

# MEDICAID POLICY INFORMATION SHEET

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Initial

Public Comment

Final

## Brief description of policy:

This bulletin is being reissued for public comment to allow for additional time to gain input from stakeholders. The purpose of this policy is to inform providers that outpatient prescription drugs will no longer be covered as a part of the Medicaid Health Plan (MHP) benefit. All pharmacy drug coverage will be transitioned to Fee-for-Service Medicaid.

## Reason for policy (problem being addressed):

This change is being made pursuant to the implementation of Public Act 67 of 2019, which makes appropriations for the Michigan Department of Health and Human Services for the fiscal year ending September 30, 2020, and will result in cost savings through a combination of increased pharmaceutical rebates and elimination of related MHP administrative capitation costs. The transition to a single formulary will also result in significantly streamlined administration for Michigan's health care providers and coverage consistency for program beneficiaries.

## Budget implication:

budget neutral

will cost MDHHS \$ , and (select one) budgeted in current appropriation

will save MDHHS \$ 40 million Gross/\$10 million GF

## Is this policy change mandated per federal requirements?

No

## Does policy have operational implications on other parts of MDHHS?

Managed Care Plan Division, Pharmacy Management Division, Actuarial Division, and Office of Medical Affairs

## Does policy have operational implications on other departments?

No

## Summary of input:

controversial

acceptable to most/all groups

limited public interest/comment

## Supporting Documentation:

State Plan Amendment Required: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, please provide status: <input type="checkbox"/> Approved <input type="checkbox"/> Pending <input type="checkbox"/> Denied Date: Approval Date:	Public Notice Required: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, Submission Date:
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# Proposed Policy Draft

Michigan Department of Health and Human Services  
Medical Services Administration

**Distribution:** All Providers

**Issued:** Thirty Days Prior to Policy Effective Date

**Subject:** Medicaid Health Plan Pharmacy Drug Coverage Transition

**Effective:** As Indicated (Proposed)

**Programs Affected:** Medicaid, Healthy Michigan Plan, Children's Special Health Care Services (CSHCS), Maternity Outpatient Medical Services (MOMS)

The purpose of this bulletin is to inform providers that outpatient prescription drugs will no longer be covered as a part of the Medicaid Health Plan (MHP) benefit. Effective on a date to be determined in the future, all pharmacy drug coverage will be transitioned to Fee-for-Service (FFS) Medicaid. This change is being made pursuant to the implementation of Public Act 67 of 2019, which makes appropriations for the Michigan Department of Health and Human Services (MDHHS) for the fiscal year ending September 30, 2020, and will result in cost savings through a combination of increased pharmaceutical rebates and elimination of related MHP administrative capitation costs. The transition to a single formulary will also result in significantly streamlined administration for Michigan's health care providers and coverage consistency for program beneficiaries.

Effective for services provided on a date to be determined in the future, all prescription drugs should be billed at point-of-sale directly to MDHHS' contracted Pharmacy Benefit Manager (PBM). These medications will be subject to current FFS pharmacy policies and coverage limitations, including prior authorization (PA) requirements.

In accordance with FFS policy, a co-payment may apply for each prescription dispensed to beneficiaries age 21 years and older. Current MHP beneficiaries age 21 and older may incur co-pays for prescription drugs effective with the implementation of this policy (current co-payment amounts are listed on the MDHHS website).

To facilitate a smooth transition for program beneficiaries, MDHHS will partner with MHPs and its PBM contractor (Magellan Rx Management) by utilizing recent MHP PAs and paid claims data to create system edits. The intent of these edits is to continue the beneficiary's medication coverage that was provided by their MHP and to minimize and/or eliminate PA obstacles during the first three-months of the coverage transition.

For coverage information, including PA and co-pay requirements, refer to the Michigan Pharmaceutical Product List (MPPL), the Michigan Preferred Drug List (PDL) and the MDHHS Drug Lookup tool (<https://michigan.magellanrx.com/provider/drug-lookup>).

Refer to the Pharmacy Claims Processing Manual and Michigan Medicaid Payer Specification for billing and claims processing information. These manuals can be found on the MDHHS Pharmacy web portal at <https://michigan.magellanrx.com/provider/documents> >>Manuals.

For an overview of the Medicaid Pharmacy Program, refer to the Pharmacy chapter of the Medicaid Provider Manual. The Medicaid Provider Manual can be accessed on the MDHHS website at [www.michigan.gov/medicaidproviders](http://www.michigan.gov/medicaidproviders) >> Policy, Letters & Forms.