

Thursday, August 22nd, 2024

9:00 a.m.

Louisiana Independent Pharmacies Association

543 Spanish Town Road

Baton Rouge, LA 70802

| Name | Committee Attendance | Attendance |
|-----------------------|--|-------------------|
| M.J. Terrebonne | Pharmacist (House Committee on Health & Welfare) | Present |
| Kim Wixson | Louisiana Pharmacists Association | Zoom |
| Randal Johnson | Louisiana Independent Pharmacies Association | Present |
| Dr. Stewart Gordon | Physician (House Committee on Health & Welfare) | Present |
| Pam Diez | Louisiana Department of Health | Present |
| Rachel Broussard | Louisiana Department of Health | Present |
| Jeff Gaude | National Association of Chain Drug Stores | Zoom |
| Dr. Jamie Edwards | Physician (Senate Committee on Health & Welfare) | Zoom |
| Ashley Acosta-Chanove | Pharmacist (Senate Committee on Health & Welfare) | Present |
| Pam Reed | LA Alliance of Retail Pharmacies | Present |
| Dana Antoon | Louisiana Board of Pharmacy | Present |

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|---------------|-----------------------------|--|
| Nikki Hollier | Louisiana Board of Pharmacy | Absent |
| Zoom | | Kimwixson, LIPA Staff, Katie, Oneka Watson, C. Joseph Cloud, Jeannine Murray, Jeff Drozda, Samantha Hai, Shelly Dupre, Matt Hill-Myers and Stauffer, Collin Bailey, Jeff's IPad, Tiffany Marshall, Jeannine Plant, Jamie Edwards, Melwyn Wendt, KLaGrange, Scott Simmons, Rosalind Borders, Drugs, Matthew Bullard, Patrick Boggs, TKC, Greg Poret, Josiah Howell, Robert Rock |

Call to Order

- The meeting was called to order at 9:15 a.m.

Introduction and Quorum Determination

- A quorum was confirmed.

Review and approval of the July 30th meeting minutes.

- The minutes needed a minor adjustment. Once corrections were made, Dr. Stewart Gordon made the motion to approve the meeting minutes. Dana Antoon seconded the motion.

Cost of Dispensing Survey- Myers and Stauffer

- Matt Hill stated the Cost of Dispensing Survey is looking for the overhead cost first ingredient cost should be a second component.
- M&S conducted several provider webinars to review the survey questions and answer provider questions. The survey was intended to collect expenses. We collect all expenses and evaluate. Any exterior maintenance should have been reported on the cost of dispensing survey. It seems very appropriate to use the interior ratio. Any expenses related to pick-up window and expenses for maintaining those areas and such would be allocated towards the professional dispensing fee.
- Allan Hansen: The expense side of the pick-up window will show up in your financial statements. We are asking expenses to be reported with all other expenses.
- Randal Johnson: We are looking for guidance from M&S on allocation of the prescription department.
- Matt Hill: Regarding the extent the prescription department has changed in size and proportion to the pharmacies, this will be factored into the cost allocation.

- Matt Hill explained how the prescription department size would be included in the cost allocation.
- Matt Hill: The sales ratio is derived off the pharmacy departments. Allen: CMS will allow states to use reasonable accounting approaches. These types of allocations are exactly the type CMS expects and can approve based on our experience. We are using these methods because they are accepted in the accounting industry.
- Randal Johnson: Many of these questions are coming because the PHE causes us to change the way business is done.
- Allan Hansen: I do not think you will find there is specific guidance from CMS. Certainly modifications to the pharmacy. We believe the methodology we are proposing would capture those cost.
- Randal Johnson: Where is the part on the survey that the spaces go? This is not behind the pharmacy counter. This is particularly for immunizations and other spaces.
- Allan Hansen: The expenses should be captured in the financial statements. These are different forms depending on whether the building is financed or rented. Those expenses are being captured.
- Pam Diez: If the new spaces are segregated for the pharmacy, this should be included.
- Randal Johnson: Will there be a way the pharmacies can communicate? Is the amendment available to them?
- Matt Hill: They could definitely reach out to our helpdesk and we could definitely make updates.
- Randal Johnson: This is very helpful. How are you handling 340B pharmacies, long-term care pharmacies, and separation of information, in reference to cost of dispensing?
- Matt Hill: We have questions on the survey for them to respond and reply feedback. You can look back at the last report. We provide separate statistical breakdowns. We also have a section for them to identify if they are a 340 B pharmacy. We can provide statistical summaries as well. It is my understanding that all providers who participated in the Medicaid program received the survey. We have questions to help identify those and provide a different analysis to LDH at the end.
- Randal Johnson: We are trying to use everything to have people participate.
- LDH: We did remove the requirement you had to register for the webinar.
- Allan Hansen: We do monitor price changes for the clotting factors. We review the WAC pricing every week. If there are changes, we will likely propose a change. Rates are continually being monitored every week.
- Luke Slindee: We do have a help desk and receive questions related to clotting factor.
- Emily Ragland: How often are you seeing where the reimbursement is less than what the pharmacy has to pay for the drug?
- Luke Slindee: For clotting factor, it is not a huge volume. As Randal mentioned earlier, the number of pharmacies who dispense clotting factor is relatively small. We maintain a help desk. Because Louisiana uses the NADAC, it is part of the national process. We received around 100-150 inquiries. We have a process where we review all. We are making sure the rate that is currently out here is reflective of the most recent cost data we have received. Our mandate is to ensure the NADAC represents the average of all we have. This is across the country. This is not evenly distributed. Oklahoma is typically the highest one.

- Randal Johnson: When talking about the survey, if pharmacies are submitting the response but there are some outliers that come in; how are you considering the number of submissions you have so outliers do not drive the prices?
- Luke Slindee: For the WAC we only make WAC adjustments on branded drugs. WAC adjustments are done as soon as possible. We updated the NADAC rate. For example, if the WAC of a brand drug will increase by five percent, we will increase the NADAC by five percent as well. The claims can be reprocessed later. This is the importance of having the NADAC effective date matching the WAC effective date. This year was a little different at the federal level with respect to how rebates work. Our process was not different. Our process is the same. If the manufacturer makes an update to the process, we will make a decrease. We want our rates to be in accord with the wholesale market. It seems obvious to me that wholesalers generally receive information from manufacturers ahead of time. There generally is no lag there. If the manufacturer has decided to decrease the product, the NADAC would be decreased. This was something that was extensively discussed across the pharmacy industry. Almost all of this occurred on January 1st of this year. I want to address your second question. With respect to outliers, we have several processes in place to ensure that it is not possible for any one-pharmacy organization to bias the rate in any particular rate. Within the survey, we are only using one MPI per month. We will only use the latest data acquisition invoice. This controls the volume. The busy pharmacy and the small pharmacy both get equal waiting. All NPIs are created equal. I cannot emphasize this enough. The generic drug market is very inefficient. When things are guided by supply and demand, I consider this efficient. The way generic drugs are priced it does not operate like this. This is reflective of the true underlying circumstances. This has always been true. Historically many of the larger pharmacy chains have not participated in the NADAC. This year, for reasons we do not know. One of the larger organizations across the country elected to participate. Now there is new data. Specifically the participation by the organizations has been intermittent some months they send data and some months they do not send data. There is intermittent data submission in the process.
- Ashley Acosta-Chanove: In the last year, we have experienced extreme drug shortage.
- Luke Slindee: Shortages are not evenly distributed. In this situation, we are continuing to receive the data for the eight pharmacies who are continuing to buy the drug. This is certainly an issue but we have a methodology around reimbursing the average.
- Dana Antoon: Many times, it is told to pharmacies you need to shop around. You cannot have a secondary wholesaler who will sell you controls.
- Randal Johnson: How are you considering the shortage in any of this pricing?
- Luke Slindee: We have received respective feedback with regard to this comment, which was made. Especially concerning substance. Based upon my observation a lot of what happens is not necessarily tied to a DEA regulation but choices being made by wholesalers. I have not been able identify any DEA regulations. I believe it is a choice being made by wholesalers.
- Luke Slindee: If you have specific concerns, I am happy to hear the concerns. If you have specific suggestions please let us know.
- Kim Wixson: The NADAC was increased on the Myers & Stauffer website. I hope that we are moving in the right direction.

- Luke Slindee: This is related to the non-data submission of what I referred to earlier.
- Randal Johnson: How much of an input are you giving if the data is driving cost substantially?
- Luke Slindee: Every NPI is treated equally. If you have suggestions about whether this is valid, we are open to hearing this.
- Kim Wixson: Is there any instance where there is group ownership where these submissions would be done from a local place for a numerous number of NPIs.
- Luke Slindee: The survey sample we use every month is itemized. Every single survey sample will be reflective of this. If they were interested in centralizing the process of data submission. We are available to do this organizationally. We do this with some groups across the country. They asked to receive a list of NPIS that have been selected for this month. This is an option.
- Randal Johnson: Mathematically how does this change the price for everyone?
- Luke Slindee: A NPI is tied to a physical location. Once an organization hits a sufficient size it is a guarantee they will be included in the survey samples. This will be representative of the total every time. It's just math. Some of their NPIs will end up in the survey sample.
- Dana Antoon: Luke, could we use this data to show what independent and chain pharmacies are paying across the board?
- Allan Hansen: This shows up periodically in national legislation.
- Scott D. Simmons: With long-term care pharmacies, where are we going to isolate this out?
- Luke Slindee: For the NADAC long-term care pharmacies are identified as such in the NDP base. These are excluded from the survey samples. Long Term care explicit pharmacies are not included in the specific of the NADAC cost.
- M.J. Terrebonne: What prompted the NADAC methodology changes that became effective April 17th?
- Luke Slindee: It behooves everyone to look at processes after a certain amount of time. We made a list of proposals and the ones accepted were ultimately approved.
- M.J. Terrebonne: Were these changes favorable to the pharmacies?
- Luke Slindee: We had some processes previously where we were receiving data from pharmacies, which was not being used. We adjusted that end. This was the general gist of this change. The point of what we are doing is to make sure the data is reflective of the data we receive.
- Allan Hansen: We shared there were opportunities for improvement.
- Luke Slindee: It is about making sure the number we collect are reflective of the true average.
- Randal Johnson: Would there be communication between the department and Myers & Stauffer on how this is affecting pharmacies in Louisiana. Is the NADAC servicing the needs?

Magellan Single PBM Update

- Dana Antoon: Is this a good time to talk about the Magellan audit? We had a Magellan audit yesterday at one of our stores. We were expecting the unmasked list to be sent ahead of time. It was a completely masked audit. He said I am not looking through

these books of prescriptions. I need you to print every hard copy. I also need a signature log printed. We had the books pulled for him.

- Randal Johnson: It seems Magellan has elevated their need to do audits. They contracted someone from Connecticut to complete these audits and they do not seem to be familiar with the Louisiana audit process.
- Rosalind Borders: Integrated Pharmacy Solutions is our vendor for audit. This is our typical procedure. Everything you say is in-line with our standard procedure. Is the main concern you did not receive an unmasked list and the sick log was requested? Did you have any other concerns?
- Dana Antoon: In the past, the auditor could not give any real specifics. The auditor is usually the one who is able share specifics and this could not be done.
- Rosalind Borders: How long was the auditor on site?
- Dana Antoon: Over three hours
- Randal Johnson: We were looking previously at the report showing the increase in cost. Has the cost for generic drugs come in-line to represent the two million dollars savings
- Rosalind Borders: I can certainly take this question back.
- Randal Johnson: The local pharmacies are reimbursed at a NADAC rate. Can you comment on the AWP? How much is the cost of the extra one and a half percent.
- Rosalind Borders: I will also take this question back.
- Scott D Simmons: As we are talking about audits, we want to make sure they understand audit laws.
- M.J. Terrebonne: Is this a new function or have they audited before?
- LDH: Magellan is required to complete audits on the pharmacy side.
- Randal Johnson: We typically find the folks doing the audits are pharmacy technicians.
- Randal Johnson: We notice a considerable increase in spend after the single PBM went into place.
- LDH: To my knowledge, they implemented a different NAC rate.
- Randal: When we saw the reports, the department shared with us in the beginning of the year. How is this now
- LDH: There was a change in the MAC rate. We would have to get this information for you. The goal was for it to average out over the year.
- Randal Johnson: There was a brand rate reimbursement. Has this been changed?
- LDH: We can get this information for you.
- M.J. Terrebonne: Who sets the MAC rates?
- LDH: Magellan
- Emily: Specialty and limited distribution have their own kind of structure.
- Randal: Is this a department report?
- Emily: Magellan produces this report.
- LDH: I am sure we have this report.
- Randal: Is this global across all fields?
- Emily Ragland: This is my understanding but I am not sure.
- Randal Johnson: What is the equivalency NADAC we are looking for on brand drugs?
- Luke Slindee: NADAC
- Randal Johnson: Is there some equivalency methods you do have for generics.

- Luke Slindee: We can come up with a uniform number for the average or the medium. There is so much variability from one drug to the next on the generic side.
- Matt Hill: There are two components to reimbursement, the ingredient cost and dispensing fee. This does make significant cost in overall reimbursement.
- Luke Slindee: It is not appropriate to reimburse at an AAC rate. Under the legacy systems, the dispensing fee component is minimal. This is an entirely different system. You have to do conversions for both.
- Matt Hill: We have not completed the analysis but we do a lot of contract review. I do not have a specific analysis to show.
- Randal Johnson: Is the department considering this information in order to appropriately consider this information?
- LDH: We are looking at different methodologies.
- Randal Johnson: At this point and time, on August 22nd we are thirteen months into this contract. Is the contract having the two millions savings you are expecting it to have?
- LDH: We do not have those numbers today.
- Dana Antoon: If you are knowledgeable of those issues, what is a realistic time frame
- LDH: There are many factors involved. We are unsure about a final timeline.
- M.J. Terrebonne: Is there an analysis being conducted?
- LDH: Yes, however we do not have a timeline as of right now.
- Randal Johnson: Pharmacies are seeing unusual and sporadic reversals from Magellan. What is the authority, which Magellan is acting?
- LDH: If you send us examples, we can look at this.
- Randal Johnson: One of the problems with the way Magellan is reversing the claims. If you go in a reverse the claim, then the \$200 comes out of the next payment to the pharmacy. The method, in which Magellan is handling this, is of concern. This is affecting the pharmacies significantly.
- LDH: With the dispensing fee, that was a problem. Since then this should have been corrected.
- Randal Johnson: It seems this is happening anew. We are looking to get the information why this is happening.
- LDH: Please send us information. If we are seeing this, we need to know about this. Please send us some examples.
- Randal Johnson: Do you plan to pay for prescriptions. We have been asking the different wholesalers. We are having some problem. Can we get the NDCS to you?
- LDH: Yes, we can do this.

Medicaid PDL Update – Trending Reports

- M.J. Terrebonne: Based based upon our last meeting, Pam told me the department received trending reports on yesterday and they did not have time to review. The department would review and have this available at the next meeting.
- LDH: This is correct

Copayments – Number of Prescriptions Impacted

- M.J. Terrebonne: At the last meeting there was some discussion regarding the number of claims. Are there any updates?

- LDH: From the rulemaking process, it was anticipated 917,000 claims would be effected over a six-month review.
- LDH: This sounds right.

Pharmacy Facts

- M.J. Terrebonne: A Medicaid pharmacy facts was issued on August 16th

Call for Public Testimony

- N/A

Other Business

- N/A

Future Meeting Dates

- The next meeting date is scheduled for Thursday, October 24th at 9:00 a.m.

Adjournment

- The meeting was adjourned at 11:45 a.m. Dr. Gordon made the motion to adjourn the meeting and Ashley Acosta-Chanove seconded the motion.