

# FISCAL YEAR 2014–15 PHARMACY UPDATE STATE OF NEW YORK

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**Lisa Deyer, ASA, MAAA**  
**F. Ronald Ogborne III, FSA, CERA, MAAA**  
**Adam Sery, FSA, MAAA**

Albany, NY

# FY 2014–15 Pharmacy Update

## Agenda

- Review of on-going pharmacy encounter data analysis:
  - Health Plan vs. Fee-for-Service (FFS) pricing analysis
  - Clinical edits analysis
  - Expenditure projections for Sovaldi/Hepatitis C drugs
    - Impact of the Uniform Prior Authorization criteria
- Discuss next steps:
  - FY 2014-15 premiums
  - Pharmacy stoploss
  - Additional pharmacy experience reporting

## FY 2014–15 Pharmacy Update

### Pharmacy Encounter Data Analysis

- Encounter data analyses:
  - Mercer and the State have collected and analyzed pharmacy encounter data through June 2014 for a variety of purposes.
  - Reported encounters for 2013 Q4 and 2014 Q1 were benchmarked against FFS reimbursement levels.

#### 2013 Q4 FFS Benchmark Pricing Analysis Results

<i>Program/Region</i>	<i>Brand</i>	<i>Generic</i>	<i>Total</i>
MMC/FHP — NYC	– 0.4%	+ 1.5%	+ 0.1%
MMC/FHP — ROS	+ 0.0%	+ 3.8%	+ 1.1%
HIVSNP	+ 1.9%	+ 9.5%	+ 2.3%

#### 2014 Q1 FFS Benchmark Pricing Analysis Results

<i>Program/Region</i>	<i>Brand</i>	<i>Generic</i>	<i>Total</i>
MMC/FHP — NYC	– 0.5%	– 1.5%	– 0.7%
MMC/FHP — ROS	+ 0.6%	– 1.1%	+ 0.1%
HIVSNP	+ 1.5%	+12.1%	+ 2.1%

## FY 2014–15 Pharmacy Update

### Pharmacy Encounter Data Analysis (Cont'd)

- Encounter data analyses:
  - Mercer also analyzed encounter data to identify avoidable pharmacy expenditures within the FY 2014–15 rate-setting base data.
    - These algorithms identify therapy duplication and quantity limits, as well as age and gender restrictions.
    - Approximately \$29.3M in inefficient spending was identified in the New York City (NYC) Metro region for Medicaid Managed Care (MMC) and Family Health Plus (FHP) plans.
    - Approximately \$26.6M in inefficient spending was identified in the Rest of State (ROS) regions for MMC and FHP plans.
    - Approximately \$8.6M in inefficient spending was identified for HIVSNP plans.

## FY 2014–15 Pharmacy Update

### Pharmacy Encounter Data Analysis (Cont'd)

- Encounter data analyses:
  - Health Plan experience for Hepatitis C drugs, including Sovaldi, was reviewed to develop FY 2014–15 projections spending.
    - As a part of these projections, DOH and Mercer also estimated the potential impact of the Uniform Prior Authorization criteria.
    - Based on DOH analysis of encounters for beneficiaries with a Sovaldi encounter by April 30, 2014:
      - Approximately 58% of users would have met the clinical criteria based on their disease progression.
      - 52% had a genotyping encounter within a year of initiating therapy.
      - 21% had HCV RNA viral load encounter at week 4 of their therapy.
    - Assuming an October 1, 2014 implementation, Mercer estimates the potential savings associated with the Uniform Prior Authorization criteria to be between \$11.9M and \$46.2M in FY 2014–15.

## FY 2014–15 Pharmacy Update

### Next Steps

- FY 2014-15 premiums:
  - Based on the analysis of the available data and information, the State and Mercer will work to revise FY 2014–15 pharmacy premiums.
    - This adjustment will apply to MMC, FHP, and HIVSNP premiums.
    - Adjustments will be developed based on projected Hepatitis C drug spend between July 1, 2014 and March 31, 2015.
- Pharmacy stoploss:
  - The State does not plan to implement pharmacy stoploss for the MMC, FHP, or HIVSNP programs prior to April 1, 2015.
- Additional pharmacy experience reporting:
  - The State and Mercer will continue to monitor pharmacy experience as data becomes available.
  - The State and Mercer anticipate sharing relevant reports with the plans via the Pharmacy Dashboards.



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