

# Indiana Medicaid Pharmacy Program Update



Data Niche Drug Rebate Conference  
March 12<sup>th</sup>, 2009

Michael Sharp, R.Ph.

Pharmacy Director

State of Indiana

Office of Medicaid Policy and Planning

# OMPP Strategic Mission



- Value-Driven Healthcare
  - Universal Coverage – Individual enfranchisement over institutional entitlement
  - Four Cornerstones
    - Interoperable Health Information Technology
    - Measure and Publish Quality Information
    - Measure and Publish Price Information
    - Promote Quality and Efficiency of Care
- Data Management and Analysis
- Fiscal Discipline
- Program Integrity
- Streamline Processes

# Topics for Discussion

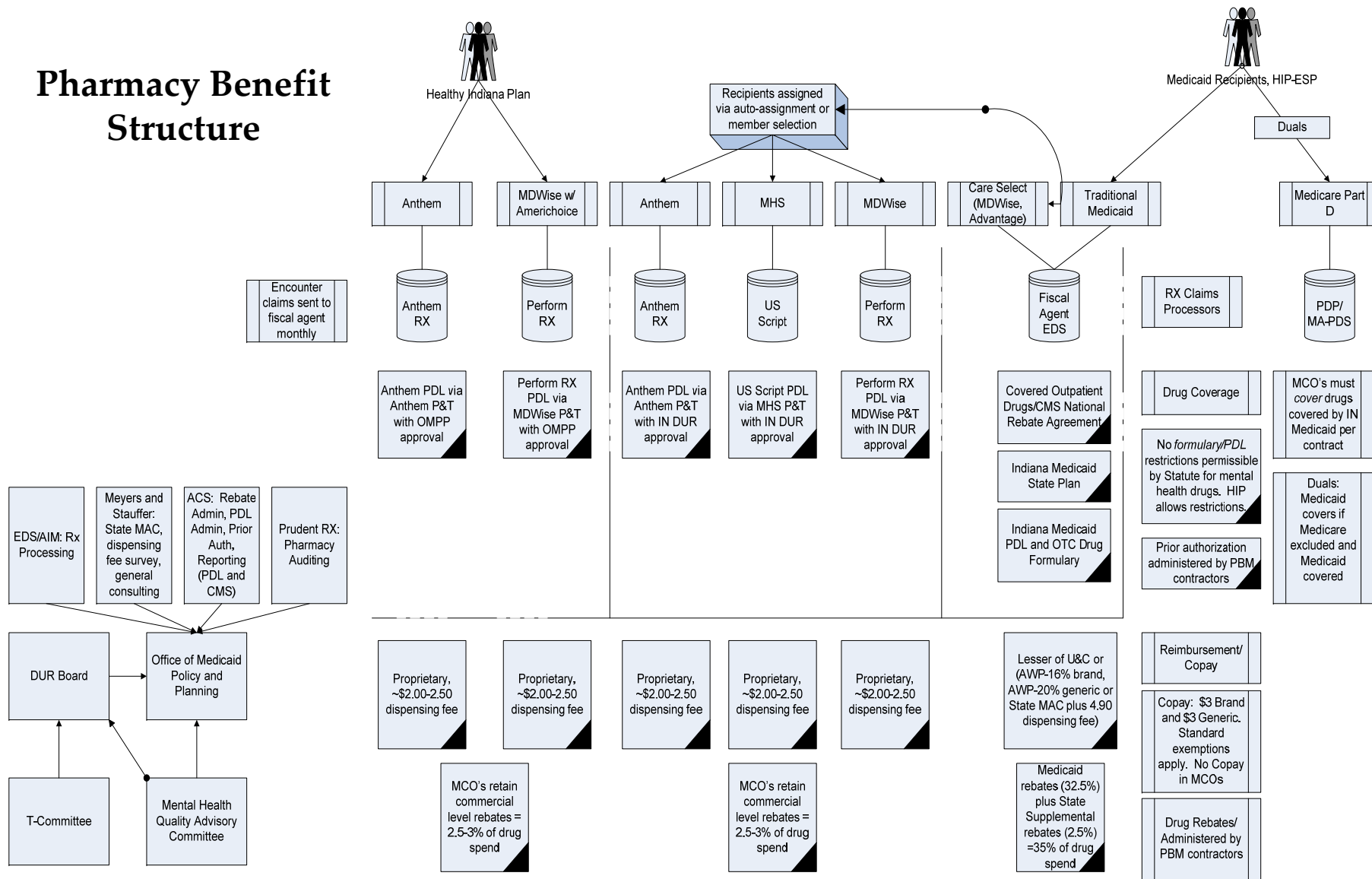


- Program Overview
- Pharmacy Program Metrics
- Fiscal Performance
- Regulatory/Operational Activities
- Opportunities

# Program Overview



## Pharmacy Benefit Structure



EDS/AIM: Rx Processing

Meysers and Stauffer: State MAC, dispensing fee survey, general consulting

ACS: Rebate Admin, PDL Admin, Prior Auth, Reporting (PDL and CMS)

Prudent RX: Pharmacy Auditing

DUR Board

Office of Medicaid Policy and Planning

T-Committee

Mental Health Quality Advisory Committee

Proprietary, ~\$2.00-2.50 dispensing fee

Proprietary, ~\$2.00-2.50 dispensing fee

Proprietary, ~\$2.00-2.50 dispensing fee

Proprietary, ~\$2.00-2.50 dispensing fee

Proprietary, ~\$2.00-2.50 dispensing fee

Lesser of U&C or (AWP-16% brand, AWP-20% generic or State MAC plus 4.90 dispensing fee)

MCO's retain commercial level rebates = 2.5-3% of drug spend

MCO's retain commercial level rebates = 2.5-3% of drug spend

Medicaid rebates (32.5%) plus State Supplemental rebates (2.5%) = 35% of drug spend

Reimbursement/ Copay

Copay: \$3 Brand and \$3 Generic. Standard exemptions apply. No Copay in MCOs

Drug Rebates/ Administered by PBM contractors

# Pharmacy Program Metrics



## General Pharmacy Program Statistics

- Total Medicaid program enrollment as of February 2009: 899,854
- Traditional Medicaid enrollment as of February 2009: 273,946, Full Dual Eligibles: 102,596
- Average amount paid per quarter for pharmacy services in Traditional Medicaid: \$76 million

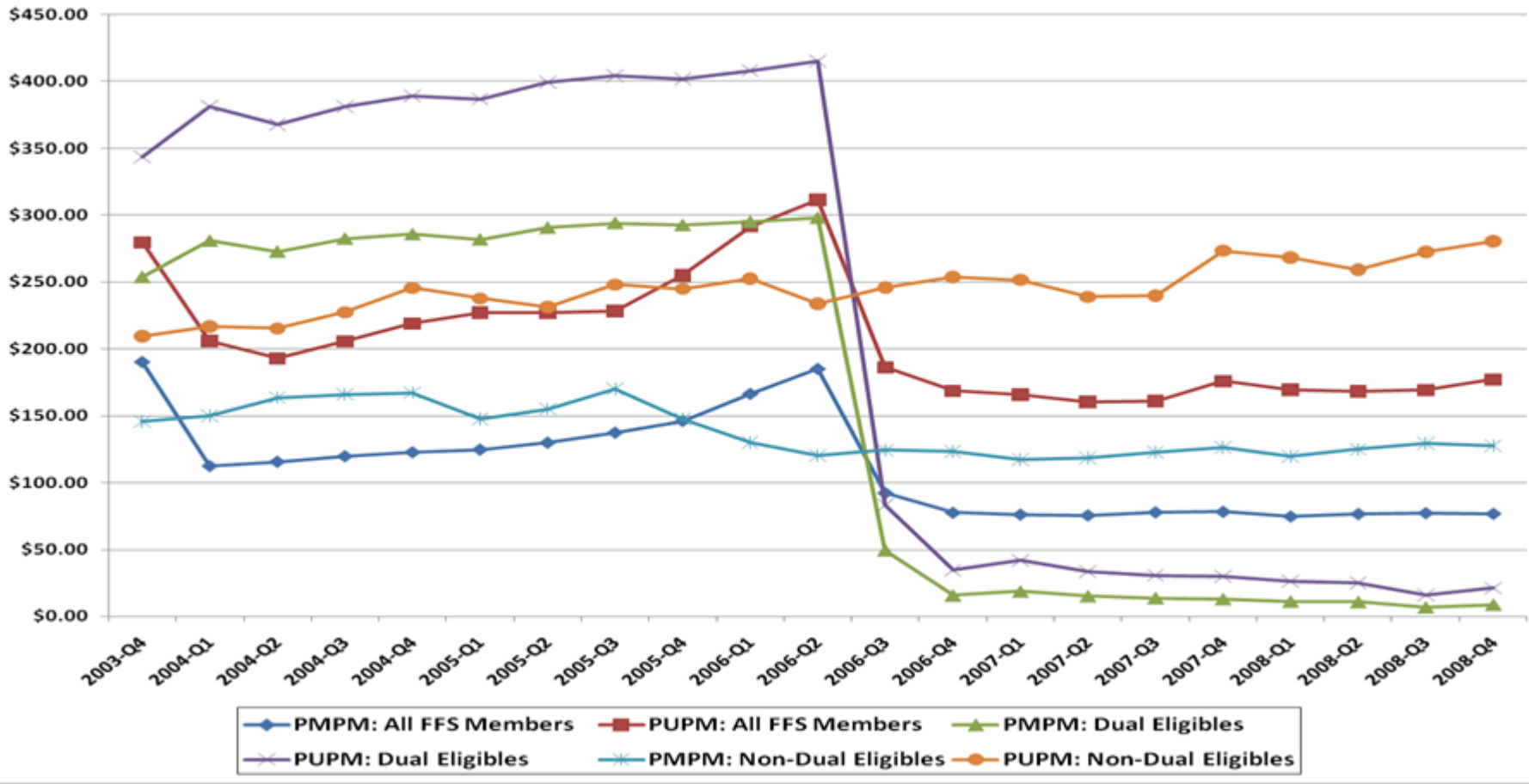
Average number of paid claims per quarter for pharmacy services in Traditional Medicaid: 1.4 million

- Average number of monthly phone calls handled by the ACS clinical call center: 4750
- Average number of monthly phone calls handled by the EDS pharmacy helpdesk: 2500
- Number of enrolled pharmacy providers: 1668
- Average number of utilizers per month: 108,000
- Average number of claims per month per utilizing member: 4.2

# Pharmacy Program Metrics



Indiana Medicaid: FFS Pharmacy Spend by Population Segment



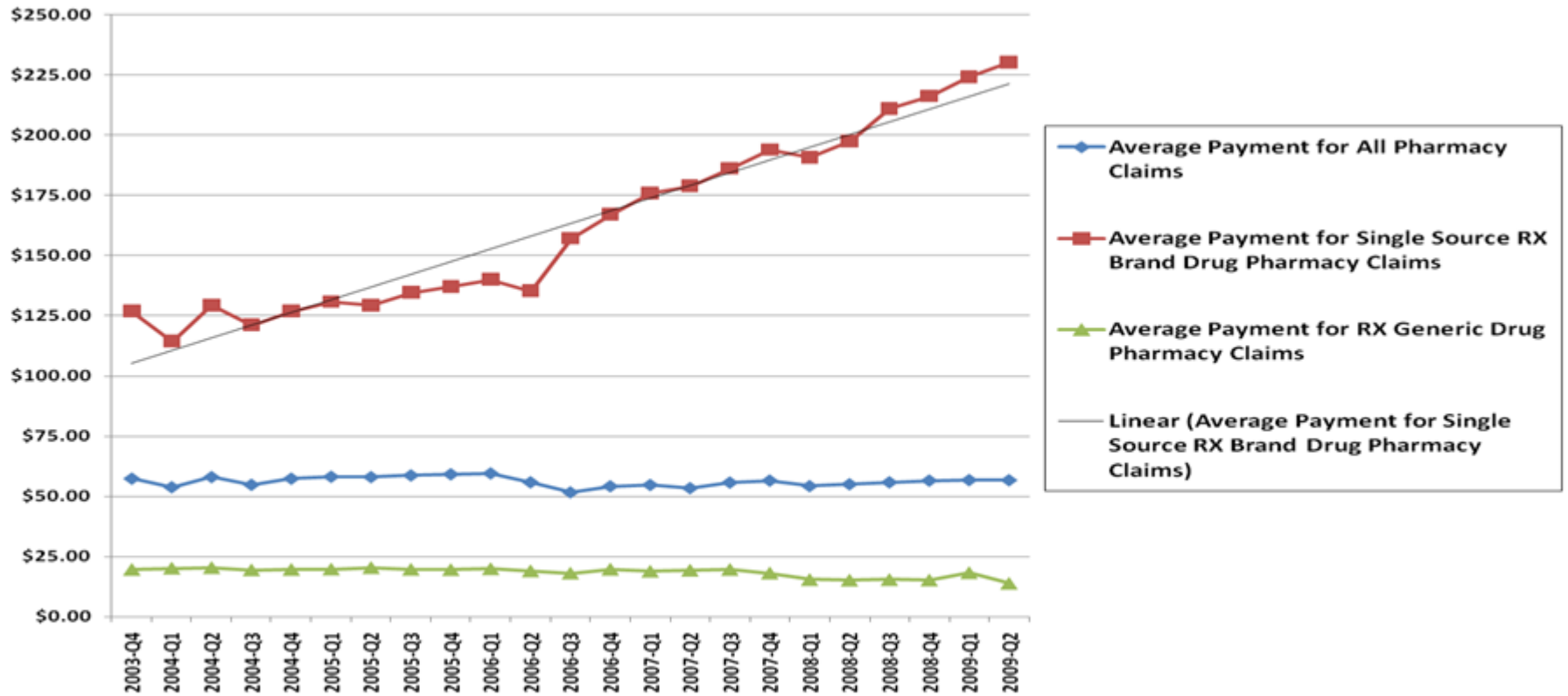
**Notes:**

- Enrollment not complete in most recent quarter(s) due to retro-eligibility (thus overstating PMPM).
- Data according to state fiscal year and quarter. State fiscal year ends June 30<sup>th</sup> of each year. Rebates not included.
- Datasource: MedInsight.

# Pharmacy Program Metrics



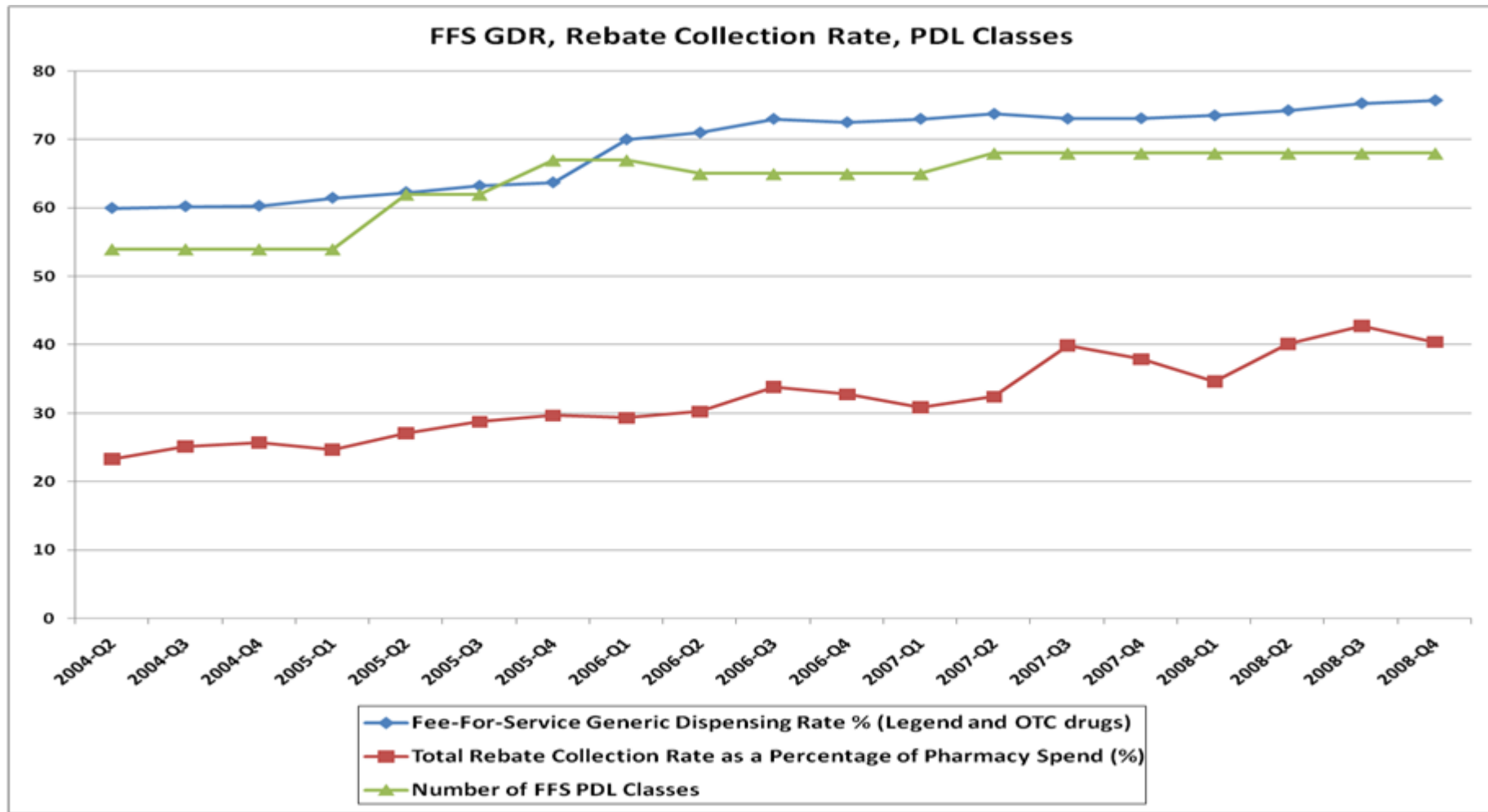
Indiana Medicaid: FFS Pharmacy Price/Claim Trending



**Notes:**

- Data according to state fiscal year and quarter. State fiscal year ends June 30th of each year.
- Claim pricing does not include federal or supplemental rebates
- Datasource: OMPP pharmacy master database

# Pharmacy Program Metrics



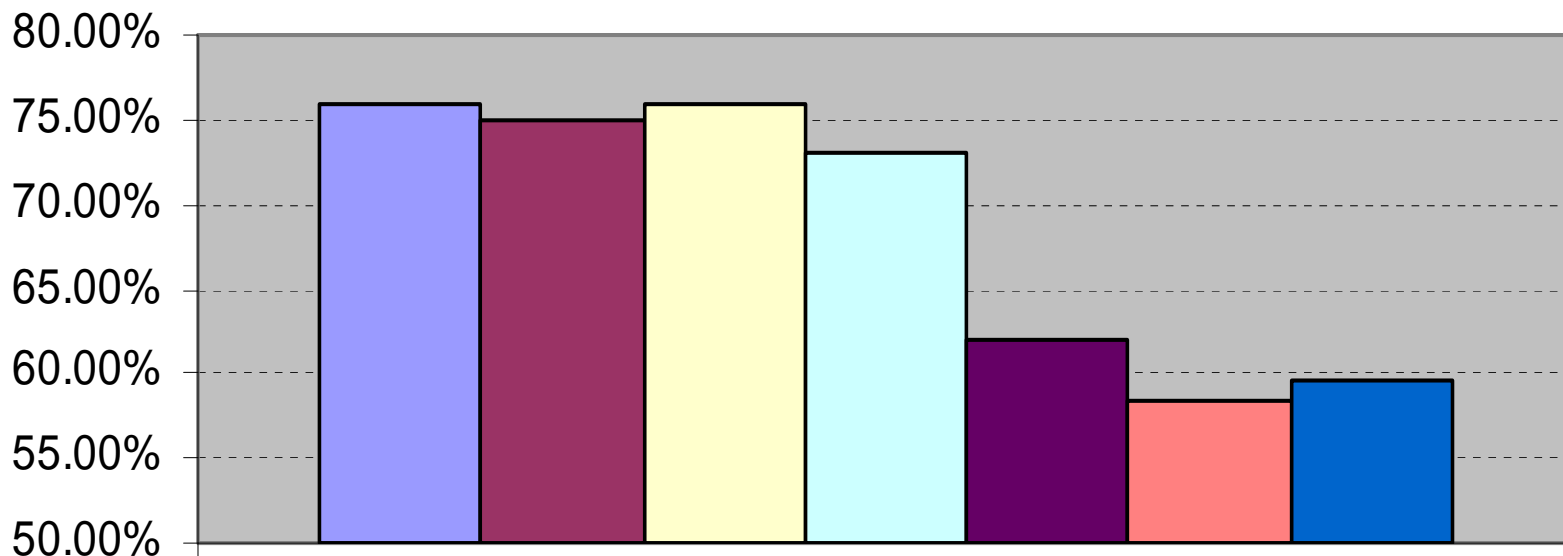
**Notes:**

Data according to state fiscal year and quarter. State fiscal year ends June 30th of each year.

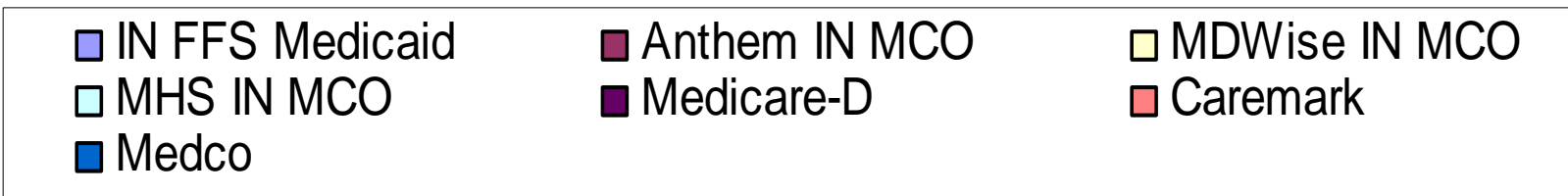
Datasource: OMPP pharmacy master database



# Pharmacy Program Metrics



2007 Generic Dispensing Rate



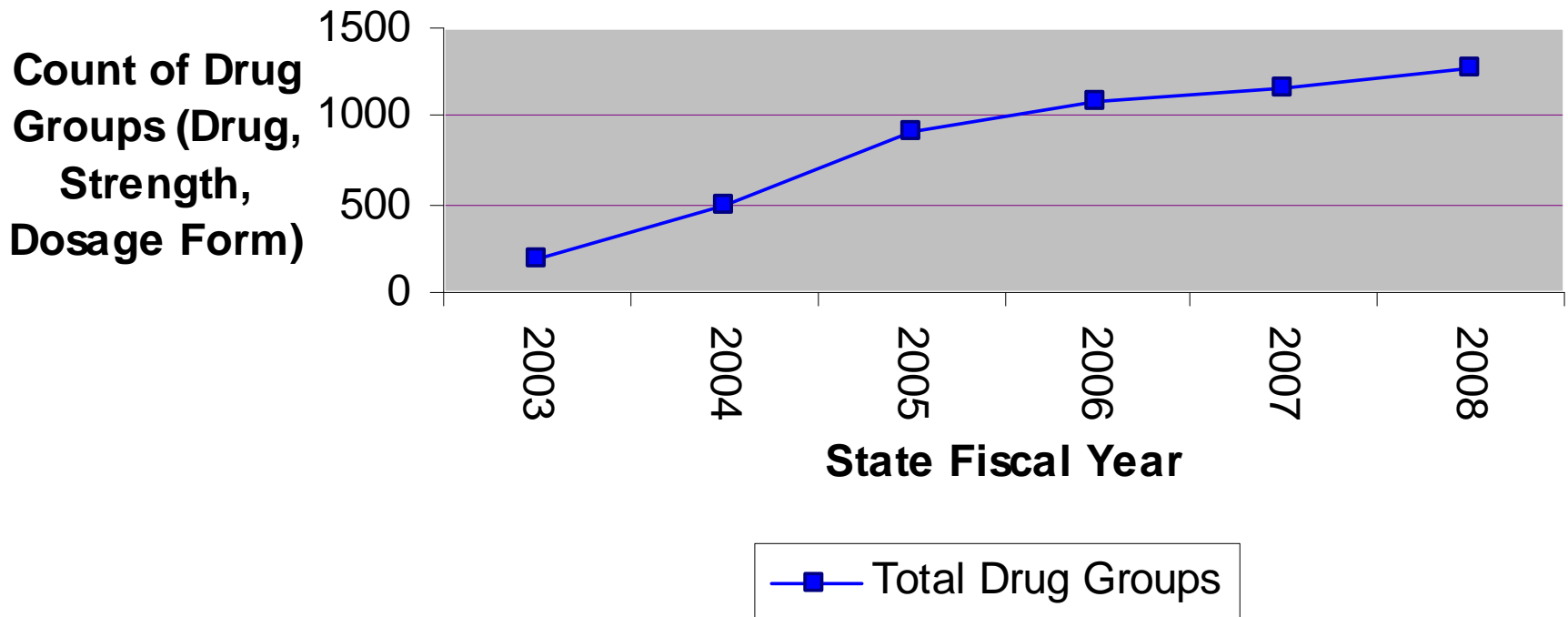
**Notes:**

- Based on current IN FFS spend, each 1% increase in GDR results in \$650,000 savings (S&F)
- Generic dispensing rate (GDR) includes all drugs (OTC and Rx). Calculated as percentage of total claims paid where the drug product was a generic drug. Medicaid related GDRs as of Jan 2008.
- Datasource: OMPP pharmacy master database

# Pharmacy Program Metrics



## Drug Groups Subject to State MAC Program



- Savings since SFY 2005 estimated at \$183 million (S&F). Rates for clotting factor added beginning in September 2008. Factor savings for outpatient claims estimated at \$5 million (S&F).
- Program enhanced in 2005 to include single-source generics and monthly acquisition cost surveys.
- Statutory change implemented in 2007 that allowed for quicker rate implementation.

# Pharmacy Program Metrics



## January 2009 FFS Claims: TOP 25 Drugs by Paid Amount

Rank	Drug Name	Number of Prescriptions	% of Total Claims	Total Amount Paid	Average Payment per Prescription	Average Qty Dispensed
1.	ADVATE 1,801-2,400 UNITS VIAL	11	0.07%	\$371,939.75	\$33,812.70	29,713.18
2.	ADVATE 2,400-3,600 UNITS VIAL	9	0.06%	\$369,077.28	\$41,008.59	36,073.78
3.	ZYPREXA 20 MG TABLET	420	2.76%	\$359,249.87	\$855.36	34.65
4.	SEROQUEL 300 MG TABLET	681	4.48%	\$302,236.81	\$443.81	68.89
5.	DEPAKOTE ER 500 MG TABLET	1496	9.85%	\$298,312.86	\$199.41	71.46
6.	PLAVIX 75 MG TABLET	1931	12.71%	\$280,461.54	\$145.24	30.83
7.	ABILIFY 10 MG TABLET	729	4.80%	\$270,414.57	\$370.94	24.73
8.	ABILIFY 20 MG TABLET	496	3.26%	\$269,536.42	\$543.42	25.24
9.	RECOMBINATE 801-1,240 UNIT VL	9	0.06%	\$260,845.62	\$28,982.85	25,923.33
10.	LANTUS 100 UNITS/ML VIAL	1612	10.61%	\$247,144.95	\$153.32	21.76
11.	ABILIFY 5 MG TABLET	701	4.61%	\$245,532.65	\$350.26	24.84
12.	TOPAMAX 100 MG TABLET	702	4.62%	\$244,036.17	\$347.63	77.91
13.	SEROQUEL 200 MG TABLET	768	5.06%	\$227,556.63	\$296.30	41.39
14.	KOGENATE FS 2,000 UNIT VIAL	2	0.01%	\$225,958.80	\$112,979.40	112,112.00
15.	ADVAIR 250-50 DISKUS	1122	7.39%	\$221,433.41	\$197.36	61.08
16.	SEROQUEL 400 MG TABLET	442	2.91%	\$217,761.20	\$492.67	35.81
17.	GEODON 80 MG CAPSULE	563	3.71%	\$214,726.32	\$381.40	41.68
18.	FEIBA VH IMMUNO 651-1,200 UNIT	5	0.03%	\$211,869.57	\$42,373.91	28,274.40
19.	ABILIFY 15 MG TABLET	596	3.92%	\$209,174.56	\$350.96	23.32
20.	ZYPREXA 10 MG TABLET	521	3.43%	\$206,320.49	\$396.01	30.44
21.	CYMBALTA 60 MG CAPSULE	1537	10.12%	\$203,825.33	\$132.61	32.95
22.	ABILIFY 30 MG TABLET	363	2.39%	\$193,757.84	\$533.77	29.65
23.	BENEFIX 2,000 UNIT VIAL	6	0.04%	\$193,277.52	\$32,212.92	33,933.33
24.	ZYPREXA 15 MG TABLET	266	1.75%	\$193,010.07	\$725.60	32.81
25.	RISPERDAL CONSTA 50 MG SYR	204	1.34%	\$166,905.63	\$818.16	1.65
	<b>Totals</b>	<b>15192</b>	<b>100.00 %</b>	<b>\$6,204,365.86</b>	<b>\$11,964.18</b>	

# Pharmacy Program Metrics



## January 2009 FFS Claims: TOP 25 Therapeutic Classes by Paid Amount

Rank	Thera Class Code Spec Description	Amount Paid	% of Amount Paid for Top 25	Claim Count	Avg Payment Per Claim
1.	ANTIPSYCHOTICS, ATYPICAL, DOPAMINE, & SEROTONIN ANTAG	\$3,701,688.25	21.43%	12,713	\$291.17
2.	ANTICONVULSANTS	\$2,515,367.54	14.56%	25,358	\$99.19
3.	ANTIHEMOPHILIC FACTORS	\$1,942,811.57	11.25%	68	\$28,570.76
4.	ANTIPSYCHOTICS, ATYP, D2 PARTIAL AGONIST/5HT MIXED	\$1,281,416.55	7.42%	3,124	\$410.18
5.	ANALGESICS, NARCOTICS	\$1,115,392.02	6.46%	24,798	\$44.98
6.	INSULINS	\$648,820.29	3.76%	4,349	\$149.19
7.	PROTON-PUMP INHIBITORS	\$613,273.17	3.55%	10,705	\$57.29
8.	SEROTONIN-NOREPINEPHRINE REUPTAKE-INHIB (SNRIS)	\$514,266.47	2.98%	3,820	\$134.62
9.	TX FOR ATTENTION DEFICIT-HYPERACT (ADHD)/NARCOLEPSY	\$503,453.01	2.91%	3,892	\$129.36
10.	ADRENERGICS, AROMATIC, NON-CATECHOLAMINE	\$417,632.46	2.42%	3,598	\$116.07
11.	ANTHYPERLIPIDEMIC - HMG COA REDUCTASE INHIBITORS	\$388,764.33	2.25%	7,052	\$55.13
12.	AGENTS TO TREAT MULTIPLE SCLEROSIS	\$381,178.66	2.21%	176	\$2,165.79
13.	BETA-ADRENERGIC AND GLUCOCORTICOID COMBINATIONS	\$373,726.68	2.16%	1,899	\$196.80
14.	FACTOR IX PREPARATIONS	\$319,609.06	1.85%	13	\$24,585.31
15.	SELECTIVE SEROTONIN REUPTAKE INHIBITOR (SSRIS)	\$312,815.83	1.81%	10,950	\$28.57
16.	PLATELET AGGREGATION INHIBITORS	\$296,752.80	1.72%	2,184	\$135.88
17.	GLUCOCORTICIDS	\$266,771.92	1.54%	4,085	\$65.31
18.	BETA-ADRENERGIC AGENTS	\$226,830.86	1.31%	6,272	\$36.17
19.	ANTIVIRAL MONOCLONAL ANTIBODIES	\$218,545.75	1.27%	121	\$1,806.16
20.	ANTI-INFLAMMATORY TUMOR NECROSIS FACTOR INHIBITOR	\$217,299.12	1.26%	123	\$1,766.66
21.	IMMUNOSUPPRESSIVES	\$213,421.49	1.24%	497	\$429.42
22.	LIPOTROPICS	\$213,161.76	1.23%	2,402	\$88.74
23.	ANTINEOPLASTIC SYSTEMIC ENZYME INHIBITORS	\$203,183.56	1.18%	50	\$4,063.67
24.	ANTHYPERGLYCEMIC, INSULIN-RESPONSE ENHANCER (N-S)	\$198,295.13	1.15%	1,138	\$174.25
25.	LEUKOTRIENE RECEPTOR ANTAGONISTS	\$191,208.35	1.11%	1,839	\$103.97
<b>Totals</b>		<b>\$17,275,686.63</b>	<b>100.00 %</b>	<b>131,226</b>	

# Fiscal Performance



*Under budget the last 4 consecutive years (excludes rebates):*

*SFY2006 \$37,412,008*

*SFY2007 \$51,726,356*

*SFY2008 \$18,605,559*

*SFY2009 \$21,776,000 YTD (Through December)*

## Key Cost Drivers

- Average Wholesale Price (AWP) increases for brand name drugs
- Direct to consumer advertising for brand name drugs
- Utilization increases
- Behavioral health drug expenditures

## Key Cost/Medical Necessity Controls

- PDL (step therapy, quantity limits, PA criteria, supplemental rebates)
- Rebate Collections (federal and supplemental)
- Commercial Level (AWP-16%) discount for brand name reimbursement
- “Best in Class” State Maximum Allowable Cost Program. Includes hemophilia factor.
- Mandatory Generic Substitution
- MHQAC Poly-pharmacy claim editing and Dose Optimization
- Prospective DUR editing-severity level 1 drug-drug PA and early refill PA
- Operational efficiency-claims processing, auditing, contractor coordination, staffing expansion

# Regulatory/Operational



## Accomplishments: SFY2006 to Present

- Pharmacy claims processing conversion from ACS to EDS
- AWP discount change for brand drugs (AWP-16%). Required administrative rule change and SPA.
- Medicare Part D implementation
- PBM clinical services procurement (ACS)
- Established "Best in Class" state MAC (SMAC) program. Successfully changed statute to allow for quicker rate implementation.
- Healthy Indiana Plan (HIP) and Care Select implementation
- Implemented concurrent pharmacy auditing
- Continued expansion of PDL and evaluation of industry best practices
- Implemented NPI for provider and prescriber identifiers with HCIda referential file.
- Developed and implemented MHQAC customized poly-pharmacy editing and dose optimization edits
- National leader in the evaluation of the AMP derived Federal Upper Limit (FUL)
- Implemented SMAC rates and inpatient pass-through for clotting factor
- Achieved all-time high rebate collection rate. Currently~40%. ~35% attributable to prescribed drugs, 5% to procedure coded drugs.
- Achieved all-time high GDR of 79%. Exceeded the majority of commercially available benchmarks.
- OMPP pharmacy staffing expansion
- Positive pharmacy budgetary variance and rebate collection dollars
- Fully compliant with 2005 Deficit Reduction Act-NDC collection for procedure coded claims
- Created comprehensive P&P library and contractor monitoring tools
- Integrated efforts with managed care and Care Select pharmacy staff
- Implemented tamper resistant prescription pads as required by Federal law
- Met all statutory requirements relative to PDL study, CMS annual report, dispensing fee survey and MCO annual pharmacy report

# Opportunities for 2009-2010



*Continue superior performance for baseline pharmacy operations. Evolve into a model pharmacy benefit for all state Medicaid programs with a focus on medication adherence, positive interventions and outcomes, E-Health, and aggressive evaluation/pursuit of opportunities that benefit both taxpayers and program recipients.*

- Pharmacy Carve-Out/Consolidation: July 1, 2009
- Implement Smart PA: Fall of 2009
- Specialty Pharmacy: Spring of 2010
  - IN SB306: allows for competitive bidding of prescribed drugs for IN Medicaid
  - Evaluate specialty vendor procurement vs. traditional access model
  - Establish specialty PDL supported by Smart PA clinical editing
- E-Health: Explore RxHUB-Surescripts Implementation
- Generic Dispensing Rate-Increase to 80%
- Continue Sensible Expansion of Preferred Drug List Drug Classes
- Continue Review and Adoption of Best PBM Practices of Commercial and Governmental Payers
- NCQA: Adopt Pharmacy Quality Measures (HEDIS)
- Increase Interventional Activities and Measure of Outcomes
- Improve Population Medication Adherence
- Continue Expansion of Mental Health Quality Advisory Committee Editing
- Evaluate Average Wholesale Price (AWP) Changes

Questions?