

**State of Oregon
Pharmacy TPL
Section 1915(b) (4) Fee-for-Service
Selective Contracting Program Waiver**

June, 2012

v1.0

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Application for Section 1915(b) (4) Waiver Fee-for-Service (FFS) Selective Contracting Program

Facesheet

The **State of Oregon** requests a waiver/amendment under the authority of section 1915(b) of the Act. The Medicaid agency will directly operate the waiver.

The **name of the waiver program** is **Pharmacy TPL**.
(List each program name if the waiver authorizes more than one program.).

Type of request. This is:

- an initial request for new waiver. All sections are filled.
- a request to amend an existing waiver, which modifies Section/Par
- a renewal request

Section A is:

- replaced in full
- carried over with no changes
- changes noted in **BOLD**.

Section B is:

- replaced in full
- changes noted in **BOLD**.

Effective Dates: This waiver/renewal/amendment is requested for a period of 5 years beginning 4/1/16 and ending 3/31/21.

State Contact: The State contact person for this waiver is Jesse Anderson and can be reached by telephone at (503)945-6958, or fax at (503)373-7689, or e-mail at jesse.anderson@state.or.us (List for each program)

Section A – Waiver Program Description

Part I: Program Overview

Tribal Consultation:

Describe the efforts the State has made to ensure that Federally-recognized tribes in the State are aware of and have had the opportunity to comment on this waiver proposal (if additional space is needed, please supplement your answer with a Word attachment).

Per OHA Tribal consultation policy, Oregon Tribal entities were consulted in the submission of this Waiver during the May 13, 2015 “770” meeting. Comments were required by June 13, 2015. No comments were received related to this submission. Attached is the distribution list and the matrix presented at the “770” meeting.

Program Description: Provide a brief description of the proposed selective contracting program or, if this is a request to amend an existing selective contracting waiver, the history of and changes requested to the existing program. Please include the estimated number of enrollees served throughout the waiver (if additional space is needed, please supplement your answer with a Word attachment).

Oregon currently has a sole source contract to provide mail order prescription drugs for those clients who choose to use it. The OAR requires that a person with dual coverage follow the primary insurance requirements for Prior Authorization, quantity limits, provider panel, etc. Occasionally a private insurer requires a member to use a specific mail order pharmacy to fill a prescription and that provider is not the same vendor as our mail order vendor for full Medicaid eligibles. For these instances we want to enroll the mail order vendor for the sole purpose to coordinate benefits. In order to do this we need a waiver to restrict these providers to enrollment for COB purposes.

Waiver Services: Please list all existing State Plan services the State will provide through this selective contracting waiver (if additional space is needed, please supplement your answer with a Word attachment).

Prescription medications

A. Statutory Authority

1. **Waiver Authority.** The State is seeking authority under the following subsection of 1915(b):

1915(b) (4) - FFS Selective Contracting program

2. **Sections Waived.** The State requests a waiver of these sections of 1902 of the Social Security Act:

- a. **Section 1902(a) (1) - Statewide**
- b. **Section 1902(a) (10) (B) - Comparability of Services**
- c. **Section 1902(a) (23) - Freedom of Choice**
- d. **Other Sections of 1902** –(please specify)

B. Delivery Systems

1. **Reimbursement.** Payment for the selective contracting program is:

- the same as stipulated in the State Plan
- is different than stipulated in the State Plan (please describe)

2. **Procurement.** The State will select the contractor in the following manner:

- Competitive** procurement
- Open** cooperative procurement
- Sole source** procurement
- Other** (please describe) **The states mail order vendor was selected using a competitive bid process, however this waiver is to allow enrollment of a mail order vendor that is not the states mail order vendor for the purposes of TPL coordination. These mail order vendors would be a requirement of the commercial insurance the Medicaid recipient is enrolled with.**

C. Restriction of Freedom of Choice

1. **Provider Limitations.**

- Beneficiaries will be limited to a single provider in their service area.
- Beneficiaries will be given a choice of providers in their service area.

(NOTE: Please indicate the area(s) of the State where the waiver program will be implemented)

In the few instances where OHP is secondary and the primary payer requires the recipient to obtain mail order prescriptions and the mail order vendor is not our vendor we would enroll that vendor restricting them to enrollment for the sole purpose of COB. This may happen in any region of the states and any contiguous areas.

2. State Standards.

Detail any difference between the state standards that will be applied under this waiver and those detailed in the State Plan coverage or reimbursement documents (if additional space is needed, please supplement your answer with a Word attachment).

All requirements for PA, quantity limits, FDA approved drugs, rebateable manufacturers would apply to any reimbursement made by the state for drugs prescribed as under state plan outpatient drug regulations.

D. Populations Affected by Waiver

(May be modified as needed to fit the State's specific circumstances)

1. **Included Populations.** The following populations are included in the waiver:

- Section 1931 Children and Related Populations
- Section 1931 Adults and Related Populations
- Blind/Disabled Adults and Related Populations
- Blind/Disabled Children and Related Populations
- Aged and Related Populations
- Foster Care Children
- Title XXI CHIP Children

2. **Excluded Populations.** Indicate if any of the following populations are excluded from participating in the waiver:

- Dual Eligibles
- Poverty Level Pregnant Women
- Individuals with other insurance
- Individuals residing in a nursing facility or ICF/MR
- Individuals enrolled in a managed care program
- Individuals participating in aHCBS Waiver program
- American Indians/Alaskan Natives
- Special Needs Children (State Defined). Please provide this definition.
- Individuals receiving retroactive eligibility
- Other (Please define):

Part II: Access, Provider Capacity and Utilization Standards

A. Timely Access Standards

Describe the standard that the State will adopt (or if this is a renewal or amendment of an existing selective contracting waiver, provide evidence that the State has adopted) defining timely Medicaid beneficiary access to the contracted services, i.e., what constitutes timely access to the service?

1. How does the State measure (or propose to measure) the timeliness of Medicaid beneficiary access to the services covered under the selective contracting program (if additional space is needed, please supplement your answer with a Word attachment)?

This question is not applicable to this request. Oregon currently has a selectively contracted sole source mail order pharmacy that is voluntary to OHP beneficiaries. Sometimes, beneficiaries have other insurance that is required to pay first but uses a different mail order pharmacy than our sole source vendor. To coordinate those benefits and make sure that others pay first, the state will have the third party insurance pay first and then OHP will provide a wrap-around payment as required under its coordination of benefit rules. Since the mail order vendor under the other insurance is not a Medicaid provider, the state needs 1915(b)(4) authority to pay the other mail order vendor. Since the state selectively contracts, it cannot allow the outside provider to become a Medicaid provider to any Medicaid client other than the one who uses its services with the person's other insurance. There will not be an access issue under this waiver because all individuals participating under this waiver can obtain the prescription from the primary carrier. This waiver would allow OHP to adjudicate the claim as a secondary payer.

2. Describe the remedies the State has or will put in place in the event that Medicaid beneficiaries are unable to access the contracted service in a timely fashion (if additional space is needed, please supplement your answer with a Word attachment).

Not applicable to this request, see reference in response above.

B. Provider Capacity Standards

Describe how the State will ensure (or if this is a renewal or amendment of an existing selective contracting waiver, provide evidence that the State has ensured) that its selective contracting program provides a sufficient supply of contracted providers to meet Medicaid beneficiaries' needs.

1. Provide a detailed capacity analysis of the number of providers (e.g., by type, or number of beds for facility-based programs), or vehicles (by type, per contractor for non-emergency transportation programs), needed per location or region to assure sufficient capacity under the selective contracting program (if additional space is needed, please supplement your answer with a Word attachment).

Oregon Medicaid has 840 enrolled pharmacies and a statewide sole source mail order vendor. This question is not applicable to this request because the OHP has a pharmacy program that is selectively contracted with a sole source mail order pharmacy. Sometimes, beneficiaries have other insurance that is required to pay first and use a different mail order pharmacy than our sole source vendor. To coordinate those benefits and make sure that others pay first, the state will have the third party insurance pay first and then OHP will provide a wrap-around payment as required under its coordination of benefit rules. Since the mail order vendor under the other insurance is not a Medicaid provider, the state needs 1915(b)(4) authority to pay the other mail order vendor. Since the state selectively contracts, it cannot allow the outside provider to become a Medicaid provider to any Medicaid client other than the one who uses its services with the person's other insurance. There will not be an access issue under this waiver because all individuals participating under this authority already have the other insurance.

2. Describe how the State will evaluate and ensure on an ongoing basis that providers are appropriately distributed throughout the geographic regions covered by the selective contracting program so that Medicaid beneficiaries have sufficient and timely access throughout the regions affected by the program (if additional space is needed, please supplement your answer with a Word attachment).

Ninety percent of OHP clients are enrolled in a coordinated care organization, the remaining ten percent, access services through the fee-for-service delivery system The Oregon Health Plan has several mechanisms and reporting systems designed to monitor access in the fee-for-service delivery system and provide oversight of access in the managed care delivery system

Fee-For-Service Access

Some of the methods we currently use to identify and resolve access issues for fee-for-service clients: Client Services Unit (CSU), Governor's Advocacy Office and OHP Ombudsman.

In addition, on a quarterly basis, CSU meets with the Governor's Advocacy Office and the OHP Ombudsman to discuss systemic issues, which are then taken to the DMAP Policy Unit to review and resolve.

However, this question is not applicable to this request as we are requesting this waiver in order to restrict enrollment for mail order vendors for the sole purpose to COB with TPL.

B.Utilization Standards

Describe the State's utilization standards specific to the selective contracting program.

1. How will the State (or if this is a renewal or amendment of an existing selective contracting waiver, provide evidence that the State) regularly monitor(s) the selective contracting

program to determine appropriate Medicaid beneficiary utilization, as defined by the utilization standard described above ?

I do not believe this is applicable to the request. Oregon currently has 1,152,391 individuals enrolled in the OHP and approximately 46,000 of those have a third party resource. This waiver request would allow Oregon to enroll a third party mail order pharmacy that is not our sole source contractor for those few cases in which the primary payer requires the individual to use a mail order vendor.

2. Describe the remedies the State has or will put in place in the event that Medicaid beneficiary utilization falls below the utilization standards described above (if additional space is needed, please supplement your answer with a Word attachment).

Not applicable to this request for reasons stated thus far

Part III: Quality

A. Quality Standards and Contract Monitoring

1. Describe the State's quality measurement standards specific to the selective contracting program (if additional space is needed, please supplement your answer with a Word attachment).
 - a. Describe how the State will (or if this is a renewal or amendment of an existing selective contracting waiver, provide evidence that the State):
 - i. Regularly monitor(s) the contracted providers to determine compliance with the State's quality standards for the selective contracting program.
 - ii. Take(s) corrective action if there is a failure to comply.

Not applicable, we would not select the vendor when the individual has a third party private insurance. Oregon would however enroll them and restrict their enrollment to COB purposes only.

2. Describe the State's contract monitoring process specific to the selective contracting program (if additional space is needed, please supplement your answer with a Word attachment).
 - a. Describe how the State will (or if this is a renewal or amendment of an existing selective contracting waiver, provide evidence that the State):
 - i. Regularly monitor(s) the contracted providers to determine compliance with the contractual requirements of the selective contracting program.
 - ii. Take(s) corrective action if there is a failure to comply.

I do not believe this is applicable to the request. Oregon currently has 1,152,391 individuals enrolled in the OHP and approximately 46,000 of those have a third party resource. This waiver request would allow Oregon to enroll a third party mail order pharmacy that is not our sole source contractor for those few cases in which the primary payer requires the individual to use a mail order vendor. Oregon would not select the vendor when the individual has a third party private insurance.

B. Coordination and Continuity of Care Standards

Describe how the State assures that coordination and continuity of care is not negatively impacted by the selective contracting program (if additional space is needed, please supplement your answer with a Word attachment).

Not applicable, we would not select the vendor when the individual has a third party private insurance. However, Oregon would enroll them and restrict their enrollment to COB purposes only.

Part IV: Program Operations

A. Beneficiary Information

Describe how beneficiaries will get information about the selective contracting program (if additional space is needed, please supplement your answer with a Word attachment).

Not applicable, the beneficiary is informed by the third party private insurance about their provider panel and requirement

B. Individuals with Special Needs.

The State has special processes in place for persons with special needs (Please provide detail).

Not applicable to this request as it relates to COB activities that are transparent to the client.

Section B – Waiver Cost-Effectiveness & Efficiency

Efficient and economic provision of covered care and services:

1. Provide a description of the State's efficient and economic provision of covered care and services (if additional space is needed, please supplement your answer with a Word attachment).

Oregon currently has 1,152,391 individuals enrolled in the OHP, with the main delivery system being Coordinated Care Organizations. Less than 10% of this population remain in a FFS delivery system for their pharmacy benefits. Since we have such a small portion of our enrollees in FFS we elected to procure a sole source mail order vendor to reduce the cost of prescription drugs to the agency. Approximately 46,000 recipients have coverage through a third party and we coordinate benefits with these third parties. This waiver request would give Oregon the necessary authority to enroll a third party mail order pharmacy that is not our sole source contractor for those cases in which the primary payer requires the individual to use a different mail order vendor.

Oregon utilizes a sole source contract for mail order prescriptions because of the saving that we receive. In the instances when a third party requires the use of another mail order vendor we are unable to coordinate the benefits unless we are able to enroll this vendor, this would increase the cost because we must pay the drug in full under the FFS fee schedule.

The projected pre waiver cost below are historical drug cost for those individuals that have a third party indicator in our MMIS. The projected cost are the actual costs we would pay as part of our coordination of benefit once we enroll the third party mail order vendor that is not our sole source vendor, the difference being the savings we received.

The trend rate is simply our overall trend increase of drug expenditures over time.

1. Project the waiver expenditures for the upcoming waiver period.

Year 1 from: 4/1/16 to 3/31/17

Trend rate from current expenditures (or historical figures): 9 %

Projected pre-waiver cost	<u>29,562.33</u>
Projected Waiver cost	<u>5,616.84</u>
Difference:	<u>23,945.49</u>

Year 2 from: 4/1/17 to 3/31/18

Trend rate from current expenditures (or historical figures): 9 %

Projected pre-waiver cost	<u>32,222.94</u>
Projected Waiver cost	<u>6,122.36</u>
Difference:	<u>26,100.54</u>

Year 3 (if applicable) from: 4/1/18 to 3/31/19

(For renewals, use trend rate from previous year and claims data from the CMS-64)

Projected pre-waiver cost	<u>35,123.00</u>
Projected Waiver cost	<u>6,673.37</u>
Difference:	<u>28,449.63</u>

Year 4 (if applicable) from: 4/3/19 to 3/31/20

(For renewals, use trend rate from previous year and claims data from the CMS-64)

Projected pre-waiver cost	<u>38,284.07</u>
Projected Waiver cost	<u>7,273.97</u>
Difference:	<u>31,010.10</u>

Year 5 (if applicable) from: 4/1/20 to 3/31/21

(For renewals, use trend rate from previous year and claims data from the CMS-64)

Projected pre-waiver cost	<u>41,729.64</u>
Projected Waiver cost	<u>7,928.63</u>
Difference:	<u>33,801.01</u>

