Dispensing the Facts on the Medicaid Preferred Drug List

TAHP
The Texas Association of Health Plans

Allowing managed care organizations (MCOs) to fully manage the managed care pharmacy benefit will bring down costs to Texas taxpayers and provide more efficient and timely access to clinically appropriate medications to Texans in the Medicaid program.

Opponents of the planned implementation of the management of the state's Medicaid Preferred Drug List (PDL) by managed care plans continue to circulate myths designed to restrict patient access to medications and boost pharma profits.

Myth: The state would not be able to ensure quality of care and consistent patient care through MCOs.

- ✓ **Fact:** MCOs already effectively deliver very complex benefits through nursing facilities and home care. Over 97% of the state's Medicaid services are provided by MCOs.
- ✓ **Fact:** Unlike the current vendor drug program, Medicaid MCOs are at risk for and are held accountable for patient outcomes, quality of care, and consumer satisfaction. In fact, MCOs have decreased the number of preventable ER visits by 16%.[1]

Myth: There is no conclusive evidence that a carve-in would save money.

- ✓ **Fact:** Studies have repeatedly estimated savings for the formulary carve-in for Texas, including HHSC's studies in 2011, 2013, and in 2017.[2]

Myth: Savings through the proposed carve-in would be the result of reducing access to medications.

- ✓ **Fact:** None of the estimated savings for carving in the PDL come from any reductions in prescriptions or cutting access to prescriptions. All of the savings are achieved from lower cost generics.

Myth: Providers will have to manage 16 different formularies.

- ✓ **Fact:** There are only 6 PBMs in Texas Medicaid, so there would only be 6 formularies statewide. There are also no more than 4 potential formularies in any 1 area of the state.

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Myth: MCO Medicaid formularies will increase administrative burden to providers.

- ✓ **Fact:** More than half of Texas Medicaid physicians say they experience confusion, delays, and challenges in prescribing the most appropriate drugs for their patients under the existing state-run drug program.[3]

- ✓ **Fact:** MCO formularies are the same formularies that providers are accustomed to with private health insurance, Medicare, employer coverage, and state plans like ERS and TRS.

Myth: Health plans will pocket supplemental rebates and health plans will pocket savings.

- ✓ **Fact:** Under current law, Texas Medicaid managed care plans are prohibited from negotiating or collecting rebates when the transition occurs.[4]

Myth: Medicaid patients will lose current prescription drug protections.

- ✓ **Fact:** Texas has protected classes of drugs and they will remain protected classes after the transition of the PDL to MCOs. When a class is protected, it means that all drugs in a class are preferred and there is not a PDL for these classes. The current protected classes include anticonvulsants, hemophilia and oncology drugs, antiretrovirals, multiple sclerosis treatments, contraceptives, and medications for the treatment of sickle cell disorder.

- ✓ **Fact:** Even after the transition, MCOs will be required to provide all drugs on the federal Medicaid formulary, as they are now.

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[1] HHSC, Biannual Report on Initiatives to Reduce Avoidable Emergency Room Utilization and Improve Health Outcomes in Medicaid, Aug. 2022.
[2] Rudd and Wisdom, Inc., & HHSC, State of Texas Vendor Drug Program: Formulary control state vs. MCO, 2017.
[3] Texas Medical Association, Survey of Texas Physicians: Research Findings, 2014.
[4] Tex. Gov. Code 533.005(a)(23)(D)

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