Welcome

All participant lines are muted. If at any time you would like to submit a question, please use the Q&A box at the bottom right of your screen.

After the webinar, the slides and a recording will be available at www.shvs.org.
About State Health Value Strategies

State Health and Value Strategies (SHVS) assists states in their efforts to transform health and health care by providing targeted technical assistance to state officials and agencies. The program is a grantee of the Robert Wood Johnson Foundation, led by staff at Princeton University’s Woodrow Wilson School of Public and International Affairs. The program connects states with experts and peers to undertake health care transformation initiatives. By engaging state officials, the program provides lessons learned, highlights successful strategies, and brings together states with experts in the field. Learn more at www.shvs.org.

Questions? Email Heather Howard at heatherh@Princeton.edu.

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Mercer Government Human Services Consulting (Mercer) specializes in assisting government-sponsored programs in becoming more efficient purchasers of health services. Mercer brings a team of consultants, clinicians, actuaries, pharmacists, policy specialists, and accountants to a project to ensure a coordinated approach to the administrative, operational, actuarial, and financial components of public-sponsored health and welfare programs.

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Welcome from State Health and Value Strategies (SHVS)

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Today’s Presenters

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Presentation Overview

1. Medicaid Pharmacy Landscape
2. Managed Care Rx Oversight: Best Practices
   a. Organization and Contract Management
   b. Performance Review
   c. Financial Review
3. State Experience with Managed Care Pharmacy Oversight
1. MEDICAID PHARMACY LANDSCAPE
Managed care arrangements are the dominant Medicaid service delivery model

Percent of Medicaid Population Enrolled in a MCO, as of July 1, 2018.

SOURCE: Kaiser Family Foundation’s State Health Facts.
Pharmacy services are often carved in to Medicaid managed care
Governing Regulations for Medicaid Managed Care Pharmacy

• Affordable Care Act (effective March 2010)
  - Expanded federal rebate program into managed care

• Medicaid Managed Care Rule (pharmacy-related components effective for contracts starting on or after July 2017)
  - MCO drug coverage requirements
  - Drug Utilization Review program requirements
  - Utilization management guidance
  - Rebate operations requirements
Challenges for Medicaid Programs with Carve-In Pharmacy Arrangements

- Policy Adherence
- PBM Transparency
- Encounter Data
- 340B Policy and Operations
- High-Cost Drug Management
- Clinical Efficiency
- Misaligned Incentives
- Pharmacy Reimbursement
- MCO Operations Oversight
2. MANAGED CARE PHARMACY OVERSIGHT: BEST PRACTICES
Three Foundational Elements of MCO Pharmacy Oversight

MCO Pharmacy Oversight

Organization and Contract Management

Performance Review

Financial Review
2a. ORGANIZATION AND CONTRACT MANAGEMENT
The DOJ has approved CVS Health/Aetna and CIGNA/ESI deals, both of which are expected to close by year end. Albertson said NO to its Rite Aid/EnvisionRX deal and Optum is absorbing Avella Specialty Pharmacy. Amazon grabbed PillPack & PBM network access, but still not a definitive Rx management position. Vertical integration value props continue as margin and core legacy business model pressures show few signs of subsiding.
State Best Practices

Define functions and roles of MCO and PBM

Document decision making authority
- Identify and resolve any conflicts of interest

Policy and procedure review
- Formulary decisions
- Utilization Management policy decisions

Ongoing oversight
- Performance audits
- Onsite reviews
2b. PERFORMANCE REVIEW
Performance Review: Focus Areas

- Network Adequacy
- Policy Adherence
- Utilization Management, including Drug Utilization Review
- Integration with MCO Care Management
- High Cost Drug Management
- Value-Based Purchasing or other innovation/savings initiatives
Performance Review: Real World Examples

Network Adequacy
- Geomapping of pharmacy providers
- Review compliance with contract network requirements

Policy Adherence
- Prior Authorization criteria review
- Operational review of MCO policies and procedures against contract requirements

Utilization Management
- Onsite visits following desk review of clinical determinations
- DUR reporting
2c. FINANCIAL REVIEW
Financial Review: Focus Areas

- Provider payment efficiency
- Clinical efficiency
- Administrative efficiency
- Trend management
- PBM/MCO rebates
- PBM contract and payment terms
Financial Review: Real World Examples

### Financial analyses as part of capitation rate development
- MCO rebates review
- Reimbursement efficiency adjustments
- Clinical efficiency adjustments
- Benchmarking PBM administrative costs

### MCO contract review focusing on PBM payment structure and provisions
- PBM contract update process
- PBM transparency provisions
# MCO Contract Oversight: Where to begin?

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<th>First Steps</th>
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<td>Member access to pharmacies</td>
<td>• Network review&lt;br&gt;• Pharmacy reimbursement review</td>
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<tr>
<td>Member access to drugs</td>
<td>• Review prior authorization criteria&lt;br&gt;• Review Utilization Management statistics</td>
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<td>PBM transparency</td>
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<td>Increased cost year-over-year</td>
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<td>Quality of care oversight</td>
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<td>Growth of specialty drug cost</td>
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3. STATE EXPERIENCE
State Experience with Managed Care Pharmacy Oversight: Pennsylvania

- Terri Cathers, Pharm D, Pharmacy Director
  Pennsylvania Department of Human Services
- Kristin Hoover, Pharm D, Clinical Pharmacy Manager
  Pennsylvania Department of Human Services
State Experience with Managed Care Pharmacy Oversight: Pennsylvania

- As October 2018 there were 2.8M beneficiaries enrolled in the PA Medical Assistance program.
- PA contracts with 10 MCOs.
- The outpatient drug benefit has been carved into physical health MCO contracts from the start of managed care in PA in the late 1990s.
Setting the Foundation for MCO Oversight

- Involvement in the MCO RFP Procurement
- MCO Operational Oversight
- Challenges Associated with Oversight
- Lessons Learned
Questions & Discussion

MCO oversight pain points

- Which aspects of the MCO pharmacy benefit are in most critical need of additional oversight by your state Medicaid program? Why?
- What are the primary gaps in oversight for your program?

Barriers to MCO oversight activities

- What barriers have you encountered to effective MCO pharmacy benefit oversight?
- Are there actions that could be taken at the state level through legislation, regulation, or policy that could reduce the barriers?

Recent success

- How has improved MCO pharmacy benefit oversight improved your program?

Stakeholder concerns

- What concerns do you hear from stakeholders regarding the MCO pharmacy benefit?
- Who are the most vocal stakeholders in your state and what are their concerns?

Changing environments

- Do you anticipate that the evolving PBM ownership landscape will create changes/impacts for your program?
- What, if any, actions will your state take to address new environmental challenges?
Discussion

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