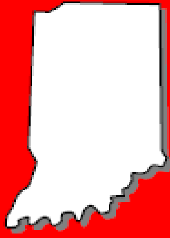

Indiana Medicaid Drug Utilization Review Board Newsletter

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Indiana Medicaid DUR Board

Room W382

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The Indiana Medicaid DUR Board

This issue of the DUR Board Newsletter contains information regarding the Indiana Medicaid DUR Board and highlights noteworthy accomplishments as referenced in the Board's *State of Indiana Medicaid DUR Annual Report, FFY 2007*. Medicaid pharmacy benefit subject areas that are covered in this article include the process and procedures associated with the development and maintenance of the fee-for-service (FFS) preferred drug list (PDL), the number of therapeutic classes subject to the PDL, the PDL status of mental health drugs, the generic dispensing rate for the FFS benefit, and FFS pharmacy expenditures. Please note that hyperlinks are used throughout this article for the benefit of online readers. All referenced web sites can be linked to by going to the Indiana Medicaid home page at www.indianamedicaid.com and using pharmacy-related navigation buttons.

The Governor-appointed Indiana Medicaid DUR Board is comprised of practicing pharmacists and physicians, a pharmacologist, a health economist, a representative of an HMO having a pharmacy benefit, and an ex-officio representative of the Office of Medicaid Policy and Planning. Full information regarding the Board, its membership and roles and responsibilities can be accessed at the Board's web site. The Board, acting in its advisory capacity to the Office of Medicaid Policy and Planning, has historically played an important and integral role in ensuring that Medicaid beneficiaries, both FFS and managed care-based, have access to medically necessary medications. This critical function is driven primarily by the Board's review and approval of PDLs for both care delivery systems.

The FFS PDL, which currently encompasses sixty-eight therapeutic drug classes, is required by state law to be reviewed by the Board in its entirety on a twice-annual basis. A subcommittee of the Board, the Therapeutics Committee, performs the reviews and issues recommendations to the Board for the Board's consideration. During the course of meetings conducted in February and May of each year, one comprehensive review of all classes is completed by the Therapeutics Committee. This review focuses primarily on clinical aspects of the PDL, whereas in August and November of each year a second review is conducted by the Committee that entails both clinical and supplemental rebate aspects. In this manner, the entirety of the fee-for-service PDL is reviewed twice a year in accordance with law, and both clinical and financial factors are fully taken into consideration. A PDL review schedule can be accessed here.

Mental health drugs, considered as being drugs that are anti-anxiety, antidepressant, antipsychotic, and so-called "cross indicated", are by state law considered as "on" the PDL and in preferred status. Any prior authorization initiative proposed to be applied to these drugs must first be considered by the Mental Health Quality Advisory Committee and then by the Board. It is important to note that mental health drugs represent approximately 41% of Indiana Medicaid FFS drug expenditures, and that this significant portion of the total pharmacy spend is, due to state law, largely exempt from PDL -related prior authorization as a means of utilization control.

PDL Reports are issued by the Board on a twice-annual basis, and copies of the PDL Reports (as well as DUR Annual Reports and Board newsletters) can be found here. A key finding from the most recent PDL Report is that the PDL program has resulted in over $60 million in cost savings since inception of the program in 2002. Costs to administer the PDL program were approximately $6.09 million, yielding net program savings of about $55 million. It is noteworthy that multiple PDL studies have shown that nearly 95% of recipients who were switched to preferred agents subsequently remained on preferred agents.

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Indiana Medicaid DUR Board (cont'd)

In addition, repeated analyses have confirmed there has been no evidence suggesting recipients' quality of care or access to prescription drugs has been compromised as a result of the PDL program.[1, 3] This illustrates the success of the PDL program in ensuring and maintaining patient safety, improving patient compliance, and decreasing program drug costs.

Utilization of prospective drug utilization review (pro-DUR) and retrospective drug utilization review (retro-DUR) has contributed to patient safety and compliance as well as to savings related to the Indiana Medicaid FFS pharmacy benefit. Pro-DUR is intended to alert the dispensing pharmacist to certain clinical circumstances that warrant his/her attention, whereas retro-DUR is designed to identify, through retrospective review of paid claims, specific instances or patterns of prescribing and/or dispensing that are suboptimal. [2] Examples of pro-DUR screenings include the following: drug-drug interactions, early refill, late refill, high-dose, drug-disease contraindications, drug-age interactions, drug-pregnancy interactions, and therapeutic duplication. Due to the significant potential health risks associated with severity level one drug-drug interactions, the DUR Board determined that prior authorization would be required in order for a pharmacy provider to "override" such alerts. Retro-DUR interventions, all of which must be approved by the Board prior to implementation, involve letters, phone calls, and faxes to prescribers' offices. Interventions were recommended by the DUR Board as a result of findings from several PDL studies that non-compliance is a concern with patients using antihypertensives, lipotropics, and antidiabetic agents. [1, 2]

The table at the end of this article depicts Indiana Medicaid DUR program-related savings for Federal Fiscal Year (FFY) 2007. The estimated grand total savings from the combined pro-DUR and retro-DUR initiatives was approximately $16.9 million. Given that the cost to administer the Indiana Medicaid DUR program for this period of time was $630,000, the net savings was $16.25 million. This table reveals a return on investment of over 2500% during FFY 2007. [2]

The Indiana Medicaid pharmacy benefit has benefited substantially from the state's PDL and "mandatory generic substitution" law, the essence of which is that therapeutically equivalent, less expensive generic drugs must be dispensed when possible to do so. Indiana Medicaid has succeeded in driving up the program's overall generic dispensing rate (GDR) to 73.3% during FFY 2007 [2] This rate has continued to rise throughout 2008 and exceeds the majority of commercially available benchmarks. Outcomes analyses have established that implementation of the PDL, utilization of clinically-driven pro-DUR and retro-DUR, and maximizing generic substitution have positively impacted the Indiana Medicaid FFS pharmacy benefit. The total drug spend during FFY 2007 ($299.3 million) was less than the total drug spend during FFY 2006 ($397.5 million). Pro-DUR and retro-DUR savings decreased 40% during FFY 2007 when compared with FFY 2006; however, it is important to note that this change was due primarily to implementation of the Medicare Part D drug benefit.

The DUR Board has been instrumental in providing clinical guidance to the Office; this guidance has led to a clinically superior, cost-effective FFS pharmacy benefit.

References:

1. Indiana Medicaid Preferred Drug List Program: PDL Study #8. pp. 1-41.

2. State of Indiana Medicaid DUR Annual Report: FFY 2007. pp. 1-166.

3. Indiana Medicaid PBM website (accessed September 2008). Available at www.indianapbm.com.

Indiana DUR Program Impact Evaluation: Estimated Drug Savings

Estimated Total Costs Avoided [a] or Savings Per Year		Estimated Annual Cost to Administer Prospective and Retrospective DUR Programs	Net Savings for FFY 2007 and Return On Investment (ROI) for ProDUR & RetroDUR only
ProDUR	**$ 16.65 million**	**$630,000***	**Program Net Savings:**
RetroDUR	**$ 0.23 million**		**$ 16.25 million**
GRAND TOTAL SAVINGS From ProDUR & RetroDUR: $ 16.88 million			**For each $1 spent, the state saved $26.79 or 2579% [b]**

* NOTE: *This figure was developed from contract provisions that pertained to services rendered during the timeframe of this report (FFY 2007). Two contractors-EDS and ACS-separately provided services that were involved in the conduct/administration of the prospective and retrospective DUR programs. Since no separate and discrete line items exist in either contract for the provision of services that support the prospective and retrospective DUR programs, an estimation of the annual costs for those services has been made. The estimation was developed based on amounts paid under the respective contacts for services that included, but were not limited to, DUR program support.*

[a] Reported "costs avoided" dollar amounts are state and federal combined, and does not include rebates.

[b] All ACS and EDS services* paid for themselves plus obtained a large return on investment

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Program Assistance

All prior authorization requests or questions regarding the PDL should be directed to the ACS Clinical Call Center at 1-866-879-0106.

PDL Listing

The fee-for-service PDL listing may be found at the following Web site: http://www.indianapbm.com/

Top 20 Drugs for 2Q 2008

Top 20 Drugs 2nd Quarter 2008
Ranked by Total Amount Paid

Drug	Total Claims	Total Paid
Risperidone	13,942	$3,773,117.90
Aripiprazole	9,306	$3,504,492.68
Quetiapine Fumarate	12,113	$3,241,648.00
Olanzapine	6,802	$3,108,251.70
Antihemophilic.Factor Hum Rec	72	$2,017,942.95
Divalproex Sodium	11,030	$1,907,360.02
Antihemophilic FVIII Plas/Alb Free	63	$1,861,066.32
Topiramate	6,465	$1,664,215.63
Lamotrigine	7,070	$1,654,037.40
Insulin	9,925	$1,392,108.85
Ziprasidone HCL	4,359	$1,327,310.65
Oxycodone HCL	5,405	$1,296,515.91
Levetiracetam	4,631	$1,280,366.63
Fentanyl	3,802	$1,153,177.20
Fluticasone/Salmeterol	5,329	$1,008,141.20
Atorvastatin Calcium	8,753	$969,542.24
Duloxetine HCL	7,094	$921,144.19
Oxcarbazepine	4,685	$816,772.85
Clopidogrel Bisulfate	5,995	$816,587.43
Methylphenidate HCL	8,220	$777,523.27

Top 20 Drugs 2nd Quarter 2008
Ranked by Total Claims Paid

Drug	Total Claims	Total Paid
Hydrocodone/APAP	45,474	$384,243.16
Aspirin	40,266	$34,886.76
Docusate Sodium	37,050	$79,961.80
Alprazolam	33,585	$212,658.35
Calcium Carb/Vit D	31,755	$63,377.54
Acetaminophen	30,310	$79,088.88
Multivitamins	27,036	$36,688.05
Loratadine	26,653	$250,458.08
Clonazepam	23,348	$111,738.11
Lorazepam	21,264	$118,158.35
Albuterol	17,569	$401,215.36
Multivitamins with Minerals	15,820	$47,684.18
Omeprazole Magnesium	15,402	$444,274.48
Risperidone	13,942	$3,773,117.90
Lisinopril	13,557	$54,888.05
Levothyroxine	13,511	$91,972.85
Diazepam	12,335	$247,294.72
Ferrous Sulfate	12,260	$11,155.79
Quetiapine Fumarate	12,113	$3,241,648.00
Furosemide	11,163	$36,392.09