

COMMENTS SUBMITTED ELECTRONICALLY

Seema Verma
Administrator
U.S. Center for Medicare and Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244

RE: Public Comments to The Commonwealth of Massachusetts Request to Amend Massachusetts' Section 1115 Demonstration (MassHealth) (11-W-00030/1)

Dear Administrator Verma,

We would like to thank you for the opportunity to provide public commentary on the pending request to amend the Commonwealth of Massachusetts' Section 1115 Waiver Demonstration (MassHealth). The Medicaid Health Plans of America (MHPA) is the leading trade organization representing the nation's Medicaid managed care organizations (MCOs). We represent a cross-section of national Medicaid managed care organizations, Blue Cross Blue Shield (BCBS) plans, and indigenous State Medicaid managed care plans. In all we represent nearly half of all Medicaid managed care lives in the United States.

MHPA would like to take this opportunity to comment on two features of the 1115 waiver that we feel could have broader policy implications to the Medicaid program. These include the fundamental redesign of the administration of the Medicaid prescription drug benefit and the removal of barriers to accessing effective behavioral health care through the waiver of Federal payment restrictions on care provided in Institutions for Mental Disease (IMD).

Pharmacy Benefit Management Tools Are Better Utilized In The Context of Fully Integrated Medicaid Managed Care Organizations

According to the Massachusetts Executive Office of Health and Human Services (EOHHS), MassHealth's drug spending has risen at compound annual growth rate of 13% since 2010. If left unchecked, these drug costs could begin to crowd out other health care spending. Besides using existing prescription drug utilization tools (i.e. prior authorization, step therapy), the Commonwealth seeks to leverage additional tools commonly used in

pharmacy management such as selecting preferred and covered drugs through a closed formulary.

While MHPA strongly endorses the use of proven pharmacy management tools, such tools are only truly effective when they are coupled with the use of capitated, integrated managed care plans that have responsibility for the administration and delivery of the Medicaid pharmacy benefit. For example, there are natural incentives that are triggered when using risk based capitated managed care plans to manage pharmacy benefits. In instances where a managed care plan develops its own formulary (by itself or perhaps through the use of a pharmacy benefits manager (PBM)), the plan is incentivized to create a formulary that is robust enough (i.e. at least one drug per category and class) to accommodate the pharmacotherapeutic needs of its enrollees. Otherwise, the lack of these interventions could result in the adverse medical expenditures prospectively (i.e. preventable hospitalizations, etc.)

By contrast, the Commonwealth is seeking to simply be granted the right to exempt the program from the statutory requirements of the Medicaid Drug Rebate Program (MDRP). While this may allow the MassHealth program to capture additional supplemental rebates, the program would not assume any of the potential associated risks. These risks would be passed on to those capitated entities with which MassHealth contracts or to other State Medicaid programs as a result of their exclusionary policy. Consequently, the absence of fully integrated Medicaid benefits under capitated management threatens to result in potential higher costs and lower quality for Massachusetts's Medicaid program.

MHPA is advocating for a holistic effort that brings outpatient prescription drugs into the capitated, integrated care management designed by MMCOs similar to that of the Medicare Part D program. The Medicare Modernization Act (MMA) provided Medicare Advantage Prescription Drug Plans (MA-PD) broad authority to develop and negotiate their prescription drug formularies. Under the Part D umbrella, plans are able to create tailored formularies, narrow pharmacy networks, as well as manage drug utilization rebates and other discounts. As a result of these programmatic changes, beneficiaries are afforded more choices at lower costs without giving up access to necessary therapeutic interventions.

Removing Barriers To Effective Behavioral Health (BH) Care By Waiving Federal Payment Restrictions On Care Provided In Institutions For Mental Disease (IMD)

MHPA applauds the Commonwealth's effort to waive all the restrictions on payments to IMD for individuals ages 21 to 64 and for institutions with more than 16 beds. The IMD exclusion was put in place in the early days of the Medicaid program as a way to ensure that States would continue to bear the responsibility for covering inpatient mental health treatment; it also extends to facilities offering additional services.

However, as the addiction treatment delivery system has evolved over recent decades, the IMD exclusion has proven to be detrimental to individuals in need of addiction treatment. We believe that this archaic statutory restriction has become a hindrance to

the delivery of BH services in Medicaid, especially in light of the nation's opioid epidemic.

For its part, CMS has helped to amend this obstacle by approving various 1115 waiver for diversionary and substance abuse disorder (SUD) services, including most recently in the State of West Virginia. In addition, CMS, through the promulgation of its 2016 final managed care rule, permits managed care entities an opportunity to receive capitation payments for beneficiaries between 21 and 64 years of age who spend a portion of the month (less than 15 days) as a patient at IMD in lieu of services. We agree with the Commonwealth's request to waive certain provisions of the final managed care rule as our plans are very concerned about the harmful, unintended consequences that may result.

MHPA appreciates the opportunity to provide comments to the agency. Should you have any additional questions, please feel free to contact me at jmyers@mhpa.org or (202) 857-5720.

Sincerely,

Jeff Myers
President and CEO

Cc: Judith Cash, Director, State Demonstrations Group