

**Stakeholder Comments to Draft Single Formulary and Electronic  
Prior Authorization report**  
(Stakeholders were provided a draft report for review and comment prior to  
submission of the report to the Vermont Legislature)

Name of Commenter	Date Received	Content of Suggested Change
Diane Neal, RPh Clinical Account Manager MedMetrics Health Partners	2/8/12	The paragraph I highlighted on page 22 seems to have some issues.
Madeleine Mongon Deputy Executive Vice President Vermont Medical Society	2/10/12	<p>Thank you for circulating the draft <i>Single Formulary and Electronic Prior Authorization Recommendations</i>. Here are a few more comments from VMS.</p> <p>Page 5 -- Prior authorization – In this section, we would recommend that the report acknowledge that the cost savings for payers attributed to prior authorization are achieved, at least in part, by shifting increased administrative burden and added cost to prescribers and dispensers. Prescribers recommend that the time they spend on prior authorization should be reimbursed by payers.</p> <p>Page 7 – PBM Market Share – VMS recommends including the market share for the major PBMs in Vermont. For example, we believe that two of the major insured plans, BCBS of Vermont and Cigna and the State Employees Health plan all use the same PBM, Express Scripts, which could be helpful in designing a phased-in approach to a single formulary.</p> <p>Page 10 Develop plan for multi-payer single web portal VMS recommends adding:</p> <ul style="list-style-type: none"> <li>• Enable providers to access payer portals with a single set of secure credentials</li> <li>• Use single web portal to perform identity management, authentication, digital identification</li> <li>• Pre-populate the information needed by payers for prior authorization as much as possible</li> </ul> <p>Identify and evaluate best practices among insurers and other states that promote administrative simplification and quality improvement processes for formulary support services.</p> <p>VMS recommends adding to the list:</p> <ul style="list-style-type: none"> <li>• Develop and recommend a common prior authorization form, similar to the Part D exception form</li> <li>• Ensure that payers' websites include the evidence-based guidelines and key criteria that will be used to make a final determination on prior authorization</li> </ul>

		<p>request</p> <p>Page 18 Prior Authorization In the first bullet, we would suggest amending the description of the single form as follows: Some states have pursued the use of a uniform prior authorization from to be accepted by all payers, <del>with varying success</del> <u>and are at varying stages of design and implementation.</u></p> <p>Thank you for considering these comments. Please let me know if you have any questions.</p>
Robin Lunge Director of Health Care Reform Agency of Administration	2/13/12	<p>One small clarification - the specialty tier language from last year was just a 1 year moratorium. We are proposing to eliminate them in this year's bill, but that has not passed. You should correct that on page 4. Cliff Peterson at BISHCA can give you the skinny in detail.</p> <p>Did Lindsey give you any feedback about possible exchange opportunities for administrative simplification or alignment via the benefit requirements under the ACA? If not, it might be good to just mention in the interim strategies that we are exploring whether it is possible to achieve some of the administrative simplification in the exchange.</p>
Ronald.DeBellis Pharm. D., FCCP, Albany College of Pharmacy and Health Sciences-Vermont	2/10/12	<p>Jennifer, please convey my congratulations to the rest of your team. This is very well written and a step in the right direction!</p>
Jonah C. Houts Senior Director Government Affairs Express Scripts, Inc.		<p>Express Scripts Inc. appreciates the opportunity to submit comments on the draft report "Single Formulary and Electronic Prior Authorization Recommendations" in accordance with ACT 48, Section 18 and Act 51, Section 4. Express Scripts is one of the largest pharmacy benefit management (PBM) companies in North America, providing PBM services to over 50 million patients. We serve thousands of client groups, including managed-care organizations, insurance carriers, third-party administrators, employers and union-sponsored benefit plans. Express Scripts is headquartered in St. Louis, Missouri.</p> <p>As a large purchaser of pharmaceuticals and prescription benefit manager, Express Scripts offers a unique perspective on formularies and prior authorization. Irrespective of whether the state adopts a single formulary, the cornerstone of any sound formulary must be maintained - independent clinical analysis. Formularies should be developed through independent panels of physicians who understand treatment protocols for various</p>

conditions. This important review should not be subjected to lobbying or public influence. Only after clinical parameters are defined should costs be considered. Our years of experience in successfully developing formularies conclusively demonstrate that an independent formulary development produces clinically sound benefits that can also be cost-effective. Express Scripts has long been an ardent supporter of electronic prescribing, and supports the State's efforts to promote physician access to e-prescribing. Along with our industry counterparts, we founded RxHub, now merged with SureScripts, which serves as the nation's leading e-prescribing interchange between payers and prescribers. We also work with the National Council for Prescription Drug Programs (NCPDP) to establish standards for pharmacy transactions. We share the industry's and the Office of the National Coordinator of Health Information Technology's position that there are currently no fully established standards to support electronic prior authorization. According to the draft report, DVHA intends to require electronic prior authorization in the 2014-2017 timeline. Express Scripts supports the development and use of these technologies, but cannot guarantee they will be available in 2014. We therefore respectfully caution the state to continue monitoring industry efforts in this space, and establish an implementation timeline that allows sufficient time for pilot projects to produce appropriate, workable standards.

Further, requiring compliance with a non-existent standard could only further aggravate prescribers and hamper efforts to encourage their embrace of e-prescribing. We fear this may happen in this instance. Having prescribers choose between a state mandate and federal programs that may conflict could discourage their use of e-prescribing, which then subjects them to e-prescribing penalties through CMS and losing grants made available through the HITECH Act.  
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The draft report includes some erroneous data that Express Scripts would like to bring to your attention before the report is finalized.

*PBM Market Share (Figure 2. page 7)*

The report references data from Atlantic Information Services that is incorrect. The five selected PBMs listed on the table appear to cover more lives than the population of the United States. We recommend this table be removed.

*Administrative Challenges of Prior Authorization (Page 7)*

The draft report claims that physicians do not have easy access to formulary information. To be clear, many plans customize their benefits which results in different coverage for different patients. However, many PBMs make information available to prescribers to alleviate potential administrative burdens. Express Scripts maintains a

		<p>website that contains drug-specific forms for many of our most commonly prescribed drugs that require a prior authorization. While these forms cover many of the most common drugs, not all drugs needing prior authorizations are immediately available. Nonetheless, the available forms will help start the prior authorization process off more efficiently and easily. <a href="http://www.express-scripts.com/pa">www.express-scripts.com/pa</a></p> <p><i>Real-time Processing of Prior Authorization (Page 18)</i> Express Scripts is not aware of any State that has real-time electronic processing of prior authorizations.</p> <p>In closing, we appreciate the opportunity to share our views with you. Successful adoption of electronic prescribing, including electronic prior authorization, is of utmost importance to Express Scripts. Please do not hesitate to reach out in can be of assistance in any way. Sincerely,</p>
<p>Harold Schwartz State of Vermont Department of Human Resources</p>	<p>2/9/12</p>	<p>I am responding on behalf of Commissioner Duffy, Department of Human Resources.</p> <p>We recommend the following change, on page 11, section 2: Intermediate-Term Goal.</p> <p>Change “State employees, if able to negotiate” to “State employees, subject to labor agreements and/or statute”</p>
<p>Mary J Ryan, RPh., MBA Vice President, State Governmental Affairs</p>	<p>2/10/12</p>	<p>Medco appreciates the effort associated with this report and we have both general and specific comments on it.</p> <p>While a single formulary may serve to reduce administrative burdens on pharmacists and prescribers, there are some issues to consider.</p> <p>We agree with your conclusion that moving to a single formulary in advance of a single payer system will increase costs to all. There will be tremendous pressure from multiple constituencies to have nearly all drugs on the formulary. If the payer is forced to have a very broad formulary, it will be difficult for the plan to negotiate with drug manufacturers for price concessions. This will have an end result of increased drug prices to plans and consumers.</p> <p>As to the short-term goals outlined:</p> <p><b>Promote physician access to e-prescribing.</b> It should be noted that Vermont is already ranked seventh in the list of states engaged actively in e-prescribing in Medco’s population. Nearly 38% of retail prescriptions are transmitted electronically; approximately 48% of mail prescriptions are sent electronically. Growth is occurring organically and state incentives may not be needed.</p>

		<p><b>o Secure reimbursement of transactional costs.</b>  Prescribers pay for an electronic medical records license, not transaction fees. Pharmacies do pay such fees, as do PBMs, the thought being that costs are saved from the electronic receipt of prescriptions to both retail and mail pharmacies.</p> <p><b>o Use provider incentives for adoption of electronic health records (EHR) and e-prescribing capabilities.</b>  It was our understanding that Vermont already had a matching funds ARRA program in place but, in any case, we support that concept.</p> <p><b>o Develop and refine a formulary interface through electronic health records, assuring a consistent and accurate display of formulary information among all insurers.</b></p> <p>All EMRs get certified per ARRA guidelines. EMRs view their formulary display as a proprietary market differentiator. It's unlikely that physicians would come to a consensus around 'how' it should look so allowing them to choose from competing EMR's makes some sense.</p> <p><b>o Develop recommendations for quality improvement and monitoring to improve accuracy of e-prescribing systems.</b>  This is reasonable as long as all stakeholders are invited to participate.</p> <p><b>o Develop plan for multi-payer single web portal.</b>  While this is consistent with your goal of a single payer system, we are interested in how to provide this data to you. We would recommend using the same process we use to provide PDP information as the easiest and shortest road to implementation.</p> <p><b>o Provide access to formulary information assuring consistency with Vermont's Health Information Exchange (HIE) development.</b>  Agree</p> <p><b>o Provide information about formulary drug lists, drug status, alternatives, and limitations.</b>  Agree</p> <p><b>o Provide information about provider call centers, prior authorization (PA) or specialty drug forms, PA criteria, and PA appeals processes.</b>  Agree</p> <p><b>o Ensure portal accommodates electronic PA submittal.</b>  Medco currently supports a physician-facing portal and the physician may electronically enter prior authorization data.</p>
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