MICHIGAN DEPARTMENT OF HEALTH AND HUMAN SERVICES
Medical Services Administration
Pharmacy Management Division

Michigan Department of Health & Human Services
RICK SNYDER, GOVERNOR
NICK LYON, DIRECTOR

Pharmacy Provider Liaison
Minutes from Meeting on September 15, 2016

Attendees

Sheroyl Kirby, Fred's Pharmacy; Holly VanLente, Meijer; Eric Roath, Sarah Barden and Eric Liu, Michigan Pharmacists Association; Amy Drumm, Michigan Retailers Association; Ron Melaragni, Sparrow; Amy Ellis, Spartan Nash; Joel Kurzman, National Association of Chain Drug Stores; Yvonne Gallagher, Sav-Mor; Kevin Roeder, MI IV Rx; Joe Leonard, Angela Hoover and Ray Casambre, Walgreens; Lynne Adrian-Roberts, Indispensable Health; Bill Drake, Advanced Care Pharmacy; Doug Samojedny and Cieara Ingram, Henry Ford Health System; Sherrill Bryant, Magellan; Kim Gaedeke, Michigan Department of Licensing and Regulatory Affairs (LARA); Trish O'Keefe, Lavonne Digby, Torey Schlaufman, Rajita Dnyate, Erin Emerson, Vicki Goethals, Tina Villarreal, Helen Walley, Sabato Caputo, and Rita Subhedar, Michigan Department of Health and Human Services (MDHHS).

Changes to the Michigan Automated Prescription System (MAPS)

Kim Gaedeke provided an update on the changes planned for MAPS. LARA has secured Appriss as the vendor to replace MAPS. The new system will include the following:

- Delegate user accounts – The practitioner will hold the primary account with MAPS but will be able to set-up and maintain up to 3 delegate users. Audit reports can be run on each user and if the employee leaves the practitioner can terminate the account and update accordingly.
- Reporting tool - LARA will be able to create and run specific analytics and reports that include de-identified reports and other reports to assist with regulatory and research activities.
- Improved overall efficiency – The new system will be transitioning from server based technology to cloud based technology to help make the system more efficient.
- Data uploaded during the day - Currently the systems accepts data during the night so dispensers report the data nightly. The new system will have data uploaded during the day, at least 2 times a day, so data is more current and up to date.

The project will begin in October and will be completed with implementation in March/April 2017.

Medicaid Health Plan Common Formulary

Rita Subhedar provided an update on the Common Formulary. With the exception of drug therapies that are grandfathered, it is expected that all members' drug therapies will be transitioned to the Common Formulary by September 30, 2016. The Common Formulary is available at Michigan.gov/MCOpharmacy.

There will also be a stakeholder meeting on the Common Formulary on October 24 at Lansing Community College – West Campus Auditorium from 9:30 am – 12 noon.

Policy Updates

Updates to Medicaid Provider Manual

Information on the MHP Common Formulary and the refill tolerance for non-controlled substances has been added to the Medicaid Provider Manual.

Proposed Policy on 340B Claim Reporting Requirements

Section 340B of the Public Health Service Act requires participating drug manufacturers to provide outpatient drugs to eligible health care organizations at reduced prices. This program, known as the 340B program, also protects manufacturers from paying both a Medicaid rebate and a 340B discount on the same drug.

Section 438.3(s)(3) of the Medicaid and CHIP Managed Care Final Rule (CMS 2390-F) requires states and Managed Care Organizations to develop a process to identify claims subject to discounts under the 340B drug pricing program so that states can exclude them from the Federal Medicaid Drug Rebate process.

A June 2016 report from the US Department of Health and Human Services Office of Inspector General titled "State Efforts to Exclude 340B Drugs from Medicaid Managed Care Rebates" recommended that states use claim-level methods to identify 340B claims for the purposes of excluding the claims from the Medicaid drug rebate process.

MDHHS currently uses a manual process for identifying 340B claims that must be excluded from the Medicaid drug rebate process. In order for MDHHS to further automate this process, providers will be responsible for accurate reporting of drugs purchased through the 340B program as outlined below:

Pharmacy Claims
Pharmacy providers must identify claims for drugs purchased through the 340B program by entering a value of 20 in the Submission Clarification Code field 420-DK.

Institutional/Professional Claims
Providers must identify professional claims for physician-administered drugs that are purchased through the 340B program by adding the modifier U6 to these claims. The National Drug Code (NDC) and its supplemental information must also be included on the claim.

This process applies to Fee-for-Service (FFS) and Medicaid Health Plan (MHP) claims. If providers do not follow this process for drugs purchased through the 340B program, these claims will be included in the Medicaid drug rebate process and providers may be contacted by drug manufacturers, rebate staff, the U.S. Health Resources & Services Administration (HRSA), and other entities about reversing and resubmitting the claims with the correct indicator. This policy will be effective April 1, 2017.

Pharmacies with Low Claim Void Rates

Pharmacies with lower than average claim void rates were sent a letter from the MDHHS Office of Inspector General (OIG) reminding them of the requirement to void transactions for prescriptions that have not been picked up, and stating that the pharmacy may be selected for a future onsite audit.

Eric Roath stated that the letter appeared to be a mass mailing and was very troubling to pharmacies that are doing good work and ensuring that they don't even bill for claims unless they have already taken steps to ensure the patient indeed wants the prescription filled and intends to pick it up. Sheroyl Kirby added that many providers felt that the letter was strongly worded, and the fact that an OIG tracking number on the letter appeared to be threatening. Trish O'Keefe apologized to the meeting attendees on behalf of MDHHS if they felt threatened by the letter or if there was indeed a mailing error. Trish promised to follow up with OIG regarding the reported concerns. Ron Melaragni suggested that a representative from OIG should be required to attend all Pharmacy Provider Liaison meetings from this point forward to address these concerns.

Prescriber NPI Requirement

Helen Walley provided an update on MDHHS' implementation of the Federal requirement to ensure that prescribers are enrolled in Medicaid. Effective October 1, 2016, MDHHS will implement enhanced claim processing edits to further deny prescriptions for Fee-For-Service pharmacy program beneficiaries when the prescription is written by a prescriber who is not enrolled or registered. This is a requirement under section 6401 of the federal Patient Protection and Affordable Care Act. To enroll/register with MDHHS or for additional details regarding this policy please refer to policy bulletin MSA 13-17 available at: http://www.michigan.gov/documents/mdch/MSA_13-17_423003_7.pdf.
Information regarding provider enrollment is available on the MDHHS website at www.michigan.gov/medicaidproviders >> Provider Enrollment, or by contacting Provider Support at (800) 292-2550.

Updates from MDHHS Drug Utilization Review (DUR) and Pharmacy & Therapeutics (P&T) Committees

Dr. Debera Eggleston provided an update on the topics discussed at the DUR and P&T Committees earlier in the week. The DUR Board discussed an academic detailing project and sending DUR alerts for rescue inhalers. They also discussed a possible project on the appropriate prescribing of opioids. The P&T Committee reviewed agents for plaque psoriasis as well as three new drugs to treat Attention-Deficit/Hyperactivity Disorder.

Dr. Eggleston also noted that the Michigan State Police reported that carfentanil, a drug typically used to tranquilize large animals, has been found in Kent County. The extremely potent opioid can be resistant to naloxone. Public health personnel and first responders have been put on alert.

Medicaid Expansion for Flint

Erin Emerson provided an update on the Section 1115 Medicaid waiver for Flint residents. Medicaid coverage is now available to:

- Any child up to age 21 or pregnant woman with household income up to and including 400 percent of the federal poverty level (FPL) who has been served by the Flint water system between April 2014 and a date to be determined in the future; AND
- Any child born to a pregnant woman served by the Flint water system during the specified time period.

An individual was served by the Flint water system if he or she consumed water from the Flint water system, AND

- Resided in a dwelling connected to this system; OR
- Had employment at a location served by this system; OR
- Received child care or education at a location connected to this system.

Those eligible for this coverage will not pay premiums, contributions or co-pays. Coverage is retroactive three months prior to enrollment into Medicaid, but no earlier than March 1, 2016.

For all Medicaid eligible individuals served by the Flint water system, including those currently eligible and those who are newly eligible, Family Supports Coordination (referred to as targeted case management (TCM) in the demonstration waiver) is available in addition to the full array of existing Medicaid-covered benefits for children up to age 21 and pregnant women as described above. Family Supports Coordination services are furnished by Genesee Health System to assist individuals in gaining access to appropriate medical, educational, social and/or other services. Individuals may access Family Supports Coordination through their Medicaid Health Plan, their primary care provider, or may contact Genesee Health System directly at 810-257-3777.

Federal Rule on Covered Outpatient Drugs

Rita provided an update on MDHHS' implementation of the Federal Rule on Covered Outpatient Drugs. The Rule directs states to implement certain changes to pharmacy claim reimbursement. These changes will be effective April 1, 2017.

Ingredient Cost

- The Rule stipulates that ingredient cost reimbursement must be based on Actual Acquisition Cost (AAC). CMS has created the National Average Drug Acquisition Cost (NADAC) for states to use in order to meet the AAC requirement. The NADAC is available at data.medicaid.gov.
- Joe Leonard raised concerns about NADAC not being updated timely enough. If a drug product had a significant increase by the manufacturer, the lag time before NADAC catches up with the increase could result in significant financial losses to the pharmacies.
- Ron urged MDHHS to consider alternative pricing benchmarks beyond NADAC. Trish responded that MDHHS will consider any proposals presented by stakeholders regarding the ingredient cost benchmarks.

Dispensing Fee

- The Rule replaces the term "dispensing fee" with "professional dispensing fee" and requires states to provide data to support a new professional dispensing fee.
- All MDHHS-enrolled pharmacies received a Cost of Dispensing Survey on July 29, 2016. The extended deadline for the survey was September 14, 2016. All pharmacies that have not yet completed the survey are encouraged to do so as soon as possible.
    - As of September 15, 2016 63% of MDHHS-enrolled pharmacies have submitted the survey.
    - Desk reviews are currently being performed on all surveys received.
    - Pharmacies may be contacted if additional clarification is needed on their surveys.
    - Myers & Stauffer will present the results of the survey at our next meeting on December 8th.
- Trish thanked Eric and the Michigan Pharmacists Association for their outreach efforts to encourage pharmacies to complete the survey.
- Bill Drake said that completing the survey took a significant amount and time and resources for pharmacies. If MDHHS conducts future Cost of Dispensing surveys, it would be helpful to provide pharmacies with at least 60 days to complete the survey, and to give pharmacies the Excel spreadsheet in advance so that they can gather the required information ahead of time.
- Bill also expressed concerns about outlier cost events that would not be captured in the 2015 financial data submitted for the survey:
    - In early 2016, LARA started requiring pharmacy technicians to be licensed. This new licensure requirement added significant costs to operating expenses.
    - The financial data period being surveyed (2015) is not reflective of actual expenses for implementation starting April 2017. The analysis of 2015 financial information should account for some type of inflationary markup.
    - Trish said that MDHHS would consider these recommendations.
- Amy Drumm asked about the timeline for implementing the new ingredient cost and professional dispensing fee. Rita responded that Myers & Stauffer would send the final Cost of Dispensing Survey Report to MDHHS in December. MDHHS will spend the month of December receiving feedback from pharmacy providers on the results of the study. MDHHS will make the final decision on the reimbursement rates, including the professional dispensing fee, by mid-January 2017. MDHHS will then begin the process for including the new fees in the Governor's budget recommendations and submitting the new rates to the federal Centers for Medicare & Medicaid Services for approval. The new rates will be implemented by April 1, 2017.

The next meeting will be on December 8, 2016 from 2:30 to 4:30 pm.