

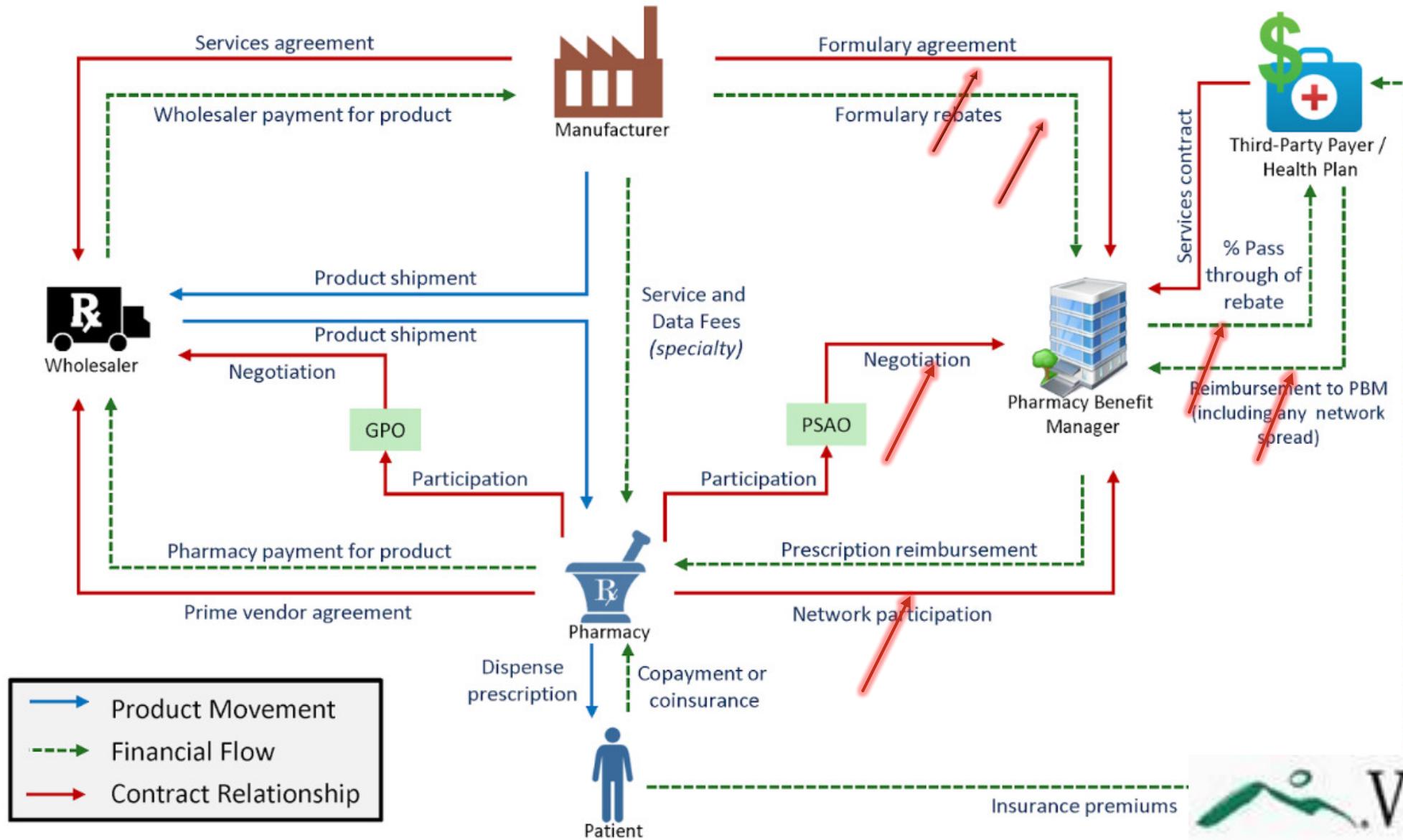
# Medicaid PBM Overview

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Department of Vermont Health Access

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# U.S. Distribution and Reimbursement System: Patient-Administered, Outpatient Drugs



# Commercial PBM vs Medicaid PBM



## Rebates

Manufacturers Contract directly with CMS on mandatory federal rebates

Manufacturers Contract directly with SOV for negotiated state rebates

State collects 100% of rebates, and shares % with CMS

No rebates flow through PBM



## Pharmacies

No spread, DVHA contracts directly with pharmacies

DVHA pays pharmacies weekly per State Plan rates approved by CMS



## PBM Contract

100% transparent, posted on DVHA website

Based on administrative fees for services performed

\$4.2 million max per year

## PBM SERVICES

DVHA contracted for a complete suite of pharmacy benefit management (PBM) services for Vermont's publicly-funded drug benefit programs beginning January 2015 with Change Healthcare.

### Operational

- Point-of-Service Claims processing services
- Provider PA Call Center Support

### Clinical

- Preferred Drug List management
- Drug Utilization Review Board (DURB) support
- Drug utilization review (DUR) and Utilization Management (UM)
- Clinical review and processing of Prior Authorizations (PA)

### Financial

- Federal and Supplemental Rebate Management
- Contracting, Invoicing, Tracking, Collections, Disputes

### Data Analytics and Reporting

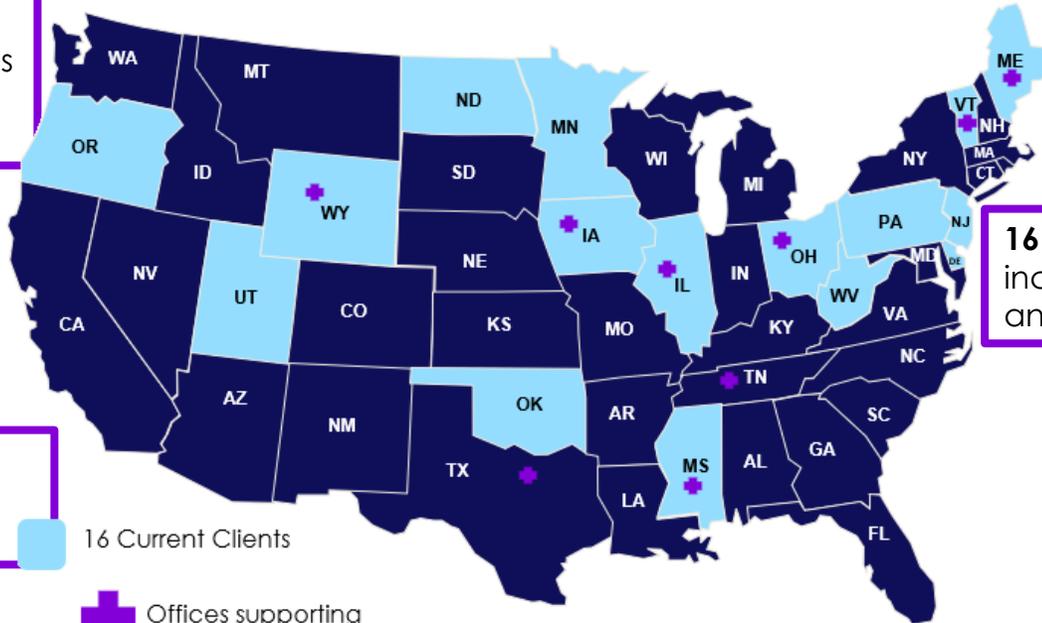
- Modern analytic tools
- Meaningful operational reports
- Spend and trend monitoring

# A Market Leader in Medicaid FFS Pharmacy Benefit Services

**SSDC:** Largest supplemental rebate negotiations pool

- 7.2 million covered lives
- \$6.8 billion Medicaid drug spend

**CMS Certified Solution:** Enhanced 75% federal match



**16 pharmacy clients** including Illinois, Ohio and Pennsylvania

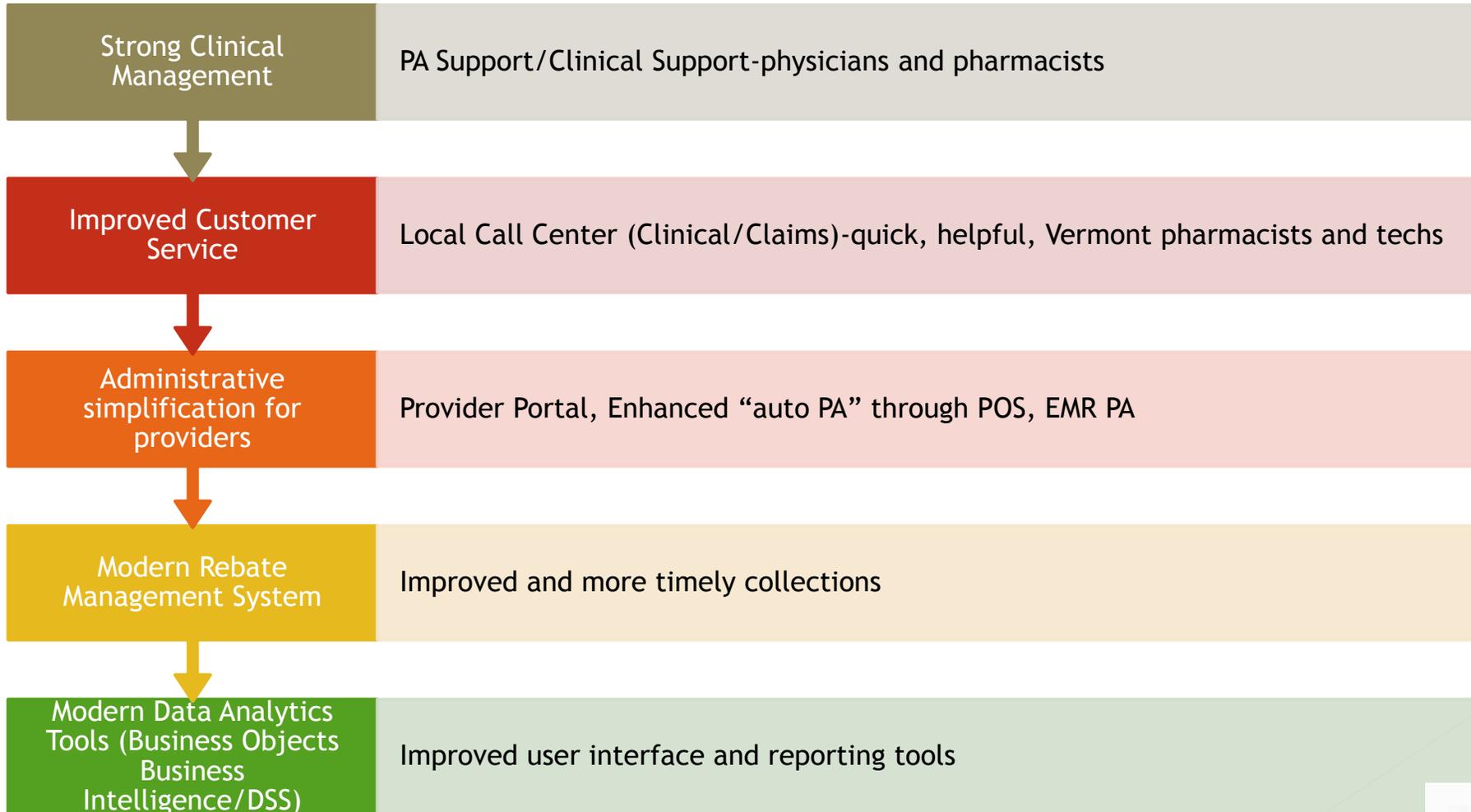


Highest data center security: **NIST/FISMA** compliance and **HiTRUST** certification

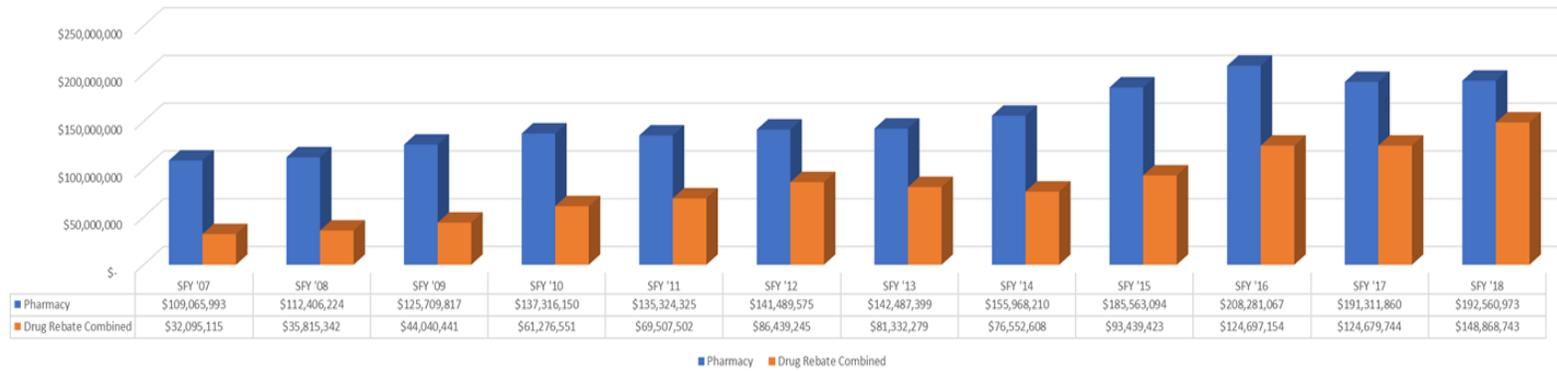
Providing secure pharmacy solutions to both state and federal government agencies, including the Department of Defense

# PBM Services

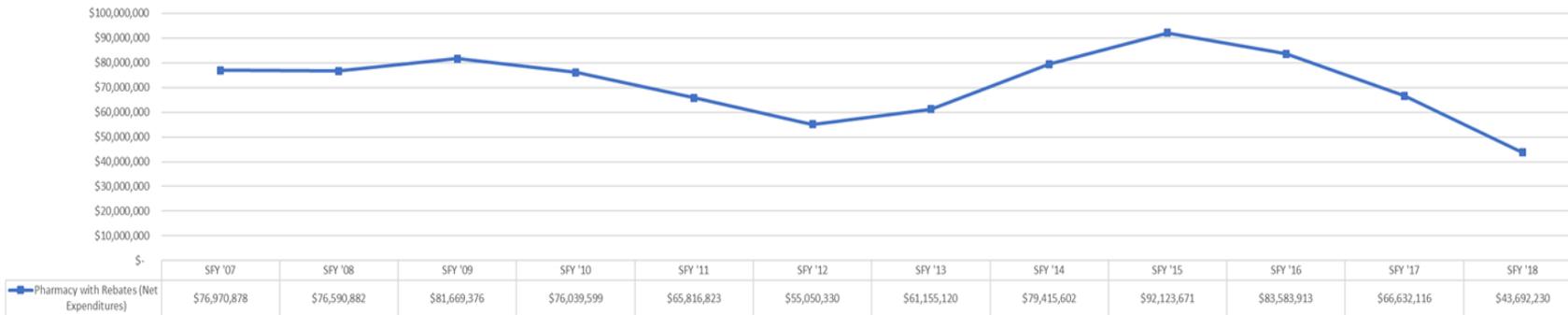
In addition to standard PBM services such as claims processing and drug utilization management, the State sought and received significant improvements in clinical support, technology and services



Pharmacy Expenditures Comparison to Drug Rebate Collections



Pharmacy with Rebates (Net Expenditures)



# Pharmacy Gross and Net Spend Trend



## 42 CFR Part 1001: Removal of Safe Harbor Protection for Rebates Involving Prescription Pharmaceuticals and Creation of New Safe Harbor Protection for Certain Point-of-Sale Reductions in Price on Prescription Pharmaceuticals and Certain Pharmacy Benefit Manager Service Fees

- ▶ The amendment would revise the discount safe harbor to explicitly exclude from the definition of a discount eligible for safe harbor protection, certain reductions in price or other remuneration from a manufacturer of prescription pharmaceutical products to plan sponsors under Medicare Part D, Medicaid managed care organizations as defined under section 1903(m) of the Act (Medicaid MCOs), or pharmacy benefit managers (PBMs) under contract with them. In addition, the Department is proposing two new safe harbors. The first would protect certain point-of-sale reductions in price on prescription pharmaceutical products, and the second would protect certain PBM service fees.
- ▶ AGENCY: Office of Inspector General(OIG), Department of Health and Human Services (HHS).
- ▶ ACTION: Proposed rule published 2/6/2019, Comments closed 4/8/2019, 25,905 comments received
- ▶ Directly affects Medicare Drug Plans and Medicaid Managed Care
- ▶ Indirectly affects.....