# Florida Medicaid Prescribed Drug Service Spending Control Initiatives

## For the Quarter
**April 1, 2015 through June 30, 2015**

***Report to the Florida Legislature***
***December 2016***

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# Purpose of Report

Per section 409.912, Florida Statutes (F.S.), the Agency for Health Care Administration (Agency) shall submit quarterly reports to the Governor, the President of the Senate, and the Speaker of the House of Representatives which must include, but need not be limited to, the progress made in implementing this subsection and its effect on Florida Medicaid prescribed drug expenditures. This report includes data for the fourth quarter of state fiscal year (SFY) 2014-2015, April 1, 2015 through June 30, 2015.

# Executive Summary

## Statewide Medicaid Managed Care and Medicaid Fee-for-Service Pharmacy

The Managed Medical Assistance (MMA) component of the Statewide Medicaid Managed Care (SMMC) program completed rollout during the first quarter of SFY2014-15 (in August 2014). A majority of Florida Medicaid recipients are now enrolled in health care plans, which are responsible for all facets of care including reimbursement for the Medicaid pharmacy benefit.

Most of the Florida Medicaid recipients remaining in fee-for-service (FFS) are dually eligible for Medicaid and Medicare so Medicare pays the pharmacy benefits, enrolled in waivers, or are receiving special services and have services and benefits that are specific to their unique needs. These benefits can often include specific or unique drug requirements. The change in the FFS pharmacy population will likely mean that the costs and utilization patterns seen in FFS pharmacy will be different from in previous years when the recipient population included people from virtually all eligibility groups.

## FFS Caseload and Retail Prescription Costs

During the fourth quarter of SFY2014-2015, claims and costs decreased over the previous quarter and showed a significant decrease overall for the fiscal year reflecting the FFS pharmacy population moving toward a steady state after completion of MMA rollout. During the fourth quarter, almost 802,000 FFS pharmacy claims totaling $133.6 million were reimbursed (prior to manufacturer rebates). The number of users averaged 80,195 per month, but decreased each month during the quarter. Total claims averaged 267,330 per month and the amount paid averaged just over $44.5 million per month during the quarter. The average number of claims per user was 3.3 claims per user, per month. During the fourth quarter, just over 12 percent of eligible recipients used the pharmacy benefit in a given month. Finally, during the quarter, 20.6 percent of claims reimbursed were for brand drug products, which accounted for 86.8 percent of total expenditures before rebates.

For all of SFY2014-15 more than 3.6 million pharmacy claims were reimbursed at a total cost (before rebates) of $548.9 million. The average cost per claim for the fiscal year was $150.43 per claim, $68.07 per claim after the federal manufacturer rebates and $62.76 per claim after accounting for both federal and supplemental rebates.

## FFS Pharmacy Cost Controls

Though the Florida Medicaid population remaining in FFS pharmacy may have special needs and unique drug requirements, the previous pharmacy cost control measures remain in place and should still be effective at controlling costs. Specific spending control measures in place for the FFS population include:

- Pharmacy Rebates – Pharmaceutical manufacturer rebate revenue paid to the state is a significant offset to the retail cost of prescription reimbursement. The program continues to negotiate agreements for manufacturers to provide supplemental rebates, in addition to federally required rebates, for their brand drug products. These rebates reduce the total retail cost of reimbursement to community pharmacy providers and allow prescribers more choices of preferred products within therapeutic classes on the Florida Medicaid Preferred Drug List (PDL). During the fourth quarter of SFY2014-2015, the average retail price for a prescription reimbursed under FFS was $166.57. After accounting for rebates received from manufacturers based on their federal rebate agreements, the average amount reimbursed per prescription was $75.90. The average amounts reimbursed during the quarter after taking into account both federal rebates and state supplemental rebates were $69.89.

- Medicaid Pharmaceutical and Therapeutics (P&T) Committee – Created by section 409.91195, F.S., the P&T Committee makes recommendations to the Agency for the purpose of developing and maintaining the Florida Medicaid PDL. The committee reviews all drug classes included on the PDL every 12 months, and may recommend additions to and deletions from the PDL, so that the PDL provides for medically appropriate drug therapies for Medicaid patients which achieve cost savings The committee may also recommend prior authorization protocols for any Medicaid-covered prescribed drugs to ensure compliance with clinical guidelines, for indications not approved in labeling, and for prevention of potential overuse, misuse, or abuse.

- Prior Authorization – Authorization prior to reimbursement for certain drugs in specific circumstances continues. Age related prior authorization has been established for certain drugs to ensure safe and appropriate prescribing. During the fourth quarter of SFY2014-2015, the Agency's contracted FFS prescription benefit manager vendor, Magellan Medicaid Administration (Magellan) processed more than 12,500 prior authorization claims, or just over 137 prior authorization claims per day.

- University of Florida Medication Therapy Management Call Center (TMCC) – Through a contract with TMCC, trained pharmacists conduct comprehensive prescribed drug case management, which involves direct patient contact if the patient chooses to participate. This statewide Medication Therapy Management program can help resolve medication-related and health-related problems, optimize medication use for improved patient outcomes, and promote patient self-management of medication and disease states. This, in turn, helps reduce clinical risk and lowers prescribed drug costs to the Florida Medicaid program including reducing the rate of inappropriate spending on Medicaid prescription drugs.

- Behavior Health Prescribing Best Practice Guidelines – As part of the requirements of section 409.912(8)(a)11, F.S., Medicaid contracts with the Florida Mental Health Institute (FMHI) at the University of South Florida to develop and disseminate best practice guidelines for behavioral health drug therapy. FMHI recommendations relate to the specific needs of adults and children, coordination of care for behavioral health drug therapy management, improved patient and provider education, compliance with drug therapies, and improved outcomes.

# Medicaid Fee-for-Service Pharmacy

## Impact of Statewide Medicaid Managed Care

The Managed Medical Assistance (MMA) component of the Statewide Medicaid Managed Care (SMMC) program was implemented between May and August 2014. Most recipients are now enrolled in managed care and the health plans have taken over responsibility for virtually all of the medical care needs of their enrollees, including the Medicaid pharmacy benefit. Those pharmacy claims reimbursed by health plans are not included in this report. The number of pharmacy claims reflected here will be significantly lower than in the past. In addition, due to the nature of the population that is remaining in FFS, they will likely have different claims experience than what has been previously seen in this report. The following populations are excluded from enrollment in an MMA plan and will continue to receive pharmacy benefits under FFS:

- Family Planning Waiver
- Emergency Services for Aliens
- Women eligible for Medicaid because they have Breast or Cervical Cancer
- Medically Needy

In addition, the following populations have the option of enrolling in an MMA plan but may choose to remain in FFS:

- Medicaid recipients who have other creditable health care coverage, excluding Medicare
- Persons eligible for refugee assistance
- Medicaid recipients who are residents of a developmental disability center
- Medicaid recipients enrolled in the developmental disabilities home and community-based services waiver or Medicaid recipients waiting for waiver services
- Children receiving services in a prescribed pediatric extended care center
- Medicaid recipients residing in a group home facility licensed under chapter 393.

The change in FFS pharmacy population will likely mean the costs and utilization patterns seen in FFS pharmacy will be different from in previous years when the FFS recipient population represented a more diverse cross-section of Florida Medicaid enrollees from many eligibility groups.

# Florida Medicaid FFS Pharmacy Caseload and Expenditures

Table 1 shows the SFY2014-15 estimated expenditures and utilization for FFS pharmacy services along with the appropriations from the previous SFY.

**Table 1 – FFS Pharmacy Services Appropriations SFY2013-2014 and SFY2014-2015**

| Prescribed Medicine | SFY2013-2014 Appropriation | SFY2014-2015 Estimates | Expected % Change from SFY2013-14 |
|---|---|---|---|
| Medicaid Caseload | 1,431,982 | 512,796 | -64.2% |
| Medicaid Prescriptions Per Month | 1,482,342 | 519,751 | -64.9% |
| Medicaid Unit Cost | $85.18 | $92.01 | 8.0% |
| Medicaid Total Cost | $1,515,220,381 | $379,792,597 | -74.9% |

*Source: SFY2013-2014 Appropriation data are from the 2013 Social Services Estimating Conference (SSEC) General Appropriations Act Estimates. SFY2014-2015 Estimates are from the March 2015 SSEC which reflect the first expenditures and caseloads estimates for FY 2014-15 after passage of Statewide Medicaid Managed Care (SMMC) during the 2015 Florida legislative session. Initial appropriation estimates for FY 2014-2015 were calculated without accounting for SMMC and the revised estimates more accurately reflect expected expenditures and utilization than initial appropriations. Since this table typically compares appropriations (i.e., expected performance at the start of each fiscal year) the March 2015 estimates were considered the best alternative to actual appropriations to reflect baseline expectations for comparison throughout SFY2014-2015. The previous report in this series erroneously reported August 2015 estimates and should have reflected March 2015 estimates as shown in the first quarter report.*

Overall, it was anticipated that Florida Medicaid FFS pharmacy caseload and monthly prescription claims would fall by just over 64 percent. The average price per prescription was expected to rise by more than 8 percent, but with the significant drop in caseload and number of prescriptions expected, the total cost of FFS pharmacy claims was expected to fall by almost 75 percent during the year. Table 2 compares the fourth quarter and overall fiscal year performance with the fiscal year estimates from the March 2015 Social Services Estimating Conference (SSEC).

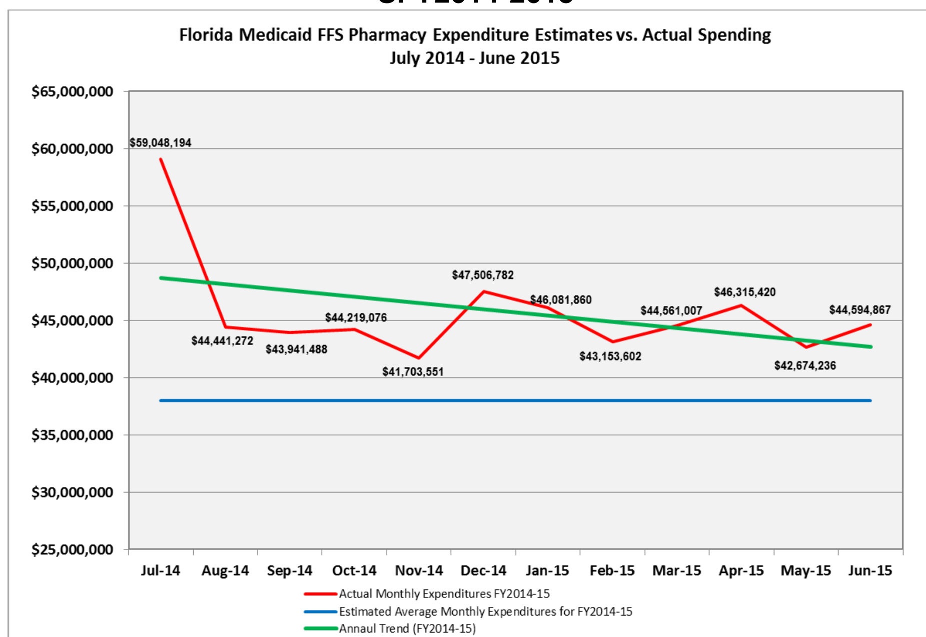
**Table 2 – FFS Pharmacy Services Expenditures and Utilization Estimates vs. Actual Fourth Quarter and Fiscal Year Total, SFY2014-2015**

| Prescribed Medicine | SFY2014-2015 Estimates | Q4 SFY 2014-2015 Actual | Actual SFY 2014-15 Total | % Difference Estimates vs. Actual | |
|---|---|---|---|---|---|
| | | | | Q4 SFY 2014-2015 | Fiscal Year Total SFY 2014-15 |
| Average Caseload (Member Months) | 512,796 | 649,295 | 673,866 | 26.6% | 31.4% |
| Average Prescriptions Per Month | 519,751 | 267,330 | 304,052 | -48.6% | -41.5% |
| Average Paid/Claim | $92.01 | $166.57 | $150.43 | 81.0% | 63.5% |
| Average Total Cost Per Month | $47,547,600 | $44,528,175 | $45,739,936 | -6.4% | -3.8% |

*Source: SFY2014-15 Estimates are based on the March 2015 SSEC. Actual data are reported in the Florida Pharmacy Report Card, Magellan Health Services, Inc., October 2015*

During the fourth quarter of SFY2014-2015, the average caseload was 26.6 percent higher than the SSEC estimate. The average number of prescriptions per month was almost 49 percent below estimates, average amount paid per claim (prior to rebates) was 81 percent higher, and the average total cost per month was just over 6 percent lower than estimated. For the fiscal year, the average caseload exceeded estimates by 31.4 percent, the average number of prescriptions was 41.5 percent below estimates, average paid per claim was more than 63 percent higher than estimates, and the average total cost per month was more than 3 percent below estimates. While the average cost per prescription has been increasing, the total costs per month have been trending downward throughout the fiscal year. Figure 1 shows the actual FFS pharmacy expenditures for SFY2014-2015 compared to the average expected expenditures.

**Figure 1 – Florida Medicaid FFS Pharmacy Monthly Expenditures Estimates vs. Actual Spending SFY2014-2015**




*Source: Average expected expenditures are calculated from the March 2015 SSEC estimates. Actual expenditures are reported in the Florida Pharmacy Report Card, Magellan Health Services, Inc., October 2015*

# Claims Details

## FFS Caseload and Retail Prescription Costs

Table 3A shows the monthly totals for Medicaid FFS caseload, total pharmacy benefit users, total claims, and cost of claims for the fourth quarter of SFY2014-2015. Table 3B shows the fourth quarter averages and totals, as well as the fiscal year averages and totals for each category. During the fourth quarter, a total of 1,947,885 pharmacy claims were reimbursed with a total of $133,584,524 paid. This equates to an average of 267,330 claims per month with an average of $44,528,175 paid. The number of users averaged 80,195 per month, but continued a yearlong downward trend. There was a downward trend in all metrics over the quarter except for the average number of claims per user, which held steady at 3.3 claims per user, per month. During the second and third quarters, an average of 12.4 percent of eligible recipients used the pharmacy benefit in a given month.

For the year, a total of 8,086,392 pharmacy claims were reimbursed with a total of $133,584,524 paid. This equates to an average of 267,330 claims per month with an average of $548,879,236 paid. The number of users averaged 93,543 per month. There was a downward trend in all metrics over the year except for the average number of claims per user, which ended the year at 3.4 claims per user, per month, up from 3.2 claims per user, per month at the start of the fiscal year. During the fiscal year, an average of 14.3 percent of eligible FFS recipients used the pharmacy benefit in a given month.

**Table 3A – Monthly Caseload, Users, Claims, and Retail Prescription Costs, Medicaid FFS Pharmacy Fourth Quarter, SFY2014-2015**

| Metric | April 2015 | May 2015 | June 2015 |
|---|---|---|---|
| Member-Months | 651,148 | 645,867 | 650,870 |
| Users | 83,989 | 80,441 | 76,154 |
| Claims | 279,361 | 263,929 | 258,701 |
| Paid | $46,315,420 | $42,674,236 | $44,594,867 |
| Claims/User | 3.3 | 3.3 | 3.4 |

*Source: Florida Pharmacy Report Card, Magellan Health Services, Inc., October 2015*

**Table 3B – Average and Total Caseload, Users, Claims, and Retail Prescription Costs, Medicaid FFS Pharmacy Fourth Quarter and Total Fiscal Year, SFY2014-2015**

| Metric | Q4 SFY 2014-2015 Average | Q4 SFY2014-2015 Total | SFY2014-2015 Annual Average | SFY2014-2015 Annual Total |
|---|---|---|---|---|
| Member-Months | 649,295 | 1,947,885 | 673,866 | 8,086,392 |
| Users | 80,195 | 240,584 | 93,543 | 1,122,518 |
| Claims | 267,330 | 801,991 | 304,052 | 3,648,624 |
| Paid | $44,528,175 | $133,584,524 | $45,739,936 | $548,879,236 |
| Claims/User | 3.3 | 3.3 | 3.3 | 3.3 |

*Source: Florida Pharmacy Report Card, Magellan Health Services, Inc., October 2015*

## Brand and Generic Drug Costs and Utilization

Generic utilization plays a significant role in controlling pharmacy costs. During the fourth quarter, the generic utilization rate was 74.3 percent (see Tables 4A and 4B; Figure 2). Coupled with the extensive application of manufacturer rebates (see Table 5), ongoing, detailed review of the Florida Medicaid PDL to consider removal of products when lower-cost, equally effective alternatives are available, helps maintain efficiency in the Florida Medicaid prescribed drug services. Table 4A details monthly metrics related to efficient utilization of generic products, the average cost of a brand and a generic

prescription, the number of brand and generic prescriptions reimbursed, and the total amounts reimbursed for drug claims during the second and third quarters of SFY2014-15. Table 4B details the average and totals for same metrics for the fourth quarter overall as well as the fiscal year.

**Table 4A – Monthly Utilization and Payments by Prescription Drug Type, Medicaid FFS Pharmacy Fourth Quarter, SFY2014-2015**

| Metric | April 2015 | May 2015 | June 2015 |
|---|---|---|---|
| Generic Utilization | 74.3% | 74.5% | 74.3% |
| Brand Paid/Claim | $693.54 | $680.20 | $725.62 |
| Generic Paid/Claim | $27.09 | $27.10 | $26.54 |
| Non-Drug/Comp Paid/Claim | $46.32 | $34.93 | $37.94 |
| Brand Claims | 57,732 | 54,234 | 53,759 |
| Generic Claims | 207,448 | 196,681 | 192,096 |
| Non-Drug Claims | 18 | 14 | 19 |
| Compound Claims | 14,163 | 13,000 | 12,827 |
| Brand Paid | $40,039,585 | $36,890,046 | $39,008,382 |
| Generic Paid | $5,618,991 | $5,329,628 | $5,099,158 |
| Non-Drug Paid | $2,386 | $3,315 | $3,611 |
| Compound Paid | $654,458 | $451,247 | $483,716 |

*Source: Florida Pharmacy Report Card, Magellan Health Services, Inc., October 2015.*

**Table 4B – Average and Total Utilization and Payments by Prescription Drug Type, Medicaid FFS Pharmacy Fourth Quarter and Total Fiscal Year, SFY2014-2015**

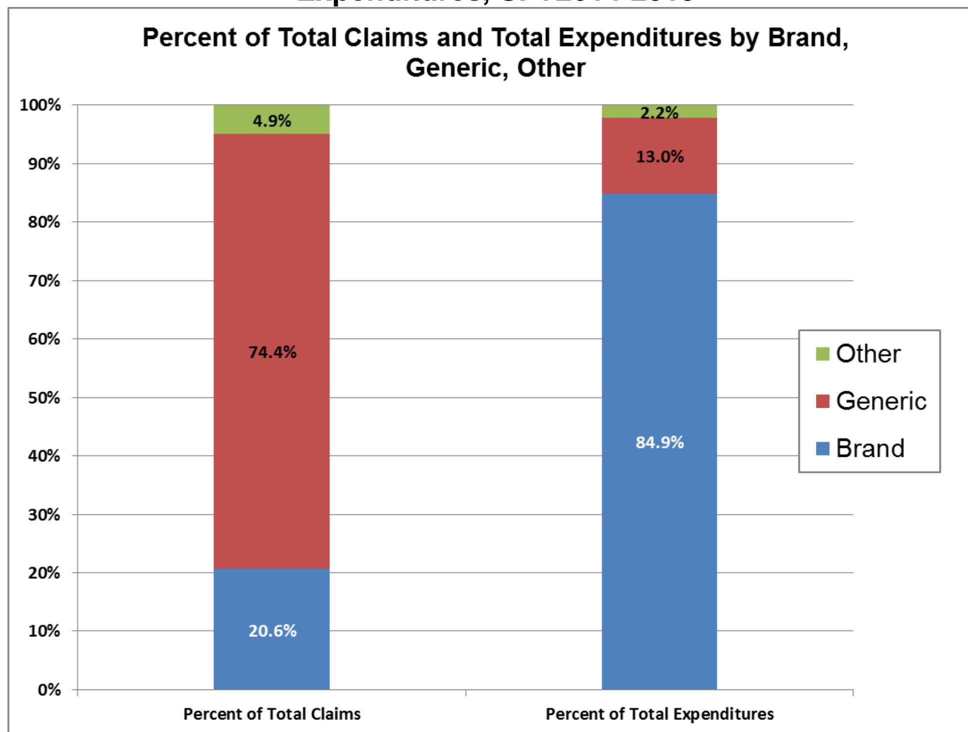
| Metric | Q4 SFY2014-2015 Average | Q4 SFY2014-2015 Total | SFY2014-2015 Annual Average | SFY2014-2015 Annual Total |
|---|---|---|---|---|
| Generic Utilization | 74.3% | 74.3% | 74.4% | 74.4% |
| Brand Paid/Claim | $699.58 | $699.58 | $619.01 | $619.01 |
| Generic Paid/Claim | $26.92 | $26.92 | $26.19 | $26.19 |
| Non-Drug/Comp Paid/Claim | $39.93 | $39.93 | $66.56 | $66.56 |
| Brand Claims | 55,242 | 165,725 | 62,702 | 752,427 |
| Generic Claims | 198,742 | 596,225 | 226,323 | 2,715,873 |
| Non-Drug Claims | 17 | 51 | 282 | 3,385 |
| Compound Claims | 13,330 | 39,990 | 14,745 | 176,939 |
| Brand Paid | $38,646,004 | $115,938,013 | $38,813,140 | $465,757,683 |
| Generic Paid | $5,349,259 | $16,047,777 | $5,926,565 | $71,118,785 |
| Non-Drug Paid | $3,104 | $9,312 | $15,151 | $181,812 |
| Compound Paid | $529,807 | $1,589,421 | $985,080 | $11,820,956 |

*Source: Florida Pharmacy Report Card, Magellan Health Services, Inc., October 2015.*
*Note: Since the Utilization and Paid/Claim are averages, the quarterly and yearly "Average" and "Total" reflect the same values.*

The average paid per claim for a brand name prescription during the fourth quarter was $699.58 for 165,725 prescriptions and the average paid per claim for a generic prescription was $26.92 for 596,225 prescriptions. This means that during the fourth quarter of SFY2014-2015, while 20.7 percent of claims reimbursed were for brand drug products, these prescriptions accounted for 86.8 percent of total expenditures. Note that these totals do not reflect rebates received from manufacturers. The federal government requires drug manufacturers to rebate part of the retail cost of drugs to state Medicaid programs. In addition, Florida receives additional, supplemental rebates from manufacturers for several brand name drugs. This can significantly affect the final price that Medicaid pays for drug claims. Rebates are discussed further in the next section of this report.

Generic utilization remained high throughout the fiscal year with almost three out of every four prescription claims representing a generic drug. The average price of a generic rose a total of 12.9 percent during the fiscal year. The use of brand name products rose 1.4 percent over the fiscal year while the average amount paid per claim for a brand name drug was 40 percent higher in the final month of the fiscal year than in July 2014. The higher drug prices are likely attributable in part to higher priced and newly introduced drugs (such as drugs used for treating hepatitis C). The increasing use of brand name drugs and increasing overall average price per claim for FFS pharmacy recipients may be reflective of the changing FFS population. After transition to SMMC, the majority of Medicaid recipients are enrolled in a health plan and much of the population remaining in Florida Medicaid FFS is enrolled in special programs and has special needs, which include special pharmacy needs.

**Figure 2 – Florida Medicaid FFS Pharmacy Brand Name versus Generic Utilization and Expenditures, SFY2014-2015**




*Source: Calculated from data provided in the Florida Pharmacy Report Card, Magellan Health Services, Inc., October 2015*

## Manufacturer Rebates Reduce Net Cost of Drugs to State

Pharmaceutical manufacturer rebate revenue paid to the state is a significant offset to the retail cost of prescription reimbursement. Florida Medicaid continues to negotiate agreements for manufacturers to provide supplemental rebates, in addition to federally required rebates, for their brand drug products. These rebates reduce the total retail cost of reimbursement to community pharmacy providers and allow prescribers more choices of preferred products within therapeutic classes on the Florida Medicaid PDL.

The impact of rebates on overall pharmacy costs can be seen in Table 5. The top row of figures in the table reports the overall average retail reimbursement paid for a prescription claim, prior to any rebates received from manufacturers. The “Net Paid/Claim” row is the reimbursed amount less rebates received from manufacturers based on their federal rebate agreements. The row titled “Net Net Paid/Claims” shows the reimbursed amount net of federal and state supplemental rebates paid back to the state by pharmaceutical manufacturers. Reimbursement amounts are shown per Claim; per user,

per month (PUPM), and per member, per month (PMPM). User refers to a recipient who actually used the pharmacy prescription benefit to obtain one or more prescriptions in a month while a member is an eligible recipient who could have received a prescription, whether or not they actually obtained one.

**Table 5 – Paid, Net Paid, and Net Net Paid Per Claim, Medicaid FFS Pharmacy by Month, Fourth Quarter and Total Fiscal Year, SFY2014-2015**

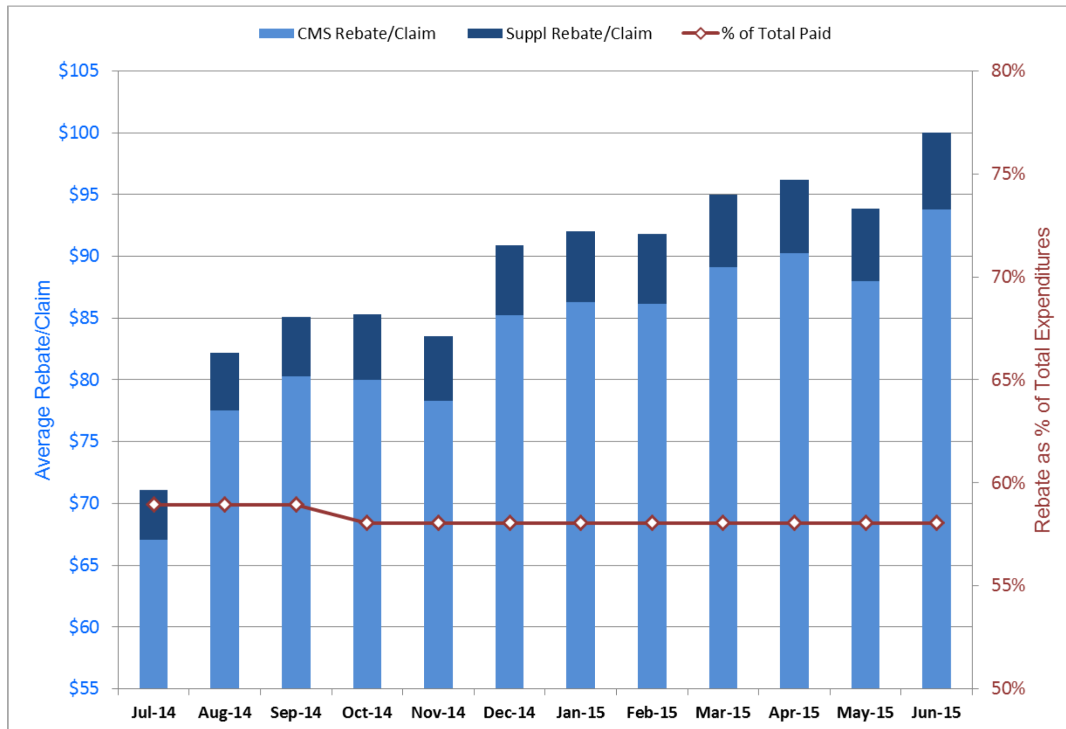
| Metric | April 2015 | May 2015 | June 2015 | Q4 SFY 2014-2015 | SFY2014-2015 Total |
|---|---|---|---|---|---|
| Paid/Claim | $165.79 | $161.69 | $172.38 | $166.57 | $150.43 |
| Net Paid/Claim | $75.55 | $73.68 | $78.55 | $75.90 | $68.07 |
| Net Net Paid/Claim | $69.56 | $67.84 | $72.33 | $69.89 | $62.76 |
| Paid PUPM | $551.45 | $530.50 | $585.59 | $555.25 | $488.97 |
| Net Paid PUPM | $251.29 | $241.75 | $266.85 | $266.85 | $221.27 |
| Net Net Paid PUPM | $231.38 | $222.59 | $245.71 | $232.98 | $203.98 |
| Paid PMPM | $71.13 | $66.07 | $68.52 | $68.58 | $67.88 |
| Net Paid PMPM | $32.41 | $30.11 | $31.22 | $31.25 | $30.72 |
| Net Net Paid PMPM | $29.84 | $27.72 | $28.75 | $28.78 | $28.32 |

*Source: Florida Pharmacy Report Card, Magellan Health Services, Inc., October 2015*

Figure 3 illustrates the amount of the average federally required and supplemental rebates received per prescription as well as the proportion of the total retail drug cost that the Florida Medicaid program is able to recoup through federal rebates and additional negotiated supplemental rebates. The average percentage of total pharmacy expenditures attributable to rebates was 58.0 percent for the fourth quarter and fiscal year as a whole. While the calculated average percentage rebate per claim remained steady since the start of the second quarter of the fiscal year, the dollar amount per rebate climbed steadily throughout the year. The average federal rebate per claim was $26.74 more in in June 2015 than at the start of the fiscal year and the average supplemental rebate was $2.20 more per claim.

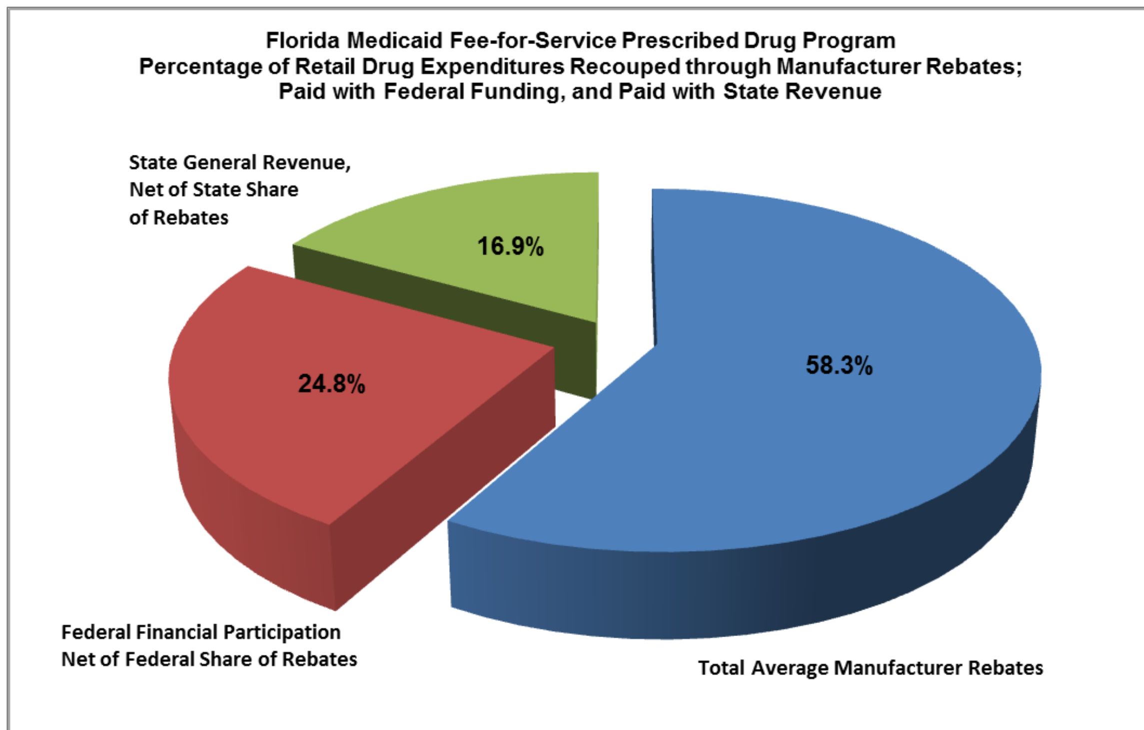
Figure 4 shows the average distribution of the final cost of a prescription drug between the state, the federal government, and the manufacturers' rebates for SFY2014-2015. Note that the Federal matching rate increased for Florida in October 2014, which affects the overall percentages reflected in the chart. The chart illustrates that State general revenue accounts for only 16.9 percent of the total retail cost of FFS pharmacy services after federal matching funds and manufacturer rebate revenue are received.

**Figure 3 – Rebates Per Claim, Medicaid FFS Pharmacy SFY2014-2015**




*Rebate percentages are calculated from pharmacy caseload and total rebates.*
*Source: Florida Pharmacy Report Card, Magellan Health Services, Inc., October 2015*

**Figure 4 – Estimated Percentage of Final Costs by Payer, Florida Medicaid FFS Pharmacy SFY2014-2015**




*Source: Calculated from rebate information provided in Florida Pharmacy Report Card, Magellan Health Services, Inc., October 2015*
*Federal Financial Participation Rates reported by http://aspe.hhs.gov*

# Florida Medicaid FFS Prescribed Drug Services Ongoing Cost Controls

## Cost-Effective Florida Medicaid PDL

The Florida Medicaid PDL continues to produce significant savings of pharmacy costs since its implementation as a mandatory component of the Florida Medicaid program in 2005. The savings are achieved two ways: 1) through efficient prescribing protocols (cost avoidance through prior authorization and step therapy); and, 2) through the State Supplemental Rebate Program (negotiated cash rebates from manufacturers relating to placement on the PDL).

## PDL Adherence – PDL Products Share of Florida Medicaid Market

Through aggressively negotiating supplemental rebates and favorable net pricing, the Florida Medicaid prescribed drug service is able to maintain an array of choices for prescribers within each therapeutic class on the Florida Medicaid PDL. Approval for reimbursement of prescriptions for products not on the PDL may be obtained through prior authorization. According to Magellan's PDL Compliance Reports, during the fourth quarter of SFY2014-2015, PDL products represented 95.1 percent of prescriptions reimbursed by Florida Medicaid for FFS recipients and 82.5 percent of the total amount reimbursed.

The percentage of PDL prescriptions out of all FFS pharmacy prescriptions remains high. However, the percentage of expenditures represented by non-PDL drugs out of total FFS pharmacy expenditures has increased since the implementation of SMMC statewide. The specific cause for this change in expenditure pattern is not known, but is likely a combination of factors including the price of certain non-PDL drugs, overall drug price increases, and the change in the nature of the FFS population. During the fourth quarter, the three most prescribed non-preferred drug categories included Analgesics, Narcotics Short; Anticonvulsants; and, Skeletal Muscle Relaxants. The non-PDL versions of these categories accounted for almost 82 percent of all non-preferred drugs prescribed. The majority of the drugs in these categories are on the PDL. The non-PDL versions represent less than 28 percent of all drugs in these categories.

Non-PDL versions of Anticonvulsants, Hepatitis C agents, and Pulmonary Arterial Hypertension (PAH) Agents accounted for approximately 23 percent of all non-PDL drugs, but more than 54 percent ($8 million) of expenditures prior to rebates. After all rebates, these three non-PDL drug types accounted for 45 percent of non-PDL expenditures or about $2.9 million. Note that for Hepatitis C and PAH Agents, the majority of the prescriptions reimbursed were non-PDL. This is not the case for Anticonvulsants where more than 86 percent of reimbursed prescriptions were on the PDL. Brand name Anticonvulsants must go through the prior authorization process before they can be prescribed/reimbursed.

## Rebate Collection Productivity

Molina Medicaid Solutions, the rebate collection contractor, performs follow-up on all unpaid or disputed invoices. In their report dated July 28, 2015, they show that as of June 30, 2015, they had achieved an overall collection percentage of 91 percent of FFS invoiced rebates from manufacturers for the year to date SFY2014-2015. The drop in percentage during the quarter was due to a dispute resolution with payment due in September 2015 after the end of the reporting quarter. Nonpaying manufacturers are reported to federal CMS. The contractor continues to refer providers who cannot or will not reverse billing errors and rebill correctly to the Agency's Bureau of Medicaid Program Integrity.

## Prior Authorization of Specific Drugs

As in all states' Medicaid programs, authorization prior to reimbursement for certain drugs in specific circumstances continues. Response to prior authorization (PA) requests is immediate through automatic claim system edits or by the Florida Medicaid fiscal agent's Pharmacy Benefits Manager (Magellan). Approval of some specific medications requires clinical review by a Florida Medicaid staff

clinical pharmacist. These requests are handled within 24 hours. Requests are either approved, denied, or can result in a change in therapy. During the fourth quarter of SFY2014-2015, Florida received a total of 12,506 PA requests through the call center, an average of more than 155 per day and 4,169 per month.

The following table details metrics related to PA requests received during the fourth quarter of SFY2014-2015 and shows the total requests for the fiscal year to date. The percentage of PA approvals continued to exhibit an upward trend in the final quarter, reflecting the upward trend throughout the fiscal year. This could possibly be attributable to the specific or specialized needs of the remaining FFS population. Trends in PA approvals will continue to be monitored as the Florida Medicaid FFS recipient population stabilizes over time after SMMC transition.

**Table 6 – Pharmacy Call Center Prior Authorization Requests, Florida Medicaid FFS Fourth Quarter, SFY2014-2015 by Month, Quarter, and Fiscal Year**

| Metric | April 2015 | May 2015 | June 2015 | Q4 SFY 2014-2015 | SFY2014-2015 Total |
|---|---|---|---|---|---|
| Total PA Requests | 4,143 | 4,230 | 4,133 | 12,506 | 42,553 |
| Average Per Day | 138.1 | 136.5 | 137.8 | 137.0 | 155.3 |
| Total PA Requests Approved | 3,813 | 3,912 | 3,821 | 11,546 | 37,420 |
| % PA Requests Approved | 92.03% | 92.48% | 92.45% | 92.32% | 87.94% |

*Source: Magellan Medicaid Administration, December 2015*

# Medication Therapy Management

## Medication Therapy Management

Section 409.912(37)(a), F.S., requires that the Agency implement a Medicaid prescription drug management system. The management system is required to rely on cooperation between physicians and pharmacists to determine appropriate practice patterns and clinical guidelines to improve the prescribing, dispensing, and use of drugs in the Florida Medicaid program. Further, the drug management system had to be designed to improve the quality of care and prescribing practices based on best practice guidelines, improve patient adherence to medication plans, reduce clinical risk, and lower prescribed drug costs and the rate of inappropriate spending on Florida Medicaid prescription drugs.

The statewide Medication Therapy Management (MTM) program provides interventions that help improve prescribing, dispensing, and medication usage for recipients through population-based strategies. Participating pharmacists are trained to deliver detailed medication reviews and improve coordination of medical care for patients. In April 2011, the MTM program transitioned to a patient-centered review process in which recipients may choose to speak directly via telephone with pharmacists who have real-time access to the patients' drug profiles and medical claim histories. Feedback from recipients who chose to participate has been measurably positive, and their self-reported understanding of and compliance with their drug therapies has improved. The reviews are now performed through the University of Florida Medication Therapy Management Call Center.

## Behavioral Pharmacy Management Program

The Florida Medicaid Drug Therapy Management program for behavioral health was created by the Florida Legislature in 2005. Its purpose as stated in section 409.921(37), F.S., is to accomplish all of the following:

- Improve the quality of behavioral health drug prescribing
- Improve patient adherence

- Reduce clinical risk
- Lower costs

The Agency contracted with the Florida Mental Health Institute (FMHI) at the University of South Florida to implement this program. Initially, the focus was to slow the escalation of expenditures on mental health prescriptions. The focus of the program has broadened to include quality and safety issues, and separate specific recommendations for children and adults.

## MEDS-AD Waiver

The Florida MEDS-AD demonstration waiver provides Florida Medicaid coverage for aged or disabled residents of the State of Florida with incomes at or below 88 percent of the federal poverty level and assets at or below $5,000 for an individual or $6,000 for a couple. Coverage is available to those aged and disabled persons who are either receiving or eligible to receive institutional care, hospice or home and community-based services, or who are not eligible for Medicare. The current MEDS-AD Waiver was implemented to continue coverage for a group of individuals who would not have been eligible for Medicare Part D as of January 2006. This waiver is designed to delay the need for institutionalization of these vulnerable individuals by maintaining their level of care in the community longer through the provision of:

- Access to health care services
- High-Intensity Pharmacy Case Management services for non-institutionalized individuals

The continued coverage, along with High-Intensity Pharmacy Case Management services, is designed to avoid costs of preventable hospitalizations or institutional placement that would otherwise occur in the next five years had these vulnerable recipients been denied access to prescribed drugs and other medical services. The focus of the demonstration is to provide high-intensity pharmacy case management for recipients who are not yet receiving institutional care.

The table below contains monthly MEDS-AD enrollment counts for the fourth quarter of SFY2014-2015.

**Table 7 – 1115 MEDS-AD Waiver Total Enrollment by Month, April-June 2015**

| April 2015 | May 2015 | June 2015 | Q4 SFY 2014-2015 | SFY2014-2015 Total |
|---|---|---|---|---|
| 43,779 | 43,216 | 41,684 | 128,679 | 490,260 |

*Source: Medicaid Data Analytics, December 2015*

Expenditures reimbursed for recipients who were eligible for Florida Medicaid through the MEDS-AD demonstration waiver totaled $113,860,203 in the fourth quarter. Cumulative expenditures for the fiscal year totaling $520,030,966* remain well below the budget neutrality ceiling approved by federal CMS for the waiver.

**Note: First through third quarter expenditures at year-end were higher than initially reported. The cumulative total report for FY2014-15 represents the final, fully reconciled totals as of December 2015.*

## Report Conclusion

This concludes the report of the Florida Medicaid Prescribed Drug Services Spending Control Initiatives for the fourth quarter of SFY2014-2015.

Additional information related to Florida Medicaid's pharmacy services is available on the Florida Medicaid Pharmacy Policy webpage at:

http://ahca.myflorida.com/Medicaid/Policy_and_Quality/Policy/pharmacy_policy/index.shtml