MAC LIST

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UNDER THE PRECEPTORSHIP OF DR. CRAIG STERN
OBJECTIVES

• Define a **MAC List**

• Discuss **how it is established**?

• Discuss the **PBM’s role** with a MAC List

• Discuss **issues surrounding a MAC List**

• Define the **MAC List Transparency Act**

• Discuss changes with a **MAC List in California**
DEFINITIONS

- **Average Wholesale Price (AWP)** – drug price assigned by the drug manufacturer

- **Wholesale Acquisition Cost (WAC)** – price the wholesaler buys the drugs for from the manufacturer

- **Average Manufacturer Price (AMP)** – average price paid to manufacturer by wholesalers

- **Actual Acquisition Cost (AAC)** – net cost of a drug paid by a pharmacy

- **National Average Drug Acquisition Cost (NADAC)** – pricing benchmark based on actual costs that pharmacies pay to acquire medication
DEFINITIONS

• **Generic Medication** – products that are marketed after a brand medication loses its patent protection

• **Federal Upper Limit (FUL)** – price for generic medications paid in Medicare and Medicaid

• **Maximum Allowable Cost (MAC)** – price developed to cover all therapeutic categories of generic medications
FUL PRICING & CRITERIA

• Reimbursements for pharmacies is 175% of the weighted average of AMP

• Criteria
  • Multi-source products
    • Multiple manufacturers produce the same medication
  • There is at least 3 formulations of a drug rated therapeutically equivalent by the FDA
  • There is at least 3 manufacturers of the drug
WHAT IS A MAC LIST?

- Developed by health plans, PBMs and TPAs to **cover** qualified generic medications

- The **upper limit** a plan will will pay for generic medications

- **Updated frequently** to keep up with price changes of generic medications by manufacturers
HOW IS A STATE MAC LIST ESTABLISHED?


• Most states base their MAC prices on AAC
  • 41 states provided pricing benchmark used to set MAC prices → 29 (71%) of these states used only AAC or AAC in combination with other benchmarks

• Formula for determining MAC prices varies among states
  • AAC + 120%
  • 150% of lowest AAC
  • No specific formula

COMMON STATE MAC LIST CRITERIA

- Approval Rating
- Therapeutic Equivalence
- Generic Availability
- Manufacturer Supply
- Pharmacy Availability
- Drug Price

# MAC LIST COMPARISON

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<tr>
<td><strong>Atorvastatin 40 mg</strong></td>
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PBM’s Role

- PBMs establish a MAC List for their clients

**Traditional PBM**
- Generates revenue for the PBM
- Multiple MAC Lists

**Transparent PBM**
- “Pass-through”: the PBM does not keep the spread
- Transparent but PBM may or may not keep the spread
## MAC LIST COMPARISON

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<th>Benchmark (Jan 2016)</th>
<th>Plan A (Dec 2015)</th>
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<tr>
<td>Quetiapine 400 mg</td>
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<td>Hydromorphone 8 mg</td>
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<td>Alprazolam 2 mg</td>
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MAC LIST ISSUES

- Lack of transparency

- PBMs have **control over a MAC List** in choosing which generic medications to include

- Formulas for **MAC List pricing** varies

- PBMs often **do not update their MAC Lists** in a timely manner

- Often times, pharmacies are **forced to accept reimbursements** from PBMs that are lower than their AAC
MAC TRANSPARENCY ACT (HR 244)

- Introduced on January 9th, 2015 to increase transparency of generic medication payment in Medicare Part D, the Federal Employees Health Benefits program (FEHB) and TRICARE pharmacy programs
  - Pricing updates **every 7 days**
  - **Discloses sources** used to determine MAC pricing
  - Notify pharmacies of **price changes in advance**
  - Establish an **appeals process**

WHAT ABOUT CALIFORNIA?

- **Assembly Bill No. 627 (AB 627)**
  - Went into effect on January 1\(^{st}\), 2016

- Requires PBMS to:
  - Provide *sources for MAC List pricing*
  - Provide *ready access* to each MAC List
  - Medications on list *must comply with specific standards*
  - Update MAC Lists *every 7 days*
  - Provide *appeals process*

AB 627 MEDICATION REQUIREMENTS

• Listed as “A” or “B” in the FDA’s Orange Book

• Rated “NA”, “NR”, or “Z” or similar in Medi-Span or First DataBank

• Available for purchase in the state from a national or regional wholesaler

• Not obsolete

**AB 627 APPEALS PROCESS**

- Pharmacies **may appeal if:**
  - **MAC is lower than the purchase price** by similarly situated pharmacies in the state
  - Does not meet MAC List medication requirements

- Pharmacies have **no less than 14 days to file appeal**

- PBM's have **7 days to make final decision**
  - **Denied** → PBM must provide **NDC of equivalent medication** that is **less than or equal to the MAC price**
  - **Upheld** → PBM has **1 day to adjust MAC price** and the pharmacy can **resubmit the claim**

SUMMARY

• MAC List legislation is highly recommended to regulate PBMs with MAC List pricing

• Transparency with a MAC List is necessary to allow pharmacies to know how their MAC List pricing is determined

• MAC List updates must keep pace with changes in market prices to ensure product availability for patients
THANK YOU

Questions?
REFERENCES

• Stern C. Chapter 20 Pharmacy Benefit Management.