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In reply, please refer to:

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Governor's Referral No.:

October 8, 2003

MEMORANDUM

ACS 03-11

TO: All Active Medicaid Providers

FROM: Aileen Hiramatsu, Med-QUEST Division Administrator */s/ ap for ah*

SUBJECT: DEVELOPMENT AND IMPLEMENTATION OF A PREFERRED DRUG LIST (PDL)

Like many other health plans nationwide, the State of Hawaii Medicaid program is struggling to control the costs associated with pharmaceutical benefits for our recipients. With this in mind, the Department of Human Services must take action to control the rapid increase in pharmacy expenditures – and do so in a manner that preserves the quality of care for our recipients.

Beginning immediately, the Med-QUEST Division (MQD) is undertaking a process to develop and implement a Preferred Drug List (PDL) for use within the Fee-for-Service Medicaid program (not applying to those recipients in managed care plans). In doing so, Hawaii follows the lead of several other states' Medicaid programs, setting out to encourage the use of both clinically-sound and cost-effective medications.

To support the development of the PDL, and to ensure that it captures practice needs and prescribing habits unique to Hawaii's provider community, DHS, in conjunction with the Department of Health, is convening a Pharmacy and Therapeutics Committee. This group, comprised of members of the Hawaii physician and pharmacist communities, will review comprehensive, evidence-based research appropriate to each class of medications included on the PDL, and will make recommendations to DHS based on the clinical merits of medications within each class.

Once implemented, the PDL will be applied within the Hawaii Medicaid fee-for-service pharmacy program. For each class of medications included on the PDL, DHS will establish override criteria to establish how patients with a genuine need for non-preferred medications (such as trial and failure of a preferred agent) receive these needed medications. This process will follow the same general procedures as Med-QUEST's current pharmacy prior authorization program. As more details concerning specific classes, specific criteria, etc. are determined, you will be contacted with specific information on how to comply with this program. In addition, the pharmacy program website <http://www.himed-questffs.org> will soon feature detailed information concerning the list, its development, and specific criteria for each class. If you have immediate questions, please access the website and submit your inquiry to us via e-mail. The same information will also be posted on the MQD website <http://www.med-quest.us>.

We appreciate your cooperation in assisting us in supporting this initiative as we take steps to address an immediate, pressing concern for the State, and to ensure the financial viability of this important program into the future.