# Academic Detailing

## Recommendation:

The Wyoming Healthcare Commission (WHC) recommends the creation of an **Academic Detailing Program** which will provide an exchange of information between pharmacists and prescribing physicians as to the most clinically and cost effective pharmaceuticals currently available.

**Background:**

*Prescription drug costs are currently rising at approximately 15%/ yr
*The current biannual cost of administering the Wyoming Medicaid drug programs is $71 million.
*Newer more effective and more costly drugs are constantly being brought to market. Some of the newer drugs, protected by patents, however offer little documented advantages over other less expensive or off patent medications.
*The creation of a program to educate physicians on the therapeutic and cost effectiveness of many of these newer drugs will;

1. Be facilitated by the pharmacist's knowledge combined with the successful marketing techniques used by drug manufacturers in their personal encounter with physicians.
2. Augment savings potential of current cost containment measures by increasing provider understanding and compliance of existing programs, i.e. Preferred Drug List (PDL), and Prior Authorization.
3. Provide evidential information regarding clinical effectiveness of medications and interpretation of this evidence by the Department of Health's Preferred Drug List Advisory Committee.
4. Provide relative cost comparisons to show potential savings from choosing lower cost alternatives when appropriate.
5. Create good public relations between the Department of Health and Providers.
6. Supply providers with information useful for both Medicaid and non-Medicaid population, resulting in further savings to Wyoming Citizens.
7. Begin with a pilot program involving two communities (one large and one small) that will then be compared to similar communities without Academic Detailing for adherence to PDL and PA.
8. If determined to be cost effective, roll out to additional areas of the state.
9. Potential biannual savings are estimated at 1.5% ($1.3 M) when implemented state wide, assuming a 15% increase in compliance when providers participate in academic detailing program.
10. Potential biannual cost is $400,000. Cost of the pilot project with two full time pharmacist positions is $200,000.

## Conclusions:

WHC believes that creative efforts should be explored to slow the rapidly escalating cost of prescription drugs underwritten by the Medicaid Prescription Drug Program. With the constant addition of newer and often more expensive drugs arriving on the market, potential savings may exist when physician prescribing patterns are reviewed in light of therapeutic and cost efficacy.

# The Prescription Drug Assistance Program Analyst

## Recommendation:

The Wyoming Healthcare Commission recommends budgetary funding of a full time equivalent (1FTE) position within the Department of Health, Pharmacy Unit, to facilitate the operational management of the Prescription Drug Assistance Program (PDAP).

## Background:

* In 2002, the WSL enacted the Prescription Drug Assistance Program (W.S. 42-4-118) to assist with the cost of prescription drugs for eligible individuals at or below the 100% PL.
* W.S. 42-4-118 did not provide for personnel administrative funding.
* The program has been well received by the qualifying citizens of the state and is growing at a yearly rate of ___%
* The present manpower allocation in the Pharmacy Unit which administers the PDAP is not adequate to manage the program effectively as it presently exists.
* Funding of a Pharmacy Services Analyst would provide the following critical management areas of PDAP:

1.management of the PDAP budget by monitoring expenditures and making recommendations as required by W.S. 42-4-118,.
2. establish procedural and monitoring requirements for PDAP, including establishing criteria and guidelines necessary to maintain program records as well as develop and maintain PDAP databases,
3.assuring that PDAP rule and policies are current,
4. coordinate eligibility for the program and work with DFS to develop a new application as well as track eligibility data as needed,
5. research and develop supplemental rebates and /or any other innovative budget strategies for PDAP,
6.review prescription claims, patient monitoring, and drug information,
7. provide information to entities requesting information about PDAP,
8. make telephone calls to health care providers
9. provide back up to the Pharmacy Case Manager and the Pharmacy Program Coordinator.

## Conclusion:

As this program has continued to grow, the need for personnel management specific to this program has become more critical. Because the program is state funded, the management techniques often are different than is required by the strict federal rules of Medicaid. Consequently, the Pharmacy Unit of the Department of Health is unable to develop new and much needed initiatives, such as a state program of rebates without a full time individual devoted to the various needs of the PDAP as referenced above.

8/15/03

## HEALTH CARE COMMISSION

Roxanne Homar, R.Ph.
State Pharmacist
WY Department of Health
August 15, 2003



## Overview of Prescription Drugs in Wyoming




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## Pharmacy Program and Trend Background:

- Wyoming Medicaid Prescription Drug Benefit
- Federal Requirements for Medicaid Pharmacy Programs
- Factors Affecting Medicaid
- National Factors Causing increases in Prescription Drug Budgets

3

- **Wyoming Medicaid Prescription Drug Benefit**
  - $72 million biennial budget in '02-'03
    - This is a 37% increase over previous biennium expenditures.
    - $52.4 million in '01-'02
  - Serving an average of 17,264 clients per month
    - This is an increase of 9.6% over fiscal year 2002.
      - 15,750 the previous year

11% Medicaid Budget
↑ 16% clients from last

- **Federal Requirements for Medicaid Pharmacy Programs**
  - OBRA '90 requires open formulary in exchange for manufacturer rebates, with a few limited exclusions (cosmetic, smoking cessation, weight loss, fertility products, etc.).
  - OBRA '93 allows for prior authorization of medications.

open formulary if mfg
Sign agreement ↑ feds

- **Factors Affecting Medicaid**
  - The open formulary requirement is unique to Medicaid.
  - Medicaid is the only publicly funded program which has no access to 340b pricing (Veteran's Administration, Community Health Clinics, AIDS Drug Assistance Programs).

## Factors Affecting Medicaid, Continued



- Beneficiaries consist of more elderly and disabled than the population as a whole.
- Limited cost sharing leads to a lack of consumer awareness in purchasing.

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max copay is $5/3 now at $2

want to do 1 generic 3 brand

lack of awareness of how much drugs cost

- **National Factors Causing Increases in Prescription Drug Budgets**
  - **Direct-to-Consumer (DTC) Advertising**
    - When examined on the basis of their overall business (including prescription drug, veterinary, diagnostic, health care supplies, etc.) major pharmaceutical manufacturers spent more than twice as much on marketing and administrative activities as on research and development (34% compared to 14%) KFF: Prescription Drug Trends, Nov '01.

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see correlation between advertising & drug use in Medicaid program

## National Factors, Continued

- New technology = more new drug therapies and better medical practice
- Manufacturer price increases
- De-institutionalization = increasing dependence on medication

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## National Factors, Continued

- **Consolidating manufacturers = less competition**
  - The top 20 major pharmaceutical firms by sales of prescription drugs represented approximately 82% of all prescription sales in 200[illegible] and the top 10 alone contributed 61% (KFF: Prescription Drug Trends, November '01).

## National Factors, Continued

- The biggest changes in the ranking of firms by sales are related to recent merger/acquisitions in the industry, notably Pfizer (Pfizer acquired Warner-Lambert), GlaxoSmithKline (Glaxo Wellcome merged with SmithKlineBeecham), and Pharmacia (Pharmacia and Upjohn merged with Searle/Monsanto). KFF: Prescription Drug Trends, November '01.

11

## National Factors, Continued

- **People are living longer = more older Americans using more prescription drugs.**



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## What is Wyoming doing to address the rising costs of pharmaceuticals?



13

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Cost Containment Plans
My 2002 - 2003
Semi reports

## Senate Enrolled Act No. 43, Chapter 83 of 2002 Session Laws, Section 048, Footnote No. 8, states:

"Of the total general fund appropriation, the department may expend not to exceed one percent (1%) of the Medicaid funds contained in this appropriation to improve patient care and management. The department shall present a plan to implement this program to the joint appropriations interim committee or the joint labor, health and social services interim committee or a subcommittee thereof by May 1, 2002. The department shall not implement any new requirements under the program until those new requirements have been reviewed by the joint appropriations interim committee or the joint labor, health and social services interim committee or a subcommittee thereof. This plan shall include reasonable results to be achieved by September 1, 2002 and December 1, 2002." (emphasis added)

An additional report was prepared for submission on May 1, 2003.

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limited program compared to other states
Drug Utilization Board provides criteria - MD. Pharmacist

## Prescription Drug Projects

- Implemented a Prior Authorization (PA) program in October, 2002
  - Proton Pump Inhibitors (Nexium, Prilosec, Prevacid, etc.), COX-II Inhibitors (Vioxx, Celebrex), and Oxycontin
  - Savings through May, 2003: $908,000

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## Prescription Drug Projects, Continued

- Review and tighten billing and dispensing protocols
  - Review use of brand indicator DAW1, refill too soon edit, etc.
- Eliminate use of inappropriate pain medications
  - A pharmacy lock-in program was implemented in Feb, 2003.
  - Currently we have 103 people in this program.

Dr. shopping
Pharmacy shopping
locked people in to 1 ph

## Prescription Drug Projects, Continued

- Increase fraud and abuse detection efforts in the pharmacy program area
  - A part time pharmacist was hired to focus specifically on this area.
  - Several large recoveries have been made since employing this pharmacist.

17

Problems in billing
Looking at provider pharmacy fraud & abuse, not patient fraud & abuse

## Prescription Drug Projects, Continued

- Improving medication management of patients in nursing home facilities and on the long term care waiver.
- Improving medication management of patients using mental health medications.
  - Wyoming Medication Algorithm Project (WYMAP) based on a model TX program and spearheaded by Dr. Hernandez in the Mental Health Division.

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- high utilizers in nursing homes
- challenges - working with other H.D. depts.

21% spent on M/H ~10% higher higher than commercial norms
utilization
- PCPs prescribing

Rock Springs MHC
Gillette MHC
Community H.C.
Rollout program - these communities

Texas - project in Texas TMAP to manage M/H

Prescription Drug Projects, Continued



- **Implementation of a Preferred Drug List (PDL)**
  - Target date: Jan, 2004

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Evidence Based

Prescription Drug Projects, Continued

- **Background on Preferred Drug List project**
  - "Globalize the Evidence, Localize the Decision Making"
  - Last year, Oregon began doing "evidence based" medication reviews through their Institute for Evidence Based Policy.
    - Similar medications within a therapeutic class are compared to determine if one or more of the medications is clinically superior to the others.
    - If medications are determined to be clinically equivalent, then cost information is used to determine the "preferred drug" in the class.
    - The non-preferred medications are available on the formulary, but restricted through prior authorization.

20

"2nd Generation Prior Auth"

- Bottom Line Cost to Medicaid
- Looks at rebates

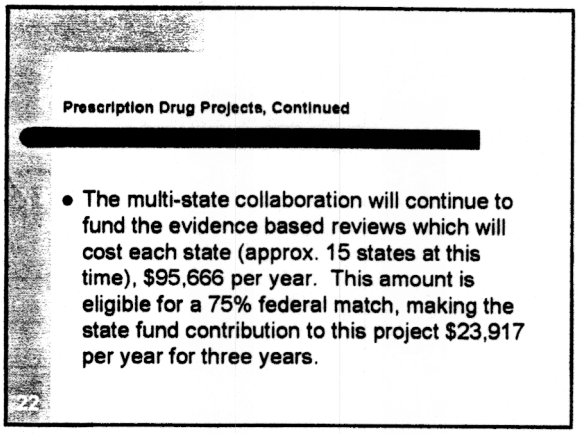
Prescription Drug Projects, Continued

- The Institute for Evidence-based Policy, directed by ex-Governor Kitzhaber of Oregon, with support from the Milbank Memorial Fund, is organizing a multi-state collaboration.

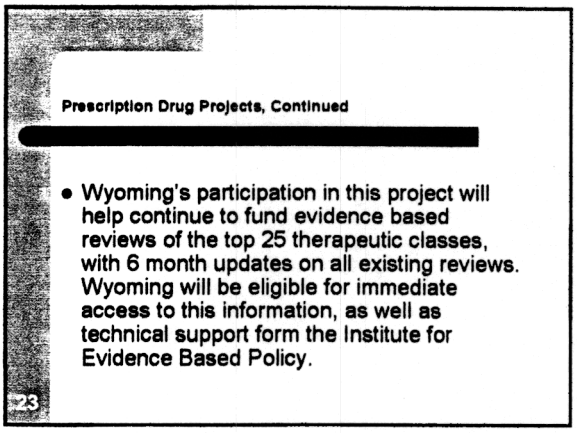
21

$100,000 per evidence review per therapeutic class

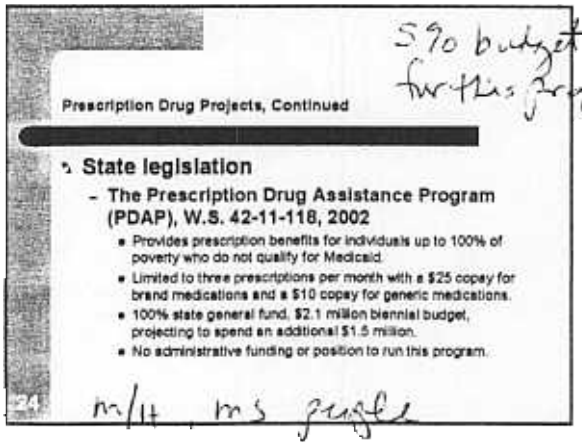
25 classes




Have access to 25 classes




Creating PDL advisory group - Participants
W. Corp
BCBS
Win Health
implementing group - pub meetings




5% budget for this program

m/l ms people

ovr income yng people under 65 80%

- not categorically qualified as pregnant disabled, N. H.
- Asset test removed so a lot more people qualified
- 1400 people / month enrollment expected for rest of year
- Have some access to funds to run program

elderly under 80%

* needs administrative funding
* needs to put in legislation to require generics, needs Rx management, preferred drug list relaxation




idea good / funding gone

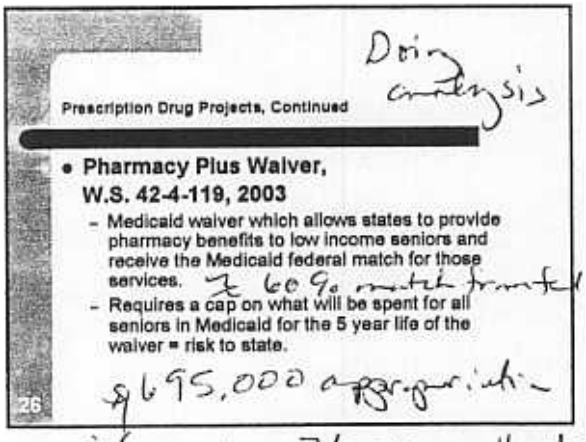
$175/consult

tried to tie in with School of pharmacy

Ralph Bar the lowest Worked Pharmacist Profile Reviews Access by 800 phone line

+ Want face-to-face w/ seniors - more successful than over phone

- will have circuit pharmacists




Doing analysis

$695,000 appropriation

if on go 7/2004 roll out

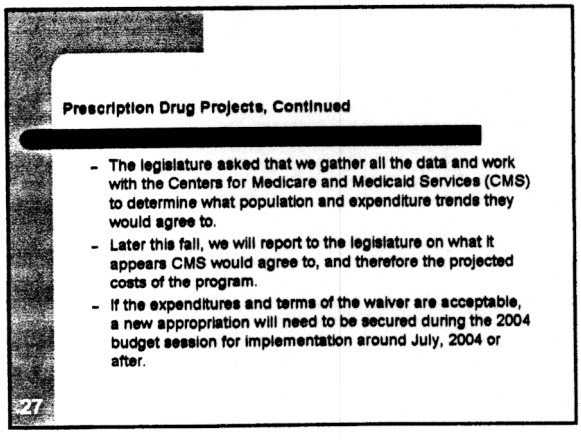
- reasons cost neutral bill passed

Appropriation went to Drug Assistance Program

- working on gathering trend data + work w/ internally & CMS

- report back to Legislature in October

Might go close to recent federal legislative talk>



Prescription Drug Projects, Continued

- Possible Federal Legislation
  - Medicare Rx Benefit
  - House and Senate appear to be a long way from reconciling differences.

| HOUSE | SENATE |
|---|---|
| Pays 80% from $251 - $2000<br>No coverage from $2000 - $4900 | Pays 50% from $276 - $4500<br>No coverage from $4500 - $5900 |
| When out of pocket reaches $3500, 100% of drugs are covered | When out of pocket reaches $3700, 90% coverage kicks in |
| Individuals with higher incomes would have to spend more before catastrophic coverage kicks in | No such provision for individuals with higher incomes |

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Lack of coverage for low income & middle range.

Prescription Drug Projects, Continued

- Both versions leave a "donut hole" in the middle and it's unclear how those Medicare beneficiaries at low incomes would be handled? Medicaid eligible for a period of time? Complicated.
- The Senate bill would require states to continue to pay the drug costs of approximately 6 million people who are dually eligible for Medicare and Medicaid.
- If private benefit, will WY residents have enough options, affordable coverage?

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Prescription Drug Projects, Continued

- **What is needed to continue to curb rising prescription drug costs?**
  - We need some longevity in the programs we started last year and the ones will be starting later this year.
  - For Medicaid cost containment programs we need to continue the budget footnote or put something in statute. Ends 6/2004

need budget footnote or statutory authority

30

Just started cost containments in past year

## Prescription Drug Projects, Continued

- Continue to build on existing program success. WY has one of the few Medicaid programs not in a major budget crisis.
- Maximize state funds and opportunities for federal funds.
- Look at the uninsured and underinsured group from 40 to 64 years of age. Many people on our state funded prescription drug program without health insurance and multiple chronic illnesses. This group will be a major strain on Medicare and Medicaid in the years to come.

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**Questions or Comments??**

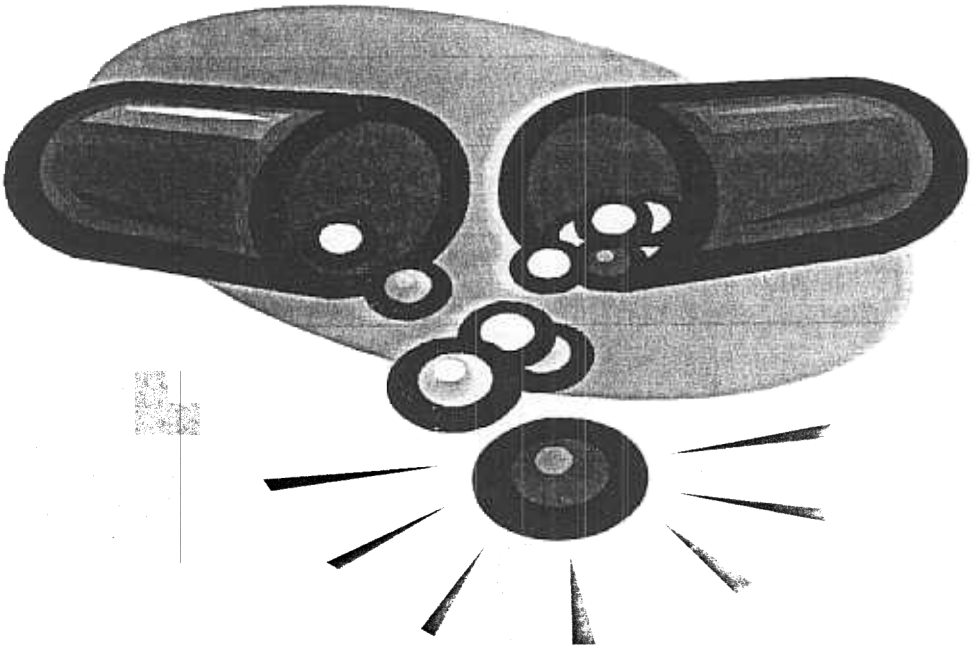


**Thank you for your time!**

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# PDAP

# The Prescription Drug Assistance Program



## Facts & Figures

## July 1, 2002 - June 30, 2003



# PDAP: The Prescription Drug Assistance Program

## Wyoming's State Funded Pharmaceutical Assistance Program

**Background:** **The Prescription Drug Assistance Program is a state funded pharmaceutical assistance program administered by the Department of Health. For qualifying individuals the benefit allows three (3) prescriptions per month and oxygen services if needed. Prescriptions are limited to a month's supply and the co-pay is $10 per prescription for a generic drug and $25 per prescription for a brand-name drug. The Department of Family Services determines eligibility for the program and the fiscal agent ACS processes claims and pays providers.**

**Eligibility:** **There are no age restrictions. An eligible client must be at an income level of 100% of federal poverty level (FPL) or less, and cannot be eligible for Medicaid. A home and one vehicle are exempt from the resources limit.**

| Size of Family Unit | Monthly Income Limits | Yearly Income Limits |
|---|---|---|
| 1 | $ 748.00/mo. | $ 8,980.00 |
| 2 | $1,010.00/mo. | $12,120.00 |
| 3 | $1,272.00/mo. | $15,260.00 |
| 4 | $1,533.00/mo. | $18,400.00 |

**Clients are required to fill out an application for coverage and return it to their local Department of Family Services office by mail or in person. A list of Department of Family Services offices and telephone numbers is attached, as well as a copy of the application form. After completely filling out an application, you will receive a notice in the mail within 2-6 weeks telling you if you have qualified for benefits. Enrolled clients will receive an EqualityCare identification card. The EqualityCare card should be presented at the pharmacy when filling prescriptions.**

**Administration:** **The Prescription Drug Assistance Program is administered through the Wyoming Department of Health, Pharmacy Unit.**

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**Antoinette Brown, RPh, Medicaid Pharmacist, abrown@state.wy.us**
**Wyoming Department of Health Pharmacy Unit 1-800-438-5785**
**Fax: 1-307-777-8623**

**Updated: 08/30/2003**

# Prescription Drug Assistance Program (PDAP) Projected Expenditures

| State Fiscal Year | Average # Clients/Month | Total Expenditures | % Increase | Average Cost Client/Month | Average Rx's Client/Month | Average Cost/Rx |
|---|---|---|---|---|---|---|
| SFY '06 as PDAP (Projected) | **1,750 | $2,904,096 | 18.20% | $138.29 | 2.10 | $65.85 |
| SFY '05 as PDAP (Projected) | **1,500 | $2,457,000 | 12.57% | $136.50 | 2.10 | $65.00 |
| SFY '04 as PDAP (Projected) | *1,350 | $2,182,723 | 26.53% | $134.74 | 2.10 | $64.16 |
| SFY '03 as PDAP | 1,081 | $1,725,120 | 49.73% | $132.98 | 2.10 | $63.33 |
| SFY '02 as MMP | 701 | $1,152,120 | 28.44% | $136.96 | 2.14 | $64.00 |
| SFY '01 as MMP | 606 | $896,986 | 17.08% | $123.34 | 1.91 | $64.58 |
| SFY '00 as MMP | 548 | $766,140 | | $116.50 | 1.91 | $60.99 |

* Current capped enrollment
**Suggested number of "slots" for program

Projections for SFY '04 – '06 are based on the average percentage growth of the "Average Cost/Rx" of 1.31% per year.

Date: 08/30/2003
Source: DSS Data



# PDAP: The Prescription Drug Assistance Program
## Fact Sheet

| PDAP EXPENDITURE TRENDS | | | | | |
|---|---|---|---|---|---|
| | Avg # Recipients/Month | Total Expenditures | Avg Cost Recipient/Month | Avg Rx's per Recipient/Month | Avg Cost of Rx |
| SFY '03 as PDAP | *1,081 | $1,720,108 | $132.60 | 2.10 | $63.14 |
| SFY '02 as MMP | 701 | $1,152,120 | $136.95 | 2.14 | $63.99 |
| SFY '01 as MMP | 606 | $896,986 | $128.31 | 1.91 | $64.57 |
| SFY '00 as MMP | 548 | $766,140 | $116.61 | 1.91 | $59.90 |

*For the months of April, May, and June of 2003, the average number of recipients using the program was 1,329

### CURRENT PDAP FINANCIAL STATUS

- The current budget of **$2,120,899** is projected to be used by September or October, 2003
- An additional **$1,530,801** is needed for the biennium based on the average monthly expenditures for April, May, and June of 2003 ($170,089).
- New enrollments were capped as of June 1, 2003

### ADDITIONAL FUNDING SOURCES

Pharmacy Plus Waiver Legislations W.S. 42-4-119. **$691,488** has been appropriated to the Department of Health from the general fund for implementation of this act beginning July 1, 2003. ***If the waiver is not approved by September 1, 2003***, this appropriation will be used to fund PDAP established under W.S. 42-11-118. *This additional funding could carry the program until January '04- February '04 at current levels.

Appropriation Legislation HB 0001: Per section 321, **$6,750,000** is appropriate from the State Auditor's reserve account to the Department of Health for cost increases due to growth in Medicaid case-load or the Prescription Drug Assistance Program and only if the Governor determines that all other appropriated or available funds for this purpose have been expended. For the remaining months of February '04 – March '04 through June '04 we could need approximately **$839,313** from this appropriation to carry the program through the end of the biennium.

## COST CONTAINMENT INFORMATION

**In the 2003 supplemental session, a projected need for PDAP was projected to be $1.2 million, based on growing enrollment. Additional sources of funding were identified to meet that growing need. However, the Department was also asked to look at some cost containment per PDAP legislation W.S. 42-11-118. After reviewing all options, it was determined that the cap on new enrollments, as of June 1, 2003, was the least severe measure to implement while continuing to provide necessary services. Use of the Medicaid preferred drug list and other formulary restrictions are being considered for the future.**

Date: 08/30/2003
Source: DSS Data

SENATE FILE NO. SF0034

Prescription drug assistance program.

Sponsored by: Joint Labor, Health and Social Services Interim Committee

A BILL

for

AN ACT relating to Wyoming Medical Assistance and Services Act; creating the prescription drug program under the Wyoming Medical Assistance and Services Act; specifying eligibility criteria; specifying which drugs qualify for payment under the program; establishing procedures; limiting benefits as specified; and providing for an effective date.

*Be It Enacted by the Legislature of the State of Wyoming:*

**Section 1.** W.S. 42-4-118 is created to read:

**42-4-118. Prescription drug assistance program created; eligibility criteria; benefits provided; coverage of medications.**

(a) There is created a prescription drug assistance program to assist residents of the state. The program shall be a state funded program to provide prescription drug assistance, in addition to the services provided under the Wyoming Medical Assistance and Services Act. Effective July 1, 2002, the prescription drug assistance program shall replace the minimum medical program. Eligibility for assistance under the program created by this section shall not constitute an entitlement and services shall be provided under this section only to the extent funds are available

(b) Residents of the state may apply for the prescription drug assistance program in the manner provided in W.S. 42-4-106. Upon a determination of eligibility, the applicant remains eligible for assistance under the prescription drug assistance program as provided in this section. If a recipient ceases to be a resident of the state, his eligibility under the program shall terminate The department shall by rule and regulation establish income eligibility guidelines no later than July 1 of each year based on the federal poverty levels in effect on January 1 of such calendar year. Persons with family income of one hundred percent (100%) of the federal poverty level

valid for one (1) year

(e) The department shall project costs of the program created by this section at least quarterly and compare those projected costs against the funds appropriated for the program. If the funds available to the program are insufficient to meet the projected costs of the program, the department shall take action to prevent the program from incurring costs beyond available funds, including taking any of the following actions:

(i) Imposing a moratorium on new enrollments in the program;

(ii Reducing the gross family income eligibility level specified in subsection (b) of this section;

(iii) Imposing higher prescription drug copayments not to exceed twenty-five dollars ($25.00) per prescription;

(iv) Eliminating specified drugs from eligibility under the program;

(v) Carrying claims for payment into the next biennium if the amount of claims are less than one twenty-fourth (1/24) of the appropriation that has been enacted for the next biennium.

(f) Only prescription drugs that are medically necessary and cost effective are reimbursable under the program created by this section. In determining which drugs are reimbursable the department shall consult with the drug utilization review board for Wyoming established pursuant to Title XIX of the federal Social Security Act.

**Section 2.** This act is effective immediately upon completion of all acts necessary for a bill to become law as provided by Article 4, Section 8 of the Wyoming Constitution.

(END)