

# COORDINATION OF PSYCHOTROPIC MEDICATION

(FY2007 Appropriation Bill - Public Act 330 of 2006)

**March 31, 2007**

**Section 269:** (1) Of the amount appropriated in part 1 for Medicaid mental health services, \$149,136,400.00 is for prepaid inpatient health plan reimbursement of antipsychotic prescriptions under the Medicaid program. All of the following conditions shall apply to this arrangement: (a) The department shall develop uniform statewide procedures and practices to be followed by the prepaid inpatient health plans. These procedures and practices shall adhere to the requirements of section 1625 and section 109h of the social welfare act, 1939 PA 280, MCL 400.109h. (b) The department shall include the actual cost of antipsychotic prescriptions, net of actual rebates, into the actuarially sound capitation rates for the prepaid inpatient health plans. (c) The department shall develop and implement training for prepaid inpatient health programs regarding billing processes required for reimbursement under this section. (2) Of the amount appropriated in part 1 for health plan services, \$86,674,300.00 is for Medicaid health plan reimbursement of antidepressant prescriptions under the Medicaid program. All of the following conditions shall apply to this arrangement: (a) The department shall develop uniform statewide procedures and practices to be followed by the Medicaid health plans. These procedures shall adhere to the requirements of section 1625 and all provisions of the department's fiscal year 2005-2006 contract with Medicaid health plans. (b) The department shall include the actual cost of antidepressant prescriptions, net of actual rebates, into the actuarially sound capitation rates for the Medicaid health plans. (3) Medicaid reimbursement of mental health prescriptions that are neither antipsychotics nor antidepressants shall be made from the medical services pharmaceutical services line in part 1. The department shall utilize the same operational procedures for these medications that were followed in fiscal year 2005-2006 and shall adhere to the requirements of section 109h of the social welfare act, 1939 PA 280, MCL 400.109h. (4) The directors of the medical services administration and the department's mental health and substance abuse administration shall provide a joint quarterly report to the house of representatives, senate, and the senate and house fiscal agencies on the coordination of psychotropic medications under this section.

*Michigan Department  
of Community Health*



**Jennifer M. Granholm, Governor**  
**Janet Olszewski, Director**



STATE OF MICHIGAN  
DEPARTMENT OF COMMUNITY HEALTH  
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JENNIFER M. GRANHOLM  
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JANET OLSZEWSKI  
DIRECTOR

March 31, 2007

**A Report To Comply With The Requirements in Section 269(4) of Public Act 330**

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Section 269 of Public Act 330 had sought to incorporate responsibility and reimbursement for antipsychotic drugs into the Medicaid Specialty Prepaid Inpatient Health Plans (PIHP), and to bring antidepressant prescriptions into the rates and under the management of the Medicaid Health Plans.

The provisions of Section 269 were premised on assumption that Congress would extend the Medicaid drug manufacturers' rebate program (which requires pharmaceutical manufacturers to pay state Medicaid programs rebates for covered outpatient drugs reimbursed through the Medicaid agency) to Medicaid Managed Care Organizations (MCOs), such as the PIHPs and Medicaid Health Plans. Under current federal law, manufacturers are **not** required to pay rebates to MCOs that cover prescription drugs. The proposed statutory changes that would have extended manufacturers' rebates to MCOs were not enacted by Congress, and hence no state action has been taken to implement the provisions of Section 269 of Public Act 330.