




# Apple Health Preferred Drug List

## Implementing a Single, Standard Preferred Drug List for All Contracted Medicaid Fee-for-Service and Managed Care Health Systems

Substitute Senate Bill 5883; Chapter 1; Laws of 2017; Section 2013(1)(a)  
November 15, 2018

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# Legislative Reference

Substitute Senate Bill (SSB) 5883, Chapter 1, Laws of 2017, Section 213(1)(a), requires the Health Care Authority (HCA) to “provide a report to the governor and appropriate committees of the legislature by November 15, 2018, and by November 15, 2019, including a comparison of the amount spent in the previous two fiscal years to expenditures under the new system by, at a minimum, fund source, total expenditure, drug class, and top twenty-five drugs.”

## Summary

A preferred drug list (PDL) is a list of the prescription medications that a health plan will purchase, that work well for patients, and are generally more cost-effective than similar, non-preferred drugs. SSB 5883 requires HCA to implement a PDL for all contracted Washington Apple Health (Medicaid) managed health care systems. The Apple Health PDL will help HCA to maximize drug rebates and ensure Apple Health clients have access to safe, effective drugs. HCA began implementing the Apple Health PDL in January 2018, and HCA expects to finish implementation in July 2019.

Data about drug expenditures under the Apple Health PDL is incomplete for the first two quarters of implementation, because HCA has not yet received all encounters or all rebates from drug companies. We will include drug expenditure data in our legislative report due November 15, 2019.

## Apple Health PDL Implementation

### Maximized Drug Rebates

Drug manufacturers offer supplemental rebates to insurers that purchase their drugs. Rather than negotiate supplemental rebates with individual drug manufacturers, HCA contracted with Magellan Health (a health care management company), which has access to a multi-state drug purchasing pool called TOP\$ (pronounced “tops”). By participating in TOP\$, HCA leverages the pool’s purchasing power to secure higher supplemental rebates for the drugs we purchase for Apple Health clients.

### Access to Safe, Effective Drugs

HCA must ensure Apple Health clients have access to safe, effective drugs. Magellan Health provides objective, evidence-based reviews about drugs’ safety and efficacy, in addition to a financial analysis about the drugs’ net-of-rebate costs. Informed by the information Magellan Health provides, the Drug Utilization Review (DUR) Board<sup>1</sup> makes a recommendation to HCA about whether a drug should be preferred. HCA clinical staff review the data and recommendations from Magellan Health and the DUR Board before determining a drug’s preferred status. HCA may

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<sup>1</sup> Section 1927 of the Social Security Act requires each state to have a DUR Board. The DUR Board is composed of physicians, pharmacists, and other health care professionals. For more information about the DUR Board, see: (1) “Meetings and materials”, <<https://www.hca.wa.gov/about-hca/prescription-drug-program/meetings-and-materials>>, accessed August 9, 2018; and (2) “PAYMENT FOR COVERED OUTPATIENT DRUGS”, <[https://www.ssa.gov/OP\\_Home/ssact/title19/1927.htm](https://www.ssa.gov/OP_Home/ssact/title19/1927.htm)>, accessed August 9, 2018.

“grandfather” non-preferred drugs (allowing Apple Health clients to continue receiving those drugs without first trying preferred drugs) if it is clinically inappropriate to require medically-stable clients to change drugs, or if changing drugs would create significant disruption or administrative burden on HCA or the Apple Health managed care organizations (MCOs). HCA may grandfather drugs for 3 months, 6 months, or permanently.

## Timeline

HCA is committed to implementing the Apple Health PDL as quickly and successfully as possible. We completed the Apple Health PDL Phase 1 implementation on January 1, 2018, and Phase 2 implementation on July 1, 2018. Implementation of the third and final phase will occur quarterly, starting October 1, 2018. Adding drug classes to the PDL quarterly will enable the HCA and MCOs to implement relevant drug policies related to prior authorizations using existing resources. It will also streamline the workload for both HCA and Apple Health MCO staff. When complete, the Apple Health PDL will include more than 300 drug classes.

HCA plans to complete the Apple Health PDL implementation in July 2019.

## Data

The following table and the tables in Appendix A reflect calendar year (CY) 2017 utilization data. The tables only contain data for Apple Health fee-for-service (FFS) claims and MCO encounters that occurred at pharmacies that clients visit to pick up their prescriptions (i.e., point-of-sale, community retail pharmacies). We suppressed all claim and client counts that were less than 10, and we removed those small numbers from the totals.

- Phase 1 included 27 unique drug classes. These drug classes included 388 drugs, for which there were 1,581,977 claims for 581,580 clients during CY 2017.
- Phase 2 included 57 unique drug classes, of which 56 were distributed at community retail pharmacies. These 56 drug classes included 1,345 drugs, for which there were 3,176,751 claims for 1,119,375 clients during CY 2017.

**Table 1 — Apple Health Preferred Drug List Drug Utilization in Calendar Year (CY) 2017**

Appendix A Table	Number of Drug Classes	Number of Drugs	CY 2017 Total Claim Count	CY 2017 Total Client Count
A.1 — Phase 1 (January 1, 2018) Drugs	27	388	1,581,977	581,580
A.2 — Phase 2 (July 1, 2018) Drugs	56	1,345	3,176,741	1,119,367
<b>TOTALS</b>	<b>83</b>	<b>1,733</b>	<b>4,758,718</b>	<b>1,700,947</b>

**SOURCE:** ProviderOne Operational Data Store (ODS), July 2018.

**NOTE:** Data only includes claims and encounters that occurred at community retail pharmacies.

# Appendix A: Apple Health PDL Drug Utilization in Calendar Year (CY) 2017

**Table A.1 — Apple Health Preferred Drug List: Phase 1 (January 1, 2018) Drugs**

#	DRUG CLASS NAME	NUMBER OF DRUGS	CY 2017 TOTAL CLAIM COUNT	CY 2017 TOTAL CLIENT COUNT
1	ALLERGY: ANAPHYLAXIS - VASOPRESSOR SELF-INJECTABLES	7	25,964	21,125
2	ANTICOAGULANTS: FACTOR XA AND THROMBIN INHIBITORS	11	22,013	5,695
3	ANTIDIABETICS: INSULIN - INTERMEDIATE ACTING	5	11,066	2,537
4	ANTIDIABETICS: INSULIN - LONG ACTING	8	141,170	30,746
5	ANTIDIABETICS: INSULIN - PRE-MIXED	10	10,540	1,827
6	ANTIDIABETICS: INSULIN - RAPID ACTING	10	98,044	18,147
7	ANTIDIABETICS: INSULIN - SHORT ACTING	7	8,491	1,821
8	ANTIEMETICS / ANTIVERTIGO: 5-HT3 RECEPTOR ANTAGONISTS	10	197,195	142,696
9	ANTIEMETICS / ANTIVERTIGO: OTHER	1	215	159
10	ANTIEMETICS / ANTIVERTIGO: SUBSTANCE P/NEUROKININ 1 (NK1) RECEPTOR ANTAGONISTS	5	44	41
11	ANTIVIRALS: HEPATITIS C AGENTS	16	9,392	3,907
12	ANTIVIRALS: HIV	68	57,816	9,447
13	ASTHMA AND COPD AGENTS: ANTICHOLINERGICS	5	40,538	13,238
14	ASTHMA AND COPD AGENTS: BETA AGONISTS - LONG ACTING	5	6,130	1,415
15	ASTHMA AND COPD AGENTS: BETA AGONISTS - ORAL	6	1,216	841
16	ASTHMA AND COPD AGENTS: BETA AGONISTS - SHORT ACTING	17	499,995	213,104
17	ASTHMA AND COPD AGENTS: INHALED CORTICOSTEROID COMBINATIONS	17	70,333	17,808

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#	DRUG CLASS NAME	NUMBER OF DRUGS	CY 2017 TOTAL CLAIM COUNT	CY 2017 TOTAL CLIENT COUNT
18	ASTHMA AND COPD AGENTS: INHALED CORTICOSTEROIDS	27	138,815	50,223
19	ASTHMA AND COPD AGENTS: LONG ACTING MUSCARINIC AGENT / LONG ACTING BETA AGONIST COMBINATIONS	4	3,075	773
20	ASTHMA AND COPD AGENTS: LONG ACTING MUSCARINIC AGENTS	5	36,034	8,049
21	ASTHMA AND COPD AGENTS: MONOCLONAL ANTIBODIES	2	877	156
22	CYTOKINE AND CAM ANTAGONISTS	40	22,381	4,509
23	DIGESTIVE AIDS: PANCREATIC ENZYMES	21	7,904	1,929
24	ENDOCRINE AND METABOLIC AGENTS: GROWTH HORMONES	29	3,582	529
25	PSYCHOTHERAPEUTIC AND NEUROLOGICAL AGENTS - MISC: MULTIPLE SCLEROSIS AGENTS	26	5,689	1,088
26	SUBSTANCE USE DISORDER: OPIOID ANTAGONISTS	9	16,323	9,245
27	SUBSTANCE USE DISORDER: OPIOID PARTIAL AGONISTS	17	147,135	20,525
<b>TOTALS</b>		<b>388</b>	<b>1,581,977</b>	<b>581,580</b>

**SOURCE:** ProviderOne Operational Data Store (ODS), July 2018.

**NOTE:** Data only includes claims and encounters that occurred at community retail pharmacies.



**Table A.2 — Apple Health Preferred Drug List: Phase 2 (July 1, 2018) Drugs**

#	DRUG CLASS NAME	NUMBER OF DRUGS	CY 2017 TOTAL CLAIM COUNT	CY 2017 TOTAL CLIENT COUNT
1	ANALGESICS - OPIOID: LONG ACTING - AGONISTS	101	76,135	17,549
2	ANALGESICS: MIGRAINE AGENTS - 5-HT1 AGONISTS	46	78,037	32,173
3	ANTIBIOTICS: CEPHALOSPORINS - 1ST GENERATION	16	113,967	102,165
4	ANTIBIOTICS: CEPHALOSPORINS - 2ND GENERATION	13	10,402	9,203
5	ANTIBIOTICS: CEPHALOSPORINS - 3RD GENERATION	22	26,379	23,759
6	ANTIBIOTICS: CEPHALOSPORINS - 4TH GENERATION	5	40	21
7	ANTIBIOTICS: INHALED - AMINOGLYCOSIDES	5	345	153
8	ANTIBIOTICS: INHALED - OTHER	1	95	32
9	ANTICOAGULANTS: COUMARIN ANTICOAGULANTS	27	46,331	10,694
10	ANTICOAGULANTS: HEPARINS AND HEPARINOID-LIKE AGENTS	32	9,648	5,174
11	ANTICONVULSANTS: AMPA GLUTAMATE RECEPTOR ANTAGONISTS	7	577	113
12	ANTICONVULSANTS: BENZODIAZEPINES	23	111,622	33,692
13	ANTICONVULSANTS: CARBAMATES	3	625	107
14	ANTICONVULSANTS: GABA MODULATORS	8	331	63
15	ANTICONVULSANTS: HYDANTOINS	14	10,731	2,477
16	ANTICONVULSANTS: MISC	151	722,346	199,967
17	ANTICONVULSANTS: SUCCUNIMIDES	5	2,830	476
18	ANTICONVULSANTS: VALPROIC ACID	16	69,058	18,682
19	ANTIDIABETICS: INCRETIN MIMETICS AND ENHANCERS - AMYLIN ANALOGS	2	48	15



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#	DRUG CLASS NAME	NUMBER OF DRUGS	CY 2017 TOTAL CLAIM COUNT	CY 2017 TOTAL CLIENT COUNT
20	ANTIDIABETICS: INCRETIN MIMETICS AND ENHANCERS - DPP4 INHIBITOR / SGLT2 INHIBITOR COMBINATIONS	2	131	26
21	ANTIDIABETICS: INCRETIN MIMETICS AND ENHANCERS - DPP4 INHIBITOR / TZD COMBINATIONS	5	63	18
22	ANTIDIABETICS: INCRETIN MIMETICS AND ENHANCERS - DPP4 INHIBITORS	26	21,444	4,677
23	ANTIDIABETICS: INCRETIN MIMETICS AND ENHANCERS - GLP1 AGONIST / INSULIN COMBINATIONS	1	(Suppressed)	(Suppressed)
24	ANTIDIABETICS: INCRETIN MIMETICS AND ENHANCERS - GLP1 AGONISTS	11	12,727	3,027
25	ANTIPSYCHOTICS / ANTIMANIC AGENTS: ANTIPSYCHOTICS - 2ND GENERATION	150	400,200	121,176
26	CARDIOVASCULAR AGENTS - ANTIHYPERLIPIDEMICS: PCSK-9 INHIBITORS	5	173	32
27	CARDIOVASCULAR AGENTS - ANTIHYPERTENSIVES: ANGIOTENSIN MODULATORS - ACE INHIBITOR COMBINATIONS	26	50,300	11,396
28	CARDIOVASCULAR AGENTS - ANTIHYPERTENSIVES: ANGIOTENSIN MODULATORS - ACE INHIBITORS	41	420,698	125,262
29	CARDIOVASCULAR AGENTS - ANTIHYPERTENSIVES: ANGIOTENSIN MODULATORS - ANGIOTENSIN II RECEPTOR BLOCKER COMBINATIONS	40	22,156	4,984
30	CARDIOVASCULAR AGENTS - ANTIHYPERTENSIVES: ANGIOTENSIN MODULATORS - ANGIOTENSIN II RECEPTOR BLOCKERS	32	143,401	34,355
31	CARDIOVASCULAR AGENTS - ANTIHYPERTENSIVES: ANGIOTENSIN MODULATORS - DIRECT RENIN INHIBITOR COMBINATIONS	1	(Suppressed)	(Suppressed)
32	CARDIOVASCULAR AGENTS - ANTIHYPERTENSIVES: ANGIOTENSIN MODULATORS - DIRECT RENIN INHIBITORS	1	24	(Suppressed)

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#	DRUG CLASS NAME	NUMBER OF DRUGS	CY 2017 TOTAL CLAIM COUNT	CY 2017 TOTAL CLIENT COUNT
33	CARDIOVASCULAR AGENTS - ANTIHYPERTENSIVES: ANGIOTENSIN MODULATORS - NEPRILYSIN INHIB (ARNI)-ANGIOTENSIN II RECEPT ANTAG COMBINATIONS	3	1,211	280
34	CARDIOVASCULAR AGENTS - MISC: PULMONARY HYPERTENSION - ENDOTHELIN RECEPTOR ANTAGONISTS	5	748	124
35	CARDIOVASCULAR AGENTS - MISC: PULMONARY HYPERTENSION - PDEI	4	1,530	357
36	CARDIOVASCULAR AGENTS - MISC: PULMONARY HYPERTENSION - PROSTACYCLIN RECEPTOR AGONISTS	9	187	61
37	CARDIOVASCULAR AGENTS - MISC: PULMONARY HYPERTENSION - PROSTAGLANDIN VASODILATORS	11	314	54
38	CARDIOVASCULAR AGENTS - MISC: PULMONARY HYPERTENSION - SGC STIMULATOR	5	64	20
39	DERMATOLOGICS: IMMUNOSUPPRESSIVE AGENTS - TOPICAL	4	2,742	1,803
40	ENDOCRINE AND METABOLIC AGENTS: ANDROGENS - TESTOSTERONE	26	23,614	5,767
41	ENDOCRINE AND METABOLIC AGENTS: PROGESTERONES	13	24,526	9,384
42	GASTROINTESTINAL AGENTS - MISC: INFLAMMATORY BOWEL AGENTS	15	12,868	3,614
43	GASTROINTESTINAL AGENTS - MISC: IRRITABLE BOWEL SYNDROME (IBS) AGENTS / GI MOTILITY	41	43,791	22,343
44	GASTROINTESTINAL AGENTS - MISC: PHOSPHATE BINDER AGENTS	20	6,224	2,031
45	HEMATOLOGICAL AGENTS - MISC: PLATELET AGGREGATION INHIBITORS	18	42,450	12,607
46	OPHTHALMIC AGENTS: GLAUCOMA AGENTS	34	32,865	9,614





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#	DRUG CLASS NAME	NUMBER OF DRUGS	CY 2017 TOTAL CLAIM COUNT	CY 2017 TOTAL CLIENT COUNT
47	OPHTHALMIC AGENTS: NONSTEROIDAL ANTI-INFLAMMATORY AGENTS	9	4,619	3,149
48	OPHTHALMIC AGENTS: OPHTHALMIC ANTIBIOTICS	29	75,750	70,352
49	OPHTHALMIC AGENTS: OPHTHALMIC ANTIBIOTICS - SULFONAMIDES	3	2,635	2,555
50	OPHTHALMIC AGENTS: OPHTHALMIC STEROIDS - TOPICAL	16	17,373	11,078
51	OTIC AGENTS: OTIC ANTI-INFECTIVES	10	27,942	25,770
52	PSYCHOTHERAPEUTIC AND NEUROLOGICAL AGENTS - MISC: ADHD / ANTI-NARCOLEPSY - NON-STIMULANTS	24	54,695	19,115
53	PSYCHOTHERAPEUTIC AND NEUROLOGICAL AGENTS - MISC: ADHD / ANTI-NARCOLEPSY - STIMULANTS - AMPHETAMINES	58	234,698	71,745
54	PSYCHOTHERAPEUTIC AND NEUROLOGICAL AGENTS - MISC: ADHD / ANTI-NARCOLEPSY - STIMULANTS - METHYLPHENIDATES	83	177,612	59,350
55	PSYCHOTHERAPEUTIC AND NEUROLOGICAL AGENTS - MISC: ADHD / ANTI-NARCOLEPSY - STIMULANTS - MISC	11	3,607	1,113
56	PSYCHOTHERAPEUTIC AND NEUROLOGICAL AGENTS - MISC: SMOKING DETERRENTS - NICOTINE REPLACEMENT PRODUCTS	56	33,812	25,613
<b>TOTALS</b>		<b>1,346,</b>	<b>3,176,766</b>	<b>1,119,379</b>

**SOURCE:** ProviderOne Operational Data Store (ODS), July 2018.

**NOTE:** Data only includes claims and encounters that occurred at community retail pharmacies. We suppressed all claim counts and client counts that were less than 10, and we removed those small numbers from the totals.

