Oppose HB 1283

The State Managed Formulary Hurts Families & Doctors

TAHP
The Texas Association of Health Plans

The Basics: Under Medicaid, certain drugs are chosen as "preferred." That list is called the preferred drug list (PDL) and Medicaid rules force patients onto these specific drugs.

Prior Authorization Headache: If a doctor wants a patient to be on a different drug, that requires a prior authorization which can be cumbersome and leads to delays and denials of care. This happens often in Medicaid and it is a burden for doctors and patients.

Starting in September, managed care is set to control the formulary. At that time, Medicaid patients will have more predictable drug coverage, like the rest of Texans. That is—unless the state passes HB 1283.

The Problem: Under the state's management, the formulary switches based on the amount of rebates they can get on a drug. This "rebate chasing" means patients have to switch off drugs they are stable on (non-medical switching) or doctors, pharmacists, patients, and managed care plans have to go through an onerous prior authorization process.

More on Rebates: Unlike some other states which put the PDL in managed care, Texas' Medicaid drug board determines which drugs are on the list based on rebate decisions, not patient needs. If Medicaid plans approve prior authorizations off of the PDL they face liquidated damages, forcing MCOs to choose between contract compliance or patient outcomes.

TAHP Opposes Any Further Delays of the PDL Carve-in: HB 1283 would make the management of the PDL by the state permanent—locking in the process that burdens doctors and threatens care for patients.

Delays and Denials of Care Lead to Poor Patient Outcomes:

Shortages

Name-brand drugs often see shortages. In 2022, rebate-chasing led the state to switch to brand name drugs like Adderall for the treatment of ADD/ADHD. When those brand-name drugs had shortages, patients could not easily switch back to the widely available, generic option.

Addiction

The only drugs for sleep disorders on the PDL are controlled substances like brand-name Ambien. The inability to easily prescribe safer alternatives leads to potential abuse, addiction, and harmful drug interactions.

Hospitalizations

Previously, the only inhaler on the PDL for short term relief of asthma was an albuterol inhaler without a dose counter. Families could not tell when the inhaler was empty. As a result, children were sent to the ER and often hospitalized.

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A Different Approach: Patient Protections Should Be Added

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Background: In 2017, Texas protected patients from formulary related non-medical switching in private health insurance but not in Medicaid. As a result, patients in Medicaid are often forced off medications that work. Currently, about 30% of all drug denials are the result of drugs not being on the PDL.

TAHP supports adding similar protections to the Medicaid program to prevent our most vulnerable Texans from being forced into non-medical switching that could lead to poor health care outcomes, delayed care, or care denials. These protections include:

- Patients who are already stable on a different drug.
- When doctors advise against the new drug due to potential negative reactions, ineffectiveness, or mental or physical harm.
- When patients who have failed on a drug previously.
- When doctors believe a new drug may worsen a different condition.
- When drugs are experiencing shortages or not available at a nearby pharmacy.
- When patients who are stable on medication prescribed after hospital discharge.
- **These protections make sure medication decisions are between patients & doctors.**

The PDL Doesn't Keep up with Medicine: The state moves slowly to make important changes backed by science. Those "clinical edits," only happen quarterly, no exceptions. When drugs have new uses or manufacturers change their recommended guidelines, the state adopts those changes slowly. Under the process, new drugs are also delayed.

- **The state should allow for off-cycle reviews**, particularly when there may be a substantial safety concern or issue with current guidance.
- **The state should require the Vendor Drug Board to proactively review new medicines** and develop clinical edits when new drugs are added to the PDL.

Increase MCO Drug Board Participation: Medicaid MCOs are the only ones at risk for total cost of care and quality of care. MCOs need voting members on the drug board so that rebate decisions do not negatively impact patient care.

Monitor the Implementation of these Patient Protections: If the Legislature chooses to allow the state to continue to manage the PDL, the legislation should include a sunset provision for 5 years to ensure Texans on Medicaid are receiving access to the medications they are prescribed and evaluate the effectiveness of these changes.

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