



**Department  
of Health**

# **Transition (Carve-Out) of Pharmacy Benefit from Managed Care to Fee-For-Service (FFS)**

**All Stakeholder: Implementation Update**

October 19, 2020

# Overview

- Project Overview
- Stakeholder Engagement Update
- Transition & Communications Strategy
- Key Deliverables and Timeline Update
- Resources

# Project Overview

# Project Overview

- Transitioning pharmacy services from Managed Care to fee-for-service (FFS) will, among other things, do the following:
  - Provide the State with full visibility into prescription drug costs.
  - Centralize and leverage negotiation power.
  - Provide a single drug formulary with standardized utilization management protocols.
  - Address the growth of the 340B program and associated reductions in State rebate revenue.

# Stakeholder Engagement Update

# Stakeholder Engagement Update

## Purpose:

NYS DOH will lead and provide all interest stakeholders with updates, facilitate a Q&A session, and incorporate feedback into the workplan as needed.

## Status:

- Monthly meetings ongoing starting with July 13 session
- Remaining meetings scheduled for third Monday of each month

All Stakeholders



Monthly

## Purpose:

NYS DOH is leading working sessions with Medicaid Managed Care Plans (and other subject matter experts as needed) to address transition topics and incorporate feedback into the workplan as needed.

## Status:

- Sessions 1-5 complete covering Roles & Responsibilities, Scope of Benefits, Data Sharing, Transition Strategy, Member & Provider Communication, Value-Based Payments, QARR Measures, and Program Integrity
- Next three sessions will address Data File, Access & Reports; DME Supplies; and Model Contract

Technical Workgroup



Bi-weekly

## Purpose:

To provide non-binding recommendations by October 1, 2020 regarding the reimbursement of 340B claims.

## Status:

- Three meetings held on 8/5, 8/26, 9/16. An additional meeting will be held, per the request of the Advisory Group (date TBD).
- Several ideas have been suggested and discussed. DOH will evaluate final recommendations for alignment with [Goals and Expectations](#) and update work plan if necessary.

340B Advisory Group



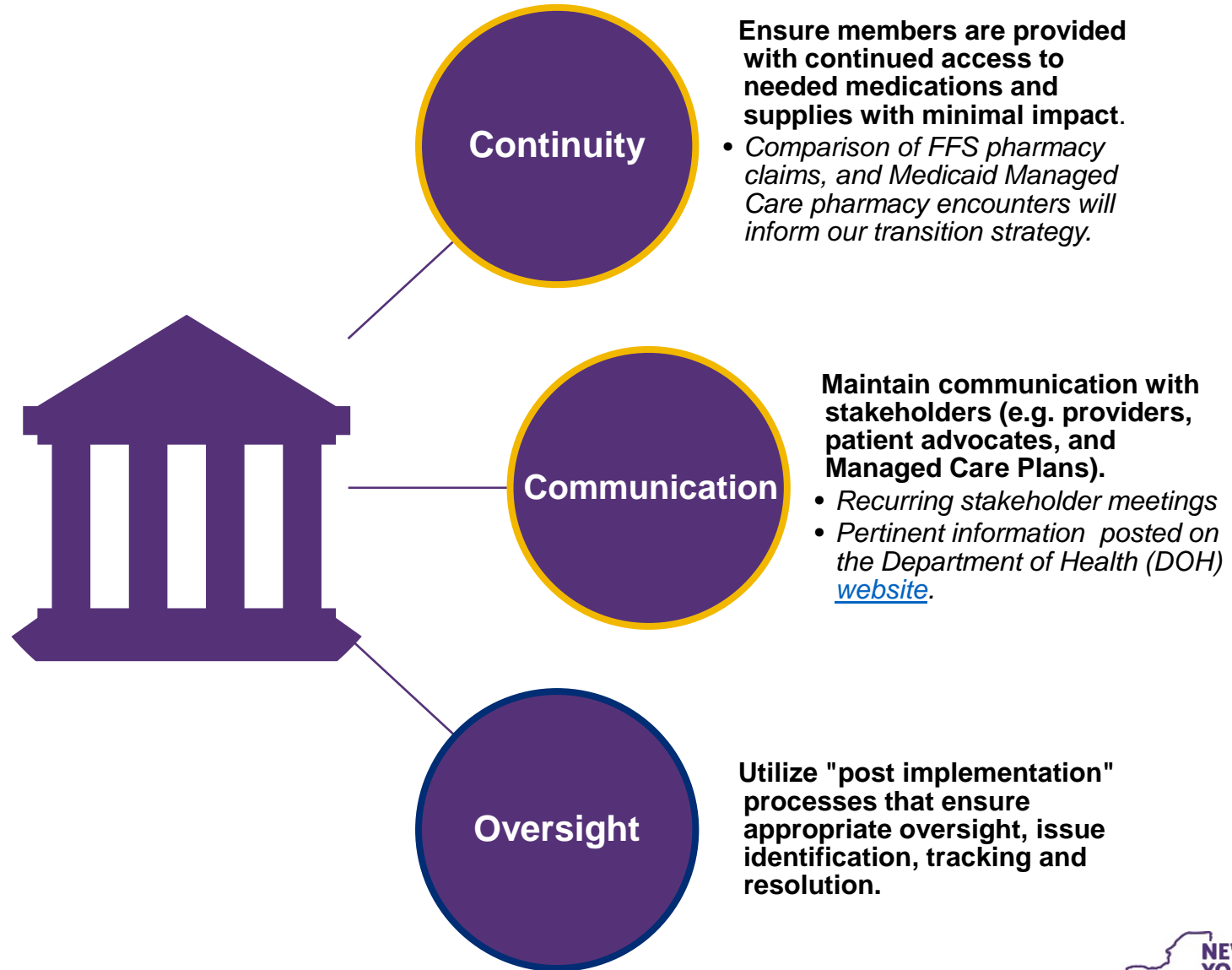
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Department of Health

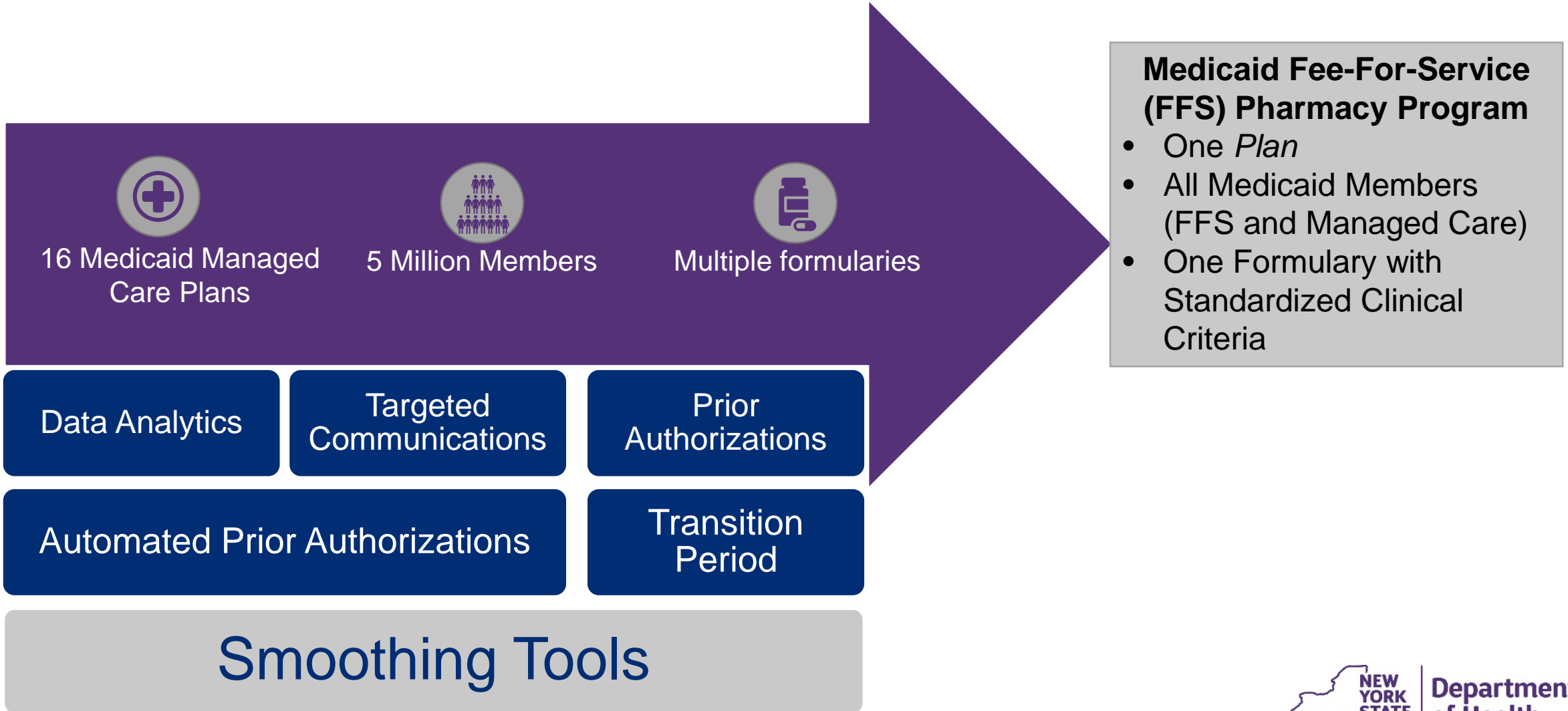
# Transition & Communications Strategy

# Transition Guiding Principles





# Smoothing The Transition



  
16 Medicaid Managed  
Care Plans

  
5 Million Members

  
Multiple formularies

Data Analytics

Targeted  
Communications

Prior  
Authorizations

Automated Prior Authorizations

Transition  
Period

Smoothing Tools

## Medicaid Fee-For-Service (FFS) Pharmacy Program

- One *Plan*
- All Medicaid Members (FFS and Managed Care)
- One Formulary with Standardized Clinical Criteria

# Tools to Smooth the Transition



- **Transition Period:** Between April 1, 2021 through June 30, 2021, members can obtain a one- time fill for non-preferred FFS medications without prior authorization.
- **Prior Authorizations (PAs):** PAs previously authorized by plans will be recognized/honored in FFS.
- **Automated PA:** PAs will be automatically bypassed when information in managed care claims history meets PA requirements (e.g. right diagnosis).
- **Data Analytics:** Managed Care claim analysis by focus area or program (e.g. Preferred Drug and Diabetic Supply Programs) will inform communication and transition activities.
- **Targeted Communications:** Will be used to notify members and providers of actions that can be taken to smooth the transition.

# Pharmacies & Prescribers



**Analysis:** Identify pharmacies and prescribers that are serving Medicaid Managed Care members that are not enrolled in the Medicaid FFS program

Provider Type	% Claims with FFS enrolled Providers
Pharmacies	97%
Prescribers	93%

## Smoothing Tools

- Notice to pharmacies and prescribers of the need to enroll in Medicaid FFS.
- Work with Managed Care Plans to encourage Medicaid FFS enrollment.
- Focused outreach with specific instruction based on provider's status (e.g. pharmacies that are enrolled as Managed Care only and previously enrolled FFS prescribers)

Based on Q2 2020 data

# Preferred Drug and Diabetic Supply Programs (PDP and PDSP)



**Analysis:** Identify products that are currently being used by Managed Care Members that are not preferred in FFS

Program	% Claims That Match FFS Preferred Products
Preferred Drug Program (PDP)	91%*
Preferred Diabetic Supply Program (PDSP) (Meters & Test strips)*	97%**

\*50% of claims that do not match FFS Preferred Products are for acute medications.

\*\*FFS Non preferred products are isolated to a single manufacturer.

*Based on Q1 2020 Data*

## Smoothing Tools

- Targeted Outreach/Education will be conducted to publicize the PDP/PDSP list of preferred products.
- One-time transition fill will be provided for non-preferred products during the transition period 4/1/21-6/30/21.

# Practitioner Administered Drugs



**Analysis:** Identify practitioner administered drug claims for Managed Care members that are not open on the Medicaid FFS formulary

<i>Specialty High Cost Drugs</i>	# of Claims	% of Claims not on the Medicaid FFS Outpatient Formulary
High Cost, requires monitoring, special handling. Ex: IV immunotherapy, chemotherapy, etc.	356,001	2%
<i>Low Cost Drugs</i>	# of Claims	% of Claims not on the Medicaid FFS Outpatient Formulary
Non-specialty physician administered, acute use. Ex: IV antibiotics, heparin, etc.	19,022	5%

## Transition Strategy

- Practitioner Administered Drugs not open on the Medicaid FFS outpatient formulary will continue to be made available by the Medicaid Managed Care Plans via the medical benefit.
- The Department will continue to analyze these medications and where appropriate and may make additions to the Medicaid FFS outpatient formulary.

# Durable Medical Equipment (DME) & Supplies



**Analysis:** Identify claims for managed care members for products that are not currently covered under the Medicaid FFS Pharmacy Program

## Transition Strategy

- The Department had been working with our Managed Care Plan partners to identify DME/supplies that are not a covered benefit in Medicaid FFS.
- The Department is reviewing some items for possible inclusion on the Pharmacy Procedures and Supplies list of products.

DME & Supplies	% of Claims Covered under the Medicaid FFS Pharmacy Program
Supplies subject to the Carve-Out, per the <a href="#">Scope of Benefits</a> document	99%

*Based on Q2 2020 Data*

# Communication Plan



- Pharmacies
- Prescribers
- DME Providers

Medicaid Update

October  
2020

Informs pharmacies, prescribers and Durable Medical Equipment (DME) Providers that if they are not enrolled in Medicaid Fee-For-Service (FFS), they must enroll to continue to serve Medicaid Managed Care members effective 4/1/2021.



- PDP/PDSP

Medicaid Update

December  
2020 &  
February  
2021

Provides information regarding the Medicaid Formulary and Prior Authorization (PA) Programs, which includes the Preferred Drug Program (PDP) Preferred Diabetic Supply Program (PDSP).



- PDP & PDSP

Prescriber  
Outreach

March 2021

Conduct prescriber outreach activities targeted to inform high volume prescribers of non-preferred products of the carve-out impact and actions that can be taken to smooth the transition (e.g. change to a preferred product or seek prior authorization)



- PDP & PDSP

Custom Member  
and/or Prescriber  
Notifications

April – June  
2021

Prescribers and members will be notified of their patients that are on non-preferred drugs. Guidance will be provided regarding the one-time transition fill, alternative drugs, and the prior authorization process.

# Key Deliverables and Timeline Update



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Deliverable(s)	Target Date	
Complete Work Plan and Establish State Transition Team and 340B Advisory Group	June 2020	✓
Recurring Workgroup Calls with Health Plans and All Stakeholders begin	July 2020	✓
Frequently Asked Questions Posted to the NYS DOH Website	August 2020*	✓
Finalize NYS DOH/Managed Care Plan Roles and Scope of Benefits	September 2020	✓
Consensus between the state and plans on data sharing concept	October 2020	
Recommendations from 340B Advisory Group	October 2020	
Changes to Model Contract Identified	November 2020	
Transition Analysis Conducted (e.g., Formulary, DME, OTC Comparisons), Changes Made To Smooth Transition and Transition Strategy Finalized	November 2020	
Deliver file formats, data dictionary, and process for daily claim file	November 2020	
Notice of 1115 Waiver Amendment	December 2020	

\*Initial FAQs posted and will be regularly updated as project progresses

# Key Deliverables and Timeline Update

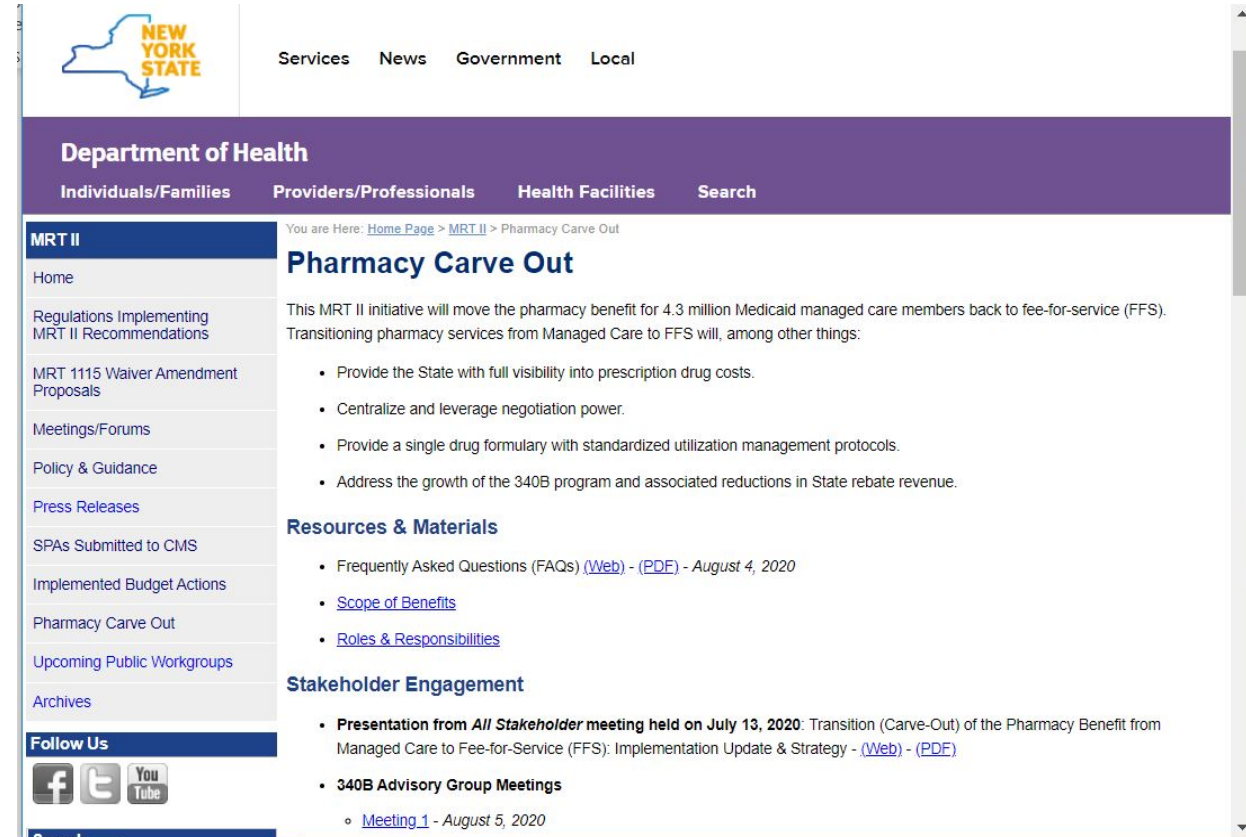
Deliverable(s)	Target Date
Required System Changes Identified and Implemented	December 2020
340B Related State Plan Amendment (SPA) Submitted	December 2020
Initial Special Edition Medicaid Update Published	December 2020
Systems Stress Testing Performed	January 2021
Member and Provider Notifications Sent and Second Special Edition Medicaid Update Published	February 2021
Customer Service Staff Hired and Trained	February 2021
Make Required Changes to Common Benefit Identification Card (CBIC), Carrier or Notice	March 2021
1115 Waiver Amendment and SPA Approved by CMS	March 2021
Go Live: Daily Calls with Stakeholders (through 4/30/2021 or Beyond as Needed)	April 2021

# Communications and Resources



# Website Updates

- The following content has been added to the website since the last meeting:
  - All Stakeholder September 21 Presentation
  - FAQ Update – October 9, 2020
- Website updates will continue to be communicated via the MRT LISTSERV.



The screenshot shows the New York State Department of Health website. The top navigation bar includes "Services", "News", "Government", and "Local". Below this is the "Department of Health" header with sub-navigation for "Individuals/Families", "Providers/Professionals", "Health Facilities", and "Search". The main content area is titled "MRT II" and "Pharmacy Carve Out". A breadcrumb trail reads "You are Here: [Home Page](#) > [MRT II](#) > Pharmacy Carve Out".

**Pharmacy Carve Out**

This MRT II initiative will move the pharmacy benefit for 4.3 million Medicaid managed care members back to fee-for-service (FFS). Transitioning pharmacy services from Managed Care to FFS will, among other things:

- Provide the State with full visibility into prescription drug costs.
- Centralize and leverage negotiation power.
- Provide a single drug formulary with standardized utilization management protocols.
- Address the growth of the 340B program and associated reductions in State rebate revenue.

**Resources & Materials**

- Frequently Asked Questions (FAQs) ([Web](#)) - ([PDF](#)) - August 4, 2020
- [Scope of Benefits](#)
- [Roles & Responsibilities](#)

**Stakeholder Engagement**

- **Presentation from All Stakeholder meeting held on July 13, 2020:** Transition (Carve-Out) of the Pharmacy Benefit from Managed Care to Fee-for-Service (FFS): Implementation Update & Strategy - ([Web](#)) - ([PDF](#))
- **340B Advisory Group Meetings**
  - [Meeting 1](#) - August 5, 2020

The left sidebar contains a navigation menu for "MRT II" with links to Home, Regulations Implementing MRT II Recommendations, MRT 1115 Waiver Amendment Proposals, Meetings/Forums, Policy & Guidance, Press Releases, SPAs Submitted to CMS, Implemented Budget Actions, Pharmacy Carve Out, Upcoming Public Workgroups, and Archives. Below the menu are social media icons for Facebook, Twitter, and YouTube.

# Resource Spotlight: Materials Posted



Resources and materials will be updated and clarified based on stakeholder feedback

- 12 New FAQs added October 9, 2020 to address:
  - Questions submitted in the September All Stakeholder session
  - Questions submitted to the PPNO mailbox
  - Questions posed in other venues and received through other channels that will be helpful to a wider audience
- FAQ Update – Updated categories include:
  - General
  - 340B
  - Managed Care Plans (MCPs)
  - Scope of Benefits
  - Data Sharing

# FAQ Spotlight: Scope of Benefits

## FAQ 053 Will Long Acting 2<sup>nd</sup> generation injectables be covered as a pharmacy benefit when given in a clinic setting?

**Published:** September 4, 2020

Long Acting 2nd generation antipsychotics, when administered by a physician or other practitioner in a clinic setting and billed on an institutional or medical claim form will continue to be covered by the member's managed care plan.

# FAQ Spotlight: Managed Care Plans

**FAQ 017 What health plans does the pharmacy carve-out apply to? Will the pharmacy benefit carve-out impact dual eligible members that have Medicaid Advantage and Medicaid? Does the pharmacy carveout apply to Managed Long-Term Care plans? Does the pharmacy carve-out apply to CHP?**

**Updated:** October 9, 2020

The Fee-For-Service (FFS) Pharmacy Carve Out does not apply to Managed Long-Term Care plans (e.g., PACE, MAP, MLTC), the Essential Plan, or CHP.

The FFS Pharmacy Carve Out applies to all mainstream Managed Care Plans (MCPs), including HARP and HIV-SNP plans. More information can be found on slide 3 of the Transition (Carve-Out) of the Pharmacy Benefit from Managed Care to Fee-for-Service (FFS): Implementation Update & Strategy presentation.

# FAQ Spotlight: General & 340B

**FAQ 061 In the calculated amount \$87.2M in State savings as a result of the pharmacy carve-out, did NYS DOH take into consideration an anticipated increase in Medicaid admissions and emergency room (ER) visits?**

**FAQ 067 Has NYS DOH conducted an analysis to measure the impact the pharmacy carve-out will have on agencies providing services to populations with HIV/AIDs? We are concerned that the pharmacy carve-out will result in rising HIV/AIDs infections and deaths?**

- NYS DOH recognizes that 340B revenue associated with Medicaid Managed Care claims is used to provide support services to vulnerable populations and therefore, has committed to a multi-year reinvestment to 340B Covered Entities, which includes \$102M in SFY 2021-22.
- Medicaid Managed Care Plans will continue to have the ability to coordinate activities necessary for their members' care. NYS DOH recognizes the importance of these activities, which will be funded through the administrative portion of capitated managed care premiums. Furthermore, NYS DOH will provide the plans with access to data that is needed to coordinate care.



# Resources

# Resources



Website: [https://health.ny.gov/health\\_care/medicaid/redesign/mrt2/](https://health.ny.gov/health_care/medicaid/redesign/mrt2/)  
Information regarding the transition of the pharmacy benefit from Managed Care to FFS will be posted at the above website.



Email: [PPNO@health.ny.gov](mailto:PPNO@health.ny.gov) – Please write *Carve-Out* in the subject line



MRT LISTSERV:  
[https://health.ny.gov/health\\_care/medicaid/redesign/listserv.htm](https://health.ny.gov/health_care/medicaid/redesign/listserv.htm)

# Questions?

*Please enter your question within the chat feature of the WebEx Event meeting.*

