The Rapidly Changing World of Medicaid

Beyond the Basics: The Future in Medicaid Pharmacy Management and Pharmaceutical Care

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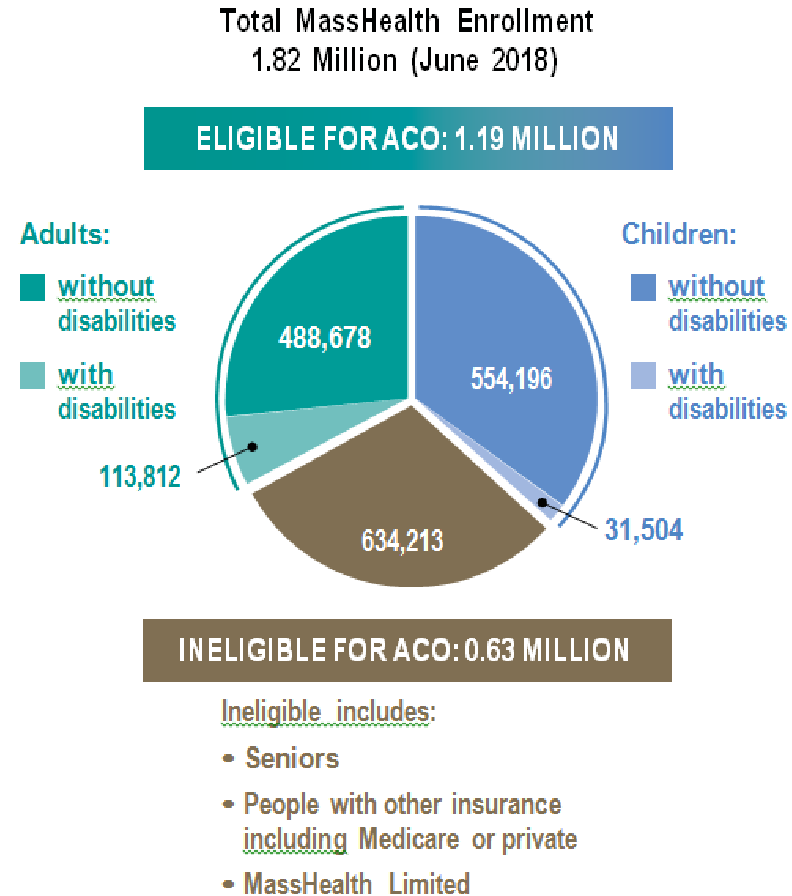
MassHealth Facts and Figures

MassHealth

Massachusetts Medicaid Program Payment and Care Delivery Models

- Accountable Care Organizations
- Managed Care Organizations
- Primary Clinician Care Plan
- Fee-for-Service

- 1.8 million members
  - 1.2 million members are ACO eligible
  - 23% have primary coverage through Medicare or another insurer
- FY19 Budget - $16.5B
  - State Budget - $41.9B



Accountable Care Organization Models

Model A

Partnership Plans

~510K members

13 ACOs / 5 MCOs

- ACO partners with an MCO which serves as the member's health plan and provider network
- MCOs are paid a capitated rate by EOHHS
- MCO contracts with an ACO which has some financial accountability for the MCO performance

Model B

Primary Care ACO

~345K members

3 ACOs – "Internal" MCO

- ACO contracts directly with Executive Office of Health and Human Services
- Shares in both savings and losses with MassHealth based on the cost of the care for enrolled members and quality performance

Model C

1 MCO Administered ACO

- ACO contracts directly with MassHealth
- MCOs take financial accountability for the MCO enrollees they serve through retrospective shared savings and risk

https://www.crowell.com/NewsEvents/AlertsNewsletters/All/CMS-Approves-MassHealth-Restructuring-Utilizing-Medicaid-ACOs
https://bluecrossmafoundation.org/sites/default/files/download/publication/ACO_Primer_July2018_Final.pdf

Financial Restructuring

CMS approval for ACO model required a Section1115(a) waiver of the Social Security Act

- 5 year demonstration project; ~$52.2 billion overhaul of MassHealth
- Delivery System Reform Incentive Payment (DSRIP)- replaces Delivery System Transformation Initiative (DSTI)
  - $1.8 billion in DSRIP funding over five years
  - Requires a 2.5% total cost reduction over five years and **quality metrics**
  - Supports the development of ACOs throughout the state, **Community Partners, enhanced care coordination, behavioral health services and long-term service and supports** (in out years).
  - More closely links federal funds to time-limited investments in large scale delivery system transformations

https://www.mass.gov/files/documents/2017/11/03/ma-1115-waiver-summary.pdf

https://www.manatt.com/insights/newsletters/medicaid-update/manatt-on-medicaid-massachusetts-releases-details

Value-based pharmacy purchasing proposal

"MassHealth Drug Pricing I" **Outside Section**

1a

Step 1a: Direct negotiating ability for value-based pricing

- MassHealth to negotiate directly with manufacturers, even with one drug in a class
- MassHealth defines and offers a cost-effective target price
- Target price determined objectively, including:
  - 3rd party independent analysis
  - Cost of existing therapies
- Includes value-based payment arrangements (e.g., payments required only if proven clinically effect)

1b

Step 1b: Transparency and public hearings on manufacturer pricing

- If no agreement under 1a, require manufacturer disclosures to justify drug pricing through disclosures (e.g., cost of R&D, cost of marketing)
- Make information available publicly to the extent permissible by the state and federal law
- Manufacturer may be required to testify at a public hearing
- HHS Secretary may impose appropriate sanctions/ reasonable penalties for non-compliance or unreasonable/ excessive price

"MassHealth Drug Pricing II" **Outside Section**

2

Step 2: Potential Formulary exclusions

- May exclude certain drugs from formulary, only if, one or both of the following are true:
  - If no agreement under 1a & 1b, between manufacturer and MassHealth, or
  - The drug has no proven clinical efficacy
- And, the Commonwealth's GIC plan or at least one national pharmacy benefits manager (covering >10 million lives) are not covering the drug
- Robust protections/guardrails, such as:
  - DUR Board consultation (add economist/ advocate)
  - Public comment process
  - Cannot be discriminatory
  - No BH formulary changes without DMH approval
  - Exceptions/ appeals

Ongoing Pharmacy-centric Clinical Initiatives

- Opioid / Substance Use Disorder Management
  - High dose, duplicate therapy, hazardous combinations, lock-in, Medication Assisted Treatment (MAT) access, Naloxone access
  - Interdisciplinary review and intervention
- Pediatric Behavioral Health Medication Initiative
  - Psychotropic polypharmacy, BH medication use in young children
  - Interdisciplinary, interagency (Department of Mental Health, Department of Children and Families) review and intervention
- Hepatitis C Drug Therapy Management Program
  - Focus on access, adherence and cure
  - Review, anticipatory outreach, outcomes monitoring