

POLICY AND PROCEDURE

DEPARTMENT: Pharmacy Operations	DOCUMENT NAME: Preferred Drug List
PAGE: 1 of 6	REPLACES DOCUMENT:
APPROVED DATE: 11/12	RETIRED:
EFFECTIVE DATE: 2/1/2015, 12/1/15	REVIEWED/REVISED: 10/13; 1/14; 4/14; 11/14, 9/15, 11/15, 09/16, 1/17, 8/17; 8/18; 10/18; 10/19; 03/21
PRODUCT TYPE: Medicaid	REFERENCE NUMBER: LA.PHAR.10

SCOPE:

Corporate Pharmacy Solutions Group, Louisiana Healthcare Connections (LHCC) Pharmacy Department, Louisiana Department of Health (LDH) Pharmaceutical and Therapeutics Committee and Envolve Pharmacy Solutions (**EPS**).

PURPOSE:

To maintain a comprehensive Covered Drug List (CDL) with a Preferred Drug List (PDL) as directed by LDH, to serve Louisiana Healthcare Connections members while also identifying pharmaceutical management controls that assure appropriate use of drugs and a high quality pharmacy benefit. LDH's PDLs include:

- A listing of drugs, including restrictions and preferences
- How to use the pharmacy management procedures
- An explanation of limits or quotas
- A description of how prescribers must provide information to support an exception request, and
- The process for generic substitution, therapeutic interchange, and step-therapy protocols

POLICY:

The LDH P&T committee is responsible for approving all changes to the **State's Single** PDL. LDH's Drug Utilization Review (DUR) **Board** determines pharmaceutical management edits including prior authorization, quantity limits, age and gender edits, and step therapy. The PDL will also be reviewed to verify compliance with Louisiana Department of Health (LDH) regulations.

PROCEDURE:

Procedure from Emergency Contract 6.3.2

1. In accordance with 42CFR 438.3, LHCC shall maintain a Covered Drug List (CDL) which includes all outpatient drugs for which the manufacturer has entered into a Federal rebate agreement and meet the

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standards in Section 1927 of the Social Security Act. The CDL will be provided by LDH to LHCC as a weekly drug file.

2. The CDL shall include all drugs deemed medically necessary for members under the age of twenty-one (21).
3. The CDL shall exclude only those drugs or drug categories permitted for exclusion under Section 1927 (d) of the Social Security Act, with exceptions listed in the Louisiana State Plan. LHCC is allowed to cover compounded drugs, diabetic supplies, and rebate eligible OTCs as a regular pharmacy benefit (not value added). LHCC is allowed to cover additional drugs as a value added benefit. **LHCC shall cover, at a minimum, all vaccines and administration covered by FFS for adults and reimburse in the same program types.**
5. The CDL shall be updated at least weekly using a national drug database.
6. When drugs (OTC or legend) are being covered as a pharmacy benefit and offered as a value added benefit, pharmacy encounters shall indicate such in the Character 1; Submission type (Q ,F or V) of the 4-character prefix on the ICN of the RX encounter.
7. LHCC may apply Point of Sale safety and utilization edits that align with FDA indications for any covered drug.
8. Self-administered drugs dispensed by a pharmacy including specialty pharmacies, shall be covered as a pharmacy benefit unless otherwise approved by LDH.
9. **The medications listed in the U.S. Preventive Services Task Force (USFSTF) A and B Recommendations shall be payable as a pharmacy benefit and exempt from copay. Corresponding age limits may be applied.**
10. Physician administered drugs that are not listed on the FFS fee schedule but for which the manufacturer has signed a federal rebate agreement shall

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be covered as either a pharmacy benefit or a medical benefit. If the physician administered drug is not on the FFS fee schedule, but the MCO covers as a medical benefit, then reimbursement shall be set as a minimum by the current FFS reimbursement methodology in the State plan.

11. The use of approved generic drug substitution of brand drugs **is acceptable**. Under no circumstances shall the **LHCC** permit the therapeutic substitution of a prescribed drug without a prescriber's authorization.
12. LHCC communicates the availability of the most current PDL on the website to members and providers via member and provider newsletters or other materials on an annual basis. Negative PDL changes (i.e. changes that result in restrictions or replacements) may be communicated only to affected members and their prescribing practitioners.

PROCESS:

1. A subset of the CDL shall be the Preferred Drug List (PDL).
2. The PDL **is** established by LDH and indicate the preferred and non-preferred status of the covered drugs.
3. The PDL shall be maintained by LDH and made available on the LDH website. LHCC shall make the PDL available to its providers and members through electronic prescribing tools and a static link on LHCC's website to the **PDL** maintained on the LDH website.
4. LDH shall provide LHCC with a list of drugs included on the PDL by NDC number after each FFS **Pharmaceutical and Therapeutics Committee (P&T)** meeting and upon the Secretary's approval of P&T committee recommendations. Changes shall be implemented January 1 and July 1 after **the P&T meeting**, unless otherwise directed by LDH. LDH shall provide LHCC at least 30 days written notice prior the implementation date of any changes to the list of drug included on the PDL.

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5. LDH shall monitor the rate of MCO compliance with the PDL. Compliance rate shall be defined as the number of preferred prescriptions paid (**drugs classified with PA Indicators 1 & 3**) divided by total prescriptions paid for drugs in therapeutic classes listed on the PDL (**drugs classified with PA Indicators 1-4**). LHCC shall achieve at least a 92% overall compliance rate and at least a 92% compliance rate for each medication on the brand-over-generic list provided by LDH. The PDL compliance rate shall be calculated at the sole determination of LDH. Failure to meet both of these standards may result in monetary penalties.
6. LHCC shall not enter into agreements with manufacturers to acquire discounts or rebates on drugs.
7. New drugs entering the marketplace in the PDL therapeutic classes shall be added as non-preferred until P&T reviews the drug, unless otherwise directed by LDH.
8. If a branded product is preferred on the PDL, LHCC shall not require the prescriber to indicate in writing the branded product is medically necessary. LHCC shall reimburse for a brand name drug at a brand reimbursement when the brand drug is preferred. POS denial messaging for the generic entity shall indicate that the brand name is preferred.
9. The LDH fiscal intermediary will post weekly drug file data for LHCC. LHCC shall have 3 business days after receipt of file to download and implement drug PA status, **for drugs covered as an outpatient pharmacy benefit**. Envolve Pharmacy Solutions and pharmacy claims processor will work together to obtain the drug file and implement drug PA status changes within 3 business days.
10. There shall be a mandatory generic substitution for all drugs, when a generic is available, unless the brand is justified with applicable DAW codes or the brand is preferred.

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11. Hepatitis C Project: LHCC shall follow the Single PDL preferred/non-preferred status and criteria. EPS shall program denials of 340B claims for all Hepatitis C direct acting anti-viral (DAA) agents. The denials shall be based on the 340B pharmacy list provided by LDH quarterly.

REFERENCES:

2020 Emergency Contract, Amendment 1 and Amendment 2-
Section 6.3

ATTACHMENTS:

DEFINITIONS:

REVISION LOG

REVISION	DATE
Under clinical rationale to support a health Plan P&T recommendation, language was expanded from “published studies” to “double-blind, randomized, studies of sufficient size, normally N>100 that demonstrate a clearly superior benefit”.	10/13
Added the following to the procedure to address NCQA guidelines: Louisiana Healthcare Connections communicates via Member and Provider newsletter on an annual basis the availability of the most current PDL on the website. If significant changes to the PDL are made, Louisiana Healthcare Connections will communicate with the providers via Eblast, Faxblast and/or newsletter. In addition, members will receive notification via newsletter or mail.	1/14
Added website posting to member communication in #6	4/14
LA Procurement 2015 Policy Update	11/14
Changed Scope to change “Corporate Pharmacy Department” to “Corporate Pharmacy Solutions Group”. Under Process item number 3, 7 and 8 changed “Corporate Pharmacy” to “Corporate Pharmacy Solutions Group”. Added definition of “Add”, and “Do not Add” to	9/15

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Procedure item 5. Under number 3 remove Medicare as this policy does not apply to Medicare Line of Business.	
BH Integration 2015 Policy Update Added policy name to LA.PHAR.08	12/15
Changed DHH to LDH	09/16
Replaced US Script with Envolve Pharmacy Solutions; Process: Changed 1-8 to include role of CPAC;	1/17
No revisions to policy	8/17
Annual review. No revisions.	8/18
Updated language to comply with Contract requirements Changed Product Type from Louisiana Healthcare Connections to Medicaid	10/18
Updated language to comply with Contract requirements in Contract Amendment 17	10/19
Added criteria used to adopt pharmaceutical management procedures in Step 1 Updated language to comply with Contract requirements in 2020 Emergency Contract, Amendment 1, Amendment 2 and Amendment 5. Removed reference to LHCC Pharmacy and Therapeutics Committee since disbanding committee.	03.21

POLICY AND PROCEDURE APPROVAL

The electronic approval retained in RSA Archer, Centene's P&P management software, is considered equivalent to a physical signature.

Director, Pharmacy:

Approval on file

Sr. VP of Medical Affairs:

Approval on file