

MEDICAID POLICY INFORMATION SHEET

Policy Analyst: Vicki Goethals

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Initial

Public Comment

Final

Brief description of policy:

The purpose of this bulletin is to inform providers that outpatient prescription drugs will no longer be covered as a part of the Medicaid Health Plan (MHP) benefit. Effective December 1, 2019, all pharmacy drug coverage will be transitioned to Fee-for-Service Medicaid.

Reason for policy (problem being addressed):

This change is being made pursuant to the implementation of Enrolled Senate Bill 139, which makes appropriations for the Michigan Department of Health and Human Services for the fiscal year ending September 30, 2020, and will result in cost savings through a combination of increased pharmaceutical rebates and elimination of related MHP administrative capitation costs. The transition to a single formulary will also result in significantly streamlined administration for Michigan’s health care providers and coverage consistency for program beneficiaries.

Budget implication:

budget neutral

will cost MDHHS \$, and (select one) budgeted in current appropriation

will save MDHHS \$ 40 million Gross/\$10 million GF

Is this policy change mandated per federal requirements?

No

Does policy have operational implications on other parts of MDHHS?

Managed Care Plan Division, Pharmacy Management Division, Actuarial Division, and Office of Medical Affairs

Does policy have operational implications on other departments?

No

Summary of input:

controversial

acceptable to most/all groups

limited public interest/comment

Supporting Documentation:

State Plan Amendment Required: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Public Notice Required: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If Yes, please provide status:	If yes, Submission Date:
<input type="checkbox"/> Approved <input type="checkbox"/> Pending <input type="checkbox"/> Denied	
Date: Approval Date:	

DRAFT FOR PUBLIC COMMENT Michigan Department of Health and Human Services		
	Project Number: 1936-Pharmacy	Date: September 30, 2019

Comments Due: November 4, 2019
Proposed Effective Date: December 1, 2019
Direct Comments To: Vicki Goethals
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Policy Subject: Medicaid Health Plan Pharmacy Drug Coverage Transition

Affected Programs: Medicaid, Healthy Michigan Plan, Children’s Special Health Care Services (CSHCS), Maternity Outpatient Medical Services (MOMS)

Distribution: All Providers

Summary: The purpose of this bulletin is to inform providers that outpatient prescription drugs will no longer be covered as a part of the Medicaid Health Plan (MHP) benefit. Effective December 1, 2019, all pharmacy drug coverage will be transitioned to Fee-for-Service Medicaid.

Purpose: This change is being made pursuant to the implementation of Enrolled Senate Bill 139, which makes appropriations for the Michigan Department of Health and Human Services for the fiscal year ending September 30, 2020, and will result in cost savings through a combination of increased pharmaceutical rebates and elimination of related MHP administrative capitation costs. The transition to a single formulary will also result in significantly streamlined administration for Michigan’s health care providers and coverage consistency for program beneficiaries.

Cost Implications: Savings of \$40 million Gross/\$10 million GF.

Potential Hearings & Appeal Issues: None.

State Plan Amendment Required: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If yes, date submitted:	Public Notice Required: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Submitted date:
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Tribal Notification: Yes No - **Date:** 10/1/2019

THIS SECTION COMPLETED BY RECEIVER

<input type="checkbox"/> Approved	<input type="checkbox"/> No Comments
<input type="checkbox"/> Disapproved	<input type="checkbox"/> See Comments Below
	<input type="checkbox"/> See Comments in Text

Signature:	Phone Number
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Signature Printed:

Bureau/Administration <i>(please print)</i>	Date
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Proposed Policy Draft

Michigan Department of Health and Human Services
Medical Services Administration

Distribution: All Providers

Issued: September 30, 2019 (Proposed)

Subject: Medicaid Health Plan Pharmacy Drug Coverage Transition

Effective: December 1, 2019 (Proposed)

Programs Affected: Medicaid, Healthy Michigan Plan, Children's Special Health Care Services (CSHCS), Maternity Outpatient Medical Services (MOMS)

The purpose of this bulletin is to inform providers that outpatient prescription drugs will no longer be covered as a part of the Medicaid Health Plan (MHP) benefit. Effective December 1, 2019, all pharmacy drug coverage will be transitioned to Fee-for-Service (FFS) Medicaid. This change is being made pursuant to the implementation of Enrolled Senate Bill 139, which makes appropriations for the Michigan Department of Health and Human Services (MDHHS) for the fiscal year ending September 30, 2020, and will result in cost savings through a combination of increased pharmaceutical rebates and elimination of related MHP administrative capitation costs. The transition to a single formulary will also result in significantly streamlined administration for Michigan's health care providers and coverage consistency for program beneficiaries.

Effective for service dates on or after December 1, 2019, all prescription drugs should be billed at point-of-sale directly to MDHHS' contracted Pharmacy Benefit Manager (PBM). These medications will be subject to current FFS pharmacy policies and coverage limitations, including prior authorization (PA) requirements.

In accordance with FFS policy, a copayment may apply for each prescription dispensed to beneficiaries age 21 years and older. Current MHP beneficiaries age 21 and older may incur co-pays for prescription drugs effective December 1, 2019 (current copayment amounts are listed on the MDHHS website).

To facilitate a smooth transition for program beneficiaries, MDHHS will partner with MHPs and its PBM contractor (Magellan Rx Management) by utilizing recent MHP PAs and paid claims data to create system edits. The intent of these edits is to continue the beneficiary's medication coverage that was provided by their MHP and to minimize and/or eliminate PA obstacles during the first three-months of the coverage transition (i.e., 12/1/2019 through 2/29/2020).

For coverage information, including PA and copay requirements, refer to the Michigan Pharmaceutical Product List (MPPL), the Michigan Preferred Drug List (PDL) and the MDHHS Drug Lookup tool (<https://michigan.magellanrx.com/provider/drug-lookup>).

Refer to the Pharmacy Claims Processing Manual and Michigan Medicaid Payer Specification for billing and claims processing information. These manuals can be found on the MDHHS Pharmacy web portal at <https://michigan.magellanrx.com/provider/documents> >>Manuals.

For an overview of the Medicaid Pharmacy Program, refer to the Pharmacy chapter of the Medicaid Provider Manual. The Medicaid Provider Manual can be accessed on the MDHHS website at www.michigan.gov/medicaidproviders >> Policy, Letters & Forms.