

# 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?

- **Office of Inspector General (OIG) Report:** “Medicaid Drug Pricing in State Maximum Allowable Cost Programs”
  - 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

	<b>NEVADA</b> (May 2015)	<b>ILLINOIS</b> (Mar 2015)	<b>FLORIDA</b> (Mar 2015)	<b>FUL</b> (Mar 2015)	<b>NADAC</b> (Apr 2015)
<b>Atorvastatin</b> 40 mg	0.3598	0.2726	0.1428	---	0.1830
<b>Metformin</b> 1000 MG	0.1105	0.0461	0.0369	0.0388	0.0308
<b>Lisinopril</b> 10 mg	0.0453	0.0221	0.0268	0.0234	0.0192

# 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

	<b>BENCHMARK</b> (Jan 2016)	<b>PLAN A</b> (Dec 2015)
<b>Quetiapine</b> 400 mg	1.1959	0.4679
<b>Hydromorphone</b> 8 mg	0.6067	0.5910
<b>Alprazolam</b> 2 mg	0.0944	0.0720

# 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 9<sup>th</sup>, 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<sup>st</sup>, 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**
- PBMs 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?**

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