

November 13, 2015

Deb Gullett
AzAHP c/o Gallagher and Kennedy, P.A.
2575 East Camelback Road, Suite 1100
Phoenix, Arizona 85016

Dear Ms. Gullett:

The Arizona Health Care Cost Containment System (AHCCCS) appreciates the Arizona Association of Health Plans' (AzAHP) feedback on the AHCCCS Minimum Required Preferred Drug List (MRPDL) as discussed at our meeting on September 14, 2015. This letter is intended to further clarify AHCCCS' position on the specific concerns raised in the AzAHP letter (attachment) provided during that meeting as well as the next steps that AHCCCS is taking to address these concerns.

Every medication that is federally reimbursable is eligible for coverage under the Medicaid program. The medications selected for the MRPDL is a joint effort between AHCCCS and the health plans through the AHCCCS Pharmacy and Therapeutics (P&T) Committee. The original MRPDL was implemented on October 1, 2012 to address provider concerns about the high degree of variability of AHCCCS health plan drug lists and subsequent difficulty obtaining medications for AHCCCS members.

The process utilized for choosing medications to be included on the original MRPDL was based on prior drug utilization in the Arizona Medicaid Program and was inclusive of AHCCCS health plan pharmacy and medical directors' recommendations. As outlined in the AHCCCS Medical Policy Manual (AMPM) Policy 310-V Section B.4, the AHCCCS P&T Committee shall:

1. Review the MRPDL at a minimum of annually; and
2. Review new drugs approximately 180 days from the date they become commercially available; and
3. Respond to questions and requests for medication additions, deletions or MRPDL changes submitted to AHCCCS by Contractors.

AHCCCS has continued to utilize the P&T Committee to discuss any changes to the MRPDL. The update in the number of drugs from the October 1, 2012 to January 1, 2013 versions of the MRPDL was conducted to address the AHCCCS P&T Committee feedback that certain therapeutic classes were not on the original MRPDL and needed to be added. Since January 1, 2013, nine medications have been added to the MRPDL as discussed at the AHCCCS P&T Committee. The history of the AHCCCS MRPDL by date, line of business, and medication count is outlined in the table below:

Date	Acute Health Plan # Medications on MRPDL	Long Term Care Health Plan # Medications on MRPDL
October 1, 2012	621	640
January 1, 2013	740	760
October 20, 2015	749	769

In comparison, the Medicaid Outpatient Drug List contains approximately 37,800 federally reimbursable medications which include generic drugs with multiple entries. When accounting for these multiple entries, the percentage of drugs listed on the MRPDL is approximately 12% of the medications listed on the Medicaid Outpatient Drug List.

In addition to the policy requirements outlined in AMPM 310-V Section B.4, the following was communicated to all Contractors on June 9, 2015 and again on July 21, 2015 on how to propose additions, deletions, or changes to the MRPDL; specifically, requests must contain the following information:

- (1) Medication requested (brand name and generic name);
- (2) Dosage forms, strengths and corresponding costs of the medication requested;
- (3) Average daily dosage;
- (4) FDA indication and accepted off-label use;
- (5) Advantages or disadvantages of the medication over currently available products on the MRPDL;
- (6) Adverse effects reported with the medication; and
- (7) Specific monitoring requirements and costs associated with these requirements.
- (8) For deletions, a detailed clinical summary for the deletion request which shall also include items (1) thru (7).

Other points of clarification to address the points in the AzAHP letter includes:

- The AzAHP request to limit the quantity for codeine and hydrocodone cough syrups to 240ml was reviewed and approved at the AHCCCS P&T Committee meeting on October 20, 2015 based on past utilization data and to address safety concerns of potential for misuse and abuse.
- AHCCCS will be re-reviewing quantity limits for benzodiazepines at the November 17th AHCCCS P&T Committee meeting.
- Extended-release benzodiazepines are not currently listed on the MRPDL.
- Pantoprazole 40mg #30 is available at local pharmacies at a cash price of less than ten dollars which implies that this is an inexpensive medication and the cost to retail

pharmacies is minimal. Thus, AHCCCS recommends that Contractors work with their PBMs to evaluate their current Maximum Allowable Unit Costs for generic products to ensure that the pricing is competitive and has kept up with the price erosion of generic products.

- At this time, AHCCCS supplemental rebate offers are limited to the following products and therapeutic categories for discussion at the November 17, 2015 AHCCCS P&T Committee:
 1. Epinephrine, Self Injected
 2. Inhaled Antibiotics and Related Agents
 3. Growth Hormone
 4. Cytokine and CAM Antagonist

Thus, AHCCCS will not adopt AzAHP recommendations to: 1) Limit Asthma/COPD Agents to single agent and combination therapy inhalers to one preferred agent in each category; and 2) Make sildenafil the preferred agent in the Pulmonary Hypertension Agent Class and remove the other agents. However, supplemental rebate offers may be requested by AHCCCS for additional products and/or other therapeutic categories in the future; these requests will be communicated sixty days in advance by the AHCCCS supplemental rebate vendor.

- Further AzAHP recommendations on changes to the MRPDL:
 - Remove Uloric
 - Remove or place QL on Colcrys
 - Remove Benicar (all strengths)
 - Remove Ciprodex Otic
 - Remove Lidocaine ointment or restrict access using prior authorization or step therapy
 - Remove Quaaluan or restrict use to Malaria
 - Remove Nystatin/Triamcinolone combination (all preparations)

AHCCCS will work with Contractor(s) proposing these changes to submit the required documentation outlined on Page 2 of this letter.

- AzAHP recommendation to allow health plans to select one growth hormone as the preferred agent.

Growth hormone agents will be reviewed at the AHCCCS P&T Committee on November 17, 2015 meeting to choose preferred agents and evaluate supplemental rebates in relationship to the overall costs to the State of Arizona.

Additional steps taken by AHCCCS since the September 14, 2015 meeting with AzAHP includes updating the AHCCCS Pharmacy website with the most recent materials including the P&T Committee meeting agenda and presentations, developing an AHCCCS P&T operational policy, and updating the AHCCCS P&T membership to be in line with other State Medicaid Program P&T Committee participation. AHCCCS is in the process of posting the AHCCCS P&T operational policy draft for public feedback on our website and looks forward to AzAHP's comments.

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In summary, we look forward to continuing to work with AzAHP in the future to address MRPDL concerns and to a successful supplemental rebate program that will benefit all AHCCCS members and the State of Arizona.

Sincerely,

A handwritten signature in black ink, appearing to read "Sara Salek". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Sara Salek, M.D.
Chief Medical Officer

cc: Thomas Betlach, Director, AHCCCS
Beth Kohler, Deputy Director, AHCCCS
Monica Coury, OIR Assistant Director, AHCCCS
Suzi Berman, Pharmacy Director, AHCCCS