

DRAFT

Narrative for Commissioners Court
Texas IHC Rate Changes



IPM received an announcement of CIHC rate change, but no specific actions: August 30, 2022

December 1, 2022, IPM received notification of rate changes by state with effective date of **January 1, 2023**

IHC History of rates: IPM representatives have worked with CIHCP since 2005 and in the history, the State has only decreased the “dispensing fee” on the claim and not the formula for the calculation of the medication ingredient costs.

Based on the IHC Handbook rates **prior to January 1, 2023:**

Brand Drugs: AWP – 15%; \$3 Dispense Fee

Generic Drugs: AWP – 50%; \$3 Dispense Fee

No distinction for OTC items; priced at Brand or Generic rates

Texas Health Human Services recently published an updated payment standard requirement for all County Indigent Health Care Programs(CIHCP) **effective January 1, 2023:**

The ingredient cost is equal to the National Average Drug Acquisition Cost (NADAC) price, or (WAC minus 2 percent) if NADAC pricing is not available. Billing for legend drug and non-legend drug (OTC) prescriptions are to be billed the lesser of the following:

1. Actual Acquisition Cost (AAC) plus a dispensing fee of \$7.93
2. The Usual and Customary (UAC) price charged the general public
3. The Gross Amount Due (GAD), if provided

IPM developed this program specific for the county indigent healthcare programs. IPM implemented this program for all CIHCP to utilize any network pharmacy in their county and provides access to full PBM services that ultimately has saved counties 40% to up to 79% on their prescription drug costs. With the new rates implemented and no ample notice, IPM did not have adequate time to review and analyze prior to the effective date. IPM worked diligently in December to get the new rates implemented by January 1, 2023, however, that did not provide enough time for us to review the impact of these new rates with our network. Below you will find a table showing you high level metrics to review for your specific county utilization.

IPM currently holds contract agreements with the counties to administer their prescription drugs offered under the County Indigent HealthCare program. IPM immediately accommodated the new rate structure and it went into effect January 1, 2023, however, IPM will be implementing a network fee to cover the costs of the administration of the program and continue to provide network access to the counties.

*Note: Billing totals below are based on original billing amounts of January to November of 2022 and are intended to provide visibility to the difference between historical pricing and the new pricing. *Savings based off of current network usage*

Average Members	Monthly Fee	Estimated Pre-2023 Billing Based on Analysis	New Estimated Annualized Bill (inclusive of fees)	Estimated Annualized Savings (inclusive of fees)*
11	\$125.00	\$19,128.52	\$14,538.41	\$4,590.11

Static Fee (monthly) by Membership (*EXCLUDES CVS/Walgreens)	MEMBERS	MONTHLY FEE
Tier 1	1-10	\$50
Tier 2	11-25	\$125
Tier 3	26-50	\$450
Tier 4	51-100	\$650
Tier 5	101-250	\$850
Tier 6	251-500	\$1,050
Tier 7	500+	\$1,500

Static Fee (monthly) by Membership (*INCLUDES CVS/Walgreens)	MEMBERS	MONTHLY FEE
Tier 1	1-10	\$125
Tier 2	11-25	\$250
Tier 3	26-50	\$750
Tier 4	51-100	\$950
Tier 5	101-250	\$1,350
Tier 6	251-500	\$1,500
Tier 7	500+	\$2,050

****CVS and Walgreens require distinct reimbursement models and are priced separately to accommodate to their requirements****

With all other services unaffected, the new rates with the new IPM added administrative fee, your county will still be able to achieve cost savings represented in the last 2 columns of the above table.

As part of our analysis, we reviewed a 3 month data set of RxOutreach claims and discovered that the new rates achieved an aggregate of 30% savings. Any county utilizing RxOutreach, the county is able to obtain those prescriptions at the retail network under IPM, save money on those claims, and be compliant with the new rate structure.

On the following page, you will find more information on services provided to your county by IPM as well as information provided by HHS, which is now incorporated to the CIHCP Handbook. **Services provided to the county by IPM:**

In narrative, IPM provides county staff to system to **manage** the eligibility, plan design, and access to claim data. This platform allows for counties to enforce their individual county policy, i.e. 3 Rx's/month, Max cost, refills too soon, drug restrictions, pharmacy access, eligibility verification, electronic processing of prescription bills, and access to patient utilization and reporting. IPM has an integration with EMR vendors, such as IHS, Network Sciences, etc. to nightly sync eligibility and ability for county to electronically process prescription bills from 1 provider. County can utilize as many pharmacies as they choose with contracting with 1 provider, IPM.

IPM Behind the scenes	IPM Client Services
Network Pharmacy Contract Management & Access	Account Management Team
Adjudication Platform; Enhancements & Maintenance	Ongoing training, education & support
Client Portal Updates & Maintenance	Drug Price Comparison Requests
Contract Negotiations and Updates	Customized reporting and data access
Pricing & Analytics	Commissioner Court support
MAC management team	Enforcement of county policies with benefit design
Access to system to fully manage plan design	FREE Drug program consulting

How do I find out more information on the change?

Answer: Below, we've provided the steps taken directly from the Health Human Services notification, if you'd like to review pricing and formulary details. You may also reach out to them directly: *e-mail* CIHCP@hhs.texas.gov or call (512) 438-2350

If you'd like to review the details of the new requirements and search the formulary for pricing, follow the steps below:

1. Go to <https://www.txvendordrug.com/> and go to the pull-down menu, select "Formulary", and "Formulary Search."
2. Under "Formulary Search", "Drug search", type in the information of a drug and click on "Search."
3. From "Search Results: Formulary Drugs" screen, select the correct "Brand Name/Generic Name/Package Size."
4. From the "Drug Details" screen, obtain the package size and the retail pharmacy cost. (The package size can be found from the line named "Package size" under section "General". The retail pharmacy cost can be found from the line named "Retail Pharmacy Cost" under section "Drug Pricing").
5. Go to webpage "Professional Dispensing Fees" by clicking the link: <https://www.txvendordrug.com/about/manuals/pharmacy-provider-procedure-manual/14-pricing-and-reimbursement/3-professional>.
6. Follow the instructions under "Professional Dispensing Fees" to calculate the reimbursed amount. At the bottom of this webpage, there is an example on how to calculate the total reimbursement amount.

Can a county pay an administrative fee for administration of this program?

Answer: IPM has discussed with the state and the answer is yes. A county can pay a fee to have a provider administer the program as long as the "cost" of the drug is calculated accurately according to the new rate standard.

If there are any further clarifications needed, please contact one of the IPM representatives below:

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Amendment To Pharmacy Benefit Management Services

Integrated Prescription Management, Inc. ("IPM") and Lamb County Indigent Healthcare ("Client") entered into a Pharmacy Benefit Management Agreement with an Effective Date of October 1, 2016 (the "Agreement"). This Amendment to Pharmacy Benefit Management Agreement is made and entered into as of January 1, 2023.

WHEREAS, IPM and Client have entered into the Agreement in which IPM provides pharmacy benefit management services to Client; and

WHEREAS, the Parties desire to amend the Original Agreement rates to align with Texas Health Human Services rate standard requirement effective January 1, 2023;

NOW THEREFORE, in consideration of the mutual promises and conditions contained here under and for other good valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

Rates: This agreement will initiate new program rates to align with Texas Health Human Services drug pricing standards; (Pharmacy Cost * Quantity Dispensed) + \$7.93) / .9804

The ingredient cost is equal to the National Average Drug Acquisition Cost (NADAC) price, or (WAC minus 2 percent) if NADAC pricing is not available. Billing for legend drug and non-legend drug (OTC) prescriptions are to be billed the lesser of the following:

1. Actual Acquisition Cost (AAC) plus a dispensing fee of \$7.93
2. The Usual and Customary (UAC) price charged the general public
3. The Gross Amount Due (GAD), if provided

IPM will ensure to capture the various pricing points to enforce compliance with the new rates standard. As a Pharmacy Benefits Manager (PBM) providing services with the new rate standard, a network fee to administer PBM services will be applied at invoicing:

Static Fee (monthly) by Membership (*EXCLUDES CVS/Walgreens)	MEMBERS	MONTHLY FEE
Tier 1	1-10	\$50
Tier 2	11-25	\$125
Tier 3	26-50	\$450
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Ingredient costs may differ by the type of pharmacy and the benchmark for drug pricing is primarily the National Average Drug Acquisition Cost (NADAC), the benchmark of retail pharmacy acquisition costs developed by CMS as previously discussed. HHSC uses a drug's wholesale acquisition cost (WAC) price when NADAC pricing is unavailable.

WITNESS WHEREOF, the Parties have caused this Addendum to be executed as of the Effective Date.

INTEGRATED PRESCRIPTION MANAGEMENT, INC.

LAMB COUNTY INDIGENT HEALTHCARE

Signature

Signature

Name

Cynthia Bussey

Name

Title

Chief of Staff

Title

Date

April 26, 2023

Date