Implementation and Utilization of Common Formulary

(FY2020 Appropriation Act - Public Act 67 of 2019)

March 1, 2020

Sec. 1806. *(1) The department shall contractually require the Medicaid health plans to report to the department by February 1 of the current fiscal year on the following:*

(a) The progress of implementing the Medicaid health plan common formulary.

(b) The participation by the Medicaid health plans in the Medicaid health plan common formulary.

(c) The timeliness of prior authorization approvals or disapprovals.

(2) By March 1 of the current fiscal year, the department shall provide the Medicaid health plan report provided in subsection (1) and identify any areas of inconsistency across the Medicaid health plans' implementation and utilization of the Medicaid health plan common formulary to the house and senate appropriations subcommittees on the department budget, the house and senate fiscal agencies, and the state budget office.

(3) The department shall maintain policies and procedures to govern the operations of the Michigan Medicaid health plan common formulary so that the department is able to receive fair and full public participation.

Section 1806(2) PA 67 of 2019

(1)(a) The progress of implementing the Medicaid health plan common formulary.

    The Medicaid Health Plan Common Formulary was fully implemented on September 30, 2016.

(1)(b) The participation by the Medicaid health plans in the Medicaid health plan common formulary.

    The contracted Medicaid Health Plans identify members to serve on the Medicaid Health Plan Common Formulary Workgroup. Those individuals are usually the Plan's pharmacy director and/or medical director. The Workgroup meets regularly and makes recommendations to the Michigan Department of Health and Human Services (MDHHS) on products to include and exclude on the Medicaid Health Plan Common Formulary, as well as utilization management controls including prior authorization criteria, step therapies, quantity limits and other coverage parameters. The MDHHS is the ultimate authority on Common Formulary coverage.

(1)(c) The timeliness of prior authorization approvals or disapprovals.

    The MDHHS conducted a survey to assess the Medicaid Health Plans' timeliness of approvals or disapprovals for prior authorizations received between October 1, 2019 and December 31, 2019. On average, 97% of these prior authorizations were processed within 24 hours, an increase of 18 percentage points from the previous year and an ongoing Medicaid Health Plan contract compliance focus.

    Most Medicaid Health Plans had an average processing time of less than 24 hours, however there several considerable outliers for which the MDHHS has requested an explanation for the delay. The MDHHS will continue to monitor for improvement and compliance.

(2) Any areas of inconsistency across the Medicaid health plans' implementation of the Medicaid health plan common formulary.

The MDHHS has a Compliance Analyst who reviews the Medicaid Health Plans' compliance with the Common Formulary. If there are coverage issues, they are addressed with the Medicaid Health Plan and the Plan updates its coverage as directed. In Fiscal Year 2019 there were virtually no major areas of inconsistency across the Medicaid Health Plans' implementation of the Common Formulary.

(3) The department shall maintain policies and procedures to govern the operations of the Michigan Medicaid health plan common formulary so that the department is able to receive fair and full public participation.

The MDHHS has continued to hold an annual public stakeholder meeting each fall, in addition to formally requesting public comment on the Managed Care Organization Common Formulary on a quarterly basis. The MDHHS has continued prior year improvements to the public comment process for purposes of providing additional reassurance to public commenters that their comment was a) received; b) reviewed by the Common Formulary Workgroup; and c) Common Formulary coverage change recommendations that resulted.