Frequently Asked Questions (FAQs) for Drug Manufacturers Regarding the Uniform Preferred Drug List

What is a Preferred Drug List (PDL)?

The Preferred Drug List (PDL) is created by the Department of Human Services (DHS), in consultation with the Drug Formulary Committee. The PDL is created to help prescribers and members choose safe, effective, and lower-cost drugs. Preferred drugs have fewer restrictions than Non-preferred drugs. Non-preferred drugs will need a prior authorization. The PDL is available on DHS's website: https://mn.gov/dhs/assets/preferred-drug-list-fee-for-service_tcm1053-292127.pdf

What is changing, when, and why?

Starting July 1, 2019, all of the Managed Care Organizations (MCOs) that offer drug benefits for Minnesota Health Care Programs (MHCP) members must use DHS's PDL. Members enrolled with an MCO will have access to all of the drugs on the PDL. They will also have access to other drugs on their plan's *List of Covered Drugs* (formulary). This change does not apply to members with dual Medicare and Medicaid coverage.

DHS developed the PDL and requires MCOs to use it for the following reasons:

- It reduces disruptions in therapy when a member moves from one plan to another
- It encourages the use of the most cost-effective drugs within a PDL drug class
- It simplifies pharmacy benefits for prescribers and pharmacies

How is a drug selected for inclusion on the PDL?

Magellan Rx Management, DHS's PDL contracted vendor, reviews each drug on its clinical merits as compared to other drugs in the same drug class. Magellan's primary sources for this review include published, peer-reviewed clinical trials. Data regarding efficacy, effectiveness, adverse effects, and tolerability are analyzed and compared to other drugs within the therapeutic class. In addition, DHS consults with the Center for Evidence-Based Policy, a multi-state collaborative housed within the Oregon Health & Science University, on high-cost or high-impact drugs.

DHS presents the drug class review to the Drug Formulary Committee (DFC). The DFC then makes recommendations to DHS regarding the preferred or non-preferred status of each drug within the drug class. After considering both DFC recommendations and financial analyses, DHS makes the final

selection of preferred drugs for the PDL.

How often will drugs, or drug classes, be reviewed and changes made to the PDL?

The DFC will review selected drugs or drug classes quarterly. However, while reviews will be conducted quarterly, many drug classes will have no changes during the year.

Where can I find more information about DFC meetings?

DFC meetings are open to the public. Additional information, including upcoming meeting dates and times, are listed on the DHS website at https://mn.gov/dhs/partners-and-providers/news-initiatives-reports-workgroups/minnesota-health-care-programs/drug-formulary-committee/.

Can MCOs list drugs not on the DHS PDL as preferred or non-preferred?

No. However, each MCO will continue to use their own clinical criteria and coverage policies for drugs or drug classes that are not part of the PDL.

Will MCOs use different prior authorization criteria for non-preferred drugs on the PDL?

DHS and MCOs will use the same non-preferred prior authorization criteria. However, MCOs are allowed to use different clinical prior authorization criteria for non-preferred drugs on a case-by-case basis.

How does this change affect drugs that are not included on the PDL?

Each MCO will continue to maintain a *List of Covered Drugs*, or formulary, that is more comprehensive than the PDL, and each MCO will use their own clinical criteria and coverage policies for drugs that are not part of the PDL.

How does this change affect provider-administered drugs (i.e., physician-administered drugs)?

The PDL applies to pharmacy claims where a drug is dispensed and billed by a pharmacy. When a drug is administered to a member and billed on a medical claim (e.g., CMS-1500), the PDL does not apply. Provider-administered drugs that are billed on a medical claim will continue to be managed by each MCO or DHS according to their own clinical criteria and coverage policies.

How does this change affect drug rebates?

Effective July 1, 2019, DHS will assume the rebate negotiation process for all drugs that are included on the PDL. DHS currently utilizes the Magellan National Multistate Pooling Initiative (NMPI) to solicit and evaluate rebate offers. Additional information about the NMPI is available on the DHS website at http://www.providersynergies.com/services/medicaid/default.asp?content=NMPI.

Can MCOs negotiate their own rebates?

Each MCO can negotiate their own rebates on drugs or drug classes that are not included on the PDL. If a manufacturer wants to negotiate a rebate for a drug that is included on the PDL, then the manufacturer must submit an offer to the Magellan NMPI. If a manufacturer would like to negotiate a rebate with an MCO for a drug that is included on the PDL that is in addition to a NMPI offer that DHS has accepted, then the manufacturer should contact the MCO and DHS to discuss the offer.