

# Report to the Office of the Legislative Fiscal Analyst

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## Utah Medicaid Generic Medication Three Month Supply Program

Prepared by the Division of Medicaid and Health Financing

April 1, 2016



## **EXECUTIVE SUMMARY**

This report is submitted in response to the following intent language included in H.B. 7 (lines 128-136):

The Legislature intends that the Department of Health report to the Office of the Legislative Fiscal Analyst by April 1, 2016 on the following regarding its plan to allow a three month supply of some Medicaid medications: (1) the Departments proposed plan, (2) proposed timeline of important action items, (3) how the agency will measure the financial impact to the State from making this change, and (4) the date on which the Department intends to report back on having finished the implementation.

### **Proposed Plan**

The division has identified 191 low cost maintenance medications (77 different medications with multiple strengths) for inclusion in the program. The division intends to change the current policy to allow Traditional and Nontraditional Medicaid recipients to fill up to a three month supply of the medications.

### **Proposed Timeline of Important Actions**

The division has targeted an implementation date of July 1, 2016. The division believes that the necessary pharmacy claims processing system enhancements and provider notification can occur in time for a July implementation.

### **Methods for Measuring the Financial Impact to the State of Utah**

The division will assess the financial impact of this change by comparing the cost savings from the dispensing fees saved to costs for medications that are discontinued, or changed, before a three month supply is exhausted and the costs for medication supplied during a time period when a recipient was not eligible for Medicaid.

### **Date for Reporting Confirmation of Implementation**

On September 30, 2016, the division will report to you on the status of the implementation. On September 30, 2017, the division will provide you with data on the number of claims submitted for more than a one month supply.

## **Introduction**

Utah Medicaid currently pays for no more than a one month supply of covered outpatient prescription drugs per dispensing. The exception to this policy is that contraceptives are covered for up to a three month supply per dispensing. The current policy is structured to align the outpatient pharmacy benefit with the monthly issuance of Medicaid eligibility.

It has been suggested to the division that Utah Medicaid might save money and improve recipient satisfaction by allowing up to a three month supply of select generic medications. The cost savings potential could be generated by paying a single dispensing fee for a three month supply (\$3.90 to \$4.40) or by incentivizing patients and prescribers to utilize clinically efficacious and cost effective medications over higher cost alternatives. Medications included in the program would need to satisfy all three of the following criteria for inclusion:

- Low cost generic medications
- Maintenance medications not commonly associated with frequent dosage changes
- Medications that do not present a safety risk (e.g. controlled substances)

## **Proposed Plan**

The division has identified 191 low cost maintenance medications (77 different medications with multiple strengths) that are not commonly associated with frequent dosage changes or abnormally high safety risks. The 191 medications include the following:

Alendronate Sodium Tab 35 MG	Lamotrigine Tab 150 MG
Alendronate Sodium Tab 70 MG	Lamotrigine Tab 25 MG
Allopurinol Tab 100 MG	Letrozole Tab 2.5 MG
Allopurinol Tab 300 MG	Levetiracetam Tab 1000 MG
Amiloride & Hydrochlorothiazide Tab 5-50 MG	Levetiracetam Tab 250 MG
Amlodipine Besylate Tab 10 MG	Levetiracetam Tab 500 MG
Amlodipine Besylate Tab 2.5 MG	Levetiracetam Tab 750 MG
Amlodipine Besylate Tab 5 MG	Lisinopril & Hydrochlorothiazide Tab 10-12.5 MG
Aspirin Chew Tab 81 MG	Lisinopril & Hydrochlorothiazide Tab 20-12.5 MG
Aspirin Tab Delayed Release 81 MG	Lisinopril & Hydrochlorothiazide Tab 20-25 MG
Atenolol & Chlorthalidone Tab 100-25 MG	Lisinopril Tab 10 MG
Atenolol & Chlorthalidone Tab 50-25 MG	Lisinopril Tab 2.5 MG
Atenolol Tab 100 MG	Lisinopril Tab 20 MG
Atenolol Tab 25 MG	Lisinopril Tab 40 MG
Atenolol Tab 50 MG	Lisinopril Tab 5 MG
Atorvastatin Calcium Tab 10 MG (Base Equivalent)	Loratadine Tab 10 MG
Atorvastatin Calcium Tab 20 MG (Base Equivalent)	Losartan Potassium & Hydrochlorothiazide Tab 100-12.5 MG

Atorvastatin Calcium Tab 40 MG (Base Equivalent)	Losartan Potassium & Hydrochlorothiazide Tab 100-25 MG
Atorvastatin Calcium Tab 80 MG (Base Equivalent)	Losartan Potassium & Hydrochlorothiazide Tab 50-12.5 MG
Baclofen Tab 10 MG	Losartan Potassium Tab 100 MG
Baclofen Tab 20 MG	Losartan Potassium Tab 25 MG
Benazepril HCl Tab 10 MG	Losartan Potassium Tab 50 MG
Benazepril HCl Tab 20 MG	Lovastatin Tab 10 MG
Benazepril HCl Tab 40 MG	Lovastatin Tab 20 MG
Bisacodyl Tab Delayed Release 5 MG	Lovastatin Tab 40 MG
Bisoprolol & Hydrochlorothiazide Tab 10-6.25 MG	Metformin HCl Tab 1000 MG
Bisoprolol & Hydrochlorothiazide Tab 2.5-6.25 MG	Metformin HCl Tab 500 MG
Bisoprolol & Hydrochlorothiazide Tab 5-6.25 MG	Metformin HCl Tab 850 MG
Bupropion HCl Tab SR 12HR 100 MG	Metformin HCl Tab SR 24HR 500 MG
Bupropion HCl Tab SR 12HR 150 MG	Metoprolol Tartrate Tab 100 MG
Bupropion HCl Tab SR 12HR 200 MG	Metoprolol Tartrate Tab 25 MG
Buspirone HCl Tab 10 MG	Metoprolol Tartrate Tab 50 MG
Buspirone HCl Tab 15 MG	Omeprazole Cap Delayed Release 20 MG
Buspirone HCl Tab 30 MG	Pantoprazole Sodium EC Tab 20 MG (Base Equiv)
Buspirone HCl Tab 5 MG	Pantoprazole Sodium EC Tab 40 MG (Base Equiv)
Captopril Tab 12.5 MG	Paroxetine HCl Tab 10 MG
Captopril Tab 25 MG	Paroxetine HCl Tab 20 MG
Captopril Tab 50 MG	Paroxetine HCl Tab 30 MG
Carbamazepine Chew Tab 100 MG	Paroxetine HCl Tab 40 MG
Carbamazepine Tab 200 MG	Pramipexole Dihydrochloride Tab 0.125 MG
Carvedilol Tab 12.5 MG	Pramipexole Dihydrochloride Tab 0.25 MG
Carvedilol Tab 3.125 MG	Pramipexole Dihydrochloride Tab 0.5 MG
Carvedilol Tab 6.25 MG	Pramipexole Dihydrochloride Tab 1 MG
Cetirizine HCl Tab 10 MG	Pramipexole Dihydrochloride Tab 1.5 MG
Cetirizine HCl Tab 5 MG	Pravastatin Sodium Tab 10 MG
Citalopram Hydrobromide Tab 10 MG (Base Equiv)	Pravastatin Sodium Tab 20 MG
Citalopram Hydrobromide Tab 20 MG (Base Equiv)	Pravastatin Sodium Tab 40 MG
Citalopram Hydrobromide Tab 40 MG (Base Equiv)	Pravastatin Sodium Tab 80 MG
Clonidine HCl Tab 0.1 MG	Propranolol HCl Tab 10 MG
Clonidine HCl Tab 0.2 MG	Propranolol HCl Tab 20 MG
Clonidine HCl Tab 0.3 MG	Propranolol HCl Tab 40 MG
Dicyclomine HCl Tab 20 MG	Propranolol HCl Tab 80 MG

Diltiazem HCl Tab 120 MG	Ramipril Cap 1.25 MG
Diltiazem HCl Tab 30 MG	Ramipril Cap 10 MG
Diltiazem HCl Tab 60 MG	Ramipril Cap 2.5 MG
Diltiazem HCl Tab 90 MG	Ramipril Cap 5 MG
Divalproex Sodium Tab Delayed Release 125 MG	Ranitidine HCl Tab 150 MG
Divalproex Sodium Tab Delayed Release 250 MG	Ranitidine HCl Tab 300 MG
Divalproex Sodium Tab Delayed Release 500 MG	Ropinirole Hydrochloride Tab 0.25 MG
Docusate Sodium Cap 100 MG	Ropinirole Hydrochloride Tab 0.5 MG
Docusate Sodium Cap 250 MG	Ropinirole Hydrochloride Tab 1 MG
Donepezil Hydrochloride Tab 10 MG	Ropinirole Hydrochloride Tab 2 MG
Donepezil Hydrochloride Tab 5 MG	Ropinirole Hydrochloride Tab 3 MG
Doxazosin Mesylate Tab 8 MG	Ropinirole Hydrochloride Tab 4 MG
Enalapril Maleate Tab 10 MG	Sennosides Tab 8.6 MG
Enalapril Maleate Tab 2.5 MG	Sennosides-Docusate Sodium Tab 8.6-50 MG
Enalapril Maleate Tab 20 MG	Sertraline HCl Tab 100 MG
Enalapril Maleate Tab 5 MG	Sertraline HCl Tab 25 MG
Escitalopram Oxalate Tab 10 MG (Base Equiv)	Sertraline HCl Tab 50 MG
Escitalopram Oxalate Tab 20 MG (Base Equiv)	Simvastatin Tab 20 MG
Escitalopram Oxalate Tab 5 MG (Base Equiv)	Simvastatin Tab 40 MG
Estradiol Tab 1 MG	Simvastatin Tab 80 MG
Famotidine Tab 10 MG	Spironolactone Tab 100 MG
Famotidine Tab 20 MG	Spironolactone Tab 25 MG
Famotidine Tab 40 MG	Spironolactone Tab 50 MG
Ferrous Sulfate Tab 325 MG (65 MG Elemental Fe)	Tamsulosin HCl Cap 0.4 MG
Fluoxetine HCl Cap 10 MG	Terazosin HCl Cap 1 MG
Fluoxetine HCl Cap 20 MG	Terazosin HCl Cap 2 MG
Fluoxetine HCl Cap 40 MG	Terazosin HCl Cap 5 MG
Fluticasone Propionate Nasal Susp 50 MCG/ACT	Topiramate Tab 25 MG
Folic Acid Tab 1 MG	Topiramate Tab 50 MG
Furosemide Tab 20 MG	Trazodone HCl Tab 100 MG
Furosemide Tab 40 MG	Trazodone HCl Tab 150 MG
Furosemide Tab 80 MG	Trazodone HCl Tab 50 MG
Glimepiride Tab 2 MG	Venlafaxine HCl Cap SR 24HR 150 MG (Base Equivalent)
Glimepiride Tab 4 MG	Venlafaxine HCl Cap SR 24HR 37.5 MG (Base Equivalent)

Glipizide Tab 5 MG	Venlafaxine HCl Cap SR 24HR 75 MG (Base Equivalent)
Glipizide Tab SR 24HR 10 MG	Verapamil HCl Tab 120 MG
Glipizide Tab SR 24HR 2.5 MG	Verapamil HCl Tab 80 MG
Glipizide Tab SR 24HR 5 MG	Verapamil HCl Tab CR 120 MG
Guanfacine HCl Tab 1 MG	Verapamil HCl Tab CR 180 MG
Guanfacine HCl Tab 2 MG	Verapamil HCl Tab CR 240 MG
Hydrochlorothiazide Cap 12.5 MG	Zonisamide Cap 100 MG
Hydrochlorothiazide Tab 12.5 MG	Zonisamide Cap 25 MG
Hydrochlorothiazide Tab 25 MG	Zonisamide Cap 50 MG
Hydrochlorothiazide Tab 50 MG	

The division intends to change the current policy to allow Traditional and Nontraditional Medicaid recipients to fill up to a three month supply of the medications listed above. Primary Care Network (PCN) recipients would not be eligible to participate as the current PCN program allows for four prescriptions a month. Increasing the dispensing limit for PCN recipients would have the effect of expanding the PCN coverage to twelve prescriptions a month if a recipient were to fill all of their prescriptions for three month supplies.

The division also intends to structure the program to allow for up to a three month supply and not require recipients fill prescriptions for a three month supply. It is the division's hope that allowing this flexibility will minimize wasted medication by allowing for a one month supply to be filled when recipients are being stabilized on a medication.

### **Proposed Timeline of Important Actions**

**Research:** Completed March 21, 2016

Division staff has identified appropriate medications for inclusion in the implementation in July of 2016. Early identification of appropriate medications is needed so coding changes can be initiated in the pharmacy claims processing system.

**System Enhancement:** Completion target date of June 1, 2016

Division staff are currently working with the division's contractor, Goold Health Systems, to assess the level of effort associated with the coding change. The division is targeting to have the coding and system tested completed by June 1, 2016 to ensure an on-time implementation.

**Outreach and Education:** Completion target date of July 1, 2016

Program and policy changes within the Utah Medicaid program are communicated to providers and recipients through Medicaid Information Bulletins (MIBs). The next regularly scheduled MIB will be published in July and will contain information about this policy change. Revisions to the Pharmacy Provider Manual will occur at the same time.

**Implementation:** Completion target date of July 1, 2016

The division believes that the system changes and manual updates can occur in time for a July 1, 2016 implementation.

### **Methods for Measuring the Financial Impact to the State of Utah**

The measurements to assess the financial impact of this change is to compare the number of dispensing fees saved to the costs for medications that are discontinued or changed before a three month supply is exhausted and the costs for medication supplied during a time period when a recipient was not eligible for Medicaid.

Since all maintenance medications have the potential for discontinuation due to changes in the recipient's medical conditions, the division intends on measuring whether prescriptions filled as a three month supply are discontinued at a greater rate than prescriptions filled as a one month supply, and calculate the associated cost related to this program.

The costs for medication supplied to recipients during months when they are not eligible for Medicaid will involve matching enrollment data to the claims data.

The savings less the calculated costs will represent the net savings, or net costs, of this program. The impact to the State of Utah will be calculated using the appropriate FMAP rate applied to the net savings or net costs. The division will need one year of data before calculations related to increased costs due to discontinuation of medications can be performed.

### **Date for Reporting Confirmation of Implementation**

On September 30, 2016, the division will report to you on the status of the implementation. On September 30, 2017, the division will provide you with data on the number of claims submitted for more than a one month supply. There likely would not be useful data available until a year has passed.