State Plan Amendment
17-0008 Pharmacy Benefits Management Program
Effective date: April 20, 2017

CMS recently spoke with Louisiana to discuss the new pharmacy reimbursement requirements in the Covered Outpatient Drug final rule with comment (CMS-2345-FC). During the call, the Access Rule was briefly discussed. Please see the pharmacy access questions below.

This information will be submitted with the proposed pharmacy reimbursement SPA.

Access Considerations

Please describe how the state will monitor its program to ensure beneficiaries will have sufficient, continued access to care following the implementation of the changes to their covered outpatient drug reimbursement methodologies.

Specifically, please include:

- Reference pertinent data sources, methodologies, baselines, thresholds, assumptions, trends and other factors which can vary geographically, to support the states' analysis of whether beneficiaries will have sufficient access to care.

  RESPONSE:
  Since October 1, 2014, Louisiana has been reimbursing at average acquisition cost (AAC) for ingredients and an enhanced professional dispensing fee based on results from a Cost of Dispensing (COD) survey. We will incorporate language in the State Plan which states our current reimbursement methodology.

  Current fee-for-service (FFS) outpatient pharmacy reimbursement methodology is the lower of the AAC for ingredient plus a professional dispensing fee; or the federal upper limit (FUL) plus the professional dispensing fee; or the provider's usual and customary charge, whichever is lower. There was some provider pushback when Louisiana Medicaid first converted to AAC as a means of determining ingredient cost, but we do not anticipate any specific access issues in FFS as a result of this SPA. A review of FUL pricing has been maintained in the current methodology, so incorporating FUL language here does not establish a change.

  All parishes in Louisiana, even those in rural areas, have at least two pharmacies. We do not anticipate a decrease in accessibility to outpatient pharmacy services.

  The 340B reimbursement for outpatient pharmacy will change to actual acquisition cost plus our professional dispensing fee. The annual fiscal impact to all FFS 340B providers in the state is estimated at $200,000, not significant enough to cause access issues.

- Discuss the characteristics of the beneficiary population (for example relative percentages in fee-for-service versus managed care).

  RESPONSE:
  Louisiana Medicaid has approximately 1.5 million beneficiaries. About 15percent (233,000 beneficiaries) of the Medicaid population remains in FFS. Of these 233,000

beneficiaries, only 126,000 have full prescription benefits provided by Medicaid, the others are covered by Medicare Part D.
Approximately 13,000 of the FFS beneficiaries are in long term care type settings.

- Discuss/consider the actual or estimated levels of provider payment from other public and private payers by provider type and site of service

RESPONSE:
Approximately 6.75 percent of FFS recipients who received prescriptions in state fiscal year (SFY) 2016 (July 01, 2015 through June 30, 2016), had payment from another third party payer. This was approximately 10 percent of the outpatient pharmacy payments for that time period. Approximately 107,000 recipients in FFS have Medicare Part D to cover prescription benefits.

It should also address the following:

- Input and concerns from beneficiaries, providers and other stakeholders (i.e. the public process), and address the potential effect that the change in payment rates will have on access

RESPONSE:
The State has not received any comments from beneficiaries to the public Notice of Intent. Federally Qualified Health Centers (FQHCs), Rural Health Clinics (RHCs), the Louisiana Hospital Association (LHA), one hospital provider and the Louisiana Independent Pharmacists Association all had comments in response to the Notice of Intent. The primary area of concern is billing actual acquisition cost for 340B purchased drugs. The 340B reimbursement for outpatient pharmacy will change to actual acquisition cost plus our professional dispensing fee. The annual fiscal impact to all FFS 340B providers in the state is estimated at $200,000, not significant enough to cause access issues. Other areas of concern involved the current methodology used to bill hemophilia drugs. There is no proposed change in reimbursement for hemophilia drugs at this time; therefore, there is no effect on access.

- Extent to which beneficiary needs are fully met

RESPONSE:
The needs of Medicaid beneficiaries will continue to be fully met.

- Availability of care through enrolled providers by geographic area and site of service

RESPONSE:
There should be no change in availability of care through enrolled providers by geographic area and site of service.

- Any changes in beneficiary utilization of covered services in each geographic area

RESPONSE:
There should be no change in beneficiary utilization of covered services in each geographic area.

- The frequency in which the state will update the Federal Upper Limits (FUL) and/or the Actual Acquisition Cost (AAC) benchmark(s) used in its reimbursement methodologies (including the "*Lower-of*" methodology).
    - For example, if a state opts to use the National Average Drug Acquisition Cost (NADAC) as its AAC benchmark, which is published by CMS and updated weekly on Medicaid.gov, please confirm the frequency of the State's file updates.

RESPONSE:
Baseline AAC rates will be calculated twice per year, based on invoices submitted by Louisiana Medicaid pharmacies. To respond to changes in the marketplace, AAC rates will also be reviewed weekly for published pricing changes and daily when inquiries are received through the pharmacy help desk.

FULs are updated monthly, upon CMS' release of the limits.

The State does not anticipate a lot of changes in access as a result of this SPA since both the average acquisition cost or FULs ingredient cost determinants, and the "lower of methodology" are currently in use.

Lastly, the state should provide assurances that it will implement monitoring procedures. That is, it must have an access monitoring review plan to monitor access following the rate changes. The monitoring procedures must provide review of state-determined and clearly defined measures, baseline data, and thresholds.

RESPONSE:
The State currently has a toll free "Help Desk" number for use by beneficiaries. Many FFS beneficiaries call on an "as needed" basis when prescription claims are denied. The State will continue to operate this service for beneficiaries. Louisiana works closely with the School of Pharmacy at University of Louisiana at Monroe (ULM) to access utilization patterns. The ULM School of Pharmacy provides clinical support for drug utilization initiatives. Proposed policy changes are assessed in light of current utilization patterns. We believe that we have traveled through the access issues that accompanied a change in reimbursement methodology to average acquisition cost for drug ingredient determination. The biggest hurdle the State is currently anticipating is access to 340B drugs. We are requiring "identifiers" to be placed on these claims so we can monitor utilization patterns. We are actively seeking input from the Louisiana Primary Care Association (LPCA) which manages many of the FQHCs and RHCs in Louisiana. We are actively working with state staff in the hospital section and considering input from the LHA. The State will initiate claim level indicators on 340B claims, this will allow analysis of claims after the rate change.