

MEDICAID POLICY INFORMATION SHEET

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Initial

Public Comment

Final

Brief description of policy:

Effective for dates of service on or after October 1, 2020, the Michigan Department of Health and Human Services (MDHHS) will require Medicaid Health Plans (MHPs) to follow the Michigan Preferred Drug List (PDL) used by the Fee-for-Service (FFS) pharmacy program. This will be described as the Single PDL.

Reason for policy (problem being addressed):

The Single PDL is expected to substantially increase MDHHS drug manufacturer rebate revenue, particularly federal Medicaid rebates associated with managed care pharmacy utilization. MDHHS will also begin invoicing drug manufacturers for PDL supplemental rebates associated with managed care pharmacy utilization. Additionally, the Single PDL is intended to help simplify pharmacy coverage for program beneficiaries and prescribers.

Budget implication:

budget neutral

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

will save MDHHS \$ 201.2 million

Is this policy change mandated per federal requirements?

No

Does policy have operational implications on other parts of MDHHS?

No

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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Public Notice Required: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If Yes, please provide status: <input type="checkbox"/> Approved <input checked="" type="checkbox"/> Pending <input type="checkbox"/> Denied	If yes, Submission Date:
Date: Approval	Date:

Proposed Policy Draft

Michigan Department of Health and Human Services
Medical Services Administration

Distribution: All Providers

Issued: July 1, 2020 (Proposed)

Subject: Implementation of a Single Preferred Drug List (PDL)

Effective: October 1, 2020 (Proposed)

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

NOTE: Implementation of this policy is contingent upon approval of a State Plan Amendment (SPA) by the Centers for Medicare & Medicaid Services (CMS).

Effective for dates of service on or after October 1, 2020, the Michigan Department of Health and Human Services (MDHHS) will require Medicaid Health Plans (MHPs) to follow the Michigan PDL used by the Fee-for-Service (FFS) pharmacy program. This will be described as the Single PDL. The Michigan PDL is available on the web at michigan.magellanrx.com >> Provider >> Michigan Preferred Drug List.

The Single PDL will align coverage of PDL drug products under managed care with FFS. The Single PDL is expected to substantially increase MDHHS drug manufacturer rebate revenue, particularly federal Medicaid rebates associated with managed care pharmacy utilization. MDHHS will also begin invoicing drug manufacturers for PDL supplemental rebates associated with managed care pharmacy utilization. Additionally, the Single PDL will simplify pharmacy coverage for program beneficiaries and prescribers.

MDHHS expects this change to be fully implemented for beneficiaries enrolled in an MHP by October 1, 2020. To facilitate a smooth implementation, the MHPs are to start notifying members and prescribers impacted by the implementation of the Single PDL by July 1, 2020. This 90-day advanced notice period will allow time to transition coverage of beneficiaries established on PDL non-preferred products or PDL preferred products that require prior authorization, when clinically appropriate. There may be exceptions that would allow grandfathering of coverage for select drug products on the Single PDL to extend past October 1, 2020 for purposes of preventing medication disruption for Medicaid beneficiaries.

The Single PDL will not change the products on the MHP pharmacy carve-out list. Those products will continue to be billed as an FFS pharmacy benefit. MHP pharmacy coverage, including those products on the Single PDL, will continue to fall under the MCO Common Formulary. Common Formulary coverage details, including prior authorization criteria can be

found at: www.michigan.gov/MCOPharmacy. Drug products not on the Single PDL may continue to be covered differently by the MHPs under the Common Formulary compared to FFS. MHPs will still be required to have a process (e.g., non-formulary prior authorization) to consider medically necessary coverage of any drug product on the Michigan Pharmaceutical Product List (MPPL).