



SBI97 PREFERRED DRUG LIST REVISIONS (Sen. Allen Christensen)

STAY ON THE PATH OF COST SAVINGS, IMPROVED QUALITY FOR MEDICAID

SUMMARY

SBI97 clarifies the categories of drugs that can be excluded from the Medicaid Preferred Drug List. When the PDL was established last year, the legislature intended to exclude drugs used for the treatment of mental illness from the list. However, the exclusion as written (“psychotropics”) is broader than intended, and prevents listing many drugs *not* used to treat mental illness on the PDL. The broader exclusion will compromise the PDL’s ability to maximize savings. SBI97 ensures that last year’s intent is realized. It creates a mechanism to limit the scope of mental health exceptions by requiring the physician to link the patient’s mental disorder to the corresponding ICD code on the prescription. Published by the World Health Organization, the ICD (International Classification of Diseases) is known to all doctors and used world-wide for morbidity and mortality statistics, reimbursement systems and automated decision support in medicine.

BACKGROUND

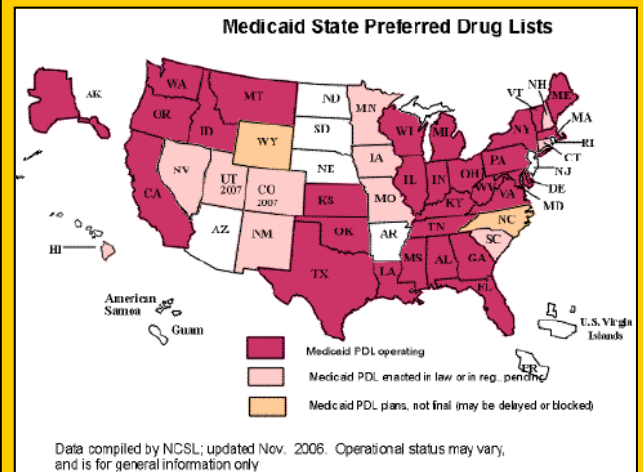
As Utah's population continues to grow and age, the demand for prescription drugs will only increase. Faced with this reality, the vast majority of insurers have implemented a Preferred Drug List (PDL) or an even stricter formulary. In response to mounting fiscal pressures, 41 states have implemented a PDL within their Medicaid program. Utah finally implemented a PDL last year, and already the savings are substantial. Most states do not exclude mental health drugs at all; instead they follow evidence-based standards to determine on a class-by-class basis which drugs are safe to include on the PDL.

Utah’s PDL is off to a great start...the state follows these best practices in implementation of the PDL:

- **Drug Utilization Review:** A Pharmacy and Therapeutics (P&T) committee comprised of physicians, pharmacists, beneficiaries are now deeply engaged in regularly reviewing and modifying the PDL based on clinical outcomes and cost-effectiveness data, as well as practical experience.
- **Reinvest Savings in Medicaid.** Over time Utah’s PDL will generate enough savings to provide preventive and medically necessary care such as dental and vision services as well as improve access to care through increased provider rates.

LESSONS FROM OTHER STATES

- More than 41 states have a Preferred Drug List and none plan on turning back from this robust cost containment strategy.



Status of Mental Health Drugs on State PDLs

- Iowa excludes all mental health drugs from its PDL with the exception of drugs and compounds that do not have a significant variation in a therapeutic profile or side effect profile within a therapeutic class.
- Vermont wisely tightens the requirements for use of its PDL by requiring case-by-case evaluation of mental health drugs rather than blanket exemption.
- Colorado excludes the narrower category of mental health drugs, as does Kansas, Michigan, Nevada, New York, Ohio.
- Only Hawaii excludes all psychotropics (like Utah).
- Most states do not actually exclude mental health drugs from their PDLs, though incremental implementation of drug classes seems to avoid mental health drug classes.

Utah would be in good company if its PDL excluded only mental health drugs.