESSIONAL DISPENSING FEE:
  - **Specialty drugs not typically dispensed by a retail community pharmacy**
  - Clotting Factor from Specialty Pharmacies, Hemophilia Treatment Centers and Centers of Excellence

# SPECIALTY DRUG DEFINITION

A specialty drug is defined as having no NADAC unit price available and one or more of the following characteristics:

- Medicare Part B drug
- 5i drug (drugs administered by inhalation, infusion, instilled, implanted or injectable which are not generally dispensed through a retail pharmacy)
- Cost threshold
- Marketed under a Biologic License Application (BLA)
  - Example: Epogen
- Special storage, shipping or handling requirements
  - Example: Elaprase
- Part of a limited distribution network

# SPECIALTY DRUG LIST COMPARISON OF OTHER STATE MEDICAID PROGRAMS

Mercer Drug Disease State	Drug Example	Missouri	Wisconsin	Georgia	North Carolina	Texas	Tennessee
Anemia/Neutropenia	Aranesp	√	√	√	√	√	√
Anticoagulant	Arixtra	√	√	√	√		√
Anti-Infective	Sivextro	√	√		√	√	
Blood Cell Deficiency	Leukine	√	√	√	√	√	√
Endocrine Disorder	Kuvan	√	√	√	√	√	√
Enzyme Deficiency	Elaprase	√	√	√	√	√	√
Fertility	Chorionic Gonad						√
Growth Hormone	Genotropin	√	√	√	√	√	√
Hepatitis	Daklinza	√	√	√	√	√	√
High Cholesterol	Juxtapid	√	√	√	√	√	√
HIV	Truvada	√	√		√	√	√
Immune Deficiency	Gamunex-C	√	√	√	√	√	√
Lupus	Benlysta	√			√		
Misc.: Iron Deficiency	Ferahem	√	√	√			
Misc.: Antipsychotic Injectable	Aristada	√	√		√	√	
Misc.: Hyperparathyroidism	Sensipar	√	√		√	√	√
Misc.: Hypocalcemia	Calcitrol	√	√				
Misc.: Iron Overload	Exjade	√	√	√	√	√	√
Multiple Sclerosis	Ampyra	√	√	√	√	√	√
Oncology	Avastin	√	√	√	√	√	√
Oncology — Adjunct Therapy	Leucovorin	√	√	√	√	√	√
Oncology — Oral	Farydak	√	√	√	√	√	√
Ophthalmic Conditions	Cystaran	√	√		√	√	√
Organ Transplant and Immunosuppressant	Astagraf XL	√	√		√		√
Osteoarthritis	Monovisc	√			√		
Osteoporosis	Forteo	√	√		√	√	√
Other Specialty Condition	Xenazine	√	√	√	√	√	√
Pulmonary (including Cystic Fibrosis and Other Respiratory Treatments)	Kalydeco	√	√	√	√	√	√
Pulmonary Hypertension	Adempas	√	√	√	√	√	√
Rheumatoid Arthritis and Other Inflammatory Conditions (including Psoriasis)	Enbrel	√	√	√	√	√	√
RSV Prevention	Synagis	√	√		√	√	√

# SURROUNDING STATES' REIMBURSEMENT

FFS Medicaid Program Reimbursement		
State	Specialty Ingredient Cost	Specialty Dispensing Fee
<b>Alabama</b>	State AAC or if not available WAC+0%, or U/C; ASP +6% (blood clotting factors)	\$10.64
<b>Arkansas</b>	Currently same as traditional Brand/Generic reimbursement: AWP-20% (generic); AWP-14% (brand)	up to \$5.51
<b>Louisiana</b>	Same as traditional Brand/Generic reimbursement: Lesser of U&C or State AAC (including FUL for generics), if AAC not available WAC +0%	\$10.51
<b>Tennessee</b>	PBM managed TennCare Specialty Pharmaceutical Pricing list; variable discounts by drug (range of AWP - 16% to AWP - 40%)	\$0.00
<b>Texas</b>	Drugs on State Specialty Drug List (SDL): NADAC - 1.7% or WAC - 8% if NADAC not available	\$7.93 + [ingredient cost +DF/0.9804%]; additional \$0.15 for free delivery

# 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
  - No provider invoice submission necessary
  - North Carolina is an example of a state that reimburses non-NADAC products at WAC + 0% including specialty

# OPTION 1 — WAC + 0 % INGREDIENT COST

Specialty Option 1	Current Reimbursement					Option 1: WAC+0% and Dispensing Fee					Difference
	Brand		Generic		Total	Brand		Generic		Total	
	FFS	MCO	FFS	MCO		FFS	MCO	FFS	MCO		
<b>Ingredient Reimbursement</b>	\$20,079,000	\$26,372,000	\$196,000	\$331,000	\$46,978,000	\$19,036,000	\$24,993,000	\$201,000	\$365,000	\$44,595,000	-\$2,383,000
<b>Dispensing Fee Reimbursement</b>	\$11,000	\$18,000	\$1,000	\$1,000	\$31,000	\$165,000	\$281,000	\$11,000	\$18,000	\$475,000	\$444,000
<b>Estimated Total Reimbursement</b>	\$20,089,000	\$26,390,000	\$197,000	\$333,000	\$47,009,000	\$19,201,000	\$25,274,000	\$212,000	\$383,000	\$45,070,000	-\$1,939,000

\*No NADAC drugs.

\*No hemophilia drugs.

\*Approximately 7,779 claims; approximately 418 unique providers.

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

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 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, Tennessee and Pennsylvania
    - Wisconsin Specialty Drug Rates:  
<https://www.forwardhealth.wi.gov/WIPortal/content/Provider/medicaid/pharmacy/resources.htm.spage#>
  - Similar to commercial specialty contracting rates for large employers

# OPTION 2 — VARIABLE WAC DISCOUNT INGREDIENT COST AND DISPENSING FEE

Specialty Option 2	Current Reimbursement					Option 2: Variable WAC and Dispensing Fee					Difference
	Brand		Generic		Total	Brand		Generic		Total	
	FFS	MCO	FFS	MCO		FFS	MCO	FFS	MCO		
<b>Ingredient Reimbursement</b>	\$20,079,000	\$26,372,000	\$196,000	\$331,000	\$46,978,000	\$18,936,000	\$24,862,000	\$200,000	\$357,000	\$44,355,000	-\$2,623,000
<b>Dispensing Fee Reimbursement</b>	\$11,000	\$18,000	\$1,000	\$1,000	\$31,000	\$165,000	\$281,000	\$11,000	\$18,000	\$475,000	\$444,000
<b>Estimated Total Reimbursement</b>	\$20,089,000	\$26,390,000	\$197,000	\$333,000	\$47,009,000	\$19,101,000	\$25,143,000	\$211,000	\$375,000	\$44,830,000	-\$2,179,000

\*NADAC drugs.

\*No hemophilia drugs.

**\*Approximately 7,779 claims; approximately 418 unique providers.**

\*WAC discounts range between WAC + 2% to WAC – 25%.

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

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

# VARIABLE RATE MAINTENANCE PROCESS

- Monthly Process
  - New drugs added to the First Data Bank drug file during the previous month are identified and reviewed to be included on the specialty drug list.
  - A pharmacist determines the proposed disease state category for new specialty drugs not already present on the master specialty drug list.
  - All new specialty drugs recommended to be added to the State's specialty drug list are submitted to the State for approval each month.
  - Once approval is received, the new specialty drugs are sent to the State in the approved format for implementation into the claims payment system.
  - Providers can submit specialty drug pricing inquiries on an ad hoc basis through the provider call center and are responded to within one business day.
- Annual Process
  - Mercer conducts an annual review to determine pricing adjustments (increases and decreases) to be recommended to the State.
  - The annual review incorporates multiple commercial and Medicaid pharmacy program reimbursement benchmarks for specialty drugs.

# SPECIALTY DRUG REIMBURSEMENT OPTIONS

## Option 3: WAC + 0% and 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)

# OPTION 3 — WAC + 0 % INGREDIENT COST AND DISPENSING FEE \$1500 THRESHOLD

Specialty Option 3	Option 3: WAC+0% and Dispensing Fee, \$1500 Threshold, NADAC Backup WAC+0%					Difference	Option 3: WAC+0% and Dispensing Fee, \$1500 Threshold, NADAC Backup WAC+2%					Difference		
	Brand		Generic		Total		Total	Brand		Generic			Total	Total
	FFS	MCO	FFS	MCO				FFS	MCO	FFS	MCO			
<b>Ingredient Reimbursement</b>	\$19,036,000	\$24,993,000	\$201,000	\$365,000	\$44,595,000	-\$2,383,000	\$19,045,000	\$24,999,000	\$201,000	\$368,000	\$44,613,000	-\$2,365,000		
<b>Dispensing Fee Reimbursement</b>	\$155,000	\$272,000	\$5,000	\$9,000	\$441,000	\$410,000	\$155,000	\$272,000	\$5,000	\$9,000	\$441,000	\$410,000		
<b>Estimated Total Reimbursement</b>	\$19,191,000	\$25,265,000	\$206,000	\$374,000	\$45,036,000	-\$1,973,000	\$19,200,000	\$25,271,000	\$206,000	\$377,000	\$45,054,000	-\$1,955,000		

\*No NADAC drugs.

\*No hemophilia drugs.

\*Approximately 7,074 claims; approximately 390 unique providers.

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

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

# OPTION 3 — WAC + 0 % INGREDIENT COST AND DISPENSING FEE \$3000 THRESHOLD

Specialty Option 3	Option 3: WAC+0% and Dispensing Fee, \$3000 Threshold, NADAC Backup WAC+0%					Difference	Option 3: WAC+0% and Dispensing Fee, \$3000 Threshold, NADAC Backup WAC+2%					Difference		
	Brand		Generic				Total	Brand		Generic			Total	
	FFS	MCO	FFS	MCO	Total			FFS	MCO	FFS	MCO			Total
<b>Ingredient Reimbursement</b>	\$19,036,000	\$24,993,000	\$201,000	\$365,000	\$44,595,000	-\$2,383,000	\$19,057,000	\$25,024,000	\$201,000	\$368,000	\$44,650,000	-\$2,328,000		
<b>Dispensing Fee Reimbursement</b>	\$145,000	\$256,000	\$4,000	\$7,000	\$412,000	\$381,000	\$145,000	\$256,000	\$4,000	\$7,000	\$412,000	\$381,000		
<b>Estimated Total Reimbursement</b>	\$19,181,000	\$25,249,000	\$205,000	\$372,000	\$45,007,000	-\$2,002,000	\$19,202,000	\$25,280,000	\$205,000	\$375,000	\$45,062,000	-\$1,947,000		

\*No NADAC drugs.

\*No hemophilia drugs.

\*Approximately 6,504 claims; approximately 376 unique providers.

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

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

# OPTION 3 — WAC + 0 % INGREDIENT COST AND DISPENSING FEE \$5000 THRESHOLD

Specialty Option 3	Option 3: WAC+0% and Dispensing Fee, \$5000 Threshold, NADAC Backup WAC+0%					Difference	Option 3: WAC+0% and Dispensing Fee, \$5000 Threshold, NADAC Backup WAC+2%					Difference		
	Brand		Generic				Total	Brand		Generic			Total	
	FFS	MCO	FFS	MCO	Total			FFS	MCO	FFS	MCO			Total
<b>Ingredient Reimbursement</b>	\$19,036,000	\$24,993,000	\$201,000	\$365,000	\$44,595,000	-\$2,383,000	\$19,060,000	\$25,030,000	\$201,000	\$368,000	\$44,659,000	-\$2,319,000		
<b>Dispensing Fee Reimbursement</b>	\$140,000	\$238,000	\$4,000	\$7,000	\$389,000	\$358,000	\$140,000	\$238,000	\$4,000	\$7,000	\$389,000	\$358,000		
<b>Estimated Total Reimbursement</b>	\$19,176,000	\$25,231,000	\$205,000	\$372,000	\$44,984,000	-\$2,025,000	\$19,200,000	\$25,268,000	\$205,000	\$375,000	\$45,048,000	-\$1,961,000		

\*No NADAC drugs.

\*No hemophilia drugs.

\*Approximately 6,017 claims; approximately 344 unique providers.

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

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 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)
  - Modeled after North Dakota Hepatitis C MTM program

# OPTION 6 — WAC + 0 % INGREDIENT COST AND DISPENSING FEE HEPATITIS C MTM FEE

Specialty Option 6	Current Reimbursement					Option 6: WAC+0% and Dispensing Fee, MTM \$120					Difference
	Brand		Generic		Total	Brand		Generic		Total	
	FFS	MCO	FFS	MCO		FFS	MCO	FFS	MCO		
<b>Ingredient Reimbursement</b>	\$20,079,000	\$26,372,000	\$196,000	\$331,000	\$46,978,000	\$19,036,000	\$24,993,000	\$201,000	\$365,000	\$44,595,000	-\$2,383,000
<b>Dispensing Fee Reimbursement</b>	\$11,000	\$18,000	\$1,000	\$1,000	\$31,000	\$165,000	\$281,000	\$11,000	\$18,000	\$475,000	\$444,000
<b>MTM Fee Reimbursement</b>	\$0	\$0	\$0	\$0	\$0	\$7,000	\$36,000	\$1,000	\$8,000	\$52,000	\$52,000
<b>Estimated Total Reimbursement</b>	\$20,089,000	\$26,390,000	\$197,000	\$333,000	\$47,009,000	\$19,208,000	\$25,310,000	\$213,000	\$391,000	\$45,122,000	-\$1,887,000

\*No NADAC drugs. (An MTM fee was added for all members receiving Hepatitis C drugs including those drugs with and without a NADAC.)

\*No hemophilia drugs.

\*Approximately 355 Hepatitis C members; approximately 6 unique providers.

\*MTM Fee of \$120 based on North Dakota MTM Program for Hepatitis C Drugs. All members on Hepatitis C Drugs included in MTM fee.

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

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

# SPECIALTY DRUG INGREDIENT COST REIMBURSEMENT OPTIONS

			Per Month Supply					
			Option 1	Option 2	Option 3	Option 3	Option 3	Option 6
Specialty Drug	Quantity per Month per Rx	Current Estimated Ingredient cost per Month Supply	WAC+0%	Variable WAC	WAC+0% for Ingredient cost Month Supply ≥ \$1500	WAC+%0 for Ingredient cost Month Supply ≥ \$3000	WAC+0% for Ingredient cost Month Supply ≥ \$5000	WAC+0% + MTM Fee
PROCYSBI DR 75 MG	2,000	\$160,998	\$152,460	\$151,850	\$152,460	\$152,460	\$152,460	-----
ELAPRASE 6 MG/3 ML	114	\$120,995	\$114,578	\$114,578	\$114,578	\$114,578	\$114,578	-----
TARGRETIN 75 MG	420	\$110,324	\$104,473	\$104,055	\$104,473	\$104,473	\$104,473	-----
TOBRAMYCIN 300 MG/5 ML	300	\$6,361	\$3,862	\$3,847	\$3,862	\$3,862	\$3,939	-----
SYNAGIS 50 MG/0.5 ML	1	\$3,102	\$2,938	\$2,926	\$2,938	\$2,997	\$2,997	-----
DAKLINZA 60MG	30	\$23,760	\$22,500	\$22,410	\$22,500	\$22,500	\$22,500	\$23,580

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

# COMPARISON OF INGREDIENT COST REIMBURSEMENT OPTIONS

	Option 1	Option 2	Option 3	Option 6					
	WAC+0%	Variable WAC	WAC+0% for Ingredient cost Month Supply ≥ \$1500 NADAC BACKUP WAC + 0%	WAC+0% for Ingredient cost Month Supply ≥ \$1500 NADAC BACKUP WAC + 2%	WAC+0% for Ingredient cost Month Supply ≥ \$3000 NADAC BACKUP WAC + 0%	WAC+0% for Ingredient cost Month Supply ≥ \$3000 NADAC BACKUP WAC + 2%	WAC+0% for Ingredient cost Month Supply ≥ \$5000 NADAC BACKUP WAC + 0%	WAC+%0 for Ingredient cost Month Supply ≥ \$5000 NADAC BACKUP WAC + 2%	WAC+0% AND MTM FEE
INGREDIENT REIMBURSEMENT	\$44,595,000	\$44,355,000	\$44,595,000	\$44,613,000	\$44,595,000	\$44,650,000	\$44,595,000	\$44,659,000	\$44,595,000
DISPENSING FEE REIMBURSEMENT	\$475,000	\$475,000	\$441,000	\$441,000	\$412,000	\$412,000	\$389,000	\$389,000	\$475,000
MTM FEE REIMBURSEMENT	-----	-----	-----	-----	-----	-----	-----	-----	\$52,000
ESTIMATED TOTAL REIMBURSEMENT	\$45,070,000	\$44,830,000	\$45,036,000	\$45,054,000	\$45,007,000	\$45,062,000	\$44,984,000	\$45,048,000	\$45,122,000

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

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

# STAKEHOLDER DISCUSSION

