POLICY TITLE: DRUG FORMULARY

POLICY STATEMENT: Medical Associates Health Plans uses a “closed” drug formulary. The drug formulary is the cornerstone of drug therapy, quality assurance and cost containment efforts. The drug formulary document is developed by the Medical Associates Health Plans Pharmacy and Therapeutics Committee (P&T Committee), and it is referred to as the MAHP Drug Formulary. The P & T Committee is composed of physicians from various medical specialties, as well as community-based pharmacists, reviews medications in all therapeutic categories at least annually. From the P & T Committee review, prescription drugs are added or removed from the drug formulary. The decisions of the P&T Committee are based on safety, effectiveness, and cost. Formulary development and maintenance is a dynamic process. The P&T Committee regularly reviews new and existing medications to ensure the MAHP Drug Formulary remains responsive to the needs of members and practitioners. The formulary is updated based on these reviews. Note: Formulary meets criteria per the Essential Health Benefits.

PROCEDURE:
A. Formulary Development

1. Prescription Drug considerations for formulary are received from the contracted Pharmacy Benefits Manager (PBM) and from MAHP practitioners. Practitioners are requested to utilize and submit the Prescription Drug Formulary Consideration Form by the 1st of the month for review at the P & T Committee meeting. All considerations are researched and compared to other prescription drugs in the same therapeutic category. Information provided to the P&T Committee for making a decision is: effectiveness, potential side effects, and cost compared to other products.

2. Medications are evaluated on the following criteria by the Pharmacy & Therapeutics Committee to determine formulary status: FDA status, pharmacology indications, clinical studies, place in therapy, availability, availability of other medications in same therapeutic category, warnings/precautions, adverse effects, dosage, and references (relevant findings of government agencies, medical associations, national commissions, and peer-review journals).

3. The prescription drug benefit disclosure provided to the member describes the MAHP Drug Formulary use.

B. Formulary Communication

1. The MAHP Drug Formulary is made available in an abbreviated printed version to members, practitioners, and pharmacies through the Medical Associates Clinic and Health Plans Intranet site (http://mahenets/Default.aspx) and through the Medical Associates Clinic and Health Plans Internet site (http://www.mahealthcare.com/formulary). Updates to the MAHP Drug Formulary are done when revisions to the Drug Formulary are made.

2. MAHP network practitioners are informed of drug formulary changes after each P&T Committee meeting via memo.
3. Immediately following the P & T Committee meeting, an internal email is sent to pharmacy staff to provide update on all formulary changes.

4. After updates and annually, communication is sent to members and MAHP practitioners providing pharmacy benefit changes through newsletters sent from MAHP tri-annually. In addition, if a member is being affected by a change, letters are sent to the member with information related to the change.

C. Applying the Formulary:

1. The MAHP Drug Formulary Reference Sheet outlines MAHP generic substitution policy, brand interchange policy, and co-payment determination. Members’ cards list Prescription Co-Pay amounts. The following website outlines the lower cost generic drug program that is in place for internal use (http://mahcnet/LowCostDrugs/Default.aspx).

2. MAHP uses the same formulary for all members with a prescription drug benefit. Co-payment structure may vary depending on the employer group and division a member is enrolled with.

3. MAHP members may be subject to an “open” or “closed” network of prescribing practitioners.
   a. An “open” network requires that a licensed practitioner write prescriptions.
   b. A “closed” network requires that a MAHP credentialed licensed practitioner write the prescriptions.

4. When a participant presents a prescription to a participating pharmacy, the pharmacy submits a claim online to MAHP’s contracted PBM. The PBM processes the claim according to the defined benefits/limitations and the applicable co-pay is charged to the member. If a practitioner has ordered a non-formulary medication, when the claim reaches the PBM, the pharmacist receives a message indicating why the claim cannot be processed. The pharmacist will contact the practitioner to request consideration of a formulary alternative. If no alternative exists, the practitioner/member may submit a letter or contact, via telephone, to the MAHP Health Care Services Department describing the medical necessity and providing the pertinent clinical data supporting the need for coverage of a non-formulary prescription drug. An exception may be granted for use of some non-formulary medications.

D. Quality Improvement

1. Quarterly reports are provided to the Quality Improvement Committee (QI Committee).

2. All appeals are audited to confirm compliance with established time parameters annually.

3. An activity report is prepared for the QI Committee annually which denotes P&T activities and prescription drug considerations with outcomes.

Attachment: Prescription Drug Formulary Consideration Form
MEDICAL ASSOCIATES HEALTH PLANS
PRESCRIPTION DRUG FORMULARY CONSIDERATION FORM

We recently received a request from you for formulary consideration of ___________________.
This prescription medication was last considered on _________________ by the P & T Committee for inclusion on the formulary. The medication was not placed on the formulary at that time due to the following reasons:

________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

For consideration of your request, please furnish answers to the following questions:

1. Date discussed at Departmental meeting ______________________________

2. Problems with formulary products (see list attached for category) that are addressed through the addition of this prescription drug:
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

3. Therapeutic benefits to plan participants:
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

4. If MAHP is to add the requested prescription drug to our formulary, the effect on our costs will be _______________ for this therapeutic class of medications. To prevent this effect, we need to eliminate a product from our formulary in this therapeutic class, of the following medications which ________ (number) would you believe most advantageous to be on formulary:
   □ _____________________________________________________________________
   □ _____________________________________________________________________
   □ _____________________________________________________________________
   □ _____________________________________________________________________

5. Date this information was discussed at your department meeting _______________

*Please return this form to Health Care Services pharmacy services.