

HB

543

# HOUSE COMMITTEE REPORT

(7)

Date Referred to Committee: April 26, 2004

FURTHER REFERRALS:

Date of Committee Action: April 29, 2004

The RULES Committee considered:

HB 543

HOUSE BILL NO. 543

MEDICAID AND PRESCRIPTION DRUGS

"An Act relating to medical assistance coverage for prescription drugs; and providing for an effective date."

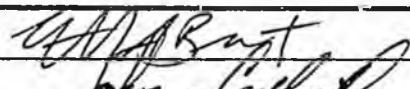

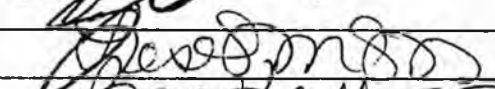
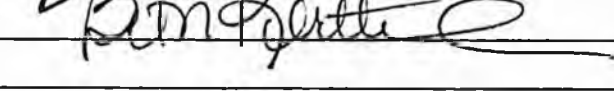
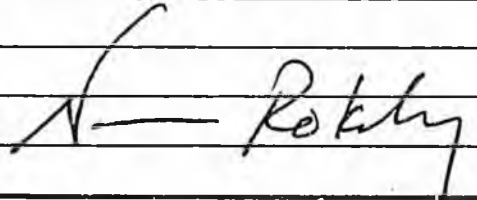
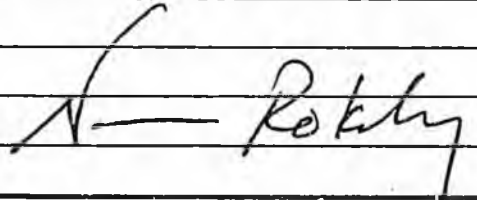
Recommends it be replaced with [ ] HCS or [  ] CS for HB 543 (RLS)  
 For Senate Bills with new title: [ ] Technical Title [ ] New Title: HCR \_\_\_\_\_ [  ] Same Title [ ] New Title

- [ ] attach amendments
- [ ] add new referral to \_\_\_\_\_ Committee
- [ ] Letter of Intent \_\_\_\_\_ Committee

List of Abbrev for Depts.:  
 ADM  
 CED  
 COR  
 CRT  
 EED  
 DEC  
 DFG  
 GOV  
 HSS  
 LEG  
 LAW  
 LWF  
 MVA  
 DNR  
 DPS  
 REV  
 DOT  
 UA

<u>NEW FISCAL NOTES</u>				
*Assigned by Chief Clerk's Office				
List by Dept(s):	*FN#	Fiscal	Indet.	Zero
RLS				✓

<u>PREVIOUS FISCAL NOTES</u>				
List by Dept(s):	FN#	Fiscal	Indet.	Zero

<u>Signing with recommendations</u>	Printed Last Name	DP	DNP	NR	AM
	Coughlin			✓	
	Kott	✓			
	Madeline	✓			
	Kerthula			✓	
Chair: 	Rocky				✓
Chair: 	Rocky				✓

23-LS1835\Q  
Mischel  
4/27/04

*Adopted*

**CS FOR HOUSE BILL NO. 543(RLS)**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-THIRD LEGISLATURE - SECOND SESSION**

**BY THE HOUSE RULES COMMITTEE**

**Offered:**

**Referred:**

**Sponsor(s): HOUSE HEALTH, EDUCATION AND SOCIAL SERVICES COMMITTEE**

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to medical assistance coverage for prescription drugs; and providing  
2 for an effective date."

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 \* **Section 1.** AS 47.07 is amended by adding a new section to read:

5 **Sec. 47.07.037. Preferred drug list; limitation of drug coverage.** (a) If the  
6 department undertakes a cost containment measure under this chapter that involves a  
7 preferred drug list or limitation of medical assistance coverage for a drug, the  
8 department shall pay for a brand name drug when a prescriber indicates on the  
9 prescription that the drug is "medically necessary."

10 (b) In this section, "drug" means a prescription drug that is eligible under  
11 federal law for coverage under this chapter.

12 \* **Sec. 2.** This Act takes effect immediately under AS 01.10.070(c).

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1  
Bill Version: CSHB 543(HES)  
(H) Publish Date: 4/26/2004

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: \_\_\_\_\_  
Title Medicaid and Prescription Drugs BRU \_\_\_\_\_  
Sponsor Representative Peggy Wilson Component \_\_\_\_\_  
Requester \_\_\_\_\_ Component No. \_\_\_\_\_

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) cost: 0.0  
Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

Prepared by: Linda Miller - Staff Phone \_\_\_\_\_  
Division: House Health, Education and Social Services Committee Date/Time 4/26/04 9:38 AM  
Approved by: Representative Peggy Wilson - Chair Date 4/26/2004  
Agency: House Health, Education and Social Services Committee

# FISCAL NOTE

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: 2  
Bill Version: CSHB 543(RLS)  
(H) Publish Date: 4/30/2004

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: H&SS  
Title Medical Assistance Coverage for BRU Health Care Services  
Prescription Drugs Component Medicaid Services  
Sponsor H HESS Committee  
Requester House Rules Committee Component No. 2077

**Expenditures/Revenues** (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )						
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1003 GF Match						
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1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time						
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

Prepared by: Janet S. Seitz, Staff Phone 465-3764  
Division House Rules Committee Date/Time 4/29/04 9:02 PM  
Approved by: Representative Norman Rokeberg Date 4/29/2004  
Agency Chairman, House Rules Committee



Health, Education, and Social Services Committee  
Alaska State Legislature  
House of Representatives  
Representative Peggy Wilson - Chair

## SPONSOR STATEMENT

### HB 543 "Medicaid and Prescription Drugs"

HB 543 will in no way stop or delay the implementation of the Senior Care Program.

The Department of Health and Social Services is currently in the process of implementing a preferred drug list (PDL). This limitation on medical assistance coverage is being done as a cost containment measure. While we believe that cost containment measures are a necessary step in achieving cost savings we believe that we must proceed carefully and judiciously. To that end, the state will need to adopt formal regulations in order to ensure that our efforts to achieve cost saving is not at the expense of Alaskan patients health and well being. HB543 ensures that those protective measures are in place prior to the actual implementation of a PDL.

Under HB 543 the regulations must include: standards, opportunity for public comment, an appeal process, and a provision for approved coverage of a drug that is not on preferred drug list when it is deemed medically necessary.

HB 543 provides that the commissioner must appoint a Prescription Drug Review Advisory Committee prior to the department establishing a PDL or placing any limitation on coverage of a medication. HB543 also establishes the membership of the committee as well as the duties.

HB 543 places a temporary moratorium on the implementation of a PDL, or restricted access to medication coverage, for drugs used to treat mental illness. This temporary moratorium expires January 1, 2005. Mental health patients are especially vulnerable to adverse effects from changes to their medications. HB 543 gives the department ample time to ensure that the necessary protective measures are in place prior to discussion of this drug class.

# LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES  
LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA

(907) 465-3867 or 465-2450  
FAX (907) 465-2029  
Mail Stop 3101

State Capitol  
Juneau, Alaska 99801-1182  
Deliveries to: 129 6th St., Rm. 329

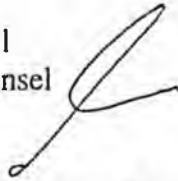
## MEMORANDUM

March 31, 2004

**SUBJECT:** Medical Assistance Coverage for Prescription Drugs (HB 543)

**TO:** Representative Peggy Wilson  
Attn: Linda Miller

**FROM:** Jean M. Mischel  
Legislative Counsel



You have requested a sectional summary of the above-described bill.

As a preliminary matter, note that a sectional summary of a bill should not be considered an authoritative interpretation of the bill and the bill itself is the best statement of its contents. If you would like an interpretation of the bill as it may apply to a particular set of circumstances, please advise.

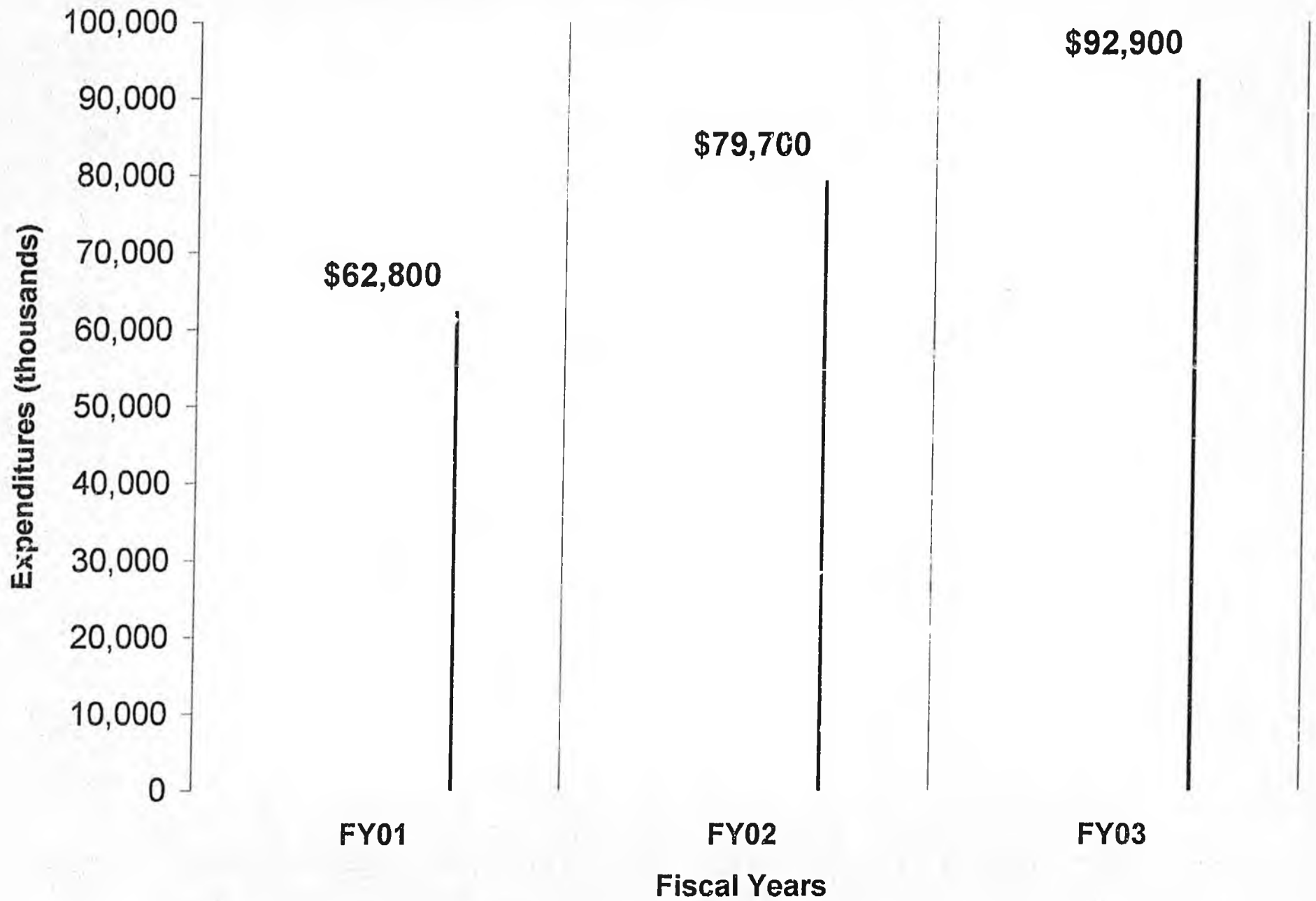
**Section 1.** Requires the Department of Health and Social Services to adopt regulations before implementing a preferred drug list or a limitation on medical assistance coverage for a prescription drug. The regulations must include standards for placing a drug on a preferred drug list or otherwise limiting coverage for a drug, an opportunity for public comment, an appeal process, and a provision under which the department will approve unlimited coverage in certain circumstances. Authorizes the department to contract for services to establish a preferred drug list or otherwise limit drug coverage and requires the commissioner to appoint a Prescription Drug Review Advisory Committee. Establishes duties, reimbursement and procedural rules of the committee. Defines certain terms as used in this section.

**Section 2.** Adds a transitional provision allowing for (1) the continuing implementation of a preferred drug list adopted by the department before the effective date of the bill for up to six months and (2) the continuation of an existing committee to serve as the Prescription Drug Review Advisory Committee under the bill. Prohibits the implementation of a cost containment measure pertaining to drugs used to treat mental illness, as defined in this section, before January 1, 2005.

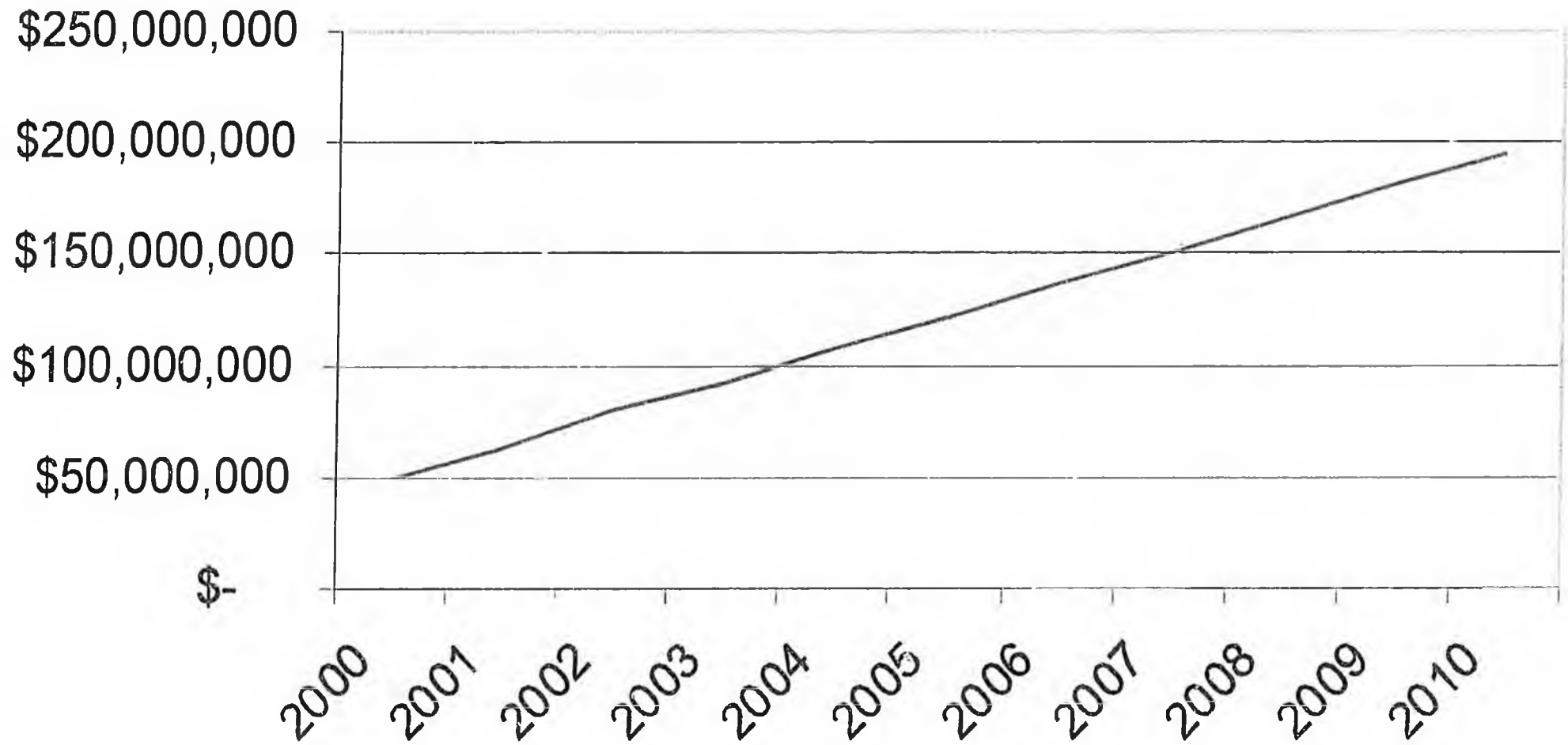
**Section 3.** Establishes an immediate effective date for the bill.

JMM:lmb  
04-089.lmb

# Medicaid Pharmacy Expenditures



# Forecast Drug Expenditure

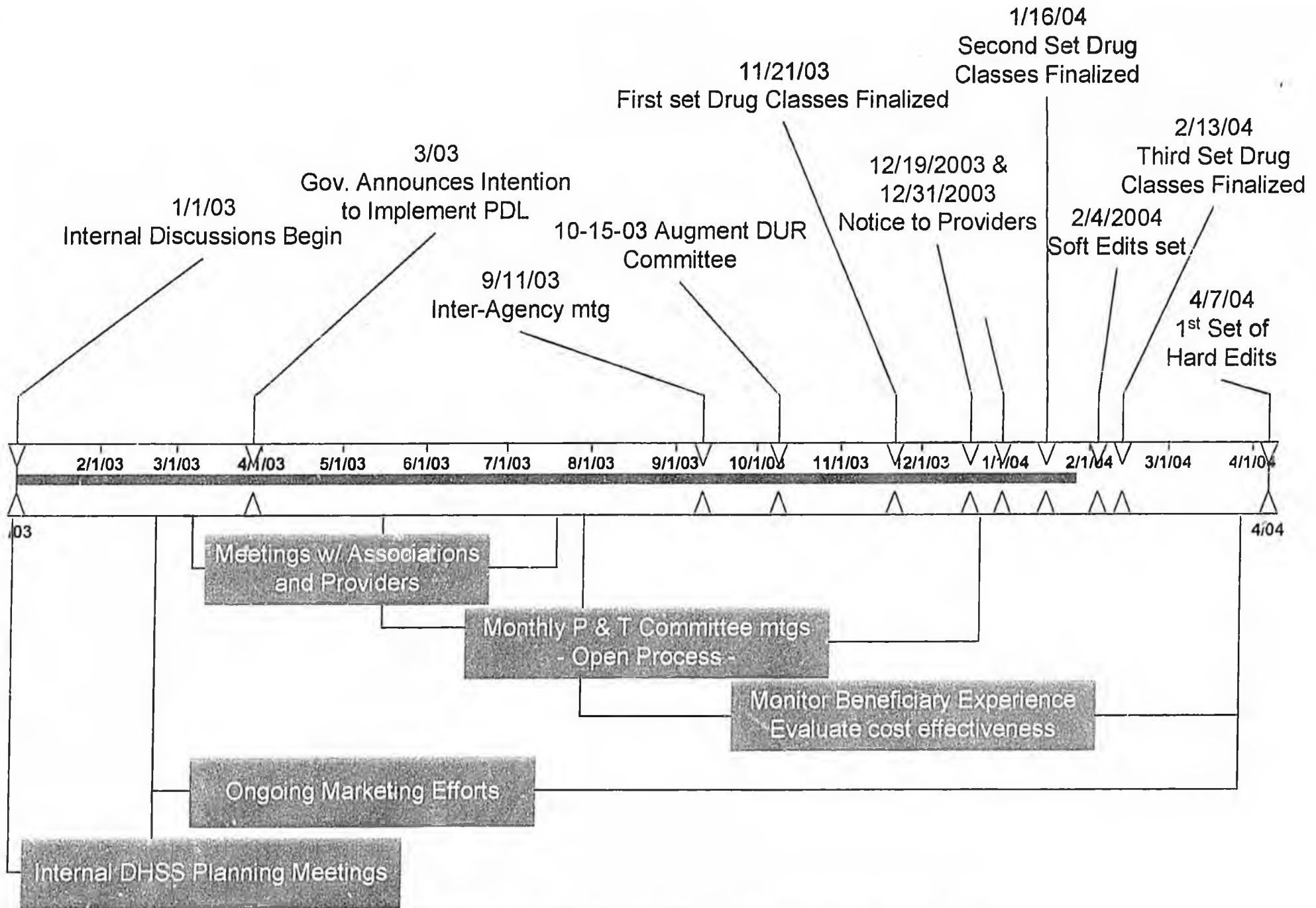


**Forecasted Drug Expenditure To 2010**

## Medicaid Recipients visits his/her doctor Doctor prescribes a Medicaid Non-preferred drug

- Patient visits doctor.
- Doctor completes exam.
- Doctor prescribes a Medicaid Non-preferred drug due to an adverse drug reaction to the preferred drug.
- Doctor writes prescription with statement of medical necessity.
- Patient takes prescription to pharmacy.
- Pharmacist checks recipient identification, takes name, address, Medicaid eligibility sticker and the prescription.
- Pharmacist enters prescription into pharmacy computer with patient demographic information.
- Pharmacist sends prescription claim to First Health over point-of-sale system.
- Two seconds later, the pharmacist receives an alert that the prescription drug is a Medicaid Non-preferred drug.
- Pharmacist re-sends the prescription claim with an "3" in the prior authorization type code field.
- In two seconds the pharmacist receives a paid claim status.
- Pharmacist counsels the patient on the drug.
- Patient pays the co-pay and leaves the pharmacy with the filled prescription.

RX PRESCRIPTION	
	John Doe, M.D. 1120 Any Street Anchorage, AK 99501
Name: Ms. Recipient	
Address: 1011 Any Lane	
<i>Medically necessary due to adverse reaction to Diovan</i>	
RX	Atacand 16 mg #30 Sig: 1 tab daily
Signed	<u>John Doe, MD</u>



# Prescription Drug List (PDL) Timeline

01/23/2004  
Version 5

## Medicaid Pharmacy and Therapeutics Committee Members

Terry K. Babb, PharmD .....	Hospital Pharmacist.....	Wasilla
Michale Boothe, DDS .....	Dentist.....	Anchorage
Heidi Brainerd, RPh.....	Pharmacist.....	Anchorage
Richard E. Brodsky, MD .....	Emergency Medicine .....	Anchorage
Robert H. Carlson, MD.....	Family Practice.....	Sitka
Kelly C. Conright, MD.....	Geriatric Medicine.....	Anchorage
John T. Duddy, MD.....	Ortnopedic Surgeon.....	Anchorage
Traci Gale, RPh.....	Pharmacist.....	Sitka
Nathaniel Haddock, MD .....	Internal Medicine .....	Juneau
Charlene M. Hampton, RPh .....	Pharmacist.....	Anchorage
Arthur S. Hansen, DDS.....	Dentist, Retired .....	Fairbanks
R. Duane Hopson, MD .....	Medical Director, API.....	Anchorage
Diane Liljegren, MD.....	Family Practice.....	Ketchikan
Ronald J. Miller, RPh.....	Pharmacist.....	Chugiak
Michael C. Norman, MD .....	Anesthesiologist.....	Anchorage
Mike Orms, MD.....	Family Practice.....	Kotzebue
Gregory R. Polston, MD .....	Pain Specialist .....	Anchorage
Richard C. Reem, MD .....	Pediatrician .....	Fairbanks
George S. Rhyneer, MD.....	Cardiologist .....	Anchorage
Robert D. Skala, DO .....	Family Practice.....	Eagle River
Janicce L. Stables, MSN,ANP .....	Family Nurse Practitioner .....	North Pole
George Stransky, MD .....	OB-Gyn .....	Anchorage
Alexander H. vonHafften,MD .....	Psychiatrist.....	Anchorage
Trish D. White, RPh .....	Pharmacist.....	Sitka

-Meeting Notices

Purpose: Notice of the Pharmacy and Therapeutics Committee Meetings  
Meeting Date: November 19, 2003  
Notice Date: Location of Notice  
10/22/03 State On-Line Notice System  
10/23/03 Health Care Services Website

Purpose: Notice of the Pharmacy and Therapeutics Committee Meetings  
Meeting Date: November 21, 2003  
Notice Date: Location of Notice  
11/9/2003 Anchorage Daily News  
11/10/03 Preferred Drug List Website

Purpose: Notice of the Pharmacy and Therapeutics Committee Meeting  
Meeting Date: December 19, 2003  
Notice Date: Location of Notice  
12/2/03 Preferred Drug List Website  
12/3/03 State On-Line Notice System  
12/7/03 Anchorage Daily News  
12/7/03 Fairbanks Daily New Miner  
12/7/03 Juneau Empire

Purpose: Cancel the Pharmacy and Therapeutics Committee Meeting  
Meeting Date: December 19, 2003  
Notice Date: Location of Notice  
12/10/03 State On-Line Notice System  
12/10/03 Health Care Services Website  
12/14/03 Anchorage Daily News  
12/14/03 Fairbanks Daily New Miner  
12/14/03 Juneau Empire

Purpose: Notice of the Pharmacy and Therapeutics Committee Meetings  
Meeting Date: January 16, 2004  
12/23/04 Preferred Drug List Website  
12/24/04 State On-Line Notice System  
12/24/04 Health Care Services Website  
1/4/04 Anchorage Daily News  
1/4/04 Fairbanks Daily New Miner  
1/4/04 Juneau Empire

## Timeline of Public Process

<i>Date</i>	<i>Activity</i>
Aug 26, 2003	Medical Services Networking Committee at ANTHC-Presentation
Sep 3 <sup>rd</sup>	Dillingham-Presentation
Sep 4 <sup>th</sup>	Fairbanks-Presentation
Sep 11 <sup>th</sup>	ASHNA-Presentation
Sep 16 <sup>th</sup>	Physicians and Surgeons group-Presentation
Sep 18 <sup>th</sup>	Soldotna/Homer Pioneers' Home convention-Presentation
Sep 19 <sup>th</sup>	Advisory Boards of the Alaska Mental Health Trust Authority-Statewide
Sep 22 <sup>nd</sup>	Ketchikan General Hospital-Presentation
Sep 23 <sup>rd</sup>	Sitka Hospital-Presentation
Sep 25 <sup>th</sup>	Children's Trust Fund meeting-Presentation
Sep 29 <sup>th</sup>	Public meeting at the Anchorage Legislative Office
Sep 30 <sup>th</sup>	Public meeting at the Fairbanks Legislative Office
Oct 2 <sup>nd</sup>	Public meeting at the Juneau Legislative Office
Oct 7 <sup>th</sup>	Bartlett Regional Hospital, Juneau-Presentation (Over 50 physicians and other staff attended)
Oct 7 <sup>th</sup>	First Health signed the contract Amendment
Oct 9 <sup>th</sup>	Governor's Council in Talkeetna- Presentation
Oct 9 <sup>th</sup>	Advance Planning Document completed for CMS
Oct 10 <sup>th</sup>	First meeting of the Pharmacy & Therapeutics Committee <i>Adopted by-laws and selected the first drug classes to be reviewed</i>
Oct 11 <sup>th</sup>	ASMA-Presentation
Oct 20 <sup>th</sup>	Circulate draft educational letters to Medicaid providers and beneficiaries for internal approval

<i>Date</i>	<i>Activity</i>
Nov 1 <sup>st</sup>	Distribute meeting materials for next Pharmacy & Therapeutics Committee meeting
Nov 21 <sup>st</sup>	Pharmacy and Therapeutics Committee Meeting <i>Approve preferred drugs for initial four classes</i>
Dec 1 <sup>st</sup>	Distribute materials to Pharmacy and Therapeutics Committee members for the next meeting
Dec 7 <sup>th</sup>	CMS approves contract amendment for pharmacy program change
Dec 19 <sup>th</sup>	First notification of Preferred Drug List to all providers.
Dec 31 <sup>st</sup>	Second notification of pharmacy program changes to all registered Medicaid providers
Dec 31 <sup>st</sup>	Submit the Medicaid State Plan Amendment
Jan 5, 2004 <sup>th</sup>	Send recipient letter explaining Preferred Drug List
Jan 2 <sup>nd</sup>	Publish the drug classes to be reviewed in February
Jan 16 <sup>th</sup>	Pharmacy & Therapeutics Committee meeting
Feb 4 <sup>th</sup>	Implement soft edit at pharmacy for first four drug classes
Feb 13 <sup>th</sup>	Pharmacy & Therapeutics Committee meeting
Mar 3 <sup>rd</sup>	Implement soft edit at pharmacy for second set of drug classes
Mar 19 <sup>th</sup>	Pharmacy & Therapeutics Committee meeting
Apr 7 <sup>th</sup>	Implement hard edits at pharmacy for first four classes of drugs; implement soft edits for third set of classes
Apr 16 <sup>th</sup>	Pharmacy & Therapeutics Committee meeting
May 5 <sup>th</sup>	Implement hard edits for second set of drug classes and soft edits for fourth set of drug classes
May 21 <sup>st</sup>	Pharmacy & Therapeutics Committee meeting
Jun 2 <sup>nd</sup>	Implement hard edits for third set of drug classes and soft edits for fifth set of drug classes

## What \$20 million dollars in savings from implementation of the Preferred Drug List can buy

- Medicaid services for 3,047 people, or
- Medicaid services care for 9,618 kids in Denali Kid Care, or
- Dental care for 38,500 people, or
- Services for 930 adults with physical disabilities, or
- Medical care for 203 children with complex medical conditions and inpatient psychiatric hospital care for 768 patients, or
- Behavioral rehabilitation claims for 708 individuals, or
- Residential psychiatric treatment services for 441 individuals, or



- Personal care services for more than 1,370 people, or
- Nursing home care for 309 residents, or
- Services for 323 developmentally disabled individuals, or
- 66% of the savings would pay for inpatient and outpatient claims for Fairbanks Memorial Hospital, or
- 72% of the savings would pay for inpatient and outpatient claims for Alaska Regional.

# Health Care Services

HCS>Preferred Drug List Program

## Preferred Drug List Program

### About the program

#### General Information about PDL:

- What is a Preferred Drug List?
- The PDL is a list of prescription medications within a therapeutic class determined to be effective which would be Medicaid's first choice when prescribing for Medicaid patients.

#### Under a PDL program:

- All currently approved drugs remain available
- Preferred drugs require no special authorization
- Non-preferred drugs will require a prescriber's documentation of medical necessity
- Certain groups of recipients based on age or other criteria may be exempt from the PDL requirements

CXZCZX

#### How are drugs placed on the PDL?

- The Alaska Medicaid Pharmacy and Therapeutics (P&T) Committee will be responsible for determining the most effective drug or reference drug to be placed on the Preferred Drug List
- Drugs in specified drug classes are approved for the PDL based on safety, clinical efficacy, and cost

sdasd

#### The Advantages of a PDL:

- The PDL ensures continued patient care while reducing the expenditure growth of the pharmacy program through supplemental rebate Agreements.
- All drugs currently covered will be available to Medicaid patients.
- Non-preferred drugs will require a prescriber's documentation of medical necessity.

#### Exemptions

- Certain groups of recipients based on age or other criteria may be exempt from the PDL requirements.
- The PDL will be phased in by sets of drug classes. Each set will include approximately five drug classes.

#### Criteria for non-PDL drug approval

PDL

▼ PDL

- › Abou
- › Com
- › AK P
- › Drug
- › Meet
- › Publi
- › FAQ
- › Dowr
- › Cont.

PDL QL

Choos

- The prescriber will determine and document that the non-PDL drug is medically necessary. The exact criteria for this approval is to be determined by therapeutic class by the Pharmacy and Therapeutics Committee.

**Provider Notification**

- Providers will be notified in advance through this Website and mailings.
- The Alaska PDL processing for the first set of therapeutic classes will start by early 2004. At this time pharmacies will be notified with alerts but claims will not deny.
- Full Implementation:  
The first therapeutic class will be fully implemented 60 to 90 days after the pharmacy alerts are active. When providers have been notified that the therapeutic class is in effect, individual drugs must be on the PDL List, determined to be medically necessary, or exempt from the PDL.

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State of Alaska | Administrative Services | Alaska Pioneer Homes  
Behavioral Health | Health Care Services | Juvenile Justice | Office of Children's Services  
Public Assistance | Public Health | Seniors and Disabilities Services  
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# Health Care Services

HCS>Preferred Drug List Program

## Preferred Drug List Program Pharmacy and Therapeutics Committee

<b>Name:</b>	<b>City:</b>
Michale Boothe, DDS	Anchorage
Heidi Brainerd, RPh	Anchorage
Richard E. Brodsky, MD (Chair)	Anchorage
Robert H. Carlson, MD	Sitka
Kelly C. Conright, MD	Anchorage
Jeffery Demain, MD	Anchorage
Traci Gale, RPh	Sitka
Nathaniel Haddock, MD	Juneau
Charlene Hampton, RPh	Anchorage
Arthur S. Hansen, DDS	Fairbanks
R. Duane Hopson, MD	Anchorage
Thomas Hunt, MD	Anchorage
Diane Liljegren, MD	Ketchikan
Ronald J. Miller, RPh	Chugiak
Michael C. Norman, MD	Anchorage
Gregory R. Polston, MD	Anchorage
Richard C. Reem, MD	Fairbanks
Sherrie D. Richey, MD	Anchorage
Janice L. Stables, MSN, ANP	North Pole
George Stransky, MD	Anchorage
Alexander H. vonHafften, MD	Anchorage
Trish D. White, RPh	Sitka

PDL

▼ PDL

- › Abou
- › Com:
- › AK P
- › Drug
- › Meet
- › Publi
- › FAQ
- › Dowr
- › Cont.

PDL QL

Choos

## Alaska Department of Health and Social Services Pharmacy & Therapeutics Committee Procedures

In November 2003, the Pharmacy and Therapeutics (P&T) Committee appointed by Commissioner Gilbertson began reviewing pharmaceutical classes to identify drugs that are clinically and therapeutically equivalent, and potentially cost less than other drugs in the same class.

- The P&T Committee Website provides public notice of the drug classes to be considered, drugs adopted, public notices, meeting agendas, meeting minutes, drug review schedules, clinical submission forms, committee membership and Department of Health and Social Service contact individuals.  
<http://hss.state.ak.us/dhcs/PDL/>
- Additional meeting notices are published in Anchorage, Juneau and Fairbanks newspapers at least ten days prior to the meeting.
- Clinical Submission forms are posted on the P&T Website for pharmaceutical companies to submit drug information for review and consideration by the P&T Committee.
- The Department's contractor, First Health Services Corporation, prepares a pharmaceutical analysis of each drug to be reviewed and compiles the Clinical Submission forms for P&T Committee review.
- At least two weeks prior to the meeting, P&T Committee members are provided packets containing analytical information on the drug classes under review. The Committee members review the materials in preparation for the meeting.
- Prior to the beginning of the P&T Committee meeting, persons wishing to testify on the drug classes under review indicate their intent by registering at the door, listing name, title, company or agency they are representing.
- Following the call to order, presenters testify before the P&T Committee in the order they registered. Each presenter is allowed five (5) minutes to testify. At the end of public testimony the P&T Committee members are provided time to ask questions or make comments to the public presenters.
- After testimony from all registered parties is completed, the P&T Committee reviews the drug classes to determine clinical efficacy and therapeutic equivalency. Physicians who are specialists in the particular clinical area under review are invited to testify on the drugs to provide additional information.

- The First Health Service Corporation and Department of Health and Social Services Pharmacists also provide clinical information on each drug class, along with guidelines and scientific evidence on equivalency of drugs.
- The P&T Committee also takes under consideration the medical necessity exclusions or special criteria of a single or multiple agents.
- After testimony and discussion, P&T Committee members vote on each drug class. At least 51% of P&T committee quorum must vote to adopt the preferred drug.
- A representative of First Health Services Corporation and Department staff review the Committee-adopted drug classes, identify which drugs are included in the multi-state supplemental rebate agreement, and report their findings to the P&T Committee.
- Recommendations made by the P&T Committee are considered final and are not reviewed again until new clinical information is presented to the P&T Committee. After the P&T Committee completes its review of all drug classes. The P&T Committee will continue meeting on a quarterly basis to review new drugs and new research as it becomes available.
- Breakthrough drugs in a class containing preferred drugs may be addressed upon a call for a special meeting of the P&T Committee outside of the quarterly meeting.

### Timeline of Public Process

Date	Activity
Aug 26, 2003	Medical Services Networking Committee at ANTHC-Presentation
Sep 3 <sup>rd</sup>	Dillingham-Presentation
Sep 4 <sup>th</sup>	Fairbanks-Presentation
Sep 11 <sup>th</sup>	ASHNA-Presentation
Sep 16 <sup>th</sup>	Physicians and Surgeons group-Presentation
Sep 18 <sup>th</sup>	Soldotna/Homer Pioneers' Home convention-Presentation
Sep 19 <sup>th</sup>	Advisory Boards of the Alaska Mental Health Trust Authority-Statewide
Sep 22 <sup>nd</sup>	Ketchikan General Hospital-Presentation
Sep 23 <sup>rd</sup>	Sitka Hospital-Presentation
Sep 25 <sup>th</sup>	Children's Trust Fund meeting-Presentation
Sep 29 <sup>th</sup>	Public meeting at the Anchorage Legislative Office
Sep 30 <sup>th</sup>	Public meeting at the Fairbanks Legislative Office
Oct 2 <sup>nd</sup>	Public meeting at the Juneau Legislative Office
Oct 7 <sup>th</sup>	Bartlett Regional Hospital, Juneau-Presentation (Over 50 physicians and other staff attended)
Oct 7 <sup>th</sup>	First Health signed the contract Amendment
Oct 9 <sup>th</sup>	Governor's Council in Talkeetna- Presentation
Oct 9 <sup>th</sup>	Advance Planning Document completed for CMS
Oct 10 <sup>th</sup>	First meeting of the Pharmacy & Therapeutics Committee <i>Adopted by-laws and selected the first drug classes to be reviewed</i>
Oct 11 <sup>th</sup>	ASMA-Presentation
Oct 20 <sup>th</sup>	Circulate draft educational letters to Medicaid providers and beneficiaries for internal approval
Oct 28 <sup>th</sup>	Presentation to Bethel Hospital

Date	Activity
Nov 1 <sup>st</sup>	Distribute meeting materials for next Pharmacy & Therapeutics Committee meeting
Nov 21 <sup>st</sup>	Pharmacy and Therapeutics Committee Meeting <i>Approve preferred drugs for initial four classes</i>
Dec 1 <sup>st</sup>	Distribute materials to Pharmacy and Therapeutics Committee members for the next meeting
Dec 7 <sup>th</sup>	CMS approves contract amendment for pharmacy program change
Dec 19 <sup>th</sup>	First notification of Preferred Drug List to all providers.
Dec 31 <sup>st</sup>	Second notification of pharmacy program changes to all registered Medicaid providers
Dec 31 <sup>st</sup>	Submit the Medicaid State Plan Amendment
Jan 5, 2004 <sup>th</sup>	Send recipient letter explaining Preferred Drug List
Jan 2 <sup>nd</sup>	Publish the drug classes to be reviewed in February
Jan 16 <sup>th</sup>	Pharmacy & Therapeutics Committee meeting
Jan 21 <sup>st</sup>	Presentation to Anchorage Nurse Practitioner Association
Feb 13 <sup>th</sup>	Pharmacy & Therapeutics Committee meeting
Feb 28/29 <sup>th</sup>	Presentation to Pharmacy Association
Mar 19 <sup>th</sup>	Pharmacy & Therapeutics Committee meeting
Apr 9 <sup>th</sup>	Presentation to Anchorage Regional Hospital Grand Rounds
May 19 <sup>th</sup>	Implement 14 classes of drugs with soft edits
May 21 <sup>st</sup>	Pharmacy & Therapeutics Committee meeting

Alaska Medicaid Pharmacy and Therapeutics Committee

Meeting date March 19, 2004

Frontier Building, 3601 C Street; Room 880/890

Agenda

Call in: 1-800-315-6338. Use access code 735#.

Drug classes to be discussed as time allows.		
<b>Call to order - Chair</b>	Richard Brodsky, MD	8:00 a.m.
<b>Introduce New Members</b>	Richard Brodsky, MD	
<b>Roll call</b>	Richard Brodsky, MD	8:00 – 8:10
<b>Public Comment - (See guidelines on page 2)</b>		8:10 – 8:55
<b>P&amp;T Questions &amp; Comments for public</b>		
<b>President of AK State Medical Association</b>	Alex Malter, MD	
<b>Review / Approve Minutes from earlier meetings</b>	Richard Brodsky, MD	
<b>Calcium Channel Blockers:</b>	Sandy Kapur, Pharm D	Time as needed
Dihydropyridine Calcium Channel Blockers		
Non-Dihydropyridine Calcium Channel Blockers		
• Time for Calcium Channel Blockers - discussion & vote		
• Vote on motions		
<b>BREAK</b>		Approx 10:00 a.m.
<b>Inhaled and Nebulized Corticosteroids</b>	Sandy Kapur, Pharm D	Time as needed
Time for discussion on Inhaled and Nebulized Corticosteroids		
• Vote on motions		
<b>Nasal Steroids</b>	Sandy Kapur, Pharm D	Time as needed
Time for discussion and vote on Nasal Steroids		
• Vote on motions		
<b>Quinolones: Second Generation &amp; Third Generation</b>	Sandy Kapur, Pharm D	Time as needed
Time for discussion & vote on Quinolones: Second & Third Generation		
• Vote on motions		
<b>Lipotropics: Fibrin acid derivatives &amp; Statins</b>	Sandy Kapur, Pharm D	Time as needed
• Time for discussion & vote on Lipotropics: Fibrin acid derivatives & Statins		
• Vote on motions		
<b>Classes for next P&amp;T meeting</b>		5 minutes
<b>Final Comments by Chair or other members</b>		5 minutes
<b>Closing</b>		Noon or before

**GUIDELINES FOR PROVIDING COMMENT to the ALASKA P&T COMMITTEE**  
**February 13, 2004**

1. All interested speakers will be required to provide the Committee with the name of their organization, the speaker's relationship to the organization and topic area.
2. The time on the agenda for each agenda item is limited. An individual's comments to the committee are limited to a maximum of five (5) minutes in total.
3. Only one speaker "slot" will be available per meeting representing a single manufacturer or interest group. Within the allowable five (5) minute time period, multiple speakers may share this "slot".
4. NO reference or information as to pricing is allowed in any comment(s). Such information will be considered reason for immediately ending the comment opportunity.
5. It is requested that comment provided in relation to specific medications be directed toward how this product is clinically superior or the specific advantage(s) it offers, new evidence/research results or synergistic outcomes which have been demonstrated.
6. Written medical information is not accepted at the P&T meeting. This is to be submitted First Health prior to the meeting.

## Medicaid Recipients visits his/her doctor Doctor prescribes a Medicaid Non-preferred drug

- Patient visits doctor.
- Doctor completes exam.
- Doctor prescribes a Medicaid Non-preferred drug due to an adverse drug reaction to the preferred drug.
- Doctor writes prescription with statement of medical necessity.
- Patient takes prescription to pharmacy.
- Pharmacist checks recipient identification, takes name, address, Medicaid eligibility sticker and the prescription.
- Pharmacist enters prescription into pharmacy computer with patient demographic information.
- Pharmacist sends prescription claim to First Health over point-of-sale system.
- Two seconds later, the pharmacist receives an alert that the prescription drug is a Medicaid Non-preferred drug.
- Pharmacist re-sends the prescription claim with an "8" in the prior authorization type code field.
- In two seconds the pharmacist receives a paid claim status.
- Pharmacist counsels the patient on the drug.
- Patient pays the co-pay and leaves the pharmacy with the filled prescription.

RX PRESCRIPTION	
Name: Ms. Recipient	John Doe, M.D. 1120 Any Street Anchorage, AK 99501
Address: 1011 Any Lane	
<i>Medically necessary</i>	
RX	Atacand 16 mg #30 Sig: 1 tab daily
Signed	<i>John Doe, MD</i>



# ALASKA STATE LEGISLATURE

Please enter into the record my testimony to the House HESS  
 Committee on HB 543 Committee Name  
Bill / Subject Dated 4/13/04

Madam Chair Wilson and members of the House Health, Education and Social Services committee,

Thank you for scheduling this public testimony on HB 543.

My name is Betsy Turner-Bogren, Fairbanks District Manager for the American Diabetes Association. Over 40,000 Alaskans are affected by diabetes - a serious and deadly disease. Although we generally support HB 543 at this time, we do have questions.

These include: does the language "prescription drugs", "drug lists", etc. include the medically prescribed supplies that are necessary to manage diabetes? Examples of such supplies are blood sugar monitors, test strips, insulin syringes, pens and pumps. Without these supplies, the daily challenge of blood sugar and disease management cannot be achieved.

We urge you to make sure this legislation will actually support the needs of the 40,000 Alaskans living with diabetes.

SIGNED: Betsy Turner-Bogren Thank you for your time,

Testifier

American Diabetes Association

Representing

PO Box 80728 Fairbanks, AK 99708 / 907/457-1557  
 Address / Phone Number

1 that the total maximum prescription drug benefits that an individual may receive under this  
2 subsection in a fiscal year is \$1,000.

3 (g) To receive prescription drug benefits under (e) or (f) of this section, an eligible  
4 individual must assign to the department the individual's rights to payments under any other  
5 prescription drug program for a prescription drug benefit paid under this section. Payment  
6 may not be made under this section for an amount that would otherwise qualify for payment  
7 under another prescription drug benefit plan, except for prescription drug coverage received  
8 from health care facilities that operated under the authority of 25 U.S.C. 450 - 458 bbb-2 (P.L.  
9 93-638).

10 (h) Except as otherwise provided in this subsection, the department may pay under (e)  
11 and (f) of this section only for a prescription drug, insulin, and insulin syringes. The  
12 department may not pay under (e) and (f) of this section for drugs used to treat obesity,  
13 baldness, infertility, or impotence; drugs that are prohibited from receiving funding under the  
14 medical assistance program in AS 47.07; smoking cessation products; drugs used for  
15 symptomatic relief of coughs and colds; oral vitamins; or brand-name multisource drugs if a  
16 therapeutically equivalent generic drug is on the market, except that the department shall pay  
17 for brand-name multisource drugs if the prescriber writes on the prescription "medically  
18 necessary". The department may also restrict coverage of drugs under (e) and (f) of this  
19 section to be consistent with the preferred drug list implemented by the department for  
20 purposes of the medical assistance program under AS 47.07.

21 (i) For a fiscal year in which prescription drug benefits under (e) and (f) of this  
22 section are not available for a full 12 months, the commissioner may prorate the total  
23 maximum amounts available under (e) and (f) of this section according to the number of  
24 months for which those benefits are available.

25 (j) The department may not make payment or authorize a benefit under this section to  
26 or on behalf of an individual residing in a public institution or nursing facility. For purposes  
27 of this subsection, an individual is not considered to be residing in a public institution or  
28 nursing facility if the individual is institutionalized for medical services for a period of less  
29 than three months and continues to maintain and provide for the expenses of the individual's  
30 home or living arrangement to which that individual may return upon discharge from the  
31 institution or facility.

# FISCAL NOTE

# DRAFT

*Adopted*

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

Fiscal Note Number: \_\_\_\_\_  
Bill Version: CSHB 543 (RIs) Ver Q  
( ) Publish Date: \_\_\_\_\_

Revision Date/Time (Note if correction): \_\_\_\_\_ Dept. Affected: H&SS  
Title Medical Assistance Coverage for BRU Health Care Services  
Prescription Drugs Component Medicaid Services  
Sponsor H HESS Committee  
Requester House Rules Committee Component No. 2077

### Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ( )						
------------------------	--	--	--	--	--	--

### FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

Estimate of any current year (FY2004) cost: 0.0  
Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

### POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Janet S. Seitz, Staff Phone 465-3764  
Division House Rules Committee Date/Time 4/27/04 11:55 AM  
Approved by: Representative Norman Rokeberg Date 4/27/2004  
Agency Chairman, House Rules Committee

DRAFT

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number:
Bill Version:
( ) Publish Date:

Revision Date/Time (Note if correction): Revised 4/28/04

Dept. Affected: Health & Social Services

Title MEDICAL ASSISTANCE COVERAGE FOR
PRESCRIPTION DRUGS

RDU Health Care Services

Component Medicaid Services

Sponsor HOUSE (HES)

Requester HOUSE (RLS)

Component No. 2077

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

Table with 7 columns: OPERATING EXPENDITURES, FY 2005, FY 2006, FY 2007, FY 2008, FY 2009, FY 2010. Rows include Personal Services, Travel, Contractual, Supplies, Equipment, Land & Structures, Grants & Claims, Miscellaneous, and TOTAL OPERATING.

CAPITAL EXPENDITURES table with 7 columns.

CHANGE IN REVENUES (0) table with 7 columns.

FUND SOURCE (Thousands of Dollars)

Table with 7 columns: FUND SOURCE, FY 2005, FY 2006, FY 2007, FY 2008, FY 2009, FY 2010. Rows include 1002 Federal Receipts, 1003 GF Match, 1004 GF, 1037 GF/Mental Health, Other, and TOTAL.

Estimate of any current year (FY2004) cost:
Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Table with 7 columns for Full-time, Part-time, and Temporary positions across fiscal years.

ANALYSIS: (Attach a separate page if necessary)

This fiscal note is being revised based on CS HB543 RLS:

This bill provides physicians with the ability to prescribe non-preferred drugs without prior authorization or justification, other than medical necessity. This eliminates the Department's ability to require any pre-authorization for drugs that are not on the Preferred Drug List (PDL), or other means to manage drug utilization. Based upon the experience of other states, voluntary utilization of drugs on a PDL will not exceed 25%. The Department's budgeted savings for the PDL in FY 05 is \$20,000.0. The impact of this bill will result in an estimated annual loss of \$10,000.0 of the budget savings.

Prepared by: Dwayne Peoples, Director
Division: Division of Health Care Services
Approved by: Joel S. Gilbertson, Commissioner
Agency: Department of Health and Social Services

Phone 465-3355
Date/Time 04/28/2004
Date 04/28/2004

**DRAFT**

FISCAL NOTE  
FN #

STATE OF ALASKA  
2004 LEGISLATIVE SESSION

BILL NO.

ANALYSIS CONTINUATION  
Continuation -

The estimated \$10 million savings reflects 50% of the original \$20 million budgeted savings and is based on experience realized by other states under similar legislative constraints. In the years following FY 2005 an 11% growth rate has been factored in for a net increased cost for the program. The potential savings per year will be continually eroded by program growth and inflation.