

Testimony of John R. Corlett
Medicaid Director, Ohio Job and Family Services
Joint Committee on Agency Rule Review
August 25, 2008

Chairman Niehaus, Vice-Chairman McGregor and members of the Committee. My name is John Corlett and I am the state Medicaid Director. Thank you for allowing me to speak with you today about ODJFS Rule 5101:3-9-12. Although this rule describes a list of drugs that are covered by Medicaid fee for service without prior authorization much of the attention has been focused on a small number of atypical anti-psychotics and antidepressants which are not on the list and which may require prior-authorization. I will speak briefly about our overall approach to this issue. Robyn Colby who is the Chief of our Bureau of Health Plan Policy and Margaret Scott a pharmacist with that same bureau are here with me to answer any technical questions that you may have.

I want you to know that members of my staff and I have been engaged in conversations with stakeholders and members of the Ohio General Assembly about these rules since the beginning of the year. This included meeting with members of JCARR and with key legislators like Representative Shannon Jones, Representative Lynn Watchman, and State Senator Capri Cafaro who have each taken a special interest in the Medicaid program. I believe that it has been a productive dialogue and has resulted in a proposed rule representing a balance of quality, access and cost. Finding this balance is difficult but important, especially in light of the fact that the Medicaid program has added 45,000 individuals to the Medicaid program since December, 2007. The savings generated by our proposed revisions in the preferred drug list are larger than the H.B. 119 projected first year cost of expanding Medicaid coverage for pregnant women. To the extent we are unable to achieve the cost savings represented by our PDL proposal it's likely that we will face more difficult measures in the months ahead.

There are three things I would like to remind you about our rule and policy in terms of incorporating second generation antipsychotic and antidepressant medications into our preferred drug list.

First, the vast majority of Medicaid consumers will not be affected by this rule, these include:

- 1.3 million Medicaid consumers enrolled in Medicaid managed care.
- Consumers who have been taking the affected medications at any time over the previous four months.
- Consumers whose prescription is written by a psychiatrist
- Consumers who are dual eligible, and who obtain their prescriptions through Medicare Part D.

Second, the decisions about what is or isn't on our preferred drug list is based upon the recommendations of our Pharmacy and Therapeutics Committee. This committee is composed of medical professionals and is charged with reviewing available medical and clinical data. They are never given access to any financial or pricing data.

Third, the prior-authorization process we've created is quick and efficient and should not result in any undue burden on either consumers or prescribers. Prescribers seeking prior authorization can contact our pharmacy vendor by phone or by fax to convey a patient's medical need for a non-preferred drug. Phone requests are answered while the caller is on the line, usually in less than 4 minutes. This is consistent with prescribers' current practice with commercial insurers, and shouldn't require any additional administrative capacity.

I also want to briefly address a report issued by the National Alliance for the Mentally Ill of Ohio earlier this summer. Unfortunately we were unable to review this report prior to its publication and as a result it contains a number of factual errors and conclusions. The report's calculations failed to account for the fact that only a small percentage of Medicaid consumers would be affected by the policy change. Nor did it account for the fact that many atypical anti-psychotics and anti-depressants would not require prior-authorization. Finally the report assumed that Ohio's proposal was the same as a policy implemented by the State of Maine. Maine's policy clearly did not contain the protections included in the Ohio plan.

Finally, the ODJFS pharmacy program is dedicated to ensuring Medicaid consumers have access to the most clinically appropriate, cost-effective medications. We have an excellent track record of doing exactly that. Clinical appropriateness is our primary concern since Ohio Medicaid seeks to continuously maintain and improve the health outcomes of our consumers. A focus solely on cost will not accomplish this goal. I know some of the groups who have opposed our proposal don't believe in prior-authorization and believe consumers should have no limits on their access to these medications. We don't believe that approach is clinically or fiscally sound. Nor does it meet our goal of balancing quality, access and cost.

Thank you again for the opportunity to speak today and we would be happy to answer questions. If it would be helpful, once public testimony has been completed we can answer any further questions that may arise.