



# PREFERRED DRUG LIST FOLLOW UP

SOCIAL SERVICES APPROPRIATIONS SUBCOMMITTEE  
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ISSUE BRIEF

## SUMMARY

Actual General Fund savings for the Preferred Drug List program in FY 2011 were \$1,410,300 or 18% more than anticipated in the budget. Drugs on a preferred drug list are used as a default, preferred prescription or medical supply for certain drug classes. Clients use these preferred drugs unless their physician obtains a prior authorization for a non-preferred drug and provides documentation that the preferred drug was ineffective for the client. This brief is for informational purposes only and requires no Legislative action.

## DISCUSSION AND ANALYSIS

### *Savings Overview*

Actual General Fund savings for the Preferred Drug List program in FY 2011 were \$1,410,300 or 18% more than anticipated and are currently estimated to be at least \$1,410,300 or 18% more than projected for FY 2012. The agency indicates this variance is because of implementing additional drug classes. The table below shows the General Fund and Total Fund savings reported by the Department of Health from FY 2008 through FY 2011:

Actual Savings	Annual Increase	Total Fund	General Fund
FY 2008*	N/A	\$1,942,900	\$545,900
FY 2009	277%	\$7,322,600	\$2,120,600
FY 2010	127%	\$16,647,600	\$4,755,200
FY 2011	66%	\$27,588,800	\$7,935,300

\*FY 2008 had a PDL only part of the year.

### *What is Utah's Preferred Drug List?*

Utah's Preferred Drug List is used as a default, preferred prescription or medical supply for certain drug classes. Clients use these preferred drugs unless they are found to be ineffective for the client and their physician obtains a prior authorization for a non-preferred drug. The savings come from having equally effective, but lower costs drugs as the preferred drug and/or obtaining secondary rebates from manufacturers desiring to have their drugs listed as "preferred" on the Preferred Drug List. The list does not include immunosuppressive drugs, used to prevent transplanted organ rejection, nor psychotropic or anti-psychotic drugs, as per [UCA 26-18-2.4](#).

Two pieces of legislations created the Preferred Drug List as it is today. First, SB 42 "Preferred Prescription Drug List" (<http://le.utah.gov/~2007/bills/sbillenr/sb0042.pdf>) from the 2007 General Session created the program, which began on October 1, 2007. Second, Senate Bill 87 "Preferred Prescription Drug List Revisions" (<http://le.utah.gov/~2009/bills/sbillenr/sb0087.pdf>) from the 2009 General Session removed the automatic physician override to the existing preferred drug list in the Medicaid program. Physicians now must obtain a prior authorization in order for a client to receive a non-preferred rather than an approved preferred drug. This change has increased savings to the program.

### *What does the future hold for Utah's Preferred Drug List?*

The Department intends to implement additional drug classes for the Preferred Drug List as they are reviewed by the Pharmacy and Therapeutics Committee. As of December 1, 2011 the Department had 38 drug classes

approved for use. Usually a new drug class is added monthly. These additional drug classes are projected to provide additional savings to the State.

[UCA 26-18-2.4](#) currently prohibits immunosuppressive drugs, psychotropic, and anti-psychotic drugs from being considered for the Preferred Drug List. In FY 2011 this meant that Utah Medicaid spent at least 38% of all drug expenditures on drugs that are not on a Preferred Drug List. The table below shows this information from the Department of Health by the top 10 drug categories by expenditures:

<b>Top 10 Drug Categories by Expenditure</b>	<b>FY 2011 Expenditures</b>	<b>Currently Excluded From PDL</b>
Atypical Antipsychotics	\$ 33,895,100	\$ 33,895,100
Anticonvulsants	\$ 11,828,600	\$ 11,828,600
ADHD Drugs	\$ 10,237,800	\$ 10,237,800
Analgesics, Narcotics	\$ 10,177,500	\$ -
Antidepressants	\$ 9,664,800	\$ 9,664,800
Asthma Drugs	\$ 5,230,300	\$ -
Insulins	\$ 4,800,500	\$ -
Proton-pump Inhibitors	\$ 4,308,900	\$ -
Antihemophilic Factors	\$ 3,369,700	\$ -
Leukotriene Receptor Antagonists	\$ 2,975,500	\$ -
<b>Total</b>	<b>\$ 96,488,700</b>	<b>\$ 65,626,300</b>

Additionally, the Department of Health reports that in FY 2011 of the top 10 most frequently prescribed generic drugs, 7 of those are prohibited from being considered for the Preferred Drug List based on current statute.

***Required report on savings***

[Utah Statute 26-18-2.4](#) required a report on the savings obtained by November 1, 2010. As per law, the Department of Health reported on the savings to both the Health and Human Services Interim Committee and the Health and Human Services Appropriations Subcommittees before November 1, 2010. That report is Appendix A. A copy of this report also can be accessed at [http://health.utah.gov/medicaid/stplan/LegReports/PDL%20Savings\\_09-08-10.pdf](http://health.utah.gov/medicaid/stplan/LegReports/PDL%20Savings_09-08-10.pdf).

**APPENDIX A – REPORT ON PREFERRED DRUG LIST DUE BY NOVEMBER 1, 2010**

State of Utah Medicaid  
**Preferred Drug List - Savings**  
 7/1/2009 - 06/30/2010

Description	Total Funds			General Funds		
	Actuals	Annualized Projections	FY 10 Projections	Actuals	Annualized Projections	FY 10 Projections
Market Shift Savings	\$13,702,731	\$13,754,620	\$13,702,731	\$3,913,842	\$3,928,663	\$3,913,842
Secondary Rebates	\$3,137,863	\$3,138,153	\$3,137,863	\$896,252	\$896,335	\$896,252
Administrative Expenses	(\$193,021)	(\$224,928)	(\$224,928)	(\$54,878)	(\$68,883)	(\$68,883)
<b>PDL Savings</b>	<b>\$16,647,572</b>	<b>\$16,667,845</b>	<b>\$16,615,666</b>	<b>\$4,755,217</b>	<b>\$4,756,115</b>	<b>\$4,741,212</b>

State of Utah Medicaid

**Preferred Drug List - Implemented Classes**  
7/1/2009 - 06/30/2010

<b>Drug Class</b>	<b>PDL Begin Date</b>
PPI	10/1/2007
Lipid Lowering (High Potency Statin)	10/1/2007
Oral Hypoglycemic (TZD)	1/1/2008
Diabetic Supply (Strip)	1/1/2008
Diabetic Supply (Lancet)	1/1/2008
Long Acting Narcotic	1/1/2008
Hypotensive (ARB)	2/1/2008
Cox-2 Inhibitor	2/1/2008
Hypotensive (ACE)	2/1/2008
Hypotensive (ACE/Diuretic)	2/1/2008
Asthma Inhaled (Beta Andrenergic)	3/1/2008
Asthma Inhaled (Combo)	3/1/2008
Hypotensive (Renin)	4/1/2008
Hypotensive (Combo)	5/1/2008
Oral Hypoglycemic (DPP4)	5/1/2008
Hypotensive (Calcium Channel Blocker)	6/1/2008
Hypotensive (Beta Blocker)	6/1/2008
Hypotensive (Beta Blocker/Diuretic)	6/1/2008
Asthma Oral (Leukotriene)	7/1/2008
Asthma Inhaled (Steroid)	7/1/2008
Statin-Hypotensive	7/1/2008
Lipid Lowering (Fibric Acid)	1/1/2009
Muscle Relaxant (Acute)	3/1/2009
Muscle Relaxant (Short Acting)	3/1/2009
Muscle Relaxant (Long Acting)	3/1/2009
Insulin (Rapid Acting)	4/1/2009
Insulin (Intermediate Acting)	4/1/2009
Insulin (Long Acting)	4/1/2009
Insulin (Mixture)	4/1/2009
Migraine Agent	4/1/2009
Multiple Sclerosis Agent	4/1/2009
Urinary Antispasmodic	4/1/2009
Alzheimer (Cholinomimetric)	7/1/2009
Nasal Corticosteroid	7/1/2009
Statin-Niacin	7/1/2009
Parkinson Agent	10/1/2009
Osteoporosis Agent	10/1/2009

State of Utah Medicaid

## Preferred Drug List - Pending Classes

7/1/2009 - 06/30/2010

Drug Class	Effective Date
Asthma Inhaled (Anticholinergic)	10/1/2010
Antiemetic	10/1/2010
Heparin (LMWH)	10/1/2010
Antihistamine (Nasal)	Pending DMHF Approval
Antihistamine (Ocular)	Pending DMHF Approval
Eyedrop (prostaglandin)	Pending DMHF Approval
Eyedrop (Alpha Andrenergic)	Pending DMHF Approval
Smoking Cessation (Nicotine)	Pending DMHF Approval
Growth Hormone	Pending DMHF Approval
Estrogen	Pending P&T and DMHF Approval
<b>Total Classes</b>	<b>10</b>

State of Utah Medicaid

**Preferred Drug List - Actual to Target**

7/1/2009 - 06/30/2010

Description	Total Funds			General Funds		
	Fiscal Note	Actual	Variance - Favorable / (Unfavorable)	Fiscal Note	Actual	Variance - Favorable / (Unfavorable)
SB 42 (PDL with Override)	(\$9,831,900)	NA	NA	(\$2,808,300)	NA	NA
SB 87 (Prior Authorization Savings)	(\$5,162,100)	NA	NA	(\$1,474,300)	NA	NA
<b>Total</b>	<b>(\$14,994,000)</b>	<b>(\$16,647,572)</b>	<b>\$1,653,572</b>	<b>(\$4,282,600)</b>	<b>(\$4,755,217)</b>	<b>\$472,617</b>