COMMONWEALTH OF KENTUCKY
CABINET FOR HEALTH AND FAMILY SERVICES
DEPARTMENT FOR MEDICAID SERVICES

IN RE: PHARMACY TAC

October 6, 2020
9:30 A.M.
(All Participants Appeared Via Zoom or Telephonically)

APPEARANCES

Ron Poole
CHAIR

Matt Carrico
Paula Straub
Rosemary Smith
Jill McCormack
Meredith Figg
Philip Almeter
TAC MEMBERS

CAPITAL CITY COURT REPORTING
TERRI H. PELOSI, COURT REPORTER
900 CHESTNUT DRIVE
FRANKFORT, KENTUCKY 40601
(502) 223-1118

APPEARANCES
(Continued)

Jessin Joseph
Fatima Ali
Judy Theriot
Charles Douglass
Sharley Hughes
Angela Parker
MEDICAID SERVICES

(Court Reporter's Note: At the request of DMS, all other participants appearing via Zoom or telephonically will not be listed under Appearances.)

AGENDA

1. Welcome to new members
2. Elect a Chair
3. DMS Update on Pharmacy
4. Single PDL and the length of the transition period for switching patients to the preferred products effective 1/1/2021
5. Status of 340B program
6. Statutory Report
7. Discussion on effective date of new DMS pharmacy payment methodology
8. Discussion on full implementation date for SB50
9. Discussion on safeguards for pharmacy providers after 1/1/2021 until full implementation of SB50
10. Next meeting date and items to be discussed
11. Adjourn

MS. HUGHES: We are all here. Let me just go down through here and you all can give us your name. I know I have Ron Poole is here. Matt Carrico is here, Rosemary Smith, Meredith Figg, Paula Straub, Jill McCormack, and Philip Almeter.

The Pharmacy TAC membership was revamped with the passage of Senate Bill 50, I believe it was. So, first on the agenda, the Department for Medicaid Services would like to welcome you all.

The Pharmacy TAC has been working very well with us and coming up with some good ideas and helping us to improve things, but we have a lot of new members. Matt is the only member that was previously on the TAC.

So, we'll go ahead and elect a Chair. The only person that has been nominated or has expressed interest in being a Chair was Ron Poole. Ron, you were nominated. So, if there is nobody else, I guess you may get that by default and, then, I'll just turn the meeting over to you.

MR. CARRICO: Sharley, I nominated Ron. Do we technically need a second?

MS. HUGHES: Probably just to be safe, need a second.

MS. McCORMACK: Jill McCormack. Second.

MS. HUGHES: And all in favor. Ron, it looks like it's you. So, I will turn it over to you now.

CHAIRMAN POOLE: Okay. Thank you, Sharley. I'm trying to figure out who all is on the call and who represents who.

MS. HUGHES: I'll tell you what. I'll go down the list here for you. I've already said all the TAC members.

(INTRODUCTIONS)

CHAIRMAN POOLE: So, the biggest thing that every pharmacist, every company, whether it's chain or independent, is interested in is the implementation date.

Somebody could obviously make an argument that certain aspects of SB 50 could already be implemented and it seems like we got put in the fray of the RFP that was sent out for the single payor but that didn't really inhibit the provisions for payment or the new payment model for pharmacies.

So, I was wanting somebody to address, first of all, can we move up from the July

1st, 2021 date? Is there any possibility? And why were we put into the delay in this because I can assure you, there are pharmacies that are greater than 50% Medicaid who are having a hard time right now?

And over the past year, all of us could do reports that show a tremendous reduction in reimbursement from last year to this year. So, I'd like somebody to address that from Medicaid.

MS. HUGHES: Can you all see the agenda now?

CHAIRMAN POOLE: Yes, ma'am.

MS. HUGHES: okay. And this probably goes down to Item Number 8 was the implementation. So, Jessin, I'll let you address that.

DR. JOSEPH: Hey, Ron. So, the ask of Senate Bill 50 is to establish an entire new payor system. So, the entire functioning body of a PBM needs to be implemented.

And, so, there are some requirements both from DMS and COT technically that we need to stand up and that's not necessarily a quick turnaround. So, that requires some time.

I think the other process that

requires time is the RFP process. So, I can't talk too much about what is in the RFP but the process itself does take time. It's outside of the hands of the Cabinet. It's handled entirely from a procurement standpoint. So, that does take time as well.

The last thing is, I think your question was around the payment for pharmacies. We cannot direct any MCOs to pay a specific amount unless we have CMS approval. And, so, that does require both justification, rationales, data for CMS to essentially grant us this piece.

From a CMS standpoint, we can put something in today but we probably won't get a response for ninety days. That is typical for CMS but it also requires them to come back to us with questions and, then, we do meet with them.

I can tell you that we were engaged with CMS multiple times prior to the passage of Senate Bill 50 to walk them through kind of what we're thinking, but in its entirety, there are a number of moving pieces that won't let us get it operational by that 1/1 date.

And, so, it's not like we weren't shooting for that date. We were definitely

shooting for that date, but we had, I think, six months to transition all these members, all the data, set up a new system and then the testing behind it and it does take time.

So, that is the rationale as to why we're going for a 7/1 date. I hope that at least addresses some of your concerns.

MR. CARRICO: Ron, I have a question or something I'd like to say if you'll allow me to.

CHAIRMAN POOLE: Yes.

MR. CARRICO: I realize this has been one heck of a year with everything going on besides just Senate Bill 50 and COVID and everything, but we have a statutory obligation as a TAC to come up with a methodology by December 1st of this year at the latest, and I fully anticipate we plan on doing that by December 1st, if not sooner.

Medicaid has a statutory obligation to get something going by January 1st. Now, I understand everything Jessin said and realize there's time frames and it just doesn't work by snapping a finger; but if we come up with a methodology and it takes a while for the RFP, I feel like maybe after we get CMS to approve our

methodology, in the interim, we have the MCOs pay what our methodology is because right now, I don't know about other people, I'm over 50% Medicaid and I can tell you because I run numbers nonstop recently, since February and March of this year, my revenue from Medicaid MCOs alone is down 12% which is taking a hit of over 33% on my profit per script.

No business, none, can run like this when they don't know what they're going to be getting paid and they don't know how much they're going to be cut out on their reimbursement throughout the year.

Things need to stop being cut. We have to put a pause on that at the minimum. This is unsustainable.

So, I would like to see or ask Medicaid if we come up with a methodology by or before December 1st, if they will put in the request for the MCOs to pay at our methodology rate that everyone approves on if we're not able to get the RFP and everything before July 1st to help stop the bleeding.

DR. JOSEPH: I don't know if I need to respond to that, but, Matt, we can definitely take your recommendation. I just know that I

probably can't speak to submitting anything to CMS unless I have my leadership approval. So, we can definitely bring that up.

MR. CARRICO: Well, what about the stops in the cuts in reimbursement because that has been - this year has been one of the worst I've seen yet. And to do it during a kind of COVID when the prices of vials, drug shortages, we're having to pay hazard pay, we're having to pay for PPE. Our costs are going up and our reimbursement from the State is going down.

I don't think it's fair that we're going on the front line and we're losing money and facing some tough decisions to fulfill our obligation to take care of our state's Medicaid recipients.

DR. JOSEPH: We'd probably have to go more into this and I don't know if we want to run through the agenda first, but I would need to know which cuts you're specifically talking about.

MR. CARRICO: I mean, I don't have one drug in particular. There's a ton, but I can tell you when I look, for one period of time, I filled 800 more scripts and my revenue is down $70,000 compared to that same time last year, that's

a big difference. I mean, when your revenue from MCOs alone is down 12% and your profit per script is down 33% from March, how can you budget? How can you plan? No one can.

Those are big cuts during a time when we're facing increased costs. I mean, I'm hearing from pharmacists that we're still experiencing potential dispensing fee effective rates getting charged to them from CareMark. It's hard to get any answers from PSAO's or Caremark. So, I'm not sure what's up but if you hear from more than one, you've got to begin to wonder.

These are concerns I have because we're out on the front line. I don't want to go under by helping people out but I don't want to keep losing money. We need to know what we're going to get paid for the future. No one can just go like this and think it's going to work.

DR. JOSEPH: Sure. You know, from DMS' standpoint, we can speak with the PBMs and the MCOs.

For the specific cuts I think you're talking about with the GERs that may still be existing, we have spoken with some of the PBMs in our state but we also have been instructing pharmacists

to reach out to their PSAO's because just as much as that area is a black box, we don't have much control over what's going on on that end, right? What we get is what the PBM submits to the MCO and then back to us. So, I can only speak to what I can see.

MR. CARRICO: So, is there any chance that we can get reimbursing backing to where it was pre-COVID because that would help a lot? I hate to keep harping on this but we're talking survival here. There's a lot of tough decisions coming to a lot of pharmacies if things don't improve or at the very least stop getting worse.

DR. JOSEPH: I don't know if I know what pre-COVID numbers look like. I mean, obviously these drug prices are changing constantly. We're monitoring the MACs and we're approving the MACs as we see appropriate, but, again, we're ensuring that these prices are not dropping below acquisition costs to the best of our ability, but this is something we stressed from the beginning is we have limited resources in terms of publicly-available data.

And we could try to supplement as much as we can, but we are trying our best to ensure that no MAC is coming below that acquisition

cost and we take into account the dispensing fee. We understand it's a lower dispensing fee.

MR. CARRICO: I don't notice too many drug prices that have gone up. There have been some, but the only change is reimbursement.

When the feds say at the minimum ten sixty-four - I think they actually said thirteen something - they fulfill and break even for a prescription of the State and we're getting paid for most of the time acquisition costs plus two forty-five and the two forty-five is questionable since they might be calling it back, who can survive like that?

You've worked in a pharmacy, Jessin. You know how much things cost. It's seventeen cents for an E-scrib, seventeen cents to submit to the insurance even if it doesn't get paid, the bottle, the tech, the pharmacist. No one can survive on these numbers. This is becoming dire.

We've got contracts with MCOs through DMS. We can enforce these things. We need to start kind of putting our foot down or you're going to have less TAC members because they might not be in business and we're going to have some problems because there's going to be a lot less pharmacies in

the state serving Medicaid.

DR. JOSEPH: I can note this and we can see what else we can do, but I think starting with that 7/1 date I think is what we're going to have to focus on right now.

MR. CARRICO: So, can we focus on if we get a methodology to get CMS to approve the MCOs to pay that methodology before that new single PBM comes into effect? This isn't a hyperbole. So, I'm not trying to just rile people up. This is the truth. It's getting dire this year.

DR. JOSEPH: Again, I can't make a promise. I mean, I have to take that back up to my leadership and we can discuss it, but, again, I'm glad to take it back to them.

CHAIRMAN POOLE: And, Jessin, if you're needing data, I can assure you, from chain pharmacies to independent pharmacies alike, we can give you the data of the great decrease in reimbursement.

It's not the fact the drug price is going up. Yeah, there are some shortages, a few anomalies that can go up; but as far as what we're getting reimbursed, it is a big decrease and it's not just by accident.

DR. JOSEPH: I hear you.

CHAIRMAN POOLE: So, if you're wanting real data, I can assure you it can be provided.

DR. JOSEPH: I will have to consider what we need. I think what we need from the MCOs is one thing. If we need to do essentially a comparison table, that might be something we might want to explore a little bit more but it would be very much dependent on what we have versus what you can provide to us.

So, let me think about what we would actually need to dive a little bit more into that; but with the changes that we're making, I do feel comfortable that we're addressing these. But to Matt's point, if we can get this stood up beforehand, I'm glad to at least address that with our folks here.

CHAIRMAN POOLE: Okay. Well, I did----

MS. HUGHES: One thing, is everybody able to hear Jessin well? Someone has contacted me through Chat and said they can't hear him well but I'm hearing him fine.

CHAIRMAN POOLE: I'm hearing him

fine.

MS. HUGHES: Okay. And, then, we do need to try to stick with the agenda because it is a special-called meeting. I know some of this is probably falling under the discussion of Senate Bill 50, but we do need to follow along with the agenda.

CHAIRMAN POOLE: Okay. The DMS update, then. And if you could put the agenda back up there, I would appreciate it, Sharley.

DR. JOSEPH: I can start talking while Sharley puts that up. DMS update, we are still working through the single PDL piece. We are holding meetings with our MCOs regarding our clinical criteria. We are taking a look at the MCO current utilization or at least the previous fiscal year's utilization of data.

What we're focused on as part of the transition is to limit the disruption to the patient as much as possible. So, we are exploring a number of ways that we can do that.

From our standpoint, the reimbursement issue we can handle on its own as part of Senate Bill 50, but single PDL from a clinical standpoint, we do want to be mindful of what's already occurring in the state and try to limit that

to the best of our abilities.

So, what we have already available, and we don't have a finalized PDL yet because we still need to take a look at the current utilization of the MCOs, but everything is going to be based off of what our current Magellan fee-for-service PDL looks like.

If you don't have a link to that, I'm glad to provide that, but the thinking here is that this would be the base and, then, anything that we decided to add or edit from there will be based off of the MCO utilization.

I don't anticipate that we would be removing many products. My anticipation is we would be adding more products to the PDL.

The other thing with the PDL just as a reminder for everybody that the PDL itself is a list of drug classes. It is not containing all drug classes. It is a specific list of classes.

So, the MCOs still retain the ability to manage the classes that are not within the PDL. Whether or not they post that criteria, that will be dependent on them; but if that's something that we feel is necessary, we can certainly direct the MCOs to do that as well; but the clinical

criteria piece for the products under the single PDL will be a joint discussion between DMS and the MCOs as well. We're still shooting for a 1/1 date on that.

The other item is Senate Bill 50. I think we kind of touched on a number of items there. It really is the number of inner-workings that we need to handle. I, again, can't speak to the RFP itself but the process does take time. I appreciate everybody at least understanding that, and we are trying to get this stood up as soon as possible. So, right now it is slated for a 7/1 start date.

Other than that, I think the only other thing that I had on my list was in regards to the GER and a possible issue with the PBMs. We have been - and I did touch on this already - we have been instructing independent pharmacists to reach out to their PSAO's.

What we seem to be getting back from a lot of folks is that the PSAO does not want to share that data either. And, so, that does obviously concern us because then we don't know what's going on between that relationship.

I can say that we are

responsible through Senate Bill 5 in 2018 to review all contracts between the MCOs and the PBMs and, then, their PBMs and a pharmacy or the pharmacy-selected PSAO. So, we will be doing that for the 1/1 start date and we hope to have everything approved and good to go by 1/1.

MR. CARRICO: Jessin, I do have a question. It's kind of in reference to something I emailed you about, I don't know, a couple of weeks ago - it all blends together - but certain NDCs, is there a process to try to get one added?

I think I told you for fee-for-service right now, my Vitamin D 50,000 is not working, but I know like on CareSource or one of them, like, I have Aspirin 81 at three twenty-five. That doesn't work but it works on all the other MCOs.

Is there a way or a form or something for someone to fill out to try to get an NDC added?

DR. JOSEPH: So, that's a good question and something that we probably do need to address.

The way that our system is set up is we will only provide coverage of rebatable products. And the way that we define a rebatable

product is if the manufacturer of that product has signed an agreement with HHS to provide the federal rebate for that drug.

It's just sent over on our files so we know which products and which manufacturers have signed these deals, and essentially it ensures that Medicaid and the State will receive a best-price provision.

And, so, it is good for manufacturers because we are then mandated to provide coverage of the product from the federal level, but we also try to ensure that these products are the most appropriate.

So, I would say that a majority of the manufacturers in this country have signed the MDRP, the agreement with the Medicaid Drug Rebate Program, but if an NDC is not coming across and running through as a covered product, it's more than likely, it's because the manufacturer has chosen not to sign the MDRP agreement.

MR. CARRICO: Correct me if I'm wrong. All that makes sense, but if I think one NDC is covered on one MCO, shouldn't it be covered by all of the MCOs because if one MCO covers it, wouldn't it be on that agreement already?

DR. JOSEPH: The MCOs are not tied to the MDRP. The MDRP is for fee-for-service, and when we move to the single PDL, that's how we're going to be evaluating those products within the classes of the single PDL; but, again, outside of the PDL, that's entirely dependent on the MCOs to manage.

MR. CARRICO: With that said, so, for an instance, we get the PDL that starts January 1st, that Vitamin D I'm referring to not covered, is there some place where I can go type that NDC and I get a list of all the Vitamin D 50,000's that are covered?

DR. JOSEPH: I don't believe there's a written list of products that are covered like that. I think the way that we've always looked at it is we essentially group them up into a class of drugs. So, Vitamin D, is there a coverage of them?

If you have specific NDCs, I would say you can go ahead and reach out to me and we can obviously take a look at what those products are.

I think the case that you sent over about the Vitamin D, it's a little more unique than that, too, Matt, just because it's an over-the-counter product and we are not necessarily mandated to cover those products but the State or Kentucky

does cover certain OTC products.

We are in the process of actually taking a look at the entirety of the OTC list. So, I think we've already provided that override but we're evaluating all the products that we do want to cover moving forward. And, again, it will be looking at that rebatable option as number one.

MR. CARRICO: Okay. And I have one more question and I'm jumping all around. I'm sorry. So, this goes in a different section. I'm sorry, Sharley, but back to the effective rate issue we were talking about that may or may not be going on, PSAO's, they have a hard time sharing, at least mine, data with me because they're in contract with the PBMs and at times I wonder if they work for me or the PBMs. It's hard to tell.

But if that's the case and we're having trouble getting truthful, clear, transparent data, why can't DMS basically approach the PBMs and say prove to us that you are not taking these effective rates since our hands are tied the other way?

DR. JOSEPH: I mean, it's much more of a philosophical - I mean, I don't want to

necessarily accuse anybody of doing any wrongdoing if I don't have examples, right?

MR. CARRICO: You could just say it's an audit. An audit is not accusing you of doing it wrong. It's just making sure you're doing it right.

DR. JOSEPH: Right, but we don't necessarily do audits like that from my end. We could talk about that with Program Integrity folks, Sharley, if we want to just note that, but I think that's a different conversation.

CHAIRMAN POOLE: Jessin, this is Ron again. In discussing something very similar, talking about the Program Integrity folks, there are marked differences between the contracts in one regard when you're talking PSAO's versus the chains versus whatever, but it's the independent group that gets audited. The chains do not.

And I would like to talk to the Program Integrity group because, again, what Matt has already talked about how PSAO's are holding their information near and dear to them which, in my opinion, hurts us, but I just wanted to get your comments on that.

Would that be something that

they could help us out with? If you're going to have a contract, it would be nice if the contract would look the same for everybody instead of making exceptions for chain pharmacies. It used to be the fact that if you had a GER portion of your contract, that's what chains used to do and they didn't get audit part of the contract where now we were all operating off of the same thing, but we were still the ones being audited.

DR. JOSEPH: Sure. I mean, we don't dictate that to the MCOs. Again, I'm not too familiar with that portion of our contract with the MCOs. I would have to review that, but from my understanding, I don't think we dictate chain versus independent audits but I'd be glad to take a look and see if there is anything in there.

CHAIRMAN POOLE: I would like to work with you on that because that's a big burden for independents is you're trying to survive and we all know.

I mean, those of us who are in the front lines and trenches, we know that these audits are not, because anybody has done anything wrong. This is a money-making effort. They're looking for the "i" is dotted and the "t" is crossed

to where they can take back money. It's not an audit where somebody has fraudulently been billing a thousand different claims. It's definitely taken on it's own new identity and I just would like your help on that.

DR. JOSEPH: Sure. Ron, just so we can set the stage in terms of a conversation, and if anybody else on the TAC or the committee wants to jump in, too, I think for me because, again, we're not intimately involved with any audits, are we talking multiple audits within a fiscal year? Are we talking one large audit for a large number of claims? I mean, what are we specifically----

CHAIRMAN POOLE: It could be one large in-person audit or it can be a lot of desk audits is what we call it where they're sending out faxes or emails telling you to address these issues. I mean, it takes on every example that you can think of.

DR. JOSEPH: Okay.

MS. HUGHES: Okay. We need to do that probably as a topic for the next one because that's not a topic on the agenda today. And I'm sorry but State open meeting laws do require when it's a special-called meeting that we have to stick

to the agenda.

So, we can talk about the audits. We can have Program Integrity folks on for the next meeting.

DR. JOSEPH: Sure.

CHAIRMAN POOLE: Item Number 4, Jessin, I think if you would look at that - single PDL. I think you've already addressed that. Is that correct?

DR. JOSEPH: Yes.

CHAIRMAN POOLE: Okay. Who wants to give the update on the status of the 340B Program.

DR. JOSEPH: I can. I don't think the Commissioner or the Deputy Commissioner is on.

The program is on hold until we have direction from leadership to start implementing it. I believe we put it on hold because - our start date was 4/1 and the public health emergency was announced on I believe it was March 16th.

And the reason that we went to 4/1 from 1/1 was because of the time that covered entities need to update their systems. And, so, with this pandemic coming on, we felt comfortable at least

putting it on hold because most of our health care resources were needed in other settings than the actual modifier.

So, it's still on hold. What we plan on doing is probably putting this into regulation at this point and getting it stood up, but until further notice, we'll keep it on hold.

And, then, once the decision is made for an implementation date, we'll be sure to let everyone know well in advance to ensure that those pharmacies and those covered entities that do not have the system yet stood up, they have enough time to implement as necessary.

CHAIRMAN POOLE: Okay. Does anybody have any further comment on the 340B?

DR. ALMETER: I just want to make one comment, that I think the covered entities out there that participate in 340B, the contract pharmacy space is being eroded pretty quickly.

Sanofi, Novartis, AztraZeneca, Eli Lily have all made commitments starting five days ago to remove 340B pricing from contract pharmacies. So, it's the exact same thing we're talking about, the 340B Program with contract pharmacy and in-house.

I know that's just an update.

It's not going to change any direction going on here but I wanted to let you guys know.

CHAIRMAN POOLE: Philip, are you referring to the fact that all those companies are not going to be participating in the 340B Program? Is that what you're saying?

DR. ALMETER: Yes. So, it started with Lilly and it has expanded. Basically, what's happening is manufacturers are challenging HRSA's interpretation of the 340B statute to allow for contract pharmacies. It's been around since 1994 and got expanded with the Affordable Care Act.

Their issue is they don't feel it's necessary. The way they are refusing it is they are refusing charge backs through the wholesaler. So, they're taking the risk on the wholesaler saying that we're not going to honor charge backs if you don't remove that contract.

So, let's say I had a contract pharmacy with Pharmacy ABC down the road and I'd look on that contract, you won't see 340B drugs available from Sanofi.

The one that's sort of on the fence right now is Novartis because their CEO just testified to Congress. Most of the House and many of

the Senators have already written to Pharma saying don't do this. So, Novartis got put on the spot and, so, they're sort of on hold, but they're basically just pulling the rug out from under contract pharmacy.

MR. CARRICO: Philip, I have a question. I thought if a manufacturer didn't agree to participate in 340B, then, they would be taken off Medicare and Medicaid formularies.

DR. ALMETER: That's in the 340B statute. However, their argument is we are honoring 340B for in-house retail pharmacies. So, at my organization at UK, we have a retail pharmacy. They'll honor it there and they'll participate on it there, but they won't participate on it with a contract pharmacy down the road.

They're trying to argue that HRSA does not have real rule-making authority here. That's really the rub. And HRSA issued a sternly-worded letter saying we're looking into it but it doesn't really mean anything right now. We're told that HRSA's attorney is evaluating HRSA's options and that's really where this thing sits.

CHAIRMAN POOLE: So, again, Philip, I guess they're saying that - I mean, your

type of situation within the hospital, they're honoring that, but a clinic out there that's truly serving the indigent and they have a contract pharmacy or several contract pharmacies, that's where they're having trouble wanting to adhere to that.

DR. ALMETER: Yeah. So, they're adhering to the hospital, the hospital clinics and the hospitals' retail pharmacies, but anytime it's outside of that, any contract pharmacy, so, like, say UK had a contract pharmacy relationship with Poole Drugs, you would see that information on, say, (inaudible), right? You basically would not be able to buy - you wouldn't be able to buy (inaudible). There would be no 340B pricing and it's just removing it away.

Part of Pharma's concerns are that the vertically-aligned PBM chain drugstores are getting as much benefit out of this because the prices have increased and the fees have increased so much that vertically-aligned PBMs now have their own third-party administrator that requires so many fees. So, the large chain drugstores are taking some of those 340B savings.

I mean, it's a fair assessment. It's sort of like chopping off a whole lot to address

an issue but we'll see what happens. Who knows. I mean, there's a lot to be determined this winter as HRSA makes their determination.

CHAIRMAN POOLE: Okay. Any other comments on the status of the 340B Program?

DR. JOSEPH: I'm just going to reiterate our policy because we don't have a mechanism in place right now. We do not recognize, just by statutory language, we do not recognize contract pharmacies in fee-for-service Medicaid; but because we don't have a mechanism to identifying those members and manage that are receiving 340B drugs, we do not recognize contract pharmacies in Managed Medicaid either.

So, we will be invoicing manufacturers for those federal rebates because right now there's no way for us to know which is 340B and which isn't until then.

CHAIRMAN POOLE: Okay. And we're not far enough along with the RFP and certainly can't know what's in the RFP to know if there's going to be some kind of modifier that has to be submitted for 340B claims?

DR. JOSEPH: I'll probably have to defer that question. I'm sorry.

CHAIRMAN POOLE: Okay. Moving on to statutory report.

MS. HUGHES: Ron, would you like for me to read what the bill said or are all of you familiar with what the bill said regarding the recommendation?

CHAIRMAN POOLE: Go ahead and read it.

MS. HUGHES: Okay. So, by December 1st, 2020 and at least annually thereafter, the Pharmacy TAC shall make recommendations to the Department regarding the reimbursement methodologies and dispensing fees used by the State Pharmacy Benefit Manager, and that's pursuant to Section 3 of this Act which I'm assuming is probably with the new PBM, the single PBM.

CHAIRMAN POOLE: Okay. Does anybody care to make a comment on the statute reading?

We've already covered Item 7, the effective date. Jessin has done his best to let us know why it can't be moved up from July 1st, 2021. Does anybody else have a comment on the effective date?

MR. CARRICO: I guess, Jessin,

do you have an idea on if you're going to run it up the ladder if we come up with a methodology if we'll be able to make the current MCOs pay that methodology until we get the new single PBM figured out? Any idea when you might get some feedback on that?

DR. JOSEPH: It just depends on what we get and when we get it. Once we get those numbers, we'll have to evaluate them because those are just recommendations at that point and, then, we'll have to see from a budgetary standpoint and rate-setting standpoint how those numbers will play out.

MS. SMITH: Ron, this is Rosemary Smith. I haven't said anything yet today. I'm a new member to this TAC committee.

My husband and I own Jordan Drug. We have six independent pharmacies in Eastern Kentucky but we also represent the more than 500 independents across the state, and I think we've worked well with Jessin over the years.

I just really want to thank the Medicaid Department for allowing us to work together on this. I know we have a lot of issues. And as Matt and Ron have said, independents are in a very crucial situation, very critical situation right now.

And, so, we hope that we can all work together, and if there's any possibility of a quicker implementation of at least a payment methodology, we would love to work with the Medicaid Department, and we are here to help and, as Ron said, provide any data that anybody needs because we do have all that available.

So, again, I'm thankful to be on this committee and I hope to work with everyone going forward.

CHAIRMAN POOLE: Sharley, I've got a question and it shows my stupidity here, but if the seven members of the PTAC want to meet to discuss the pharmacy payment methodology, would you send me the requirements that we've got to abide by to make sure because we need to have discussions on this payment methodology and get a sound and solid recommendation to Medicaid.

So, if you would please just send me the information because I know there's posting requirements. I know with the Board of Pharmacy, it's got to be posted within twenty-four hours, within a day if it's on a special meeting and, then, you have to schedule your regular meetings far out in advance and they can't be changed. If they're

changed, they're special meetings.

So, I just would like for you to provide me that information to where I'm abiding by all the open meetings' laws and all that.

MS. HUGHES: Right. And you really pretty much summed it up pretty well there, Ron. When COVID hit in March, the direction we got from the Governor's Office as far as the open meetings was that all currently scheduled meetings would be cancelled.

And, then, because we weren't going to be meeting in person, they were originally set as being in-person meetings and, then, you could come back and reschedule as a special online meeting.

So, now as of this month, we've cancelled all the TAC and MAC meetings in person through the end of the year because we honestly don't have a meeting room in Frankfort that would be able to socially distance everybody.

So, we just have to do an agenda. You all can't meet without it being a public meeting. The TAC was originally scheduled for December 1st for their next meeting, but I felt like maybe you all probably wanted to meet in between that or prior to that because of the recommendation.

So, you just need to schedule a date and I can set you up via Zoom and we can post it on the website.

CHAIRMAN POOLE: Okay. That's great. And I can just send out either a doodle or whatever to get everybody's best date and, then, we'll work with you on getting that posted and getting everything done official. Okay?

MS. HUGHES: Yes.

CHAIRMAN POOLE: I really appreciate your help there.

MS. HUGHES: No problem.

CHAIRMAN POOLE: Okay. Discussion of full implementation date for SB 50. Unless, Jessin, you have something to add there, I think you've let us know unless you're thinking about different parts of SB 50.

DR. JOSEPH: No, I don't have anything else.

CHAIRMAN POOLE: Okay. Anybody else have any questions on Item 8?

Then, Number 9 is discussion on safeguards for pharmacy providers after 1/1/21 until full implementation which is the goal of 7/1 of '21.

Jessin, do you have any

thoughts on any safeguards because to let you know what that means is it's kind of what Matt and I have been going over how revenues have been being cut or reimbursements have been being cut.

What we don't want to see is that when we do get this new program implemented that we start seeing cuts. And, of course, I know that's why SB 50 - I mean, the main provision of SB 50 is that Medicaid will have more control over reimbursement. So, I just wanted to get your thoughts on that topic.

DR. JOSEPH: Sure. 1/1/21 is the start date of our MCO contracts and a lot of the recommended changes that we had from last year are put into those contracts.

And, so, we're talking specifically the disallowance of any effective rate contracting. And, so, I think moving forward from 1/1, you won't be seeing that in Kentucky Medicaid Managed Care.

I think at the same time, we do not have any plan to stop our MAC monitoring process. So, we'll be continuing to manage at least what the MACs are coming in and, then, sending out disapprovals if necessary.

I think those are the two main items that we're focused on moving forward from 1/1 at least until 7/1 and the implementation of the payment methodologies.

CHAIRMAN POOLE: Okay. And you do anticipate continuing on kind of that MAC observance even past our implementation date.

DR. JOSEPH: It will be dependent on how we set up our payment methodology because if there's no MAC anymore, then, there's no need for us to monitor something that doesn't - you know. So, it really just depends on what the methodology is. There's an off chance that we would continue to monitor it but I won't know until we have something submitted to CMS and approved.

CHAIRMAN POOLE: Okay.

DR. JOSEPH: I guess to add to that, Ron, I think I mentioned this in the last PTAC, but on the MAC monitoring topic, if there is a MAC that you as a pharmacist believe is inadequate or is decreasing at whatever rate, again, the communication channels to my office and to my team is open and, then, we would research on our end.

CHAIRMAN POOLE: Okay.

MS. HUGHES: And, Jessin, I just

realized that I did not have - did I have Fatima introduce herself because I know she's on your team and I don't think I did.

DR. JOSEPH: She's on here.

MS. HUGHES: I knew she was on there; but when we were doing introductions, I don't think I mentioned her.

DR. JOSEPH: I think you did. Fatima is our Associate Director. So, I'll go ahead and let Fatima introduce herself.

DR. ALI: Hi, everyone. I'm Fatima. I'm the Associate Pharmacy Director. I joined about two months ago.

MS. HUGHES: So, there's you another resource.

CHAIRMAN POOLE: Okay.

MS. McCORMACK: May I ask a question, please?

CHAIRMAN POOLE: Yes. Go ahead, Jill.

MS. McCORMACK: I'm wondering about, since we're going to have a delay in implementation, has the Department thought about retroactive payments back to the effective date of what the reimbursement would have been?

DR. JOSEPH: I'm not sure if I follow, Jill. Are you talking after 1/1 going back to----

MS. McCORMACK: Is there a delay between the effective date of when the new methodology was supposed to be effective versus when it will be effective?

DR. JOSEPH: Got you. So, for the 7/1 date, having it effective beginning 1/1. So, I can certainly bring that up. It would require a large batch reprocessing of claims. It's kind of cumbersome at that point. I could definitely bring it up to our leadership but it wouldn't be a quick turnaround on something like that.

MS. McCORMACK: Okay. I've seen it done in other states but I just wanted to raise that for the committee to think about.

CHAIRMAN POOLE: Okay. On a lighter note there, Jessin, we wouldn't have a problem with how long it took you to process those.

MS. McCORMACK: Thanks, Ron.

CHAIRMAN POOLE: Okay. If you don't mind, Sharley, if I can just poll the TAC members and ask them to just give me their - I'll throw out some dates here because we need to have

definitely a meeting before December 1 because we've got to get this payment methodology worked out.

So, I will be working on the agenda. I'll be working on dates. And, then, when we settle on a date, I will definitely give you enough time and everybody else to adjust their schedules and we'll go from there. And, of course, any suggestions you have, Sharley, you and I worked together on the MAC years ago, and I appreciate your help there, too, but, anyway, just get back with me if you have any suggestions.

And, Sharley, can you make sure I've got your contact information. I think you sent things out to me already.

MS. HUGHES: Yes, I did.

CHAIRMAN POOLE: But if you want to just send me whatever contact information you can so I can make sure and get you all the items I need.

MS. HUGHES: Okay. I'll do that, Ron. And I know we mentioned the twenty-four hours, but if you can give me a little bit of extra time.

CHAIRMAN POOLE: I know.

MS. HUGHES: I just have to have a few days to get the agenda and so forth on the

website so everybody can get notice.

CHAIRMAN POOLE: Okay. Sounds great. Obviously, we have to stick to this agenda today. So, there's not room for any additional information, even though Matt and I pushed that but not on purpose.

MS. HUGHES: I know and I understand. And I do apologize because really what you all were kind of talking about was I think the safeguards after 1/1, and I did not realize until we got down to that agenda item that's kind of what you all were talking about.

CHAIRMAN POOLE: Right. So, that's okay. That's not a problem. We just need to be reminded of stuff.

Okay. Thanks, everybody, for today. I appreciate everybody being on here. And, Jessin, thanks for taking all of our questions and everybody else who commented, too, but I'll be getting in touch with everybody and getting this next meeting date put on the docket.

MEETING ADJOURNED