Drug Cap Projection Questions

Q1. Have there been drugs introduced this year that have contributed to piercing the cap?

See Q10 in FAQ#1:

Q2. There was a 15 percent year to year increase this year. What was the increase between the prior two FYs?

Prior to the implementation of the Drug Cap, the average growth rate in Medicaid drug expenditures exceeded 13 percent between SFY 14-17. Please note, the calculation of the SFY17-18 Medicaid Drug Cap does not consider drug expenditures prior to SFY 16-17.

Q3. How is it that the Medicaid Managed Care (MMC) drug costs are increasing so much and Fee for Service (FFS) is going down? Is there increased utilization in MMC?

MMC drug costs are increasing, while FFS costs are decreasing due to the additional populations that have been transitioned from fee for service to managed care.

For more information on MMC and FFS enrollment, please see the Medicaid Global Cap Spending Reports, which are available on the Global Cap website: https://www.health.ny.gov/health_care/medicaid/regulations/global_cap/

Q4. Was it expected that as many as 30 drugs would be targeted in one year?

The Department did not have a predetermined expectation of the number of drugs prior to utilizing the process for initial identification of drugs for possible DURB referral, as provided during the August 31, 2017 webinar (on slide 8).
Negotiation Process Questions

Q5. Is DOH planning to remove any/all of those drugs from Medicaid Managed Care (MMC) formularies? Can you describe what that process would entail?

The Department has not yet determined whether it will direct the MMC Plans to remove any drugs from their formularies. If DOH does move forward with directing MMC plans to remove drugs from their formularies, it will do so in accordance with statutory provisions. This would include considering all rebates received, whether total drug expenditures are still projected to exceed the cap, and whether the drug is the only treatment for a particular disease or condition. The Department will also adhere to the notice requirements, consistent with PHL § 280(7)(a)(b).

Q6. If the selected drug is currently “Non-Preferred” on the NYS Medicaid Fee for Service (FFS) Preferred Drug List (PDL), will the drug be moved to “Preferred” status after NY and manufacture agreed on the supplemental rebate agreement?

Conditions, such as a drug’s preferred or non-preferred status on the Medicaid FFS Preferred Drug list, would be discussed between the State and the manufacturer, and documented in the applicable attachment(s) of the CMS approved contract template.

Q7. Will the Managed Medicaid plans (MMP) need to follow NY FFS PDL formulary for the specific drugs that reach agreement with NY on this initiative?

Conditions, such as a drug’s status on MMP formularies would be discussed between the State and the manufacturer, and documented in the applicable attachment(s) of the CMS approved contract template.

Q8. Is there a sample contract available for manufacturer to review and if the contract has been approved by CMS?

The National Medicaid Pooling Initiative (NMPI) Contract Template can be obtained by contacting Magellan Medicaid Administration at NYPDPnotices@magellanhealth.com.

The State Specific Supplemental Rebate Contract Template can be found at: https://www.health.ny.gov/regulations/state_plans/status/non-inst/index_2014.htm, See SPA 14-38.

Questions on Information Presented in 8/31/17 Webinar (Slide 6)

Q9. How does the State’s projection of 15.4 percent gross pharmacy spending growth in managed and fee for service from SFY17 to SFY18 compare to
CMS’s national Medicaid prescription drug spending trend of between 6.1 percent and 6.4 percent during this same time period?

The State is not sure what the source is for the 6.1-6.4 percent trend referenced in the question. However, the underlying CMS national trend for Medicaid prescription drug spending, if available, would utilize information from all states in this projection, and it is likely that the average spending trend would be reduced by smaller states; therefore, it would not provide a suitable basis for comparison. Furthermore, it is unclear where the NYS-specific information derives from, as CMS 64 data shows only FFS pharmacy costs and managed care premiums paid by the State. The growth in the managed care premium specifically for pharmaceutical costs is not detailed on the CMS 64.

The CMS National Health Expenditure projections (2016-2025) predicts on average 6.3 percent growth for prescription drugs per year. However, it is important to note that this projection uses a “real aggregate per capita drug spending” model. In other words, CMS is projecting out-of-pocket drug costs, which would not correlate to a program like Medicaid where there is little to no out-of-pocket expense to the patient.

The Medicaid Drug Cap accounts for actual premium growth within the Medicaid managed care rates certified by an actuary. The projected pharmacy spending growth for SFY 17-18 is based upon the difference between actual Medicaid drug expenditures in both Managed Care and Fee for Service populations in SFY 16-17 and projected Medicaid drug expenditures in both Managed Care and Fee for Service populations in SFY 17-18. Managed Care expenditures drive a majority of the increase (18 percent).

Q10. What is the basis for managed care expenses to increase by 18% from SFY17 to SFY18?

Increases from SFY 2016-17 to SFY 2017-18 in the projected managed care pharmacy PMPMs were driven by an influx of new specialty drugs to the market.

Q11. Has NY significantly increased prescription drug capitation rates to managed care organizations (MCOs)?

Yes; over the past three years the pharmacy component of the Managed Care capitation premiums has increased by 24 percent.

Q12. Are covered member months projected to increase?

The Department projects enrollment increases/decreases in both Fee for Service and Medicaid managed care populations using historical data to develop a utilization trend and accounting for any relevant program related changes, which may impact enrollment for a given fiscal year.