



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
Med-QUEST Division
Medical Standards Branch
P. O. Box 700190
Kapolei, Hawaii 96709-0190

July 27, 2004

MEMORANDUM

P04-03

TO: Medicaid Physicians, Dentists, Other Providers with Prescribing Authority and Pharmacy Providers

FROM: Steven S. Kawada, Med-QUEST Division Assistant Administrator

SUBJECT: FIRST HEALTH: DEVELOPMENT AND IMPLEMENTATION OF THE "NATIONAL MEDICAID POOLING INITIATIVE" (NMPI) PREFERRED DRUG LIST (PDL)

The State of Hawaii's Medicaid program, like all State Medicaid programs, is struggling to control the costs associated with providing pharmacy benefits to its recipients. State Medicaid programs, including Hawaii's, seek to preserve drug benefits for Medicaid recipients who require drugs for the management of their medical conditions. Therefore, the State of Hawaii, Department of Human Services (DHS), Med-Quest Division (MQD), is continuing to review therapeutic classes of drugs and to select drugs for addition to its PDL for the aged, blind, and disabled Medicaid recipients in the Medicaid Fee-For-Service (FFS) program. Recently, the State of Hawaii awarded a contract to First Health Services to further develop the State's PDL and to provide supplemental rebate negotiation and clinical support services for the State's PDL. The State has also applied to the Centers for Medicare & Medicaid Services (CMS) for approval to join the NMPI, as developed by First Health Services.

Upon approval by CMS, Hawaii will join the First Health Services' NMPI and begin to accrue the benefits of this innovative program that brings states together to maximize supplemental rebates paid by pharmaceutical manufacturers. Supplemental rebates are solicited through a competitive bidding process that allows for the selection of safe, best value drug products within specific therapeutic classes.

As explained in previous communication related to the initial implementation of the DHS PDL, the Medicaid Pharmacy and Therapeutics (P&T) Committee was convened, to evaluate relevant clinical studies and to advise the DHS of the practice needs and prescribing habits unique to the Hawaii community. The P&T Committee, composed of physicians and pharmacists, will

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continue to review comprehensive, evidence-based research appropriate to all therapeutic classes being considered for inclusion on the PDL. Based on the safety and clinical merits of medications within each class and supplemental rebates negotiated with pharmaceutical manufacturers for drug products within each class, the Medicaid P&T Committee will make recommendations to DHS. DHS and the Department of Health (DOH) will ultimately determine the specific drug(s) within each class that is/are Hawaii Medicaid's preferred drug(s). Both the DHS and DOH believe that through the PDL process, cost savings are achievable without compromising safety or jeopardizing quality of care.

ACS State Healthcare Pharmacy Benefits Manager (PBM) will continue to prior authorize drugs requiring prior authorization (PA) in therapeutic classes covered by the PDL. The ACS PBM prior authorization process will not be affected by Hawaii becoming a part of the NMPI or by the selection of First Health Services as the organization that will manage the PDL process. ACS PBM will continue to address provider specific questions and issues related to PA reviews of non-PDL medications. ACS PBM will also continue to process pharmacy claims and provide other support services.

The submission of clinical information, as related to the PDL, or any questions regarding the clinical/supplemental rebate process related to the new NMPI PDL, should be directed to:

Matt Hosford, RPh
Clinical/Account Manager for Hawaii PDL
First Health Services Corporation
4300 Cox Road
Glen Allen, Virginia 23060
Email: Hosforma@fhsc.com
Telephone No.: (515) 226-0060

Information will be distributed in the near future regarding opportunities to attend educational presentations to learn about the PDL process, to meet representatives of First Health Services and to ask any questions or offer any comments related to this program. MQD appreciates your cooperation and commitment to ensuring that Medicaid recipients are provided the best possible care and services. If you have any policy questions, please contact the MQD pharmacy consultant, Ms. Lynn Donovan at (808) 692-8116.