



Managing Managed Care: Best Practices for Medicaid Pharmacy

Mercer Government Human Services Consulting
January 23, 2019

STATE
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Across States*

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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.

*Support for this webinar was provided by the Robert Wood Johnson Foundation.
The views expressed here do not necessarily reflect the views of the Foundation.*

About Mercer

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



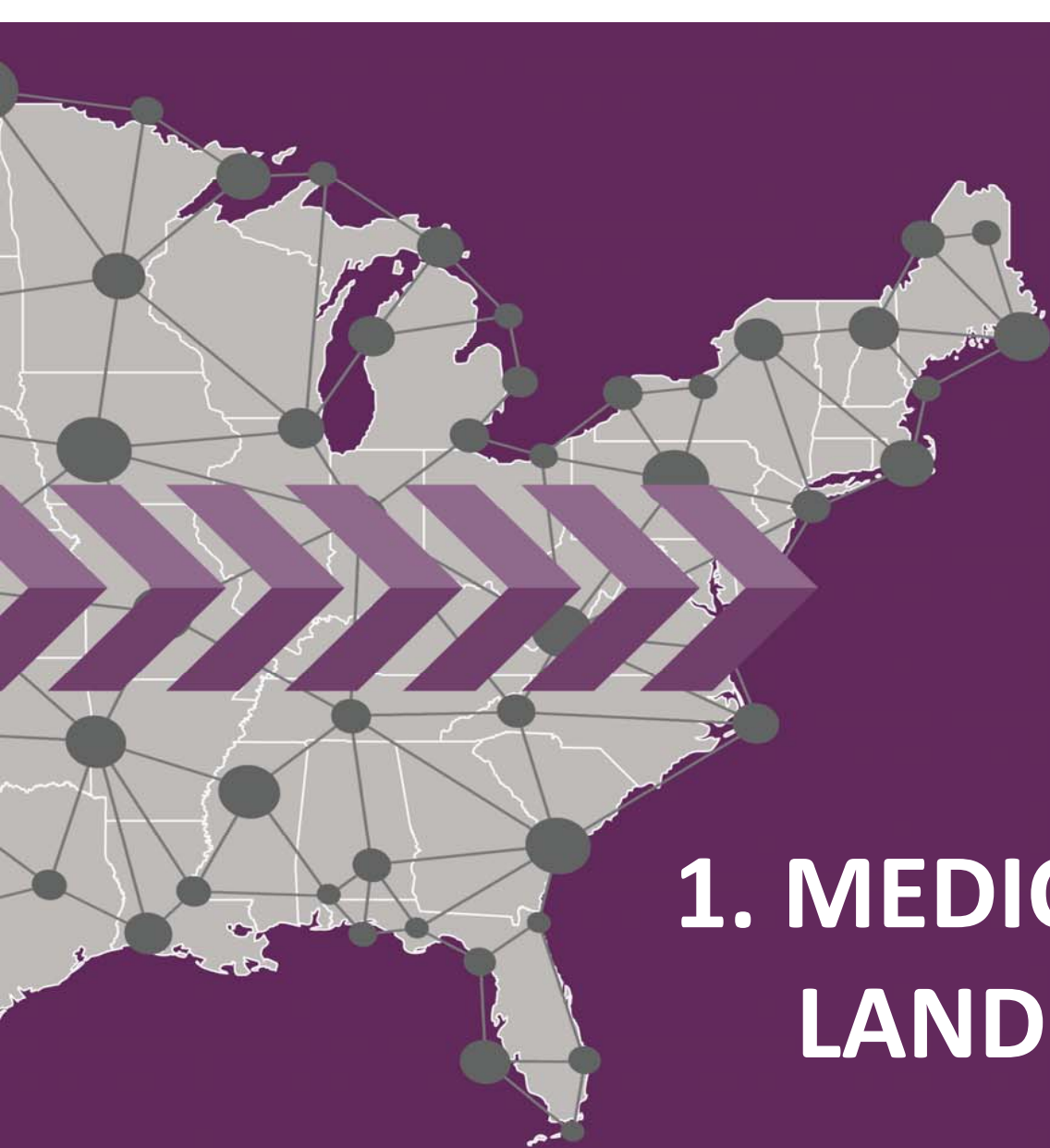
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Presentation Overview

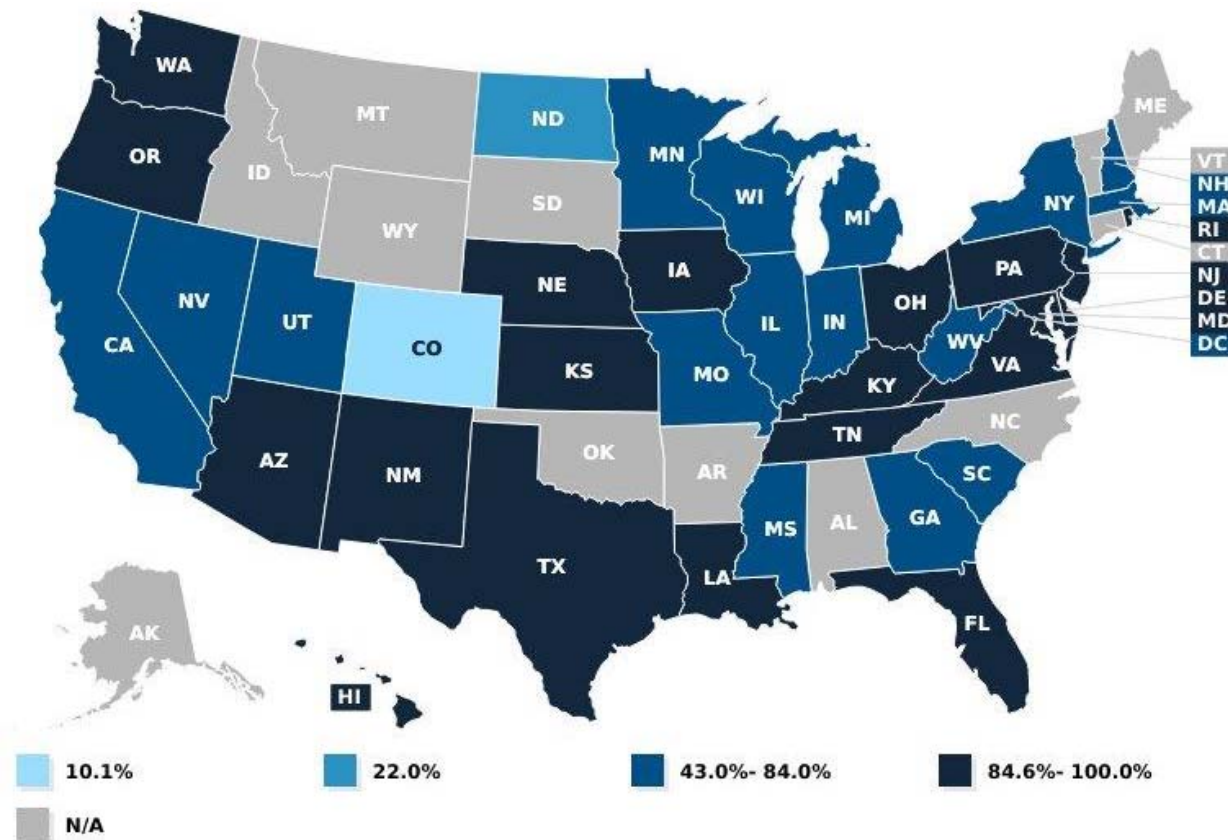
1. Medicaid Pharmacy Landscape
2. Managed Care Rx Oversight: Best Practices
 - a. Organization and Contract Management
 - b. Performance Review
 - c. Financial Review
3. State Experience with Managed Care Pharmacy Oversight



1. MEDICAID PHARMACY LANDSCAPE

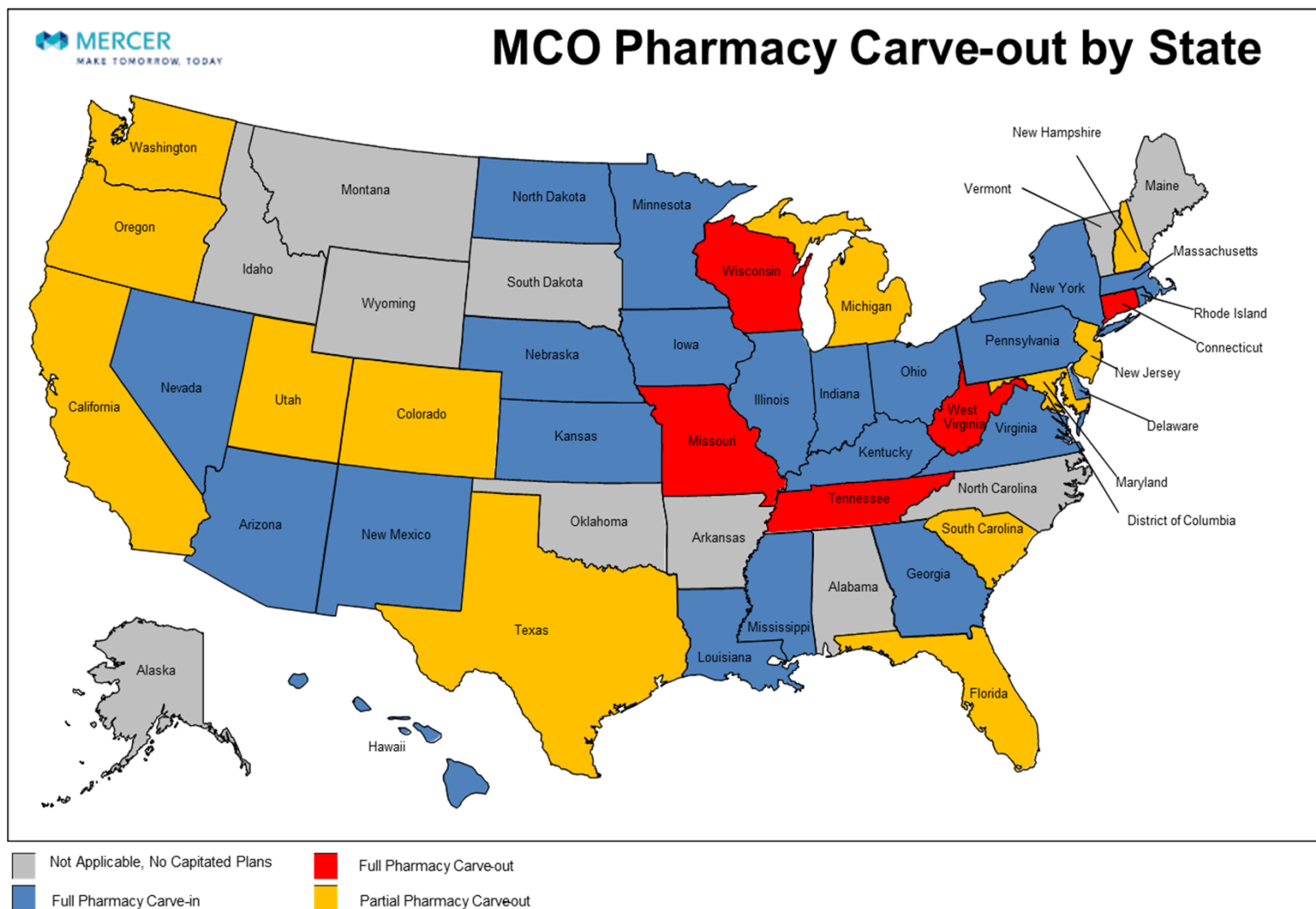
Managed care arrangements are the dominant Medicaid service delivery model

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

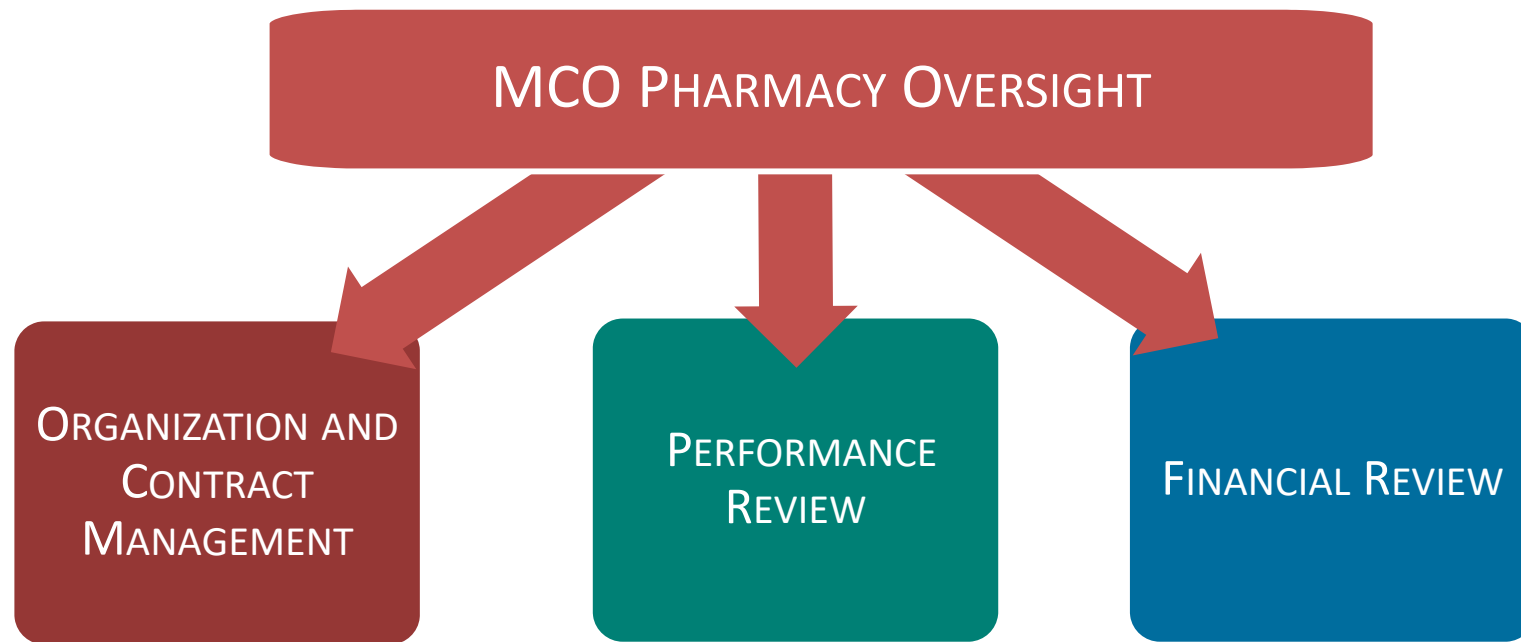
Pharmacy
Reimbursement

MCO
Operations
Oversight



2. MANAGED CARE PHARMACY OVERSIGHT: BEST PRACTICES

Three Foundational Elements of MCO Pharmacy Oversight





2a. ORGANIZATION AND CONTRACT MANAGEMENT

Evolution of the PBM Model

U.S. PBM Market Map

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.



Michael C Pace August 23, 2018

State Best Practices

Define functions and roles of MCO and PBM

Document decision making authority

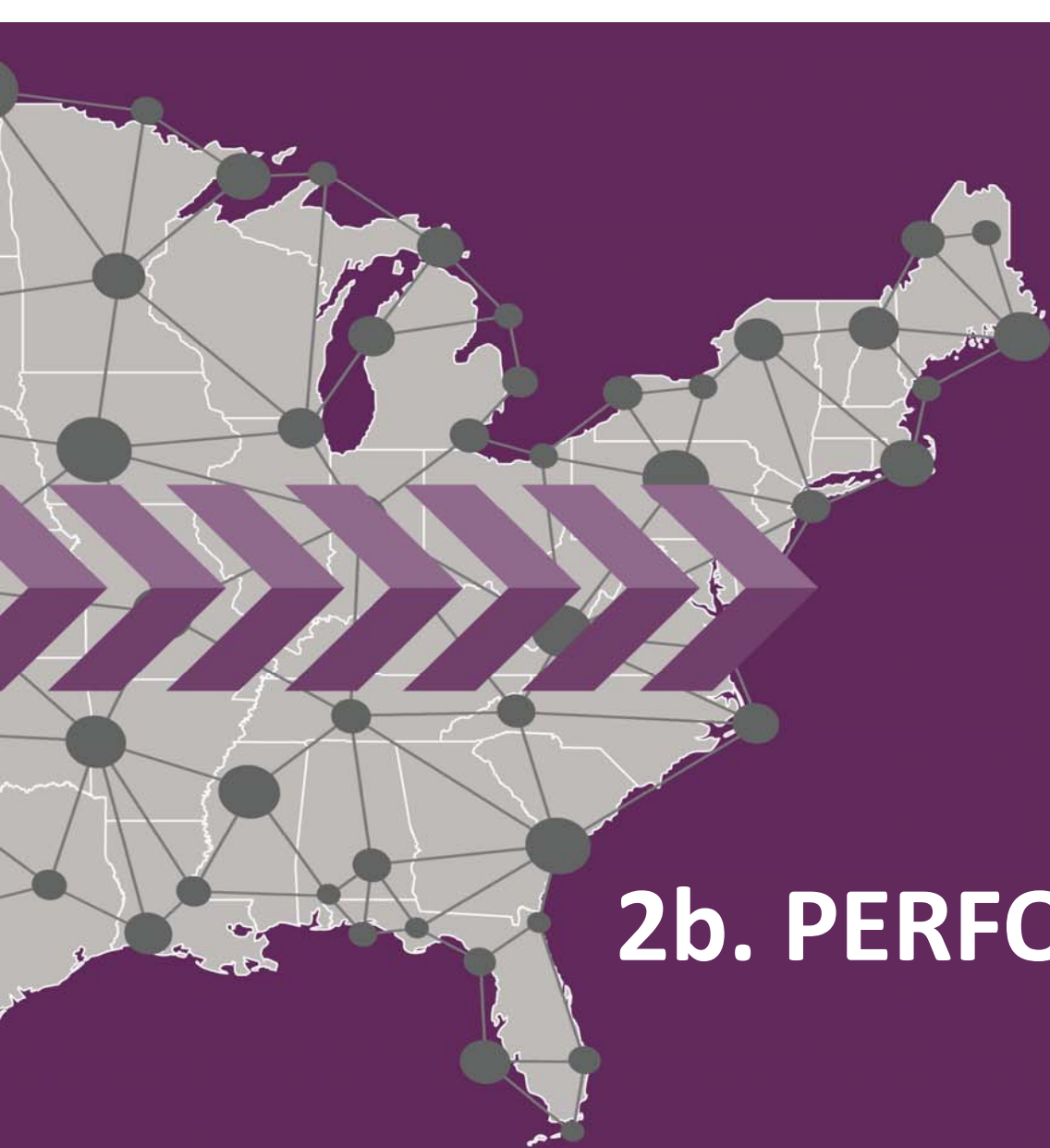
- Identify and resolve any conflicts of interest

Policy and procedure review

- Formulary decisions
- Utilization Management policy decisions

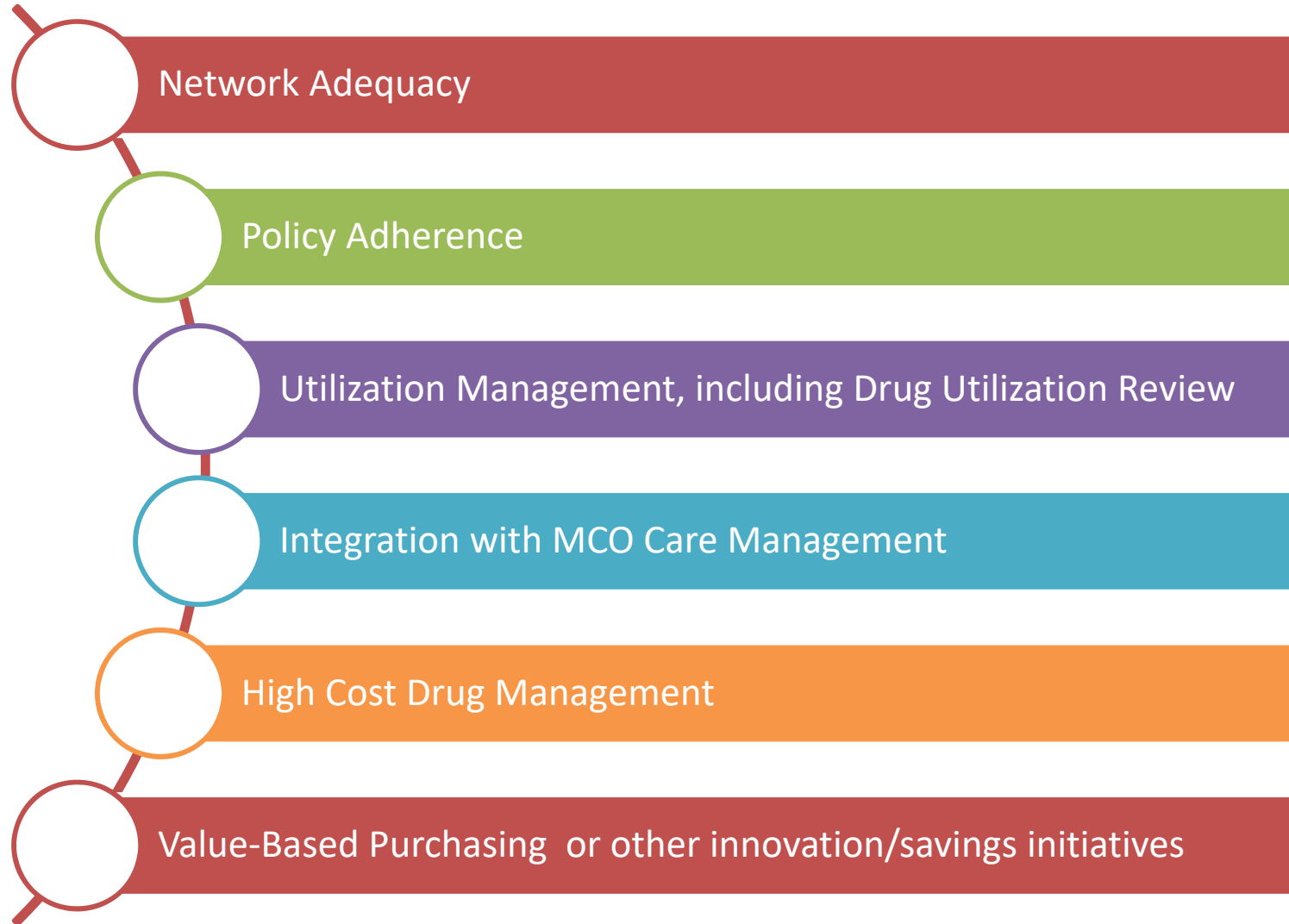
Ongoing oversight

- Performance audits
- Onsite reviews



2b. PERFORMANCE REVIEW

Performance Review: Focus Areas



Performance Review: Real World Examples

Network Adequacy

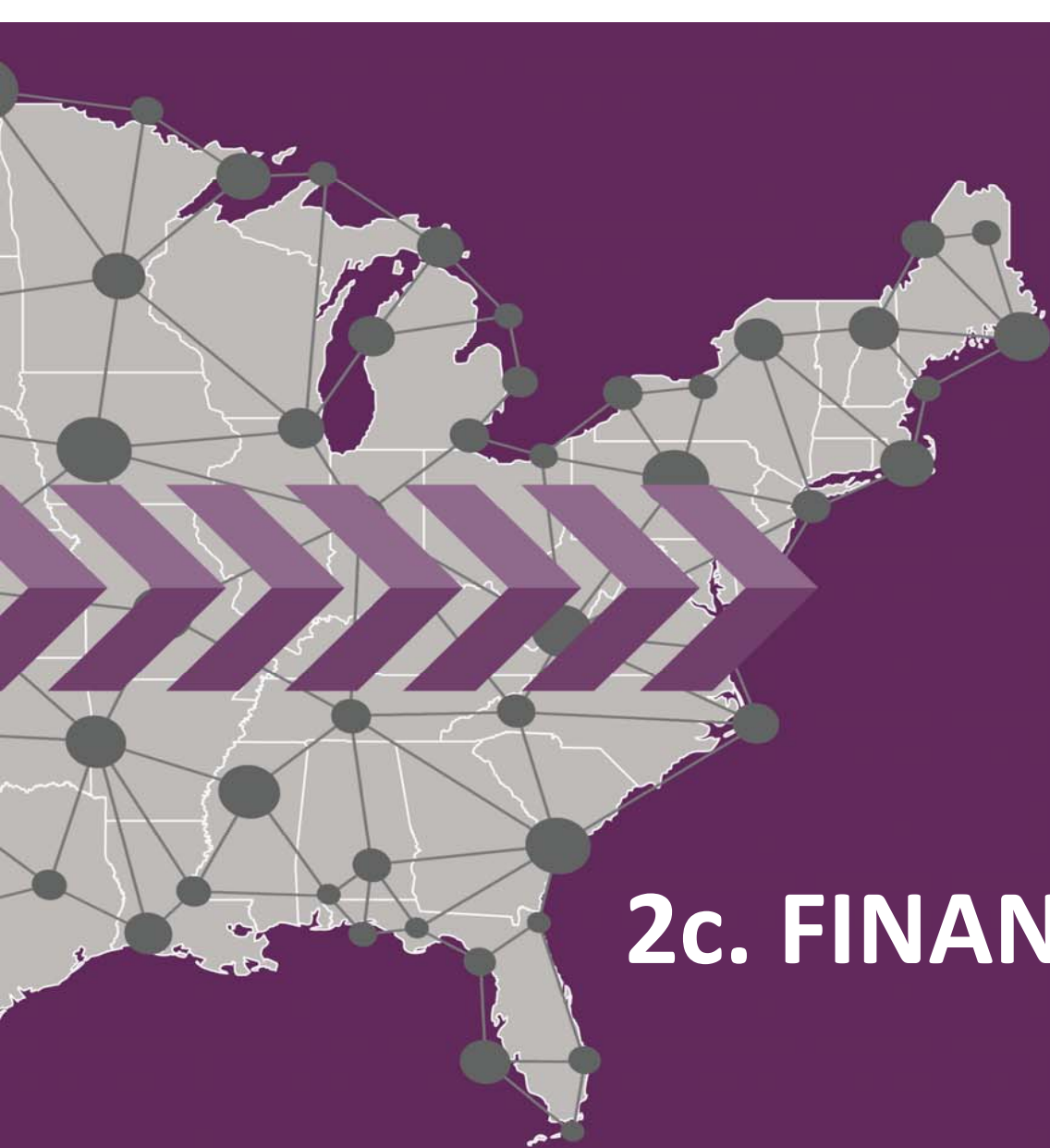
- Geomapping of pharmacy providers
- Review compliance with contract network requirements

Policy Adherence

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

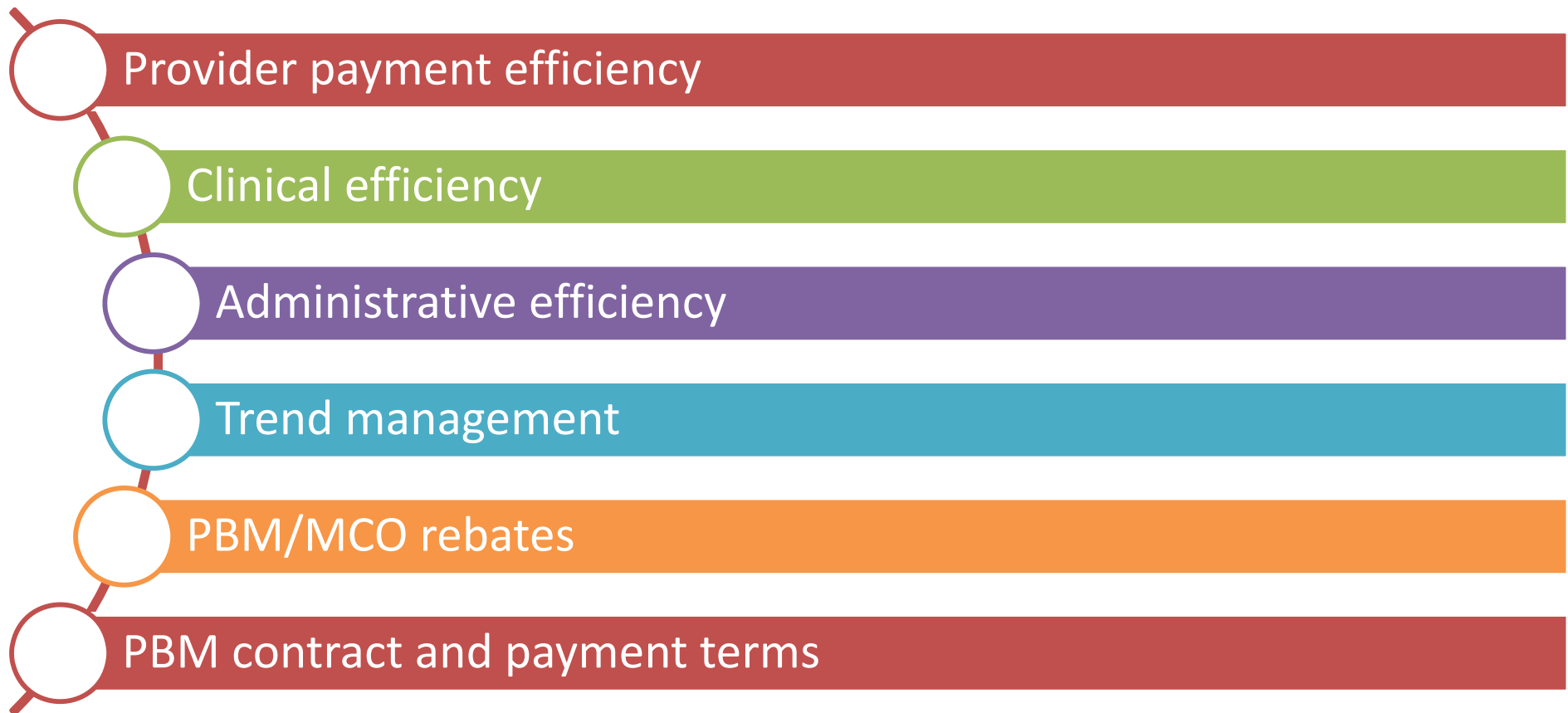
Utilization Management

- Onsite visits following desk review of clinical determinations
- DUR reporting



2c. FINANCIAL REVIEW

Financial Review: Focus Areas



Financial Review: Real World Examples

Financial analyses as part of capitation rate development

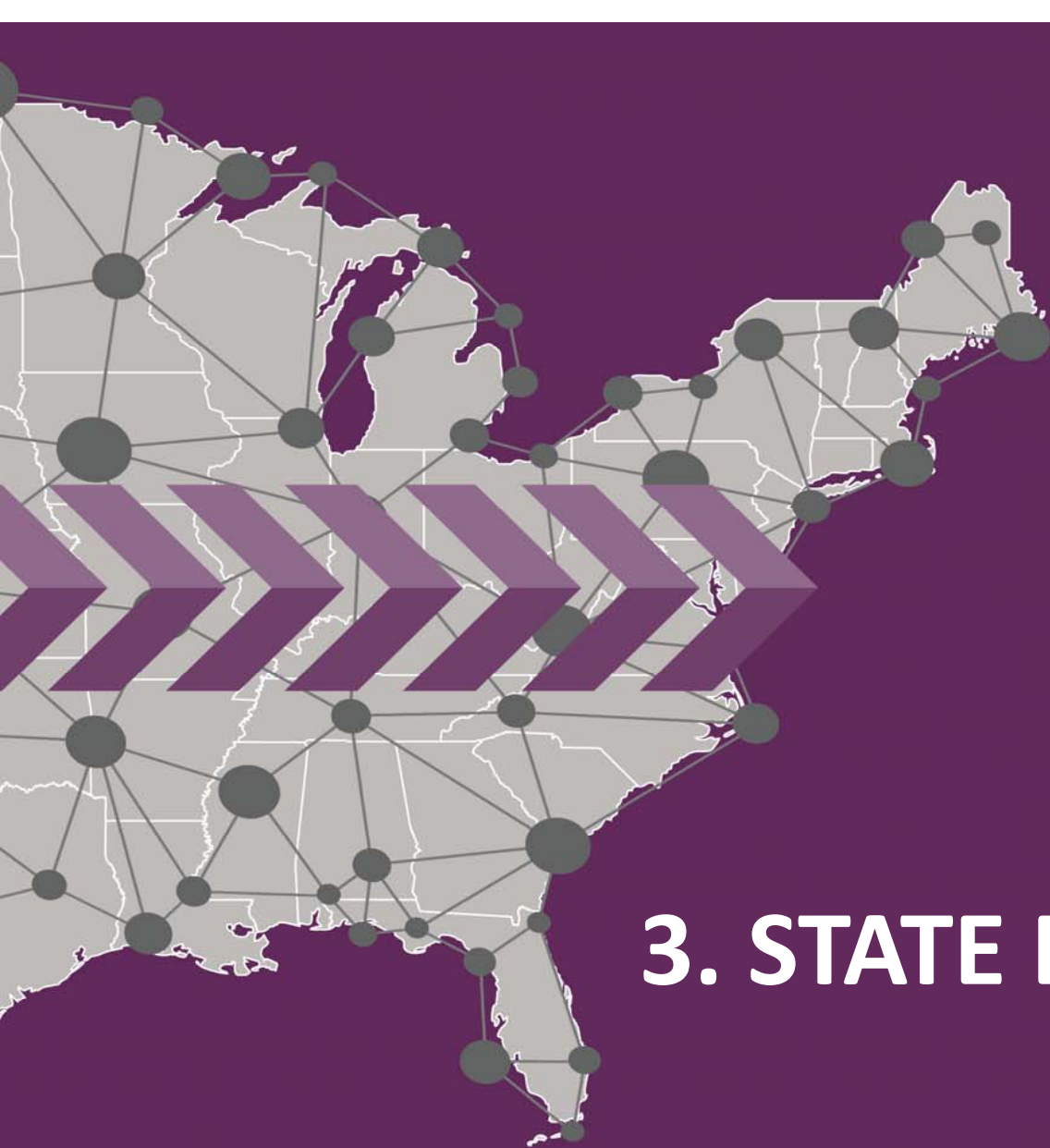
- MCO rebates review
- Reimbursement efficiency adjustments
- Clinical efficiency adjustments
- Benchmarking PBM administrative costs

MCO contract review focusing on PBM payment structure and provisions

- PBM contract update process
- PBM transparency provisions

MCO Contract Oversight: Where to begin?

Top Concern	First Steps
Member access to pharmacies	<ul style="list-style-type: none">• Network review• Pharmacy reimbursement review
Member access to drugs	<ul style="list-style-type: none">• Review prior authorization criteria• Review Utilization Management statistics
PBM transparency	<ul style="list-style-type: none">• PBM contract review• Pharmacy reimbursement review
Increased cost year-over-year	<ul style="list-style-type: none">• Clinical efficiency analyses• Detailed trend review
Quality of care oversight	<ul style="list-style-type: none">• Drug Utilization Review oversight• Clinical efficiency analyses
Growth of specialty drug cost	<ul style="list-style-type: none">• Specialty network review• Specialty pharmacy reimbursement review• Specialty prior authorization criteria review



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



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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Thank You

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