



COMMONWEALTH of VIRGINIA

Department of Medical Assistance Services

PATRICK W. FINNERTY
DIRECTOR

September 1, 2003

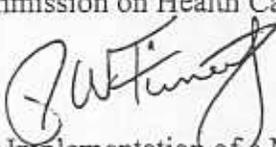
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MEMORANDUM

TO: The Honorable Vincent F. Callahan, Jr.
Chairman, House Appropriations Committee

The Honorable John H. Chichester
Chairman, Senate Finance Committee

The Honorable Harvey B. Morgan
Chairman, Joint Commission on Health Care

FROM: Patrick W. Finnerty 

SUBJECT: Status Report on the Implementation of a Medicaid
Preferred Drug List Program

Item 325 ZZ of the 2003 Appropriations Act directs the Department of Medical Assistance Services (DMAS) to establish a preferred drug list (PDL) program no later than January 1, 2004. As required by the budget language, DMAS submitted a report to the Senate Finance and House Appropriations Committees on April 1, 2003 outlining the design of the program. This memorandum provides a status report on activities that have taken place subsequent to the April 1 report and the June 16, 2003 memorandum.

Pharmacy & Therapeutics (P&T) Committee

Secretary of Health and Human Resources Jane H. Woods appointed eight physicians and four pharmacists to the P&T Committee. The P&T Committee has met three times and will meet a fourth time on September 3, 2003. Additional meetings are being scheduled monthly throughout the year. These first several meetings will determine which drugs will be part of the PDL program during the January 2004 implementation. The P&T Committee has recommended a "phased-in" approach to implementing the program. Future meetings will determine the drugs that will be part of the PDL program and implemented in April and July of 2004. The goal of

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this "phased-in" transition process is to minimize the impact of the program on the Medicaid clients and providers.

The P&T Committee determined that the review process for PDL inclusions will include at least two steps. The first step is that the Committee will determine, based on clinical evidence, whether a therapeutic class or a subset of the class is eligible for the PDL program. The second step will be for the P&T Committee to review the supplemental rebates offered by the pharmaceutical companies for the therapeutic class under review and determine which drugs meet both the clinical requirement and the "best" price. The table below outlines the therapeutic classes that have been reviewed by the P&T Committee. The P&T Committee Chair and Vice-Chair determine which therapeutic classes should be reviewed. At each meeting, public comment is allowed on the clinical aspects of the drugs under review.

Meeting Date	Therapeutic Classes Reviewed	P&T Committee Decisions Made
June 18 th	None-organizational meeting only	None
June 30 th	<ul style="list-style-type: none"> • Proton Pump Inhibitors (PPI): Reduce Stomach Acid, Ulcers, Gastroesophageal Reflux Disease • Histamine Type - 2 Receptor Antagonists (H2RA): Reduce Stomach Acid, Ulcers, Gastroesophageal Reflux Disease • Antihistamines: Allergies, Head Colds With Head Congestion, Itching • Nasal Steroids: Allergic Rhinitis 	All four classes were appropriate for inclusion in a PDL program. All drugs in these classes were considered clinically effective
August 12 th	<ul style="list-style-type: none"> • Selective COX-2 NSAID Inhibitors: Inflammation, Arthritis, Pain • HMG-CoA Reductase Inhibitors: Reduce Cholesterol Levels • Sedative Hypnotics: Sleep • Beta Adrenergics: Asthma • Inhaled Corticosteroids: Asthma 	No decisions were made because there was not a quorum physically present. Information was presented on the classes of drugs to the left. These classes will be voted on at the September 3 rd meeting
September 3 rd	<ul style="list-style-type: none"> • Angiotensin Converting Enzyme Inhibitors (ACEI) • Angiotensin II Receptor Antagonists (ARB) • Calcium Channel Blockers • Beta Adrenergic Blocking Agents (Beta Blockers) 	Decisions to be made at September 3 rd meeting.

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Preferred Drug List Contractor

A Request for Proposals (RFP) to procure the services of a Contractor to administer the PDL program and associated prior authorization programs was released on May 1, 2003. A mandatory pre-proposal conference was held on May 15th. The deadline for submitting proposals was June 5th. DMAS awarded the contract to First Health on July 18th. DMAS staff has been working daily with First Health to define and develop the operational aspects of the program.

Public Input

The April 1st report noted that DMAS had met with over 30 different groups of stakeholders to solicit input into the design of the PDL program. DMAS has continued to meet with various groups on a regular basis. In addition, DMAS has established a specific section on its website (www.dmas.state.va.us) at which stakeholders can receive notices and information about the PDL program (e.g., P&T Committee meeting notices). Stakeholders also can access documents related to the PDL, including the Contractor RFP, the April 1st report, a listing of the P&T Committee meetings and minutes, and other pertinent information. Moreover, DMAS established a dedicated e-mail address (pdlinput@dmas.state.va.us) for interested parties to submit comments, concerns, or information.

At each P&T Committee meeting, more than 50 representatives from pharmaceutical companies, providers, advocates, and provider associations attend. The agenda for each P&T Committee meeting allows time for presentations on the clinical aspects of the therapeutic classes under review. Pharmaceutical companies and other various groups have made presentations to the Committee. Written comments also are accepted and copies are provided to P&T Committee members.

PDL Implementation Advisory Group

DMAS has established a PDL Implementation Advisory Group. The first meeting of this group is scheduled for September 11, 2003. This group includes representatives of pharmaceutical manufacturers, providers, and advocates, and will provide advice to the agency regarding the implementation of the PDL program. It is anticipated that the advisory group will be of particular assistance in the areas of provider/consumer education, and reviewing the process for prior authorization of non-preferred drugs and prior authorization for "more than nine unique prescriptions."

We will continue to submit status reports to you in the coming months to keep

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you abreast of the progress being made to implement the PDL program. In the interim, should you have any questions or wish to discuss this issue, please feel free to contact me (804-786-8099).

/pwf

Cc: The Honorable Phillip A. Hamilton
The Honorable William C. Wampler, Jr.
The Honorable Jane H. Woods
Wayne M. Turnage
David Hallock
Joe Flores
Susan Massart
Kim Snead