Medicaid Managed Care Pharmacy Networks

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Florida’s Medicaid Program
Statewide Medicaid Managed Care

• In 2011, the Florida Legislature directed the Agency to create the Statewide Medicaid Managed Care program.

  Two Key Components

  Long-Term Care Program (LTC)
  Managed Medical Assistance Program (MMA)

• Implemented in 2013 and 2014
Managed Medical Assistance Program (MMA) Covers a Wide Array of Services

- The Agency contracts with MMA health plans to provide Medicaid covered services to enrollees.
- MMA plans are fully integrated plans responsible for covering a wide breadth of services including:
  - Preventive and acute medical services
  - Behavioral health services
  - Dental services
  - Transportation services
  - Pharmacy services
Many Tools to Ensure Access to Services

• MMA health plan contracts are designed to ensure that plans provide Medicaid recipients with access to all medically necessary covered services and to all needed providers in a timely manner.
  – Contracts provide the Agency with numerous tools to ensure compliance with all contract requirements, including:
    • Liquidated damages
    • Corrective action plans
    • Sanctions
    • Enrollment freeze
    • Contract termination
  • Limited provider networks and adequacy standards.
Ensuring Access: Limited Networks

- Plans can limit providers in their network to those who provide efficient services, access results, and meet high quality and performance.
- This gives the state leverage to ensure access:
  - Providers must be available within a certain drive time and distance for each enrollee.
  - There are provider to recipient ratios to ensure enough providers are available.
  - All provider types and specialties must be available.
- Limited networks allow the state to hold plans accountable for ensuring the providers in their networks accept Medicaid patients.
Managed Medical Assistance Program (MMA) Pharmacy Networks

• As the program came to maturity stakeholders noted some concerns with the make-up of some plans’ pharmacy networks.
• Concerns included:
  – Plans relying too heavily on large chain pharmacies.
    • Independent pharmacies being excluded from plan networks.
  – Nature and responsibilities of subcontracted pharmacy benefit managers.
Agency Actions to Improve Pharmacy Services

- Significantly strengthened pharmacy network provider requirements through
  - Reduced maximum drive times
  - Reduced maximum distances
- The changes were implemented in two phases in order to provide sufficient time for the health plans to comply.
- Investigated the statewide distribution of large chain, small chain and independent pharmacies in MMA health plans’ networks.
- Reviewed pharmacy benefit manager roles and responsibilities.
Strengthening Pharmacy Network
Requirements: Drive Time and Distance

Urban Communities – Drive Time/Distance:

Before 2017: 30 mins./20 miles
June 2017: 15 mins./10 miles

Rural Communities – Drive Time/Distance:

Before 2017: 60 mins./45 miles
February 2017: 30 mins./20 miles
June 2017: 15 mins./10 miles
New Pharmacies Added to Each Plan to Comply with Stronger Network Standards

<table>
<thead>
<tr>
<th>Plan Name</th>
<th>Number of New Pharmacies (January - July 2017)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aetna Better Health of Florida</td>
<td>202</td>
</tr>
<tr>
<td>Amerigroup Florida</td>
<td>450</td>
</tr>
<tr>
<td>Better Health</td>
<td>253</td>
</tr>
<tr>
<td>Community Care Plan</td>
<td>131</td>
</tr>
<tr>
<td>Humana Medical Plan</td>
<td>257</td>
</tr>
<tr>
<td>Molina HealthCare of Florida</td>
<td>885</td>
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<tr>
<td>Prestige Health Choice</td>
<td>299</td>
</tr>
<tr>
<td>Simply HealthCare</td>
<td>91</td>
</tr>
<tr>
<td>Staywell</td>
<td>1,464</td>
</tr>
<tr>
<td>Sunshine Health</td>
<td>65</td>
</tr>
<tr>
<td>United</td>
<td>72</td>
</tr>
</tbody>
</table>

Note: Plan reported data as of October 2017.
Note: Plan data may include duplication (one pharmacy may be counted for more than one plan).
Distribution of Pharmacies in MMA Program Mirrors the Industry as a Whole

• The Agency analyzed the statewide distribution of large chain, small chain, and independent pharmacies.
  – Department of Health licensure data

• Result:
  – The distribution of pharmacies within the Medicaid MMA networks closely follow the distribution of all licensed pharmacies statewide.

• Health plans include chain pharmacies in their networks to ensure they have enough pharmacies to meet enrollee needs.
Pharmacy Network Analysis Detail

• 59% of Florida pharmacies are one the following:
  – CVS
  – Walgreens
  – Publix
  – Wal-Mart/ Sam’s Club
  – Winn Dixie

• 62% of MMA plans’ pharmacy provider networks are made up of these large chain pharmacies.

• 87% of other pharmacies (not large chains) are contracted with an MMA plan.
Pharmacy Network Analysis Detail

<table>
<thead>
<tr>
<th></th>
<th>Licensed Community Pharmacies (Percent)</th>
<th>MMA Plans’ Pharmacy Networks (Percent)</th>
<th>Licensed Community Pharmacies (Number)</th>
<th>MMA Plans’ Pharmacy Networks (Number)</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Other Pharmacies</td>
<td>41%</td>
<td>38%</td>
<td>2,042</td>
<td>1,771</td>
</tr>
<tr>
<td>CVS</td>
<td>17%</td>
<td>18%</td>
<td>859</td>
<td>858</td>
</tr>
<tr>
<td>Walgreens</td>
<td>17%</td>
<td>18%</td>
<td>820</td>
<td>818</td>
</tr>
<tr>
<td>Publix</td>
<td>14%</td>
<td>15%</td>
<td>689</td>
<td>688</td>
</tr>
<tr>
<td>Wal-Mart/ Sam’s</td>
<td>8%</td>
<td>8%</td>
<td>378</td>
<td>377</td>
</tr>
<tr>
<td>Winn-Dixie</td>
<td>3%</td>
<td>3%</td>
<td>146</td>
<td>146</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
<td>4,934</td>
<td>4,658</td>
</tr>
</tbody>
</table>

Note: Data as of July 19, 2017
Pharmacy Network Analysis Detail

SMMC Statewide Pharmacy Network

Note: Data as of July 19, 2017
Role of Pharmacy Benefit Managers (PBMs)

• Health plans of all payer types utilize Pharmacy Benefit Managers (PBMs) to manage their pharmacy benefit and/or pharmacy network.

• PBMs provide the following services for Florida Medicaid fee-for-service and MMA plans:
  – Manage the pharmacy network.
  – Manage the pharmacy benefit (e.g., apply prior authorization criteria, provide enrollees with appeal rights).
  – Process pharmacy transactions at point of sale.

• The 16 Medicaid plans use 8 different PBMs.
Role of Pharmacy Benefit Managers (PBMs)

• PBMs for Medicaid fee-for-service and MMA plans **DO NOT:**
  – Create a preferred drug list or formulary
    • MMA plans must use the preferred drug list developed by the Agency.
  – Require referrals to go to a particular pharmacy or “steer” recipients to particular pharmacies.
    • A recipient may go to any pharmacy within their plan’s network.
  – Negotiate rebates
    • The Agency negotiates all rebates for Medicaid.
Questions?