

## Modernizing Louisiana's Medicaid Pharmacy Program

### *A Prescription for Reform*

*During the past several years, the Louisiana Department of Health and Hospitals has worked with providers, recipients and stakeholders to implement a comprehensive transformation of the State's Medicaid program, focusing on improving health outcomes and increasing quality of life for recipients while making the best possible use of available resources.*

In June 2012, the State completed implementation of BAYOU HEALTH, the new approach to coordinating care for more than two-thirds of the State's 1.2 million Medicaid and LaCHIP recipients. DHH has contracted with five Health Plans - Amerigroup RealSolutions, Community Health Solutions, LaCare, Louisiana Healthcare Connections and UnitedHealthcare -- that are responsible for coordinating health care for recipients, working with them to manage chronic diseases and empowering them to take a more active role in owning their own health.

In BAYOU HEALTH, there are two models for the Health Plans:

- ▶ The prepaid model (Amerigroup, LaCare and Louisiana Healthcare Connections) is a capitated model in which the Health Plans establish networks of providers and receive a monthly payment for each enrollee covered to provide core benefits and services. In this model, prior authorizations and claims payment are handled directly through each Health Plan.
- ▶ The shared savings model (Community Health Solutions and United Healthcare) is an Enhanced Primary Care Case Management (ePCCM) model in which the Health Plan receives a monthly per-member management fee to provide enhanced care management services, with opportunities for providers in that network to share in cost savings resulting from coordinating care. In this model, Medicaid's fiscal intermediary (Molina) handles claims payment and processing.

DHH wants to bring BAYOU HEALTH's principles of coordination and better care management to the Medicaid Pharmacy Benefits Program, and is proposing to add pharmacy as a benefit under the three prepaid-model BAYOU HEALTH Plans while concurrently restructuring the legacy Medicaid pharmacy program to enhance services for recipients and providers in fee-for-service Medicaid and the shared savings Health Plans. This is important because even with Medicaid's fundamental shift toward coordinated care, more than half of recipients will receive pharmacy benefits through legacy Medicaid, either because they are in recipient groups that are not part of BAYOU HEALTH, or they are in one of the two shared savings-model Health Plans, which will operate pharmacy through legacy Medicaid.

DHH recently issued a concept paper, "Modernizing Louisiana's Medicaid Pharmacy Program," which outlines the planned strategy for enhancing how pharmacy benefits are provided in Medicaid. The department's Medicaid leadership are conducting a series of forums in regions throughout the state to hear input and seek feedback from pharmacists and other providers, recipients, advocates and stakeholders.

### *Features*

DHH designed BAYOU HEALTH with certain protections built into the rule and Health Plans' contracts. Many of these safeguards will carry

*Over*

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forward to the pharmacy benefit, with the Health Plans required to:

- ▶ Ensure network adequacy by contracting with a sufficient number of providers to serve recipients in that Plan
- ▶ Make a good faith effort to contract with significant traditional providers of services in legacy Medicaid
- ▶ Develop robust appeals and grievances processes, with the State remaining the ultimate determiner for claims denials and other issues
- ▶ Follow prompt-pay standards for clean claims (Health Plans must pay 90 percent of clean claims within 15 days, and 99 percent within 30 days)
- ▶ Operate at a set Medical Loss Ratio (Health Plans must spend at least 85 percent of all available funding on direct patient care. If MLR is less than this, the difference must be refunded to the State.)
- ▶ Produce health outcomes and performance reports, along with monthly/quarterly/annual reporting
- ▶ Meet financial transparency requirements
- ▶ Transition patient care effectively
- ▶ Meet DHH's standards for timely submission of encounter data

DHH is also considering enacting additional protections specific to pharmacy benefits, including:

- ▶ Emergency refill requirements
- ▶ A clear exception process for drugs not covered on formularies.
- ▶ Disaster preparedness requirements
- ▶ Provisions for lost or stolen prescriptions

DHH welcomes the public's input on these and other protections providers and recipients feel are necessary to ensure the Medicaid pharmacy program continues to effectively meet health care needs.

## *Next Steps*

DHH anticipates implementing pharmacy changes in fall 2012, and the department will undertake the following steps as this initiative progresses:

- ▶ Publish a Rule (DHH's concept paper on "Modernizing Louisiana's Medicaid Pharmacy Program" and stakeholder feedback will provide framework)
- ▶ Submit a Medicaid State Plan Amendment to the federal Centers for Medicare and Medicaid Services
- ▶ Amend the BAYOU HEALTH contracts
- ▶ Develop actuarial rates for the prepaid plans
- ▶ Conduct system programming changes (including Fiscal Intermediary, eligibility system, rebate management system, managed care systems, provider systems)
- ▶ Outreach to providers and recipients to inform them of changes
- ▶ Have ongoing discussions with stakeholders
- ▶ Test data files and submission of encounter data for rebate collections and rate setting
- ▶ Assess implications of the State's upgrade, currently in development, of its Medicaid Management Information System for the Fiscal Intermediary

*DHH's pharmacy concept paper is available online at*  
**[www.MakingMedicaidBetter.com](http://www.MakingMedicaidBetter.com)**

*This site also includes a Pharmacy portal and information that is frequently updated to provide the latest details on the proposed pharmacy changes.*

This public document was published in-house at a total cost of \$142.50. Seven hundred fifty copies of this public document were published in this first printing at a cost of \$142.50. The total cost of all printings of this document, including reprints is \$142.50. This document was published by the Department of Health and Hospitals/Bureau of Media & Communications, P. O. Box 3234, Baton Rouge, LA 70821-3234. The material was printed in accordance with the standards for printing by state agencies established pursuant to R.S. 43:41.