N.C. Medicaid
Prescription Drug Changes

NC Department of
Health and Human Services

To control costs and guarantee quality care, the N.C. Department of Health and Human Services is creating a preferred drug list. This list will ensure that Medicaid patients have prescription drugs that are both clinically effective and cost effective.

Drugs on the list will be recommended by a *Physicians Advisory Group*, an impartial committee of doctors and pharmacists, independent of state government.

Preferred drugs offer cost savings

Medicaid costs are soaring, threatening the very existence of the program as we know it. Without cost controls, the state will have to cut services to children, the disabled, the poor and the elderly, or further reduce payments to doctors, pharmacists, and to other health care providers. The preferred drug list will save the state an estimated $15 million this year.

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The list also allows N.C. Medicaid to negotiate for better prices. If a drug company wants an expensive drug to be included on the preferred drug list, they will have the opportunity to offer the state a ***supplemental rebate*** to make that drug more cost effective.

Preferred drugs are effective drugs

The Physicians Advisory Group will identify clinically effective, brand-name drugs for each drug class, regardless of cost. They will recommend to NC Medicaid that these drugs be considered for creating the preferred drug list. N.C. Medicaid will choose the two most cost-effective of the recommended drugs for the preferred drug list, plus all other drugs in that class that are less expensive.

No drugs are excluded

Doctors may still prescribe drugs that are not on the list, but they must first obtain prior authorization. Medicaid will still pay for the higher cost drug, provided there is no lower cost drug that will provide the same benefit.

The list of preferred drugs will be published on the web when it becomes available in December at **ncmedicaidpbm.com**

Some classes of drugs will be considered differently. Because of the difficulty in finding a medication or combination of medications that work for each individual patient, all drugs to treat HIV will automatically be preferred. Also, patients taking drugs to treat psychosis and depression will be grandfathered into the program: that is, physicians who have prescribed non-preferred drugs for Medicaid patients will not have to get approval for those prescriptions.

The medication regimen for Medicaid patients in long-term care facilities will not be affected. This population will be grandfathered into the program.

Phasing in the preferred list

The list will be phased in over time, beginning this December. The Physicians Advisory Group will start by looking at the most expensive classes of drugs. They will accept public comment recommending drugs to the NC Division of Medical Assistance. Thereafter, new classes of drugs will be added to the preferred drug list on a quarterly basis.