SUBJECT: Revisions to the Medicaid Drug Utilization Review Program

COMMITTEE: Public Health — committee substitute recommended

VOTE: 8 ayes — Kolkhorst, Naishtat, Coleman, J. Davis, Gonzales, Hopson, McReynolds, Zerwas

0 nays

3 absent — S. King, Laubenberg, Truitt

WITNESSES: For — (*Registered, but did not testify:* Lee Spiller, Citizens Commission on Human Rights)

Against — None

On — (*Registered, but did not testify:* Andrés Vasquez, Health and Human Services Commission)

BACKGROUND: The Medicaid Drug Utilization Review Program identifies potential problems with the drug therapy for Medicaid clients receiving outpatient prescriptions, such as incorrect dosages or drug interaction issues. To identify such issues, the program conducts two types of drug reviews – prospective studies that review prescriptions at the time of sale and retrospective studies that review drug claims data. In response to identified problems, physicians are sent suggestions about changes to their prescribing practices. The federal government requires that Texas submit an annual report on certain program outcomes.

DIGEST: CSHB 2030 would require the Health and Human Services Commission (HHSC) to increase the number and types of retrospective drug use reviews performed each year under the Medicaid Drug Utilization Review Program over the reviews performed in state fiscal year 2009. In determining the extent of the increase, HHSC would have to:

- permit repeat retrospective drug use reviews that previously had improved client outcomes and reduced Medicaid spending;
- consider implementing disease-specific retrospective reviews that reduced Medicaid drug expenditures in other states; and

- identify through claims data potential drug therapy problems that could be addressed by repeating successful retrospective reviews performed in Texas and other states.

HHSC would include in the program's annual report a detailed description of the program's activities and an estimate of cost savings anticipated from drug use reviews, including reviews on claims made through the electronic claims system and prior authorization system for prescriptions not on the preferred drug list.

HHSC would be required to post on its website the program's annual report and, on a quarterly basis, data identifying the drug classes and individual drugs that most often are prescribed to patients or that represent the greatest expenditures.

CSHB 2030 also would prohibit certain conflicts of interest between Medicaid Drug Utilization Review Board members and pharmaceutical manufacturers or labelers or an entity that assists HHSC in the administration of the program. The HHSC executive commissioner could adopt rules identifying conflicts of interest or requiring the board to develop a conflict-of-interest policy.

A state agency would request a waiver or federal authorization if necessary to implement the CSHB 2030 changes. The agency could delay implementing changes that required such authorizations until they were granted.

The bill would take effect September 1, 2009.

SUPPORTERS SAY:

The Medicaid Drug Utilization Review Program is invaluable in helping to avoid adverse medical outcomes for patients and for identifying fraud, abuse, or medically unnecessary prescribing patterns among physicians. CSHB 2030 would expand on the opportunities for this program to protect patient safety and decrease unnecessary state spending on prescriptions for Medicaid clients.

The program is estimated directly to have saved the state $50.8 million in general revenue from fiscal years 2004 through 2007. This savings could be increased by the enhanced data generated by the expanded retrospective drug reviews required by CSHB 2030. The bill would provide further health and indirect cost benefits by suggesting ways doctors could avoid

drug interaction and dosage problems that could require further medical attention.

The bill would increase the resources available to evaluate program activities by publishing on the HHSC website the program's annual report as well as cost-savings measures identified by drug reviews. The bill would require monitoring and publication of certain prescription drug data to identify the prescriptions that are most costly to the Medicaid program as well as certain drugs and drug classes that may be overprescribed.

CSHB 2030 would help prevent conflicts of interest among the program board that could cast doubt on the motivations behind board recommendations, such as those advocating the use of certain medications in favor of others.

Even if the claims data used in retrospective drug reviews is occasionally insufficient to understand the underlying reason a doctor is following prescribing practices that do not meet the program's standards, the vast majority of letters sent through the program help doctors better serve their patients. The primary objective of the Medicaid Drug Utilization Review Program is the quality of care for the patients, and cost savings are a result of better prescribing practices. The letters provided to doctors are purely informational, and if a doctor deems that the program's advice is not appropriate for his patients, there are no repercussions to the doctor for continuing the original drug therapy.

OPPONENTS SAY:

CSHB 2030 should not expand the use of retrospective drug reviews in the Medicaid Drug Utilization Review Program. Retrospective drug reviews are based on claims data, which do not provide enough information to judge if a physician is adhering to best practices. Claims data often is insufficient to indicate the conditions or complicating factors that have led a physician to prescribe a medication in a manner that falls outside the program's standards. It would not be a good use of state resources to make suggestions about altering prescribing practices in the absence of full information from physicians using their best professional judgment to prescribe based on the more complete information they have about their patients.

In addition, such reviews could curb the prescribing practices of certain doctors who have found beneficial drug therapies for their patients, yet

may discontinue these therapies at the suggestion of the program board, which would be motivated more by cost-savings than quality of care.

NOTES:

The committee substitute removed a provision in the filed bill that would have required HHSC analysis of prescription drug use and expenditure patterns in the Medicaid program to consider the number of claims, the total cost of paid claims, and the average cost per paid claim after any prescription drug rebates.

The companion bill, SB 946 by Deuell, has been referred to Senate Health and Human Services Committee.