

SB990- Maryland Medical Assistance Program and Health Insurance - Step Therapy, Fail-First Protocols, and Prior Authorization - Prescription Drugs to Treat Serious Mental Illness

What other states have said about costs, utilization, etc.:

Michigan Department of Health and Human Services Psychotropic Best Practices

Workgroup Report: *“After considerable discussion, the group conceptually endorses the practice of the past 14 years wherein Medicaid psychotropic prescriptions have not been subjected to administrative prior authorization. The group does not believe prior authorization tied to costs, and often done in conjunction with step therapy, is good or effective for persons with serious mental illness, their families, Michigan communities including payers or the providers who strive to serve them. Rationale for this is that persons with mental illness present with a unique set of variables that may require various efforts at psychopharmacological trials to achieve the best clinical success. Access to care issues for persons with mental illness can be more difficult than for medical illnesses. Thus, it is critical that barriers to care be as few as possible for individuals seeking treatment for their mental illness, and for providers willing to treat them. The workgroup spent a great deal of time discussing members’ experience with prescribing and oversight as well as prior authorization processes. Based on this discussion, the workgroup determined the most appropriate tools to improve psychotropic prescribing, while monitoring for inappropriate prescribing, are in providing prescriber education about best practices and other steps described below.*

It is also important to note that data show the vast majority of psychotropic prescriptions in Michigan Medicaid are for generics (85-87% in Fiscal Year 2017). Michigan’s psychotropic carveout, in place since 2004, has not resulted in prescribers flooding Medicaid with claims for brand drugs. Additionally, while psychotropic prescriptions account for 99 percent of DHHS carveout claims, they represent only 62 percent of costs across all carveout products. The 1 percent of carveout claims for non-psychotropics now account for 38 percent of all DHHS carveout costs.”

Utah DAW PDL compliance:

Utah created open access by implementing a dispense as written law for the anti-psychotic class. That was caveated by a requirement that PDL adherence remain at a certain percentage. 75% of prescriptions by July 1, 2019 needed to be in compliance with the PDL -- Compliance with the PDL at the completion of State fiscal year 2019 was 91%.

Oregon PDL compliance:

The most recent figures in Oregon for mental health medication carve out protections show that in 2023 usage of generics in the Medicaid population was 96.9% and overall PDL adherence was 92.8%

Pharmacy Utilization Summary Report: July 2022 - June 2023

	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Avg Monthly
Gross PMPM Drug Costs (Rebates not Subtracted)													
PMPM Amount Paid (FFS & Encounter)	\$78.88	\$88.27	\$83.38	\$81.76	\$82.15	\$82.56	\$86.69	\$79.88	\$91.47	\$81.34	\$90.49	\$87.51	\$84.36
Mental Health Care-Out Drugs	\$8.39	\$8.94	\$8.34	\$8.33	\$8.34	\$8.45	\$8.81	\$8.11	\$8.06	\$7.08	\$7.78	\$7.37	\$8.17
FFS Physical Health Drugs	\$41.52	\$49.41	\$43.67	\$44.89	\$44.60	\$43.53	\$47.73	\$43.57	\$51.03	\$44.55	\$50.65	\$45.21	\$45.86
FFS Physician Administered Drugs	\$12.79	\$11.32	\$12.69	\$11.09	\$8.52	\$8.92	\$16.52	\$14.21	\$14.54	\$14.34	\$15.86	\$14.02	\$12.90
Encounter Physical Health Drugs	\$55.66	\$62.21	\$57.95	\$58.05	\$58.21	\$58.72	\$60.50	\$56.52	\$62.97	\$58.29	\$64.61	\$63.18	\$59.83
Encounter Physician Administered Drugs	\$16.38	\$18.86	\$16.69	\$17.07	\$17.58	\$17.49	\$18.74	\$16.56	\$21.17	\$17.45	\$19.62	\$18.94	\$18.05
Claim Counts													
Total Claim Count (FFS & Encounter)	1,106,908	1,202,993	1,141,967	1,179,219	1,184,623	1,180,809	1,223,411	1,116,649	1,277,819	1,189,404	1,287,183	1,136,832	1,193,848
Mental Health Care-Out Drugs	189,732	206,349	194,298	196,514	195,984	197,022	210,579	191,074	214,892	204,162	220,533	211,391	203,083
FFS Physical Health Drugs	34,793	36,905	34,841	35,463	35,609	35,287	38,747	35,301	41,633	38,482	39,482	37,405	36,856
FFS Physician Administered Drugs	10,044	10,212	9,855	10,162	10,206	10,077	11,407	10,179	11,192	10,245	10,709	10,563	10,404
Encounter Physical Health Drugs	757,997	826,564	786,733	818,511	826,534	825,342	842,363	787,979	877,971	819,414	891,575	856,810	825,033
Encounter Physician Administered Drugs	113,442	120,963	116,270	118,569	116,290	113,341	119,715	111,216	128,531	118,773	124,884	119,863	118,471
Gross Amount Paid per Claim (Rebates not Subtracted)													
Average Paid / Claim (FFS & Encounter)	\$94.31	\$97.59	\$95.34	\$93.21	\$94.00	\$95.42	\$97.44	\$98.82	\$99.44	\$95.37	\$98.58	\$99.64	\$96.60
Mental Health Care-Out Drugs	\$58.51	\$57.60	\$57.43	\$56.96	\$57.71	\$58.51	\$57.50	\$58.36	\$51.25	\$48.37	\$49.45	\$49.09	\$51.06
FFS Physical Health Drugs	\$138.33	\$152.26	\$146.71	\$150.11	\$148.42	\$148.93	\$153.09	\$153.82	\$150.32	\$148.65	\$153.88	\$147.51	\$148.73
FFS Physician Administered Drugs	\$147.60	\$126.02	\$150.78	\$129.45	\$88.95	\$106.84	\$180.02	\$165.83	\$159.35	\$171.92	\$177.65	\$161.93	\$148.03
Encounter Physical Health Drugs	\$88.59	\$91.32	\$89.94	\$86.94	\$87.11	\$88.52	\$89.78	\$82.93	\$92.27	\$90.48	\$92.93	\$94.81	\$90.47
Encounter Physician Administered Drugs	\$174.24	\$189.65	\$173.21	\$176.44	\$187.02	\$192.33	\$193.79	\$188.06	\$208.58	\$196.82	\$201.47	\$203.14	\$189.90
Gross Amount Paid per Claim - Generic/Multi Source Drugs (Rebates not Subtracted)													
Generic/Multi Source Drug, Average Paid / Claim (FFS & Encounter)	\$24.45	\$24.99	\$25.01	\$23.64	\$23.24	\$23.47	\$24.00	\$24.12	\$24.50	\$24.18	\$24.39	\$24.23	\$24.18
Mental Health Care-Out Drugs	\$17.21	\$17.56	\$17.29	\$17.35	\$17.33	\$17.61	\$17.83	\$17.95	\$17.99	\$17.68	\$17.90	\$17.77	\$17.62
FFS Physical Health Drugs	\$44.81	\$103.33	\$106.38	\$109.97	\$109.48	\$106.52	\$102.89	\$97.58	\$103.93	\$104.69	\$107.46	\$102.32	\$103.80
Encounter Physical Health Drugs	\$23.40	\$23.73	\$23.73	\$22.05	\$21.46	\$21.67	\$22.26	\$22.60	\$22.72	\$22.52	\$22.65	\$22.75	\$22.63
Encounter Amount Paid per Claim - Branded/Single Source Drugs (Rebates not Subtracted)													
Branded/Single Source Drug, Average Paid / Claim (FFS & Encounter)	\$671.26	\$698.50	\$644.46	\$616.56	\$639.26	\$672.11	\$722.99	\$762.26	\$755.03	\$736.84	\$759.46	\$760.11	\$761.36
Mental Health Care-Out Drugs	\$1,085.19	\$1,115.96	\$1,147.02	\$1,155.25	\$1,195.38	\$1,233.05	\$1,241.11	\$1,279.96	\$1,289.12	\$1,286.57	\$1,319.02	\$1,306.46	\$1,231.23
FFS Physical Health Drugs	\$348.53	\$400.50	\$337.78	\$367.86	\$355.72	\$361.86	\$423.95	\$416.82	\$408.22	\$398.86	\$420.70	\$397.14	\$386.50
Encounter Physical Health Drugs	\$657.02	\$682.86	\$629.89	\$599.50	\$617.19	\$651.55	\$702.35	\$744.75	\$744.95	\$726.03	\$747.78	\$752.00	\$687.16
Generic Drug Use Percentage													
Generic Drug Use Percentage	90.7%	90.8%	90.2%	89.9%	90.2%	90.5%	91.2%	91.3%	91.5%	91.6%	91.5%	91.4%	90.8%
Mental Health Care-Out Drugs	96.1%	96.4%	96.4%	96.5%	96.6%	96.6%	96.8%	96.8%	97.4%	97.6%	97.6%	97.6%	96.8%
FFS Physical Health Drugs	82.8%	83.5%	82.6%	82.5%	82.9%	83.4%	84.4%	84.6%	84.8%	85.1%	85.2%	84.7%	83.9%
Encounter Physical Health Drugs	89.7%	89.7%	89.0%	88.6%	89.0%	89.4%	90.1%	90.3%	90.4%	90.3%	90.3%	90.3%	89.7%
Preferred Drug Use Percentage													
Preferred Drug Use Percentage	90.49%	90.42%	90.45%	90.55%	90.48%	90.31%	90.43%	90.25%	90.27%	90.34%	90.25%	90.27%	90.4%
Mental Health Care-Out Drugs	93.24%	93.13%	93.14%	93.07%	92.87%	92.70%	92.58%	92.51%	92.51%	92.51%	92.39%	92.42%	92.8%
FFS Physical Health Drugs	95.64%	95.77%	95.69%	95.64%	95.79%	95.80%	95.21%	95.24%	95.27%	95.44%	95.36%	95.39%	95.5%
Encounter Physical Health Drugs	89.61%	89.54%	89.59%	89.89%	89.72%	89.54%	89.72%	89.63%	89.64%	89.61%	89.53%	89.56%	89.6%

Amount Paid on the Claim = 1 Ingredient Cost ((JAAC/NADAC/WAC) * Dispense Quantity) + Dispensing Fee. If Billed Amount is lower, pay Billed Amount, 2) - TP amount

Last Updated: January 18, 2024

Research on the issue of utilization management use for serious mental illness/anti-psychotics:

USC Issue Brief Medicaid Access Restrictions on Psychiatric Drugs: Penny-Wise or Pound-Foolish? – Summary of three peer-reviewed studies. Attached and digital copy here - [Medicaid Access Restrictions on Psychiatric Drugs: Penny-Wise or Pound-Foolish? – USC Schaeffer](#)

- “Restricting access to antidepressants through both prior authorization and step therapy was associated with a 2.1 percentage point (8.2%) increase in the likelihood of any hospitalization and a 1.7 percentage point (16.6%) increase in the likelihood of an MDD-related hospitalization”
- “Previous research has shown that while atypical antipsychotics are generally effective, patients respond differently to specific atypical antipsychotic medications, often requiring changes in treatment regimens to attain desired clinical outcomes. As a result, formulary restrictions on atypical antipsychotics can disrupt treatment and affect patient adherence.”
- “According to the study, patients with schizophrenia subject to formulary restrictions were more likely to experience a hospitalization, had 23 percent higher inpatient costs and had 16 percent higher total medical costs.. Similar results were found for patients with bipolar disorder, with those subject to formulary restrictions being more likely to be hospitalized and 20 percent higher inpatient costs and 10 percent higher total costs.”

Columbia Data Analytics:

A review of Medicaid medical and pharmacy claims by Columbia Data Analytics for patients living with serious mental illness (SMI) from 2016-2022 demonstrates that Medicaid programs offering open access to antipsychotics may realize lower overall costs. Both patients and state budgets may benefit when Medicaid helps patients access the mental health drugs they need.

- This analysis, funded by Otsuka Pharmaceutical Development & Commercialization, Inc. and conducted by Columbia Data Analytics, found that Pennsylvania Medicaid patients living with SMI – who face rigorous prior authorization to access antipsychotics (APs) – had higher costs (for both overall healthcare services and SMI-related ones) than did patients with SMI in Michigan, whose Medicaid program has open access to APs and respects physician/patient prescribing decisions based on clinical need.

Key findings:

- Pennsylvania’s restrictive policies requiring prior authorization to access AP treatment for patients with SMI was associated with a significant economic burden on the state’s budget for managing patients with SMI.
- “Although [Michigan’s] pharmacy cost was higher for preferred AP users, they had lower healthcare utilization and emergency department costs, indicating better overall patient outcomes. This is further supported by 10% fewer hospital admissions, almost four days shorter length of stay, 6% fewer ED visits, and almost 5% fewer outpatient visits.”
- “The Medicaid policy in Michigan [was associated with] lower overall and SMI-related costs, and better outcomes for patients with mental health conditions.”
- Overall healthcare costs were \$2,321 per patient higher in PA, compared to MI – where open access is in place.