Kansas Medicaid Pharmacy Review and Recommendations

Legislative Budget Committee

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Andy Allison, PhD
Medicaid Director and Deputy Director
Kansas Health Policy Authority

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Overview

- Program description
- Medicaid pharmacy management
- Program trends and cost drivers
- Safety concerns
- Recommendations

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Federal Guidelines for Medicaid Coverage

- Pharmacy is an optional Benefit
- All states offer benefit
- States must maintain open formulary
  - Includes all manufacturers with a federal rebate agreement
- States may impose conditions on access to drugs

Kansas Medicaid Program Management

- Drug Utilization Review (DUR)
  - Education for providers, safety reviews, cost avoidance
  - Program managed by board of clinicians
- Prior Authorization (PA)
  - Assures appropriateness of therapy before it is dispensed
  - Based on information submitted by prescriber
  - Criteria established by the DUR Board
- Preferred Drug List (PDL)
  - Advisory committee determines whether drugs in a class are therapeutic substitutes
  - "Preferred" drugs established only within therapeutic classes
  - Non-preferred agents in a therapeutic class require PA
- Drugs used to treat mental health are restricted from management by Kansas statute

Drug Utilization Review Board

- Required by Federal statute: OBRA'90
- Provides guidance for prescriber education efforts (Retrospective DUR) and Point of Sale edits for interactions between drug prescribed and patient allergy, disease states, etc (Prospective DUR)
- Approves prior authorization criteria
- Composition: 4 physicians, 4 pharmacists, and 1 ARNP or PA
- Current chair is a psychiatrist

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Preferred Drug List

- Implemented in 2002
- Guided by the PDL Advisory Committee
- Composition: 5 physicians, 4 pharmacists
- Advisory committee acts independent of cost information
- Costs considered after drugs are determined to be therapeutically equivalent
- PDL list is established in Kansas regulations
- 34 drug classes currently on PDL
  - Drugs used for heart disease, cholesterol, and others
  - Drugs like insulin for diabetes, albuterol for asthma, and various pain medications are all time sensitive

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Recent Strategies to Impact Utilization

- PDL expanded to include management of cardiovascular, gastrointestinal, and anti-asthmatic drugs
- PAs placed on other drugs due to safety concerns
  - Actiq – powerful pain medication that can easily cause fatal overdose if not prescribed appropriately
  - Ketek – antibiotic that can interact with a certain neurological disorder known as myasthenia gravis and cause respiratory failure (black box warning)

Fee-for-Service Pharmacy Program

- Expended $160 million dollars in fiscal year (FY) 2008
- 745 contracting pharmacies
- Provided services to 113,446 unique beneficiaries in 2008

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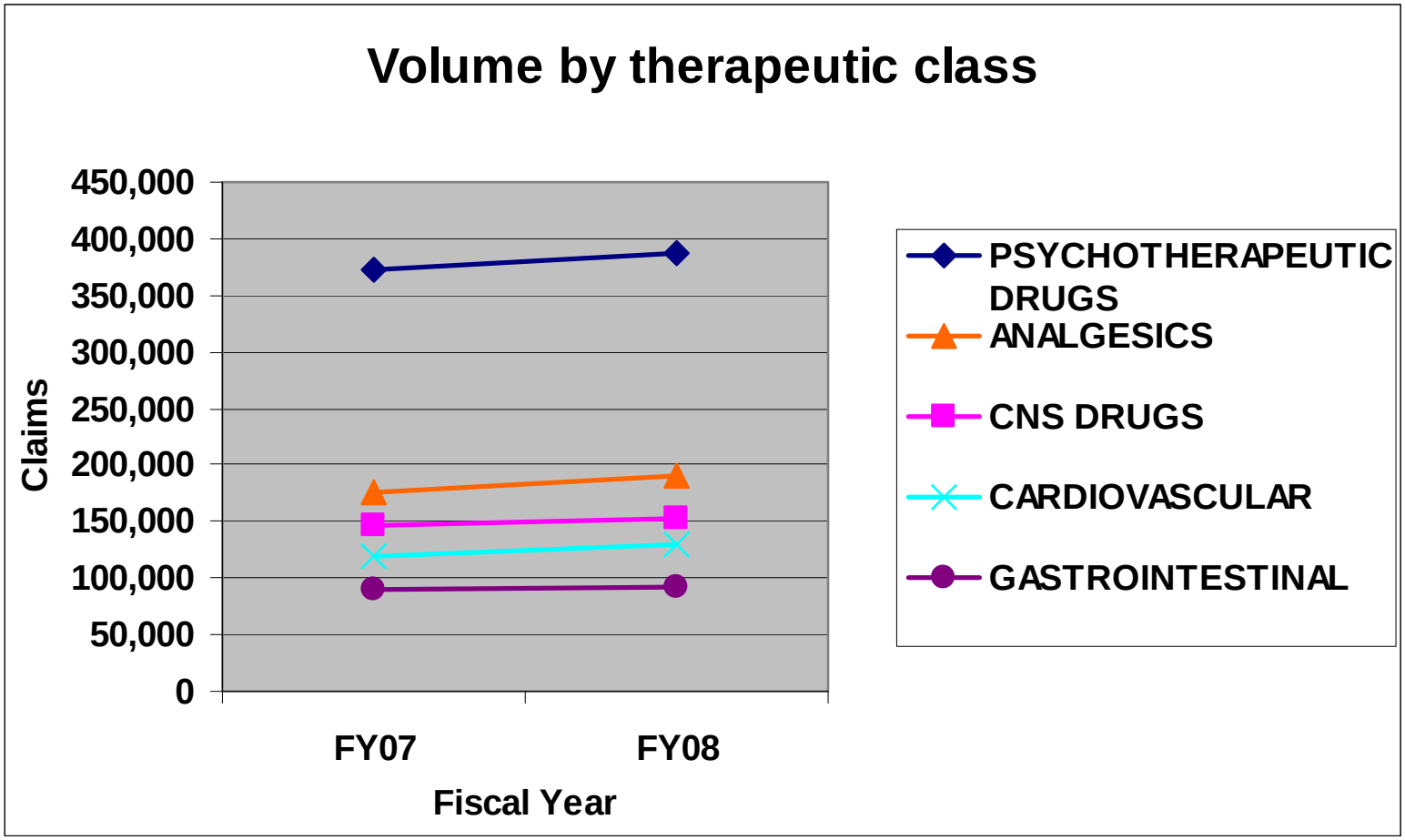
Program Trends

Non-HealthWave Population Only

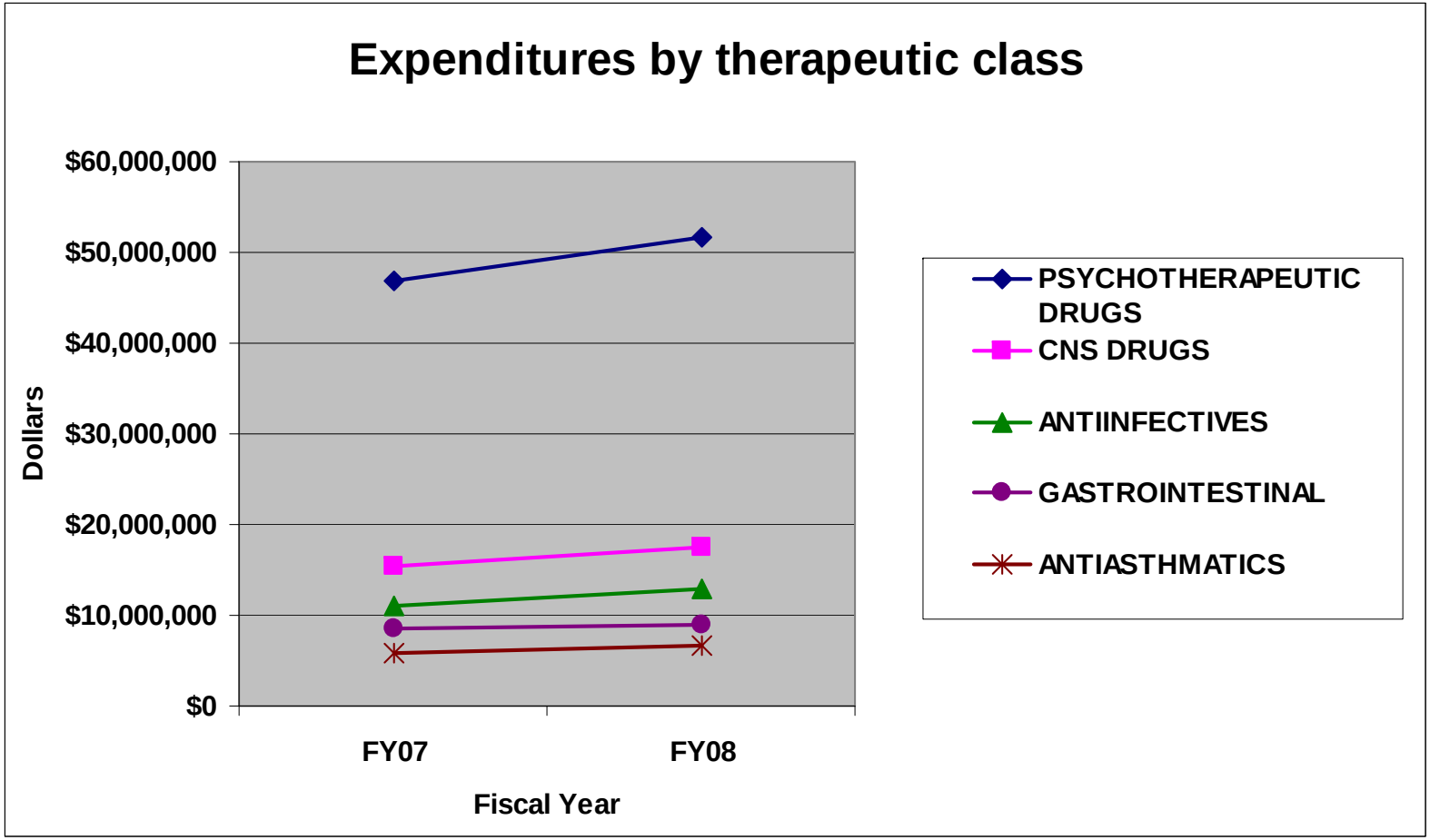
	SFY 2007	SFY 2008	% increase
Prescription Expenditures	$ 131,537,003	$ 147,455,386	12%
Prescription Claims	1,622,392	1,719,269	6%
Cost per Prescription	$ 81.01	$ 85.77	6%
Persons Served	66,605	68,520	3%
Claims per Person	24.36	25.09	3%
Cost per Person	$ 1,975	$ 2,152	9%

- Population shifts
  - Medicare Part D: January 1, 2006
  - 50,000 FFS beneficiaries to Healthwave: January 1, 2007
- Data analysis
  - FY06 excluded in many cases
  - Population groups transferred to Healthwave excluded
- Cost drivers
  - Increasing enrollment
  - Increasing utilization
  - Increasing costs per prescription

Program Trends: Unsustainable Growth



Program Trends: Unsustainable Growth



Safety Concerns for Mental Health Drugs

- Antidepressants
  - Increased risk of suicide identified for some groups

- Atypical antipsychotics
  - Higher incidence of obesity
  - Increased incidence of Type II diabetes
  - Increased incidence of cardiovascular disease
  - Long run advantage in effectiveness unclear

U.S. Kids Take More Psychotropic Drugs Than Europeans

Cultural differences, regulatory practices may explain difference, researchers say

Posted: September 25, 2008

Study: Children increasingly medicated

Posted: November 3, 2008

Study indicates kids are increasingly medicated

Posted November: 4, 2008

Potent Pills: More foster kids getting mood-altering drugs

Posted: December 9, 2007

State medication protocol researchers sought money from drug firms

Posted: October 26, 2008

Curbs sought on psychiatric drugs given to children

KENTUCKY MEDICAID OFFICIAL SAYS THEY COULD POSE HEALTH RISKS

Posted : October, 7, 2008

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Safety Concerns in Kansas Medicaid

- Approximately 6,200 beneficiaries less than 18 prescribed atypical antipsychotics
- 177 children less than 4 prescribed an atypical antipsychotic
  - No FDA approved indication for younger than 5
- 201 children less than 18 prescribed 2 or more atypical antipsychotics simultaneously
- 214 children under 18 prescribed 5 or more psychotropic medications within a 90 day period

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Children in Foster Care

- 52% of children in state foster care system are on mental health medications
  - 20% of foster children are on an atypical antipsychotic
  - 20% are on an anti-depressant
- Overall use has fallen from 71% in 2004, when an FDA black-box warning was placed on anti-depressants for children
- Payments for antipsychotics has increased from $2 million in FY 2002 to $5.5 million in FY 2008

Current Interventions Are Not Working

- Comprehensive Neuroscience (CNS) project, sponsored by Eli Lilly and Company to change mental health drug prescribing through educational mailings, began in 2006
- To date, no positive impact demonstrated
- Research indicates modest impact at best from educational efforts such as these
- Interventions leave unsafe practices unaddressed for up to six months
- Interventions target selected providers, leaving some beneficiaries without help
- Other states have successfully incorporated a CNS project into a broader pharmacy management program that includes direct interventions such prior authorization or mandatory peer review

Access Concerns in Kansas Medicaid

- 43 Kansas counties have no mental health provider
- 65 Kansas counties have no mental health professional that can prescribe medication
- Most mental health medications are prescribed by primary care providers

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Summary of Concerns

- Prescription drug spending growth unsustainable
- Mental health drugs account for a significant percentage of the growth
- Numerous safety concerns regarding use of mental health drugs
- Access to mental health professionals limited
- Many Kansas Medicaid beneficiaries lack access to evidence-based use of mental health medications

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KHPA Policy Objectives

- **Right tools**… A preferred drug list will give physicians the right tools they need to safely prescribe medications for mental health consumers
- **Right price**… A preferred drug list will use taxpayer dollars wisely by providing mental health medications at the right price to meet consumer needs
- **Right providers**… A preferred drug list will be developed by mental health experts, the right providers to support making decisions for mental health consumers

- Work with mental health community to come up with a trustworthy process to address safety and costs
  - Community mental health centers
  - Psychiatrists
  - Health plans
  - Other providers

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Recommendations

- **The right tools**… Implement automated PA system
  - Real-time application of drug use criteria
  - Instantaneous approval
  - Decreased burden on pharmacists and medical providers
  - Funded internally: implemented incrementally
  - Yields savings through expanded PDL
  - Limited by funds available for investment in the automated system and associated call center

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Recommendations

- **Right tools, right price**… Remove the state law preventing direct management of mental health drugs
  - Allow establishment of PDL for selected classes of mental health drugs
  - Enable application of safety standards at the point of sale
  - Provide mechanism for real-time quality improvement
  - Bring mental health expertise directly to all Medicaid consumers
  - Anticipate savings from reductions in inappropriate prescribing and introduction of price competition

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Recommendations

- **Right tools, right price, right providers**… Appoint a Mental Health Prescription Drug Advisory Committee
  - Will develop prescribing guidelines for selected classes of mental health drugs
  - Will establish safety criteria
  - Will establish therapeutic equivalence
  - May establish a PDL
  - May recommend PA criteria to DUR
  - Ensures a transparent process driven by experts
  - Currently seeking nominations

http://www.khpa.ks.gov/