South Carolina Department of Health and Human Services

Pharmacy Administration and Management Open Forum

May 20, 2013
Agenda

• Welcome and Forum Logistics
• Introductions
• Director’s Comments
• Overview of Pharmacy Program
• Stakeholder Input
• Closing Remarks
Welcome and Forum Logistics

- Sign-In
- Comment / Recommendation Requests
- Comment Cards
Introductions

• Michael Collisi - Co-Facilitator
• Michael Chowning - Co-Facilitator
• Valeria Williams - Program Director
• Kevin Rogers - Project Manager
• Tony Keck - Agency Director SCDHHS
Director’s Comments
Past History of Pharmacy Program

• Prior to 2000 SCDHHS utilized a Fee for Service (FFS) payment model
• SCDHHS paid claims with limited edits
• Utilization management, quality improvement were not managed during this time
Recent History of Pharmacy Program

- RFP for Pharmacy ASO was posted in 2000, three RFPs awarded since 2000
- Goal was to provide administrative simplification, cost-effective utilization management and to reduce fraud and abuse
- Contract was awarded to a single Pharmacy vendor with implementation completed in November 2000
Recent History of Pharmacy Program

• Program enhancements over past ten years:
  – Prospective Drug Utilization Review
  – Utilization Management
  – MAC Program
  – Preferred Drug List (PDL)/Supplemental Rebate
  – Coordination of Benefits
  – Diabetic Supplies Management
  – Web based prior authorization (PA)
  – Pharmacy Lock-in Program
  – MCO Rebate Program
Previous Program Model

• Member acquired prescription from the doctor
• Member presented prescription to the pharmacy to be filled
• Pharmacy billed Medicaid
• Medicaid generated Remittance Advice
• Provider enrolled with Medicaid
• Member enrolled with Medicaid
Current Pharmacy Program

• Pharmacy Administrative Services Organization (ASO)
  ✓ Provides Point of Sale claims editing and adjudication
  ✓ Supports OBRA Rebate program for both FFS and MCO Claims
  ✓ Provides support for the Retro Drug Utilization Review (DUR) program

• ASO transfers claims to Medicaid for payment processing

• Medicaid pays provider and generates Remittance Advice
Compliance/ Oversight Activity

• Monthly Performance reporting
  ✓ Prior Authorization Analysis
  ✓ Call Center Statistics Analysis
  ✓ DME Product Distribution
  ✓ Drug Utilization Review (DUR) Activity
FFS Pharmacy Statistics
April 2012-March 2013

- Cost/Claim $54.63 (average/month)
- Cost/Utilizer $146.66 (average/month)
- Paid Claims 117,072 (average/month)
- Rebates
  - Rebates (Supplemental) $129,364,893
  - Pharmacy Expense $213,398,372
  Approximately 60% of pharmacy expenses are recouped from Federal and Supplemental rebates
- Diabetic Supply Rebates
  (POS) $1,069,969
FFS Pharmacy
April 2012-March 2013

• Prior Authorizations:
  ➢ Approved 13,867
  ➢ Change in Therapy 7,125
  ➢ Denied 513
  — Primary Denial Reason: Criteria Not Met
  489/513 denials = 95.3%

• Call Center Satisfaction survey currently being conducted by a Third Party (Physician, Office Staff, Patient and Pharmacy respondents) results to be compiled on a monthly basis. Survey initiated April 2, 2013.
# FFS Call Center Specifics

<table>
<thead>
<tr>
<th>Category of Service</th>
<th>Requirement</th>
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</thead>
<tbody>
<tr>
<td>Beneficiary Average Speed of Answer</td>
<td>30 seconds</td>
</tr>
<tr>
<td>Clinical Technical Average Speed of Answer</td>
<td>30 seconds</td>
</tr>
<tr>
<td>Clinical Technical Abandon Rate</td>
<td>Monthly abandoned call is 5% or less</td>
</tr>
<tr>
<td>Beneficiary Abandon Rate</td>
<td>Monthly abandoned call is 5% or less</td>
</tr>
<tr>
<td>Clinical Technical 1(^{st}) Call Resolution Rate</td>
<td>90% or greater</td>
</tr>
<tr>
<td>Beneficiary 1(^{st}) Call Resolution Rate</td>
<td>90% or greater</td>
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Why Change Now?

• SC moving from a payer of claims to a purchaser of services with goal to:
  ✓ Improve health outcomes
  ✓ Improve beneficiary experience
  ✓ Reduce per-capita costs
Pharmacy Models

• Basic Pharmacy Models
  – Traditional Fee for Service (FFS)
  – Administrative Service Organization (ASO)
  – Managed Care Organizations (MCO)
  – Hybrid Models (combination of above)
Pharmacy Models

– FFS

- Member needs prescription filled
- Pharmacy fills prescription
- Pharmacy adjudicates claim at POS
- Medicaid processes claims
- Medicaid pays pharmacy

❖ Pharmacy is enrolled with Medicaid
❖ Member enrolled with Medicaid
Pharmacy Models

- ASO
  - Member needs prescription filled
  - Pharmacy fills prescription
  - Pharmacy processes claims via POS
  - Medicaid contracts with ASO to process claims
  - ASO pays pharmacy

- Medicaid pays ASO
- Pharmacy is enrolled with Medicaid or MCO
- Member enrolled with Medicaid
Pharmacy Models

- MCO (HMO Model)
  - Member needs prescription filled
    - Prescription is written by MCO network provider
  - Network pharmacy fills prescription
  - Network pharmacy bills MCO
  - MCO adjudicates claims
  - MCO pays pharmacy
    - Payment may be capitated or FFS
  - Medicaid pays MCO PMPM
  - Pharmacy is enrolled with MCO
  - Member enrolled with MCO
Pharmacy Models

- Hybrid Models
  - Used when a single model is insufficient to meet state specific needs
  - Combination of FFS, ASO and MCO models
    - Typically a combination of FFS and ASO models
Pharmacy Models

— Hybrid Models

> Used when states transition from FFS to another model

> Used when states choose to retain responsibility for successful strategies but transfer management of other responsibilities to a contractor to improve quality

> Used when states choose to share risk

✓ Providers enrolled with Medicaid or MCO

✓ Members enrolled with Medicaid or MCO
Models Used in Other States

- States are varied and no one solution works for all
- Best practices may include combinations of options or pieces of options (Hybrid)
Models Used in Other States

-MCO models are configured in several ways
  
  • MCO handles pharmacy benefit for members in the plan
  
  • MCO members are managed outside of the plan in a FFS state managed program
Models Used in Other States

- **Fee for Service Model**
  - State contract with PBA for members not in a MCO plan model includes:
    - Call centers
    - Prior authorizations
    - Utilization review
    - Claims Processing
  - State manages a FFS model that includes claims and pharmacy operations
Stakeholder Input

• Design a Pharmacy program model that:
  ✓ Improves health outcomes for members
  ✓ Improves the beneficiaries experience
  ✓ Reduces the per-capita cost of treatment
  ✓ Reduces administrative overhead/hassles

• What is the best way to set up the Pharmacy program to meet this goal?
Closing Remarks

Thank you for attending:
SCDHHS values your input!