Florida Medicaid
Prescribed Drug Service
Spending Control Initiatives

For the Quarters
October 1, 2014 through December 31, 2014 and
January 1, 2015 through March 31, 2015

Report to the Florida Legislature
December 2015

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Purpose of Report

Per section 409.912(37)(c), 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 second and third quarters of state fiscal year (SFY) 2014-2015, October 1, 2014 through March 31, 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 SFY 2014-15 (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 (Medicaid does not pay 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 than in previous years when the recipient population included people from virtually all eligibility groups.

FFS Caseload and Retail Prescription Costs

During the second and third quarters of SFY 2014-2015, claims and costs decreased significantly over first quarter reflecting the population moving toward a steady state after completion of MMA rollout. During the second and third quarters, more than 1.7 million FFS pharmacy claims totaling more than $267.2 million were reimbursed (prior to manufacturer rebates). The number of users averaged 88,599 per month, but decreased each month during the quarter. Total claims averaged 287,447 per month and the amount paid averaged just over $44.5 million per month over the two quarters. The average number of claims per user was 3.2 claims per user, per month. During the second and third quarter, just over 13 percent of eligible recipients used the pharmacy benefit in a given month. Finally, during the second and third quarters of SFY 2014-2015, 20.9 percent of claims reimbursed were for brand drug products, which accounted for 84.5 percent of total expenditures before 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 will remain in place and should still be effective at controlling costs. Specific spending control measures in place for the FFS population include:

- Prescription Benefit Manager – The contracted prescription benefit manager vendor, Magellan Medicaid Administration (Magellan) managed an average caseload of 665,409 persons per month and processed an average of 287,447 drug claims per month for the Florida Medicaid FFS pharmacy service during the second and third quarters of SFY 2014-2015. The system of automated claim edits is continuously refined and improved to support safe prescribing, adherence to the PDL, and prevention of fraud and abuse. There has been a steady downward trend in the total number of claims each month since the implementation of the MMA program. The total number of FFS pharmacy claims reached 271,331 as of March 2015, down from 302,305 at the end of the previously reported quarter (September 2014), and down from just over 1.3 million at the end of September 2013.

- 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 second and third quarters of SFY 2014-2015, the average retail price for a prescription reimbursed under FFS was $154.94. After accounting for rebates received from

manufacturers based on their federal rebate agreements, the average amount reimbursed per prescription was $70.56. The average amount reimbursed during the quarter after taking into account both federal rebates and state supplemental rebates was $64.96.

- Medicaid Pharmaceutical and Therapeutics (P&T) Committee – Created by section 409.91195, F.S., the committee makes recommendations to the Agency for the purpose of developing and maintaining the Florida Medicaid PDL. The committee performs ongoing scheduled review of the PDL, with negotiated state supplemental rebates from manufacturers, and continuously updates prior authorization and step therapy protocols for drugs not on the PDL. The committee may also recommend prior authorization protocols for 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 second and third quarters of SFY 2014-2015, the Agency and the contracted FFS prescription benefit manager vendor, Magellan Medicaid Administration (Magellan) processed more than 25,500 prior authorization claims, or just over 140 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.

  The TMCC will also measure whether maintaining health coverage for the Medications for Aged or Disabled (MEDS-AD) program population results in fewer institutionalizations and improved health outcomes as part of the Florida MEDS-AD demonstration waiver granted by the federal Centers for Medicare and Medicaid Services (CMS).

- 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 provide specific efforts for the different 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.

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

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 will not be included in this report. The number of pharmacy claims reflected here will be significantly lower than in the past. Also, due to the nature of the population that is remaining in FFS, they will likely have different claims experience than 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 that the costs and utilization patterns seen in FFS pharmacy will be different than 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 SFY 2014-15 estimated expenditures and utilization for FFS pharmacy services along with the appropriations from the previous SFY.

Table 1 – FFS Pharmacy Services Appropriations SFY 2013-2014 and SFY 2014-2015

Prescribed Medicine	SFY 2013-2014 Appropriation	SFY 2014-2015 Estimates*	Expected % Change from SFY2013-14
Medicaid Caseload	1,431,982	426,225	-70.2%
Medicaid Prescriptions Per Month	1,482,342	397,023	-73.2%
Medicaid Unit Cost	$85.18	$95.65	12.3%
Medicaid Total Cost	$1,515,220,381	$455,690,760	-69.9%

*Source: SFY 2013-2014 Appropriation data are from the 2013 Social Services Estimating Conference (SSEC) General Appropriations Act Estimates. *SFY2014-15 Estimates reflects amended expenditure and caseload estimates from the August 2015 SSEC. Initial appropriation estimates were calculated without accounting for SMMC and the revised estimates more accurately reflect expected expenditures and utilization.*

Overall, it is anticipated that Florida Medicaid FFS pharmacy caseload and monthly prescription claims will fall by approximately 70 percent. The average price per prescription is expected to rise by more than 12 percent, but with the significant drop in caseload and number of prescriptions expected, the

total cost of FFS pharmacy claims is expected to fall by almost 70 percent during the year. Table 2 compares the combined second and third quarter performance with the fiscal year estimates from the August 2015 Social Services Estimating Conference (SSEC).

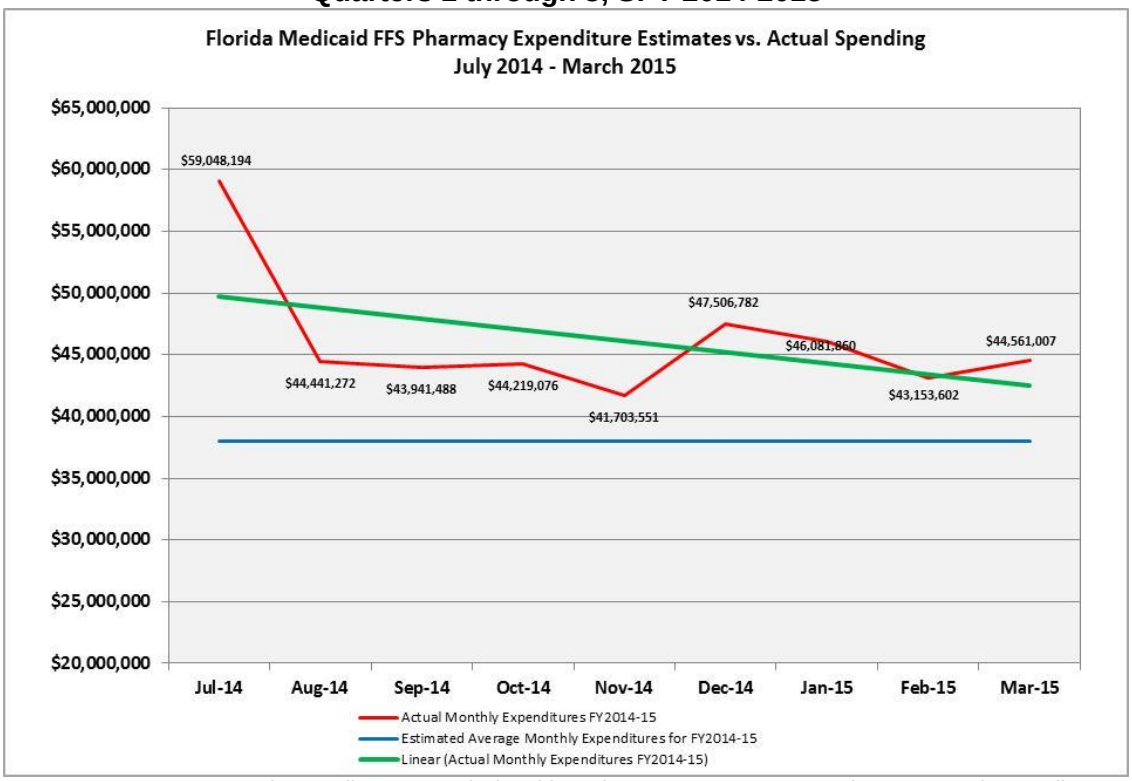
Table 2 – FFS Pharmacy Services Expenditures and Utilization Estimates vs. Actual Second and Third Quarters, SFY 2014-2015

Prescribed Medicine	SFY 2014-2015 Estimates	Combined Q2 and Q3 SFY 2014-2015 Actual	% Difference Estimates vs. Actual
Average Caseload (Member Months)	426,225	665,409	56.1%
Average Prescriptions Per Month	397,023	287,447	-27.6%
Average Paid/Claim	$95.65	$154.94	62.0%
Average Total Cost Per Month	$37,974,230	$44,537,646	17.3%

Source: SFY 2014-15 Estimates are based on the August 2015 SSEC. Actual data are reported in the Florida Pharmacy Report Card, Magellan Health Services, Inc., June 2015

During the second and third quarters of SFY 2014-2015, the average caseload was 56.1 percent higher than the SSEC estimate. The average number of prescriptions per month was almost 28 percent below estimates, average amount paid per claim (prior to rebates) was 62 percent higher, and the average total cost per month was just over 17 percent higher than estimated. 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 SFY 2014-2015 compared to the average expected expenditures.

Figure 1 – Florida Medicaid FFS Pharmacy Monthly Expenditures Estimates vs. Actual Spending Quarters 1 through 3, SFY 2014-2015



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

Claims Details

FFS Caseload and Retail Prescription Costs

Tables 3A and 3B shows the Medicaid FFS caseload, total pharmacy benefit users, total claims, and cost of claims for the second and third quarters of SFY 2014-2015. During the two quarters, a total of 1,724,683 pharmacy claims were reimbursed with a total of $267,225,879 paid. This equates to an average of 287,447 claims per month with an average of $44,537,646 paid. The number of users averaged 88,599 per month, but continued a year-long downward trend. There was a downward trend in all metrics over the span of the two quarters except for the average number of claims per user which held steady at 3.2 claims per user, per month. During the second and third quarters, an average of 13.3 percent of eligible recipients used the pharmacy benefit in a given month. For the year, an average of 14.3 percent of eligible FFS recipients have used the pharmacy benefit.

Table 3A – Monthly Caseload, Users, Claims, and Retail Prescription Costs, Medicaid FFS Pharmacy Second and Third Quarters, SFY2014-2015

Metric	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015
Member-Months	694,343	682,553	685,642	646,229	645,574	638,112
Users	94,723	91,609	90,864	87,465	84,169	82,763
Claims	300,136	289,165	302,691	289,583	271,777	271,331
Paid	$44,219,076	$41,703,551	$47,506,782	$46,081,860	$43,153,602	$44,561,007
Claims/User	3.2	3.2	3.3	3.3	3.2	3.3

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

Table 3B – Average and Total Caseload, Users, Claims, and Retail Prescription Costs, Medicaid FFS Pharmacy Second and Third Quarters, SFY2014-2015 and FY to Date

Metric	Q2 SFY 2014-2015 Average	Q2 SFY 2014-2015 Total	Q3 SFY 2014-2015 Average	Q3 SFY 2014-2015 Total	SFY 2014-2015 Year to Date Average	SFY 2014-2015 Year to Date Total
Member-Months	687,513	2,062,538	643,305	1,929,915	682,056	6,138,507
Users	92,399	277,196	84,799	254,397	97,767	879,902
Claims	297,331	891,992	277,564	832,691	315,359	2,838,229
Paid	$44,476,470	$133,429,410	$44,598,823	$133,796,469	$46,072,981	$414,656,833
Claims/User	3.2	3.2	3.3	3.3	3.2	3.2

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

Brand and Generic Drug Costs and Utilization

Generic utilization plays a significant role in controlling pharmacy costs. During the second and third quarters, the generic utilization rate was 74 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 SFY 2014-15. Table 4B details the same metrics for the two quarters overall as well as the fiscal year to date.

Table 4A – Monthly Utilization and Payments by Prescription Drug Type, Medicaid FFS Pharmacy
Second and Third Quarter SFY2014-2015, Combined Quarters and FY to Date

Metric	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015
Generic Utilization	74.5%	74.2%	73.8%	73.9%	74.0%	73.8%
Brand Paid/Claim	$603.00	$583.90	$625.37	$638.81	$642.02	$668.67
Generic Paid/Claim	$26.21	$26.47	$27.27	$27.70	$26.72	$27.36
Non-Drug/Comp Paid/Claim	$80.81	$77.04	$91.38	$85.30	$87.01	$65.54
Brand Claims	61,607	59,742	63,986	60,906	56,983	57,076
Generic Claims	223,552	214,640	223,393	214,105	201,033	200,281
Non-Drug Claims	426	437	379	327	377	158
Compound Claims	14,551	14,346	14,933	14,245	13,384	13,816
Brand Paid	$37,148,733	$34,883,611	$40,014,696	$38,907,093	$36,584,449	$38,164,981
Generic Paid	$5,860,021	$5,681,074	$6,092,869	$5,931,751	$5,371,836	$5,480,189
Non-Drug Paid	$20,085	$20,459	$17,770	$15,498	$19,069	$9,541
Compound Paid	$1,190,238	$1,118,407	$1,381,446	$1,227,519	$1,178,248	$906,296

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

Table 4B – Utilization and Payments by Prescription Drug Type, Medicaid FFS Pharmacy
Second and Third Quarter SFY2014-2015, and FY to Date

Metric	Q2 SFY 2014-2015	Q3 SFY 2014-2015	SFY 2014-2015 FY To Date
Generic Utilization	74.2%	73.9%	74.4%
Brand Paid/Claim	$604.56	$649.60	$596.87
Generic Paid/Claim	$26.65	$27.27	$26.01
Non-Drug/Comp Paid/Claim	$83.16	$79.33	$74.04
Brand Claims	185,335	174,965	584,660
Generic Claims	661,585	615,419	2,109,715
Non-Drug Claims	1,242	862	3,283
Compound Claims	43,830	41,445	136,231
Brand Paid	$112,047,041	$113,656,522	$348,967,020
Generic Paid	$17,633,964	$16,783,777	$54,882,118
Non-Drug Paid	$58,314	$44,108	$166,709
Compound Paid	$3,690,091	$3,312,063	$10,162,226

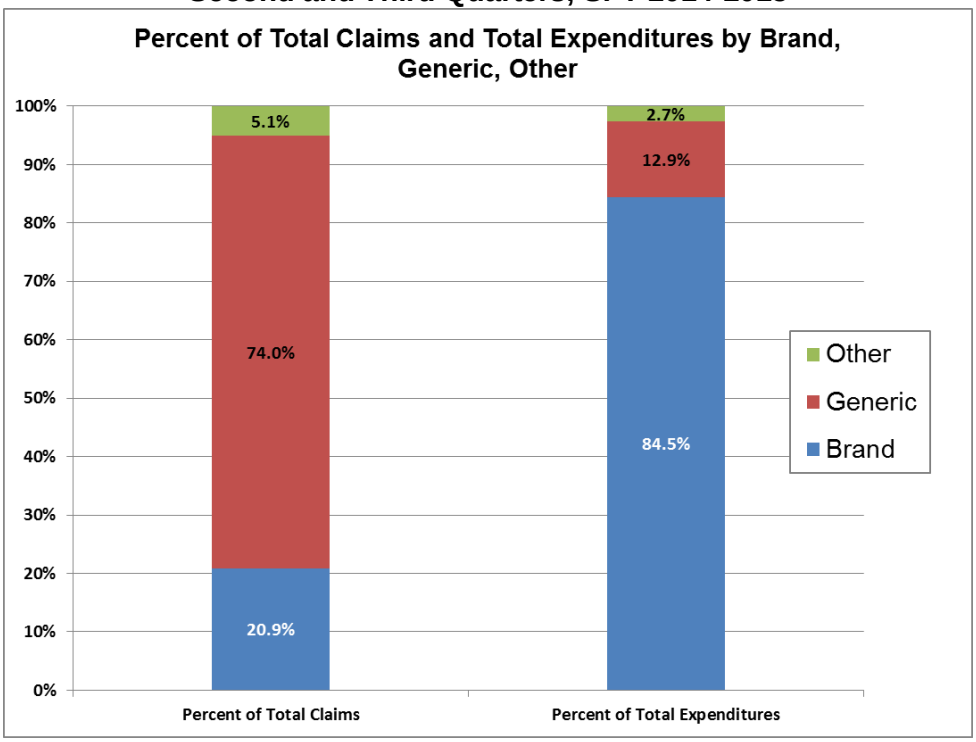
Source: Florida Pharmacy Report Card, Magellan Health Services, Inc., June 2015.
Figures shown in Table 4B are averages for Generic Utilization and Paid/Claim and Aggregate Total for Number of Claims and Amount Paid
Amounts paid reflect totals prior to manufacturer rebates

The average paid per claim for a brand name prescription during the second and third quarters was $626.43 for 360,300 prescriptions and the average paid per claim for a generic prescription was $26.95 for 1,277,004 prescriptions. This means that during the second and third quarters of SFY 2014-2015, while 20.9 percent of claims reimbursed were for brand drug products, these prescriptions accounted for 84.5 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 remains high with almost three out of every four prescription claims representing a generic drug, though there has been a drop of about 2.4 percent in generic use since the start of the fiscal year. The average price of a generic has risen a total of 16.5 percent during the fiscal year. The use of brand name products has increased 1.7 percent since the start of the fiscal year and the average amount paid per claim for a brand name drug has risen 29 percent. The higher drug prices are likely

attributable in part to higher priced and newly introduced drugs (such as Sovaldi 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 have special needs which include special pharmacy needs.

Figure 2 – Florida Medicaid FFS Pharmacy Brand Name versus Generic Utilization and Expenditures
Second and Third Quarters, SFY 2014-2015



Source: Calculated based on data provided in the Florida Pharmacy Report Card, Magellan Health Services, Inc., June 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 Tables 5A and 5B. 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 5A – Paid, Net Paid, and Net Net Paid Per Claim, Medicaid FFS Pharmacy by Month Second and Third Quarter, SFY 2014-2015

Metric	October 2014	November 2014	December 2014	January 2015	February 2015	March 2015
Paid/Claim	$147.33	$144.22	$156.95	$159.13	$158.78	$164.23
Net Paid/Claim	$67.09	$65.68	$71.47	$72.47	$72.31	$74.79
Net Net Paid/Claim	$61.77	$60.47	$65.80	$66.72	$66.57	$68.86
Paid PUPM	$466.83	$455.23	$522.83	$526.86	$512.70	$538.42
Net Paid PUPM	$212.59	$207.31	$238.09	$239.93	$233.48	$245.19
Net Net Paid PUPM	$195.72	$190.86	$219.20	$220.89	$214.96	$225.74
Paid PMPM	$63.68	$61.10	$69.29	$71.31	$66.85	$69.83
Net Paid PMPM	$29.00	$27.82	$31.55	$32.47	$30.44	$31.80
Net Net Paid PMPM	$26.70	$25.62	$29.05	$29.90	$28.03	$29.28

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

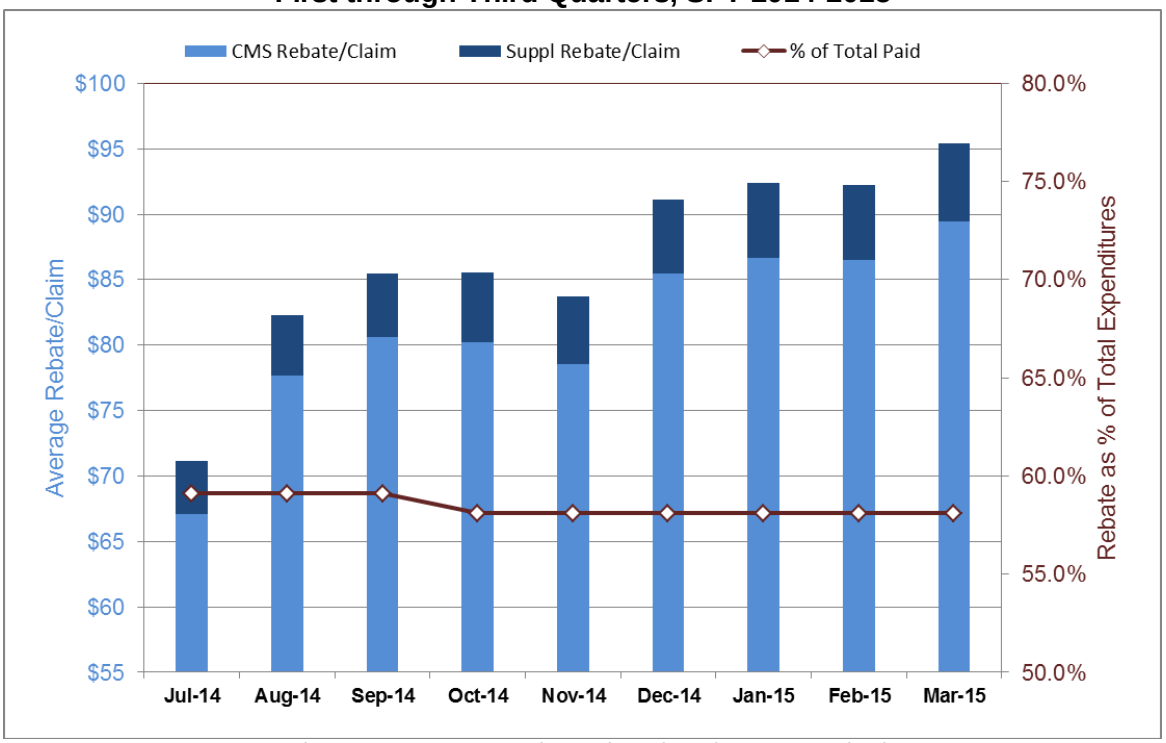
Table 5B –Paid, Net Paid, and Net Net Paid Per Claim, Medicaid FFS Pharmacy by Quarter - Second and Third Quarter, SFY 2014-2015 and Fiscal Year to Date

Metric	Q2 SFY 2014-2015	Q3 SFY 2014-2015	SFY 2014-2015 YTD
Paid/Claim	$149.59	$160.68	$148.32
Net Paid/Claim	$68.12	$73.17	$66.96
Net Net Paid/Claim	$62.72	$67.37	$61.73
Paid PUPM	$481.35	$525.94	$479.41
Net Paid PUPM	$219.20	$239.51	$216.46
Net Net Paid PUPM	$201.81	$220.51	$199.54
Paid PMPM	$64.69	$69.33	$67.61
Net Paid PMPM	$29.46	$31.57	$30.49
Net Net Paid PMPM	$27.12	$29.07	$28.11

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 58.1 percent for the two quarters. While the calculated average percentage for total rebate was the same for every month in the two quarters, it represents a slight decrease from the previous quarter though it remains more than 5 percent above the previous year's average rebate per claim. The average federal rebate per claim was almost $23 more in March 2015 than at the start of the fiscal year and the average supplemental rebate was almost $2 more per claim.

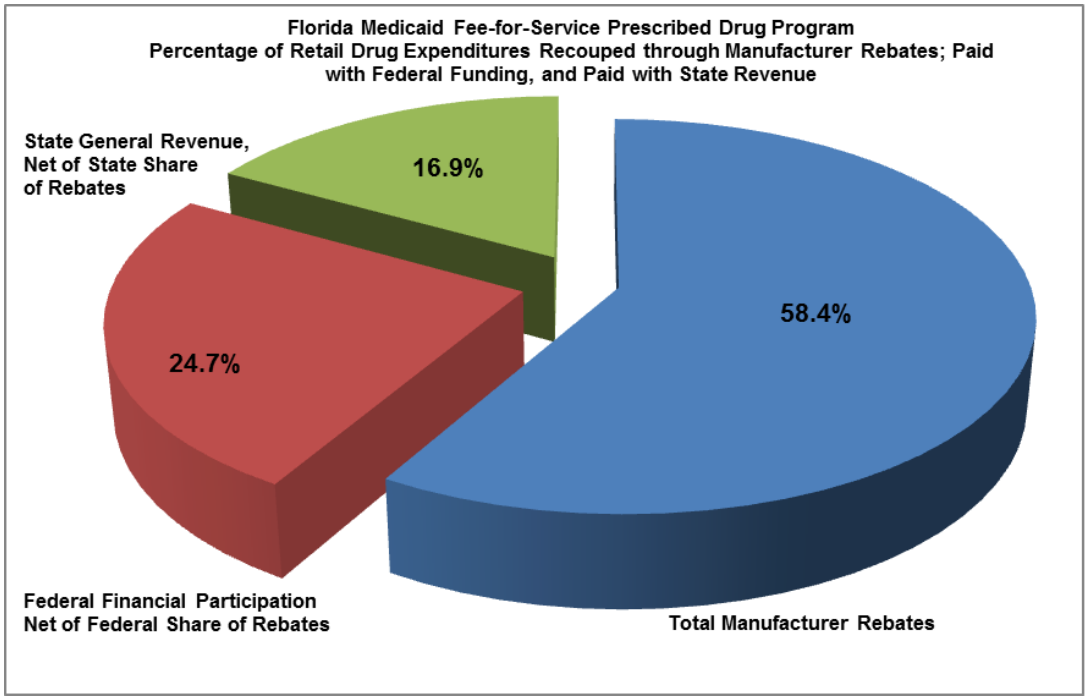
Figure 4 shows the average distribution of the final cost of a prescription drug between the state, the federal government, and the manufacturers' rebates for SFY 2014-2015 to date. Note that the Federal matching rate increased for Florida in October 2014 which affects the overall percentages reflected 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
First through Third Quarters, SFY 2014-2015



Rebate percentages are estimates based on pharmacy caseload.
Source: Florida Pharmacy Report Card, Magellan Health Services, Inc., June 2015

Figure 4 – Estimated Percentage of Final Costs by Payer, Florida Medicaid FFS Pharmacy
SFY 2014-2015 Year-to-Date



Source: Calculated from rebate information provided in Florida Pharmacy Report Card, Magellan Health Services, Inc., June 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 (March and June 2015), during the second and third quarters of SFY 2014-2015, PDL products represented 93.8 percent of prescriptions reimbursed by Florida Medicaid for FFS recipients and 81.6 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 is increasing. This reflects a continuation of the pattern initially seen in the first quarter of SFY 2014-2015. 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 second and third quarters, two types of non-preferred drugs (Anticonvulsants and Antiviral Monoclonal Antibodies) accounted for more than $14.9 million in expenditures and over 47 percent of all non-PDL drugs.

Rebate Collection Productivity

Molina Medicaid Solutions, the rebate collection contractor, performs follow-up on all unpaid or disputed invoices. In their report dated April 29, 2015, they show that as of March 31, 2015, they had achieved an overall collection percentage of 98 percent of FFS invoiced rebates from manufacturers for the year to date SFY 2014-2015. 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 second and third quarters of SFY 2014-2015, Florida received a total of more than 25,500 PA requests through the call center, an average of more than 140 per day, and more than 4,250 per month.

The following table details metrics related to PA requests received during the second and third quarters of SFY 2014-2015 and shows the total requests for the fiscal year to date. The percentage of PA approvals continues to exhibit a slight upward trend for the fiscal year. This could possibly be attributable to efforts at maintaining existing treatment programs as recipients transitioned into Medicaid and between health plans. It could also be attributable in part 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 Therapeutic Call Center Prior Authorization Requests, Florida Medicaid FFS Second and Third Quarter, SFY2014-2015 by Month, Quarter, and Fiscal Year to Date

Metric	October 2014	November 2014	December 2014	Q2 SFY 2014-2015	January 2015	February 2015	March 2015	Q3 SFY 2014-2015	SFY 2014-2015 YTD
Total PA Requests	4,687	3,444	4,033	12,164	4,604	4,252	4,521	13,377	42,553
Average Per Day	151.2	114.8	130.1	132.2	148.5	151.9	145.8	148.6	155.3
Total PA Requests Approved	4,121	3,021	3,536	10,678	4,183	3,846	4,074	12,103	37,420
% PA Requests Approved	87.92%	87.72%	87.68%	87.78%	90.86%	90.45%	90.11%	90.48%	87.94%

Source: Magellan Medicaid Administration, July 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 second and third quarters of SFY 2014-2015.

Table 7 – 1115 MEDS-AD Waiver Total Enrollment by Month, October 2014-March 2015

October 2014	November 2014	December 2014	January 2015	February 2015	March 2015
40,333	40,246	40,007	42,198	41,759	40,471

Source: Medicaid Data Analytics, March and July 2015

Expenditures reimbursed for recipients who were eligible for Florida Medicaid through the MEDS-AD demonstration waiver totaled $116,880,369* in the second quarter and $134,213,827* for the third quarter for a total of $251,094,196* during the period October 2014 through March 2015. Cumulative expenditures for the fiscal year totaling $390,653,483* remain well below the budget neutrality ceiling approved by federal CMS for the waiver.

**Note: Expenditures reported in the first quarter report were incorrect due to a faulty data pull. Values have been adjusted based on the corrected data pull and are reflected in the year to date total reported above.*

Report Conclusion

This concludes the report of the Florida Medicaid Prescribed Drug Services Spending Control Initiatives for the second and third quarters of SFY 2014-2015.