



The Prescription for a Healthier Medicaid Rx Program

Texas is a national leader in the use of managed care. Managed care has dramatically improved the lives, outcomes, and quality of care for Medicaid patients in Texas.

Texas is moving to a more efficient Medicaid prescription program, through Medicaid managed care, that negotiates the most clinically effective and lowest-priced drugs. This will replace the existing program that favors expensive brand-name drugs that are up to 5 times more expensive than generics, is not based on standard medical practice, and has become overly cumbersome for Texas physicians. According to the Texas Medical Association (TMA), more than half of Texas Medicaid physicians say they meet confusion, delays and challenges in prescribing the most appropriate drugs for their patients under the existing state-run drug program.¹

“That’s just nuts. It’s amazing to me the vendor drug program evolved itself into this mess where a doctor and a patient are penalized for prescribing the generic rather than the brand name. It’s foreign to our training to write a generic prescription and have it rejected.”

TMA member and San Antonio pulmonologist Dr. John R. Holcomb, M.D., Texas Medicine, July 2016

“No other payer has such a Byzantine pharmacy benefit, thus fueling physicians’ reluctance to participate in the program. Making the pharmacy benefit more transparent and easier to use will reduce program hassles for physician practices.”

TMA and Texas Pediatric Society Stakeholder Comments to HHSC, Texas Medicine, July 2016

Better Care

The existing program poses a number of challenges for patients, including the fact that its drug list is not updated frequently and keeps doctors from being able to prescribe patients the most current, appropriate and effective drug. Delays, denials, and the absence of the right medicines on the state drug list result in more hospital admissions and lower quality of care for Texans. Prescription drug care coordination through managed care will ensure that Medicaid patients receive fully integrated, high quality of care, resulting in further improvements in their lives and outcomes.

Lower Prices: Millions in Savings

Managed care organizations will also negotiate significantly lower net prices for prescription drugs – reducing the **average net price of a drug**. HHSC estimates this will **result in roughly \$40 million in GR savings and \$100 million in AF savings for Texas and taxpayers annually**. The full transition to managed care will result in improved care for Medicaid patients and a streamlined system for Texas physicians.

The Texas Association of Health Plans supports allowing MCOs to fully manage the pharmacy benefit in order to bring down costs and provide more timely access to clinically appropriate medications to Texans in the Medicaid program.

Improving Prescription Drug Care Through Managed Care

As a result of the managed care model's proven track record of improving patient care and generating Medicaid savings, the Texas Legislature adopted the full expansion of managed care statewide in 2011, including the integration of prescription drug coverage. This puts Medicaid in step with the rest of the health care market in Texas – health plans already manage the prescription drug benefit successfully in Medicare, Tricare, ERS/TRS, and the private market. The transition for fully integrating drug coverage into managed care is a two-step process, with the final step scheduled for August of 2018.

Full Prescription Drug Care Coordination Under Managed Care

- **Improves Quality of Care:** Ensures that Medicaid patient receive fully integrated, high quality of care, resulting in further improvements in the lives and outcomes of Medicaid patients.
- **Lowers Prices of Medicaid Drugs:** Managed care organizations will negotiate significantly lower net prices for prescription drugs – reducing the average net price of a drug.
- **Generates Taxpayer Savings:** Uses health plan leverage and experience to achieve millions in savings annually.
- **Protects Consumers:** As with previous steps in this transition, the shift of the Rx benefit to managed care will maintain all current patient protections and include the development of new protections.
- **Creates a Simpler System for Texas Doctors:** Texas doctors prefer prescribing lower-cost and easier-to-access generic prescription drugs for their patients. However, the current state-run drug program favors expensive brand-name drugs, is not based on standard medical practice, and is cited as a barrier to physicians accepting Medicaid patients. The shift to managed care will result in a simpler system for doctors and more cost-effective program for Texans.
- **Creates Continuity of Care:** Texas Medicaid patients who under the current system cannot find or afford the expensive brand-name drugs the system favors if they leave Medicaid, will now be able to easily locate and afford their medicines if they leave the program.

Delaying This Transition Protects Drug Company Profits, But Hurts Texas Doctors, Patients & Taxpayers

- PHARMA is requesting a delay to this transition to a more efficient Medicaid drug program in hopes of protecting the pay-to-play rebate system that allows them to profit from a costly, brand-name dominated system. The full transition of Texas Medicaid to managed care has already been delayed once—putting quality of care at risk and foregoing significant savings for Texas taxpayers.
- PHARMA's justification for this delay is their claim of \$1.5 billion in rebates they pay the state to maintain the state's high-cost, brand-name drug program. In reality, the State of Texas only negotiates roughly \$50-\$100 million in supplemental rebates each year. TAHP supports full integration, as scheduled by the Legislature, in 2018.

¹ 2014 Texas Medical Association Survey of Physicians

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