



HUMAN
SERVICES
DEPARTMENT



LHHS HEARING-
PRESCRIPTION DRUG AFFORDABILITY AND ACCESS
AUGUST 10, 2022

INVESTING FOR TOMORROW, DELIVERING TODAY.

BEFORE WE START...

On behalf of all colleagues at the Human Services Department, we humbly acknowledge we are on the unceded ancestral lands of the original peoples of the Apache, Diné and Pueblo past, present, and future.

With gratitude we pay our respects to the land, the people and the communities that contribute to what today is known as the State of New Mexico.



Evening drive through Corrales, NM in October 2021.
By HSD Employee, Marisa Vigil



MISSION

To transform lives. Working with our partners, we design and deliver innovative, high quality health and human services that improve the security and promote independence for New Mexicans in their communities.

GOALS



We help NEW MEXICANS

1. Improve the value and range of services we provide to ensure that every qualified New Mexican receives timely and accurate benefits.



We communicate EFFECTIVELY

2. Create effective, transparent communication to enhance the public trust.



We make access EASIER

3. Successfully implement technology to give customers and staff the best and most convenient access to services and information.



We support EACH OTHER

4. Promote an environment of mutual respect, trust and open communication to grow and reach our professional goals.



AGENDA

- General Overview of the NM Medicaid Pharmacy Program
- Medicaid Pharmacy Successes
- Overview of the Medicaid Drug Rebate Program
- NM Current State
- Potential Cost Saving Opportunities

NM MEDICAID PHARMACY PROGRAM OVERVIEW

NM MEDICAID PHARMACY PROGRAM

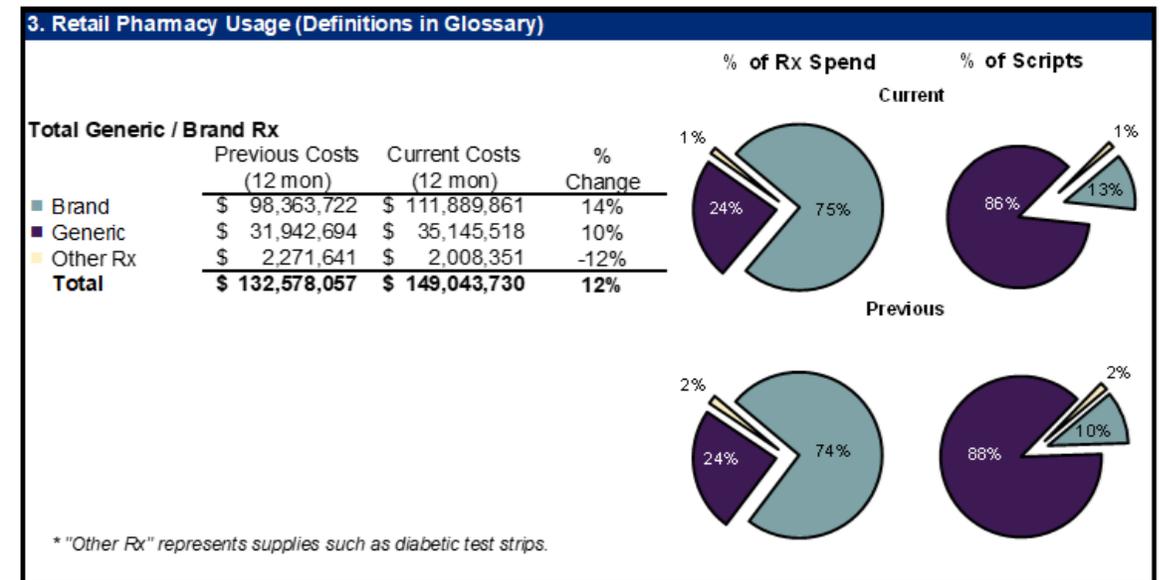
- 990,528 members projected to be enrolled in Medicaid by 10/2022
- 83% in Managed Care
 - FFS members are either Native American or enrolled in a partial coverage category (such as Family Planning Medicaid)
- Pharmacy 10% of total Medicaid medical costs for FY2021 at **\$415,344,845.85**

Managed Care	Fee-for Service
MCOs contract with 3 different Pharmacy Benefits Managers	State fiscal agent Conduent processes pharmacy claims (not a true Pharmacy Benefit Manager)
Different Preferred Drug Lists	Open formulary, no Preferred Drug List, prior authorization utilized
Pharmacy Benefit covered in MCO capitated rate	Pharmacy claims paid directly by the state via Conduent

NEW MEXICO MEDICAID SUCCESSES

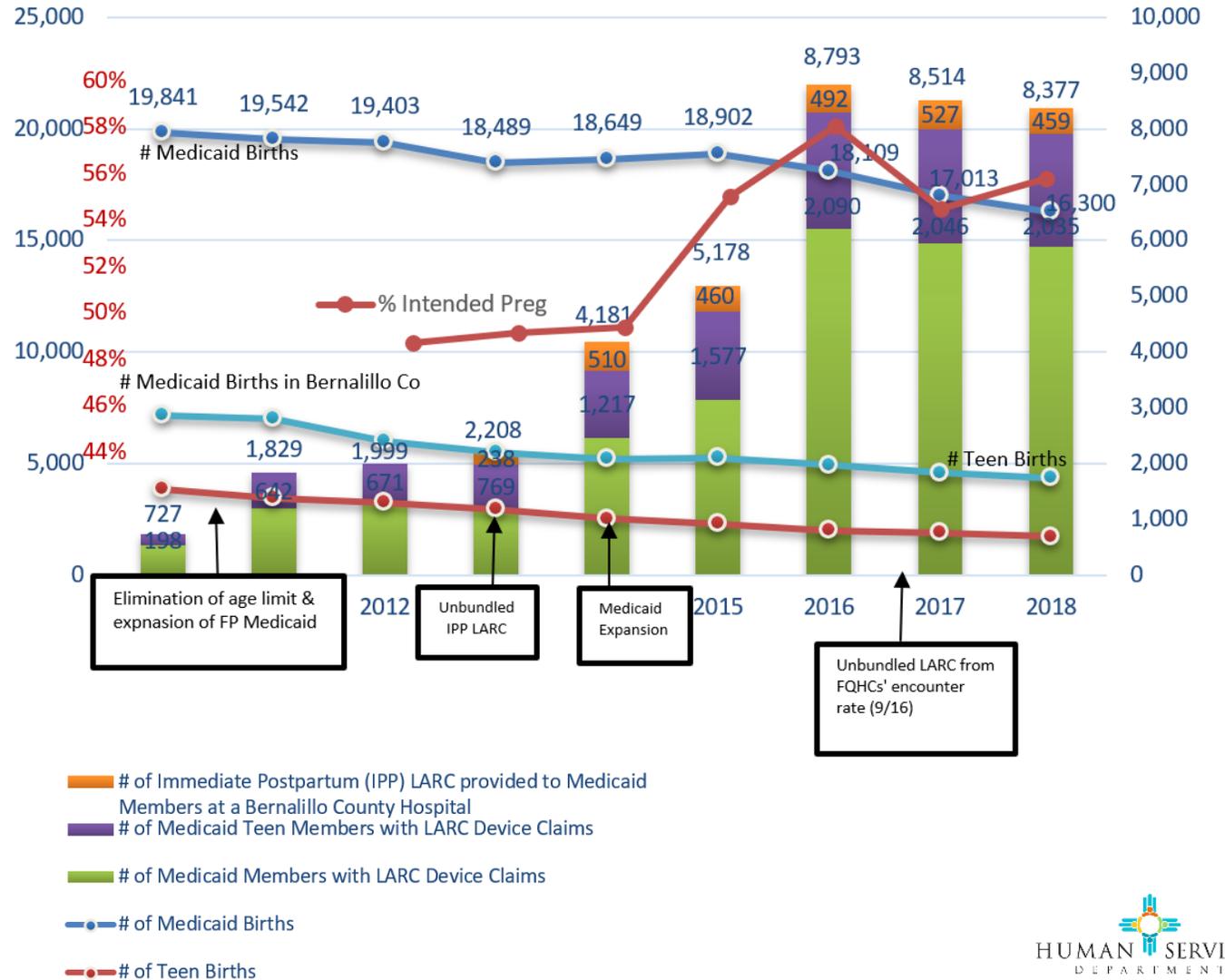
- 90% use of generics in Centennial Care
- Prohibit PBM Spread Pricing in Centennial Care (CY2020)
 - Improves transparency; allows data capture to see exactly what was paid to the pharmacy
- Changed the reimbursement methodology for community pharmacies to assure fairer reimbursement and better reflect their purchasing power compared to chain pharmacies
- Implemented 2020 House Bill 42 to assure pharmaceutical service reimbursement parity in Medicaid for pharmacist clinicians and pharmacists with prescriptive authority

Reported Eligibility for Members Enrolled as of: December 31, 2021
 Previous Period: January 1, 2020 to December 31, 2020
 Current Period: January 1, 2021 to December 31, 2021



DIRECTION TO MCOS

- Removed Prior Authorization (PA) requirements for buprenorphine products (including for pregnant women)
- Long-Acting Reversible Contraceptives
 - Unbundled and increased rates resulting in noticeable drop in teen pregnancy rates
 - Pilot to increase same-day access
- Required MCOs to cover:
 - All forms of nasal naloxone
 - Brand name Suboxone
 - All HIV drugs without UM restrictions
 - Hepatitis C drugs and required criteria

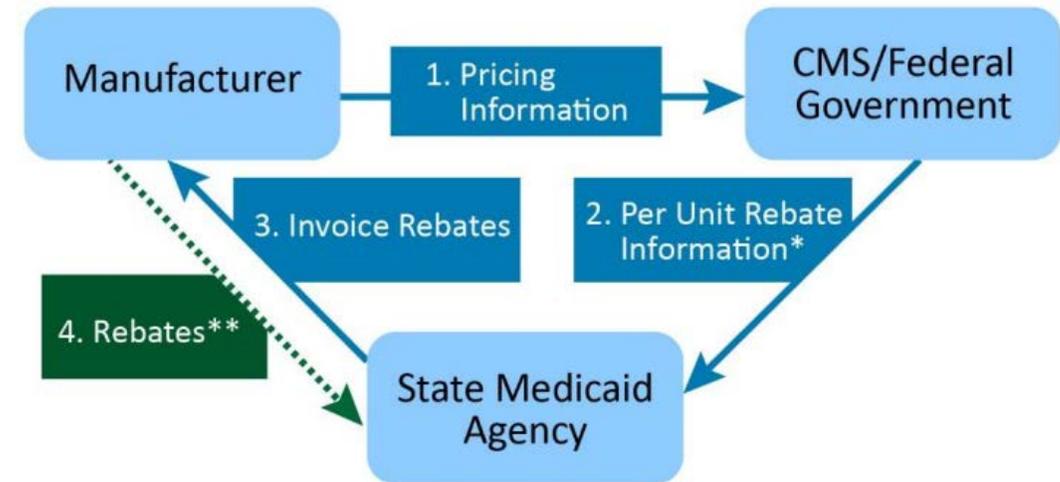


MEDICAID DRUG REBATE PROGRAM (MDRP)

MEDICAID DRUG REBATE PROGRAM OVERVIEW

- Agreement between CMS, state agencies, and over 780 drug manufacturers for outpatient drugs
- National drug rebate agreement (NDRA) with HHS in exchange for Medicaid coverage – required under federal law
 - Medicaid must cover any drug with a rebate agreement, regardless of data on efficacy
- Medicaid pays for the full price of the drug upfront, manufacturer issues a drug rebate quarterly, that rebate is shared by the state and federal government
- Manufacturers also required to enter into agreements with 340b
 - Front end discounts for "covered entities". Examples include:
 - Federally Qualified Health Centers (FQHCs) and "look-alikes"
 - State-operated AIDS drug assistance programs
 - Family planning clinics

Figure: Calculation and Collection of Medicaid Drug Rebates



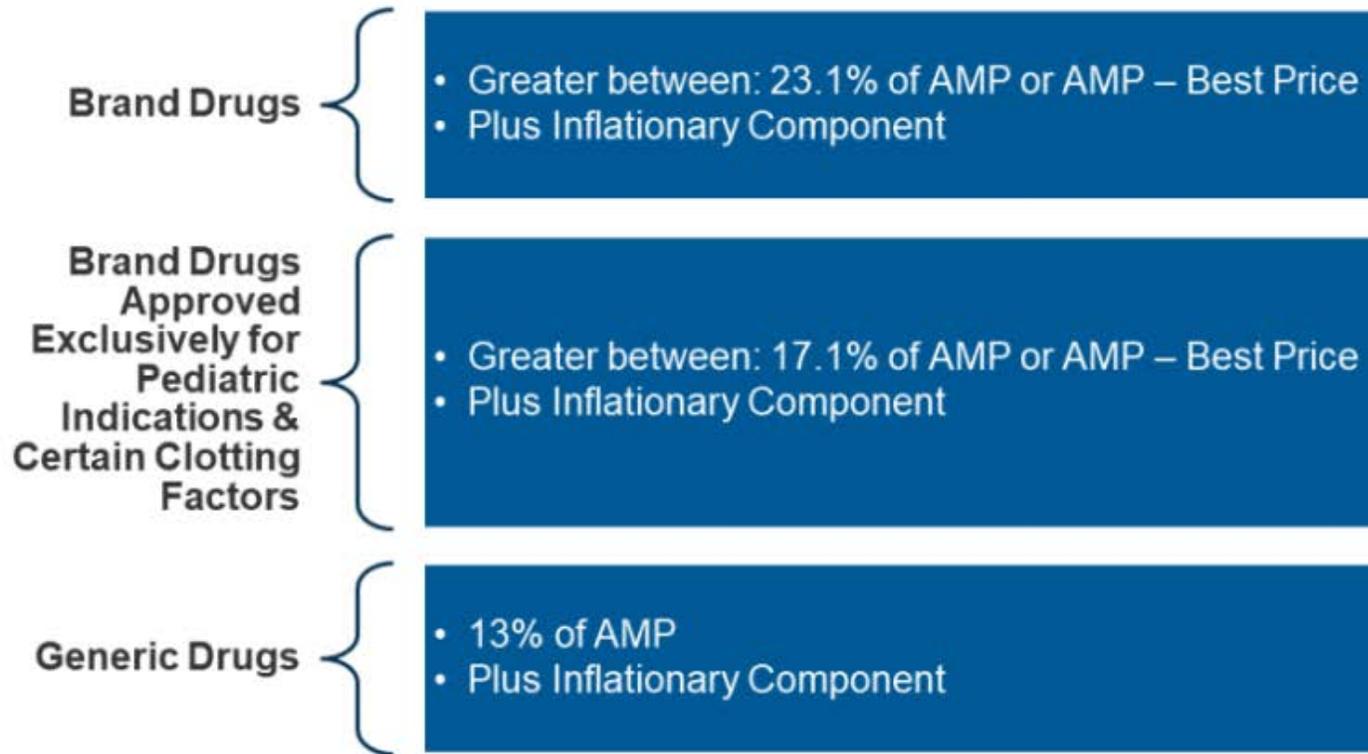
Source: Modified from CMS, *Medicaid Drug Rebate Data Guide for States*, section 1927(b) of the Act.

* Per unit rebate information includes both URAs and UROAs.

** With the exception of offset rebates (which States are prohibited from keeping and which we discuss below), CMS and the States share Medicaid rebates on the basis of each State's FMAP.

Figure 1

Medicaid Statutory Rebate Amounts



NOTE: AMP is average manufacturer price.

SOURCE: 42 U.S.C. 1396r-8 (c)



Figure 1: Medicaid Statutory Rebate Amounts

REBATES

1) FEDERAL REBATE AGREEMENTS WITH DRUG MANUFACTURERS

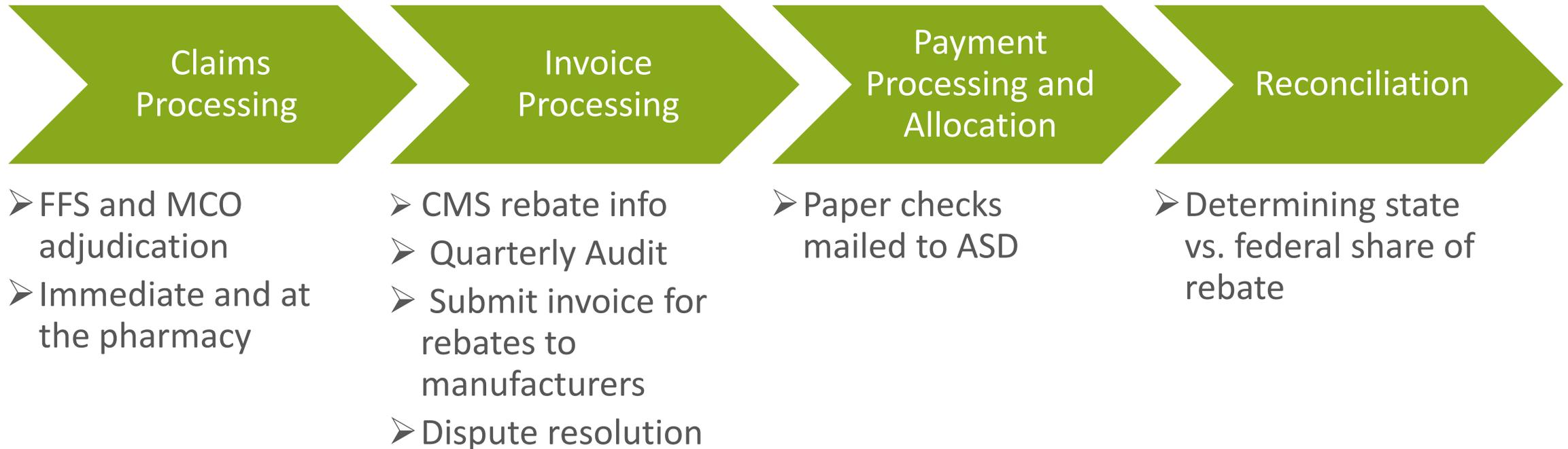
- To ensure Medicaid coverage of outpatient prescription drugs, pharmaceutical manufacturers sign a rebate agreement with CMS
- If a manufacturer has a rebate agreement, its drugs are covered nationwide in Medicaid. Exceptions for drugs broadly excluded from Medicaid.
- Rebates go to the state Medicaid Agency
- Medicaid agency keeps the state share; federal share goes back to federal government

2) SUPPLEMENTAL REBATES AND PREFERRED DRUG LISTS (PDL)

- State Medicaid agencies may negotiate supplemental rebate agreements with drug manufacturers
- For bargaining power, state may leverage PDLs. Increasingly, states join together in multi-state drug purchasing.
- Total rebates (federal minimum plus state-negotiated supplemental) average about 40%.
- Drug maker unwilling to offer supplemental rebates may see their drug placed on the non-preferred list.

NEW MEXICO CURRENT STATE

MEDICAID FEE-FOR-SERVICE CURRENT PROCESS



NM MEDICAID REBATES (FY2021)

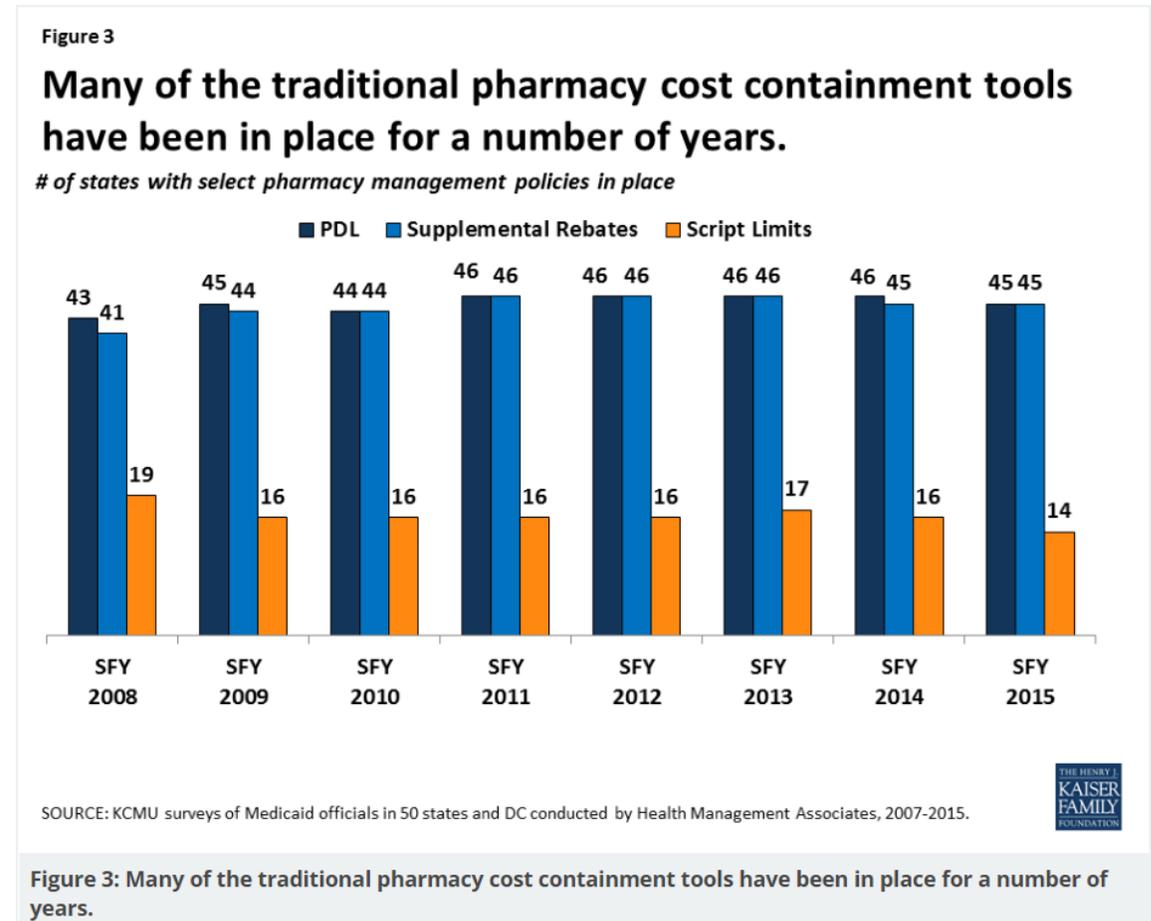
Type of Rebate	Rebate Revenue
Federal Rebates that State Medicaid Agency collects	\$258,434,859.22
Supplemental Rebates that MCOs collect	\$19,363,222.97

NM shares savings with the federal government based on the federal match rate (FMAP).

POTENTIAL COST SAVING OPPORTUNITIES

STATE CONSIDERATIONS FOR STATE SAVINGS

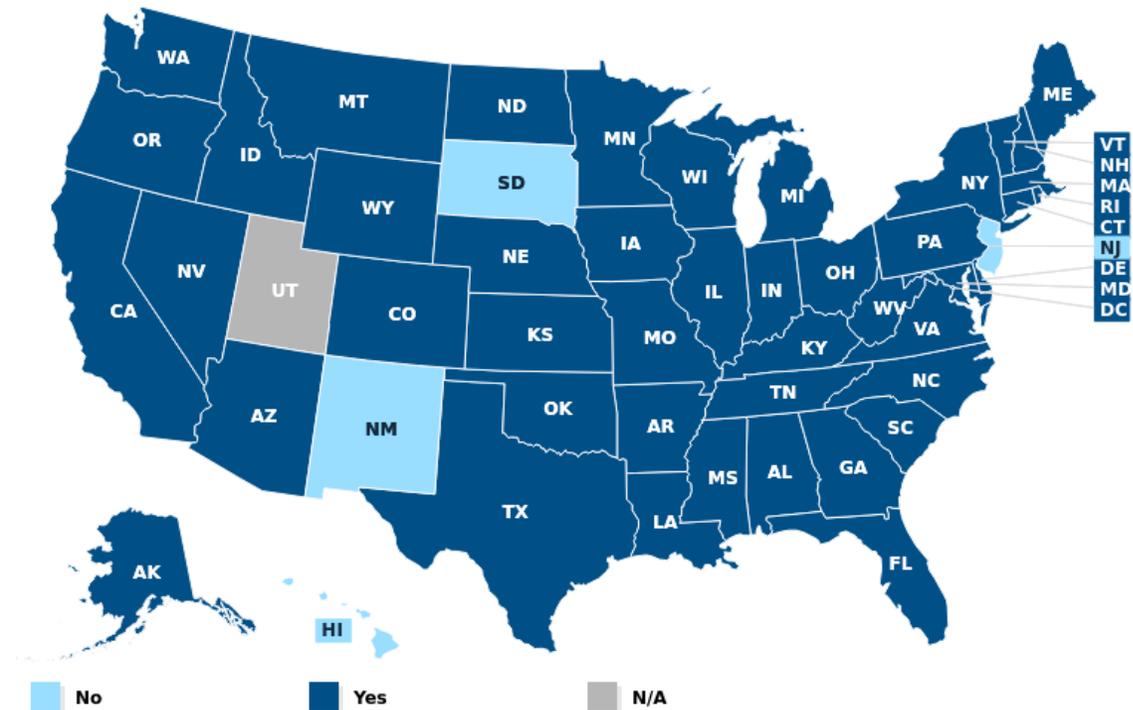
- NM can contract directly with manufacturers for supplemental rebates
- **State Supplemental Rebates via Preferred Drug List**



PREFERRED DRUG LISTS

- 46 states have preferred drug lists in their fee-for-service models
- 16 states have aligned preferred drug lists between MCOs and FFS in at least one class of drug
- 7 fully aligned between MCOs and FFS

State Medicaid Preferred Drug Lists: State Uses Fee-for-Service Preferred Drug List, As of July 1, 2019



SOURCE: Kaiser Family Foundation's State Health Facts.

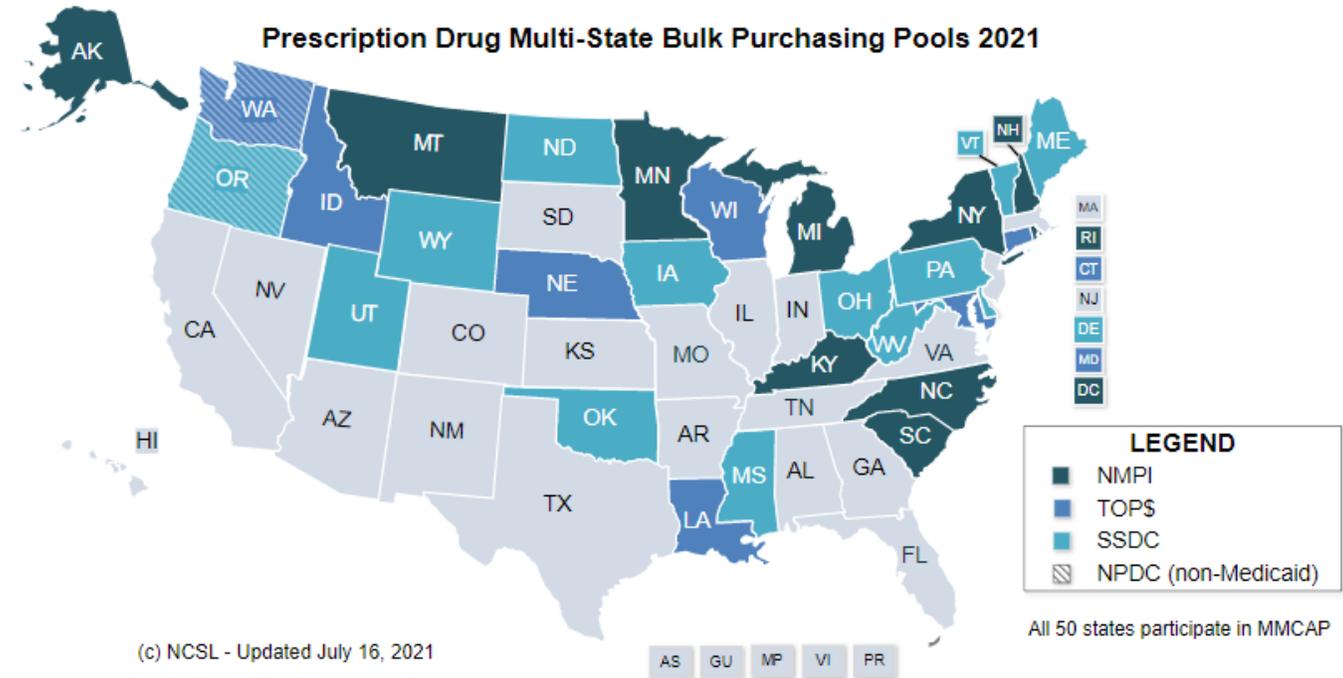
SINGLE PREFERRED DRUG LIST

■ Benefits

- Potential to maximize federal and supplemental drug rebate dollars paid to the state
- Reduce administrative burden for providers when deciding what to order.
- Smooth continuity of care transitions for members who move between managed care plans

■ Challenges

- Potential reduction in drug choice for members.
- Increased administrative lift for Medicaid team to create PDL and staff to administer





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QUESTIONS & ANSWERS

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APPENDIX

FEE FOR SERVICE FEDERAL REBATE SUMMARY REPORT (FY2021)

Quarter	Total Invoiced Amount	Number of Invoices	Payments Received Amount	Number of Invoices	Total Disputed Amount	Number of Invoices
1Q2021	\$7,829,410.18	407	\$5,910,237.02	268	\$3,774.77	4
2Q2021	\$7,614,323.30	403	\$7,511,572.70	302	\$21,817.95	7
3Q2021	\$8,731,228.70	404	\$9,595,779.37	283	\$15,066.48	7
4Q2021	\$8,760,186.72	413	\$14,777,884.00	334	\$7,850.77	14
Totals	\$32,945,138.90	1,627	\$37,795,473.09	1,187	\$48,509.97	32

MANAGED CARE FEDERAL REBATE SUMMARY REPORT (FY2021)

Quarter	Total Invoiced Amount	Number of Invoices	Payments Received Amount	Number of Invoices	Total Disputed Amount	Number of Invoices
1Q2021	\$54,769,197.31	513	\$39,286,080.71	347	\$36,747.47	46
2Q2021	\$40,615,152.42	508	\$60,512,735.74	419	\$648,778.40	57
3Q2021	\$50,349,460.92	516	\$59,746,309.49	355	\$94,756.26	56
4Q2021	\$44,484,254.42	518	\$61,094,260.19	388	\$250,597.25	47
Totals	\$190,218,065.07	2,055	\$220,639,386.13	1,509	\$1,030,879.38	206