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April 8, 2003

The Honorable Ellen Koivisto
Chair, Committee on Health and Human Services
Nevada State Assembly
Carson City, Nevada

Dear Assemblywoman Koivisto:

Thank you for sponsoring A.B. 384 and for giving us an opportunity to respond to the bill and amendments presented by yourself and the National Association of Chain Drug Stores (NACDS). We have reviewed the amendments proposed by NACDS and agree with them. In addition, we reviewed the bill and your proposed amendments and wish to state several concerns.

- Amendment to Section 6 – Adds a new subsection establishing a "cooling off period" concept by prohibiting members from serving on the P&T Committee if they had a business relationship with the DHR, a personal relationship with the director of the DHR, any of its administrators, bureau chiefs, or other administrative personnel that may have a relationship with the business conducted by the P&T Committee, or were formerly employed by the DHR.

  The Division is concerned about this amendment as it limits the numbers of individuals in Nevada who can effectively serve on the Pharmaceutical and Therapeutics (P&T) Committee. Physicians or pharmacists that are knowledgeable of the special prescription drug needs of Medicaid populations are often contracted Medicaid providers or may work closely with Medicaid populations as staff of a DHR agency. It is our belief that we should not preclude contracted Medicaid providers from serving on this advisory body. Nor should we preclude staff providers, who may be very knowledgeable of the needs of our populations from serving as advisors to the P&T Committee. Conflict of interest agreements will be required for potential members of our P&T Committee. We believe this legal requirements as well as the professional integrity of those who may serve will prevent problems from occurring. We respectfully request that this amendment be revised to allow Medicaid providers to serve on the P&T Committee and to allow DHR staff providers to potentially serve in an advisory role to the P&T Committee.

- Other components to be added - Specify that the provisions of the Preferred Drug List and the prior authorization requirements apply to new patients and only

after these items are established for any particular class of drugs. (The intent is to ensure that no patient who is already on a specific drug regimen is subject to a new drug regimen. It further allows a transition to the Preferred Drug List and the prior authorization requirements for physicians, pharmacists, patients, and the DHR.)

The Division is concerned that this will significantly reduce the opportunity for cost-savings during the next biennium by excluding all recipients currently receiving any prescription drug from our efforts to manage utilization. With respect to the preferred drug list, the Division has proposed giving the P&T Committee final say in establishing which therapeutic drug classes, diagnoses, or physician specialties/subspecialties could be excluded from that program. Currently, the Division's Drug Utilization Review (DUR) Committee is responsible for establishing prior authorization policies for Medicaid. The DUR Board is organized and operates under the guidelines established under §1927 of the Social Security Act. It is composed of physicians and pharmacists as well as lay representatives familiar with the prescribing needs of the Medicaid population. As with the P&T Committee, we propose having the DUR Board make decisions of what populations should and should not be subject to prior authorization policies. Currently, we operate three step therapy prior authorization programs developed by our DUR Board. These programs use best medical practice guidelines and save almost $500,000 a month while assuring patients have access to drugs that are medically necessary. Keeping the Division from using these types of prior authorization protocols will be extremely costly forcing us to use more drastic measures to control expenditures. We respectfully request this amendment be eliminated and allow the P&T Committee and the DUR Board to make these types of clinical decisions rather than establish this broad exemption in statute.

- Other components to be added - Establish minimum standards for prior authorization, if such standards are permissible pursuant to federal law. Such standards must: (1) require the DHR to develop a process for responding within 24 hours to physician authorization requests and to provide a 72-hour emergency supply of any drug on the prior authorization list when such situations warrant emergency approval; and (2) require the DHR to conduct yearly evaluations concerning the efficacy and efficiency of the prior authorization process.

  Requiring the DHR to respond to 24 hour turnaround on prior authorizations exceeds federal requirements and would force the Division to revise its fiscal agent contract at significantly greater cost. The Division already provides 72 hour emergency supply of medications, consistent with federal requirements, which covers for weekends and holidays. Staff as well as the DUR Board reviews the efficacy and efficiency of policies use in the Division. We therefore suggest this is an unnecessary provision and respectfully request the amendment be eliminated.

Finally, I understand from LCB staff that there is some question as to whether the Department will implement a preferred drug list program with supplemental rebates. The Department is proposing the use of supplemental rebates in its preferred drug list program. Supplemental rebates are a key component for creating cost parity across equally effective drugs in a therapeutic class and will be a part of our program.

Once again, thank you for presenting this bill and for the opportunity to respond with our concerns. Please feel free to call me if you have any questions or concerns.

Sincerely,

Charles Duarte
Administrator

Cc: Michael J. Willden, Director
Department of Human Resources

Carlos Brandenburg, Administrator
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