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Testimony on House Bill 2259
Health and Human Services Committee
Sarah Fertig, *Medicaid Director*
Kansas Department of Health and Environment
February 14, 2023

Chairwoman Landwehr and Members of the Committee:

The Kansas Department of Health and Environment Division of Health Care Finance (KDHE-DHCF) appreciates the opportunity to present testimony on House Bill 2259. The bill would abolish the Mental Health Medication Advisory Committee (MHMAC) and block the state Medicaid program from imposing any prior authorization requirements for mental health medications only.

Our agency opposes this bill because it would block Medicaid, and *only* Medicaid, from imposing reasonable cost containment and safety requirements for mental health drugs. It would also eliminate the parity that currently exists in Medicaid between mental health drugs and other classes of drugs.

Background

The Medicaid drug utilization review (DUR) program been in existence since 1990. Its purpose is to assure the appropriate utilization of drugs by patients receiving state medical assistance. The DUR Board is charged with monitoring the Medicaid-covered outpatientdrug spend and making recommendations on cost containment.

The MHMAC was created by the 2015 Legislature.[1] Its charge is to provide recommendations to the DUR Board on medications used to treat mental illnesses. The DUR Board may either accept or reject the MHMAC's recommendations, but it may not alter them.[2] The 2015 legislation was the result of a compromise following the Senate's rejection of an earlier bill, supported by KDHE and KDADS, that would have opened the door to the Medicaid program imposing any type of restriction on mental health drugs.

The MHMAC is comprised of psychiatrists, physicians, pharmacists, and APRNs with mental health specialty. MHMAC meetings are open to the public and provide an opportunity for stakeholders to observe the discussion and decision-making process in recommending prior authorization criteria for mental health drugs for the Medicaid population.[3]

[1] 2015 S Sub HB 2149.
[2] K.S.A. 39-7,121b.
[3] See Mental Health Medication Advisory Committee | KDHE, KS.

HB 2259's Impact on the Medicaid Program

HB 2259, if enacted, would abolish the MHMAC and bar the Medicaid program from imposing any prior authorization requirement for mental health medications only. This means that our current cost-savings and patient safety measures would have to be eliminated. This is of great concern to the agency for several reasons.

First, HB 2259 would reopen the door to dangerous prescribing practices. Blocking Medicaid from imposing prior authorizations on mental health drugs would likely lead to a return to the troubling prescribing patterns that led KDHE and KDADS to push for the 2015 legislation.[4] At that time, the agencies were concerned by studies showing serious and long-term health impacts on children who take antipsychotics, as well as evidence showing that children on Medicaid and/or in foster care were more likely to be prescribed antipsychotics.

Following the 2015 legislation that newly allowed Medicaid to impose prior authorization requirements on mental health drugs, MCOs saw significant decreases in the percentage of their members aged 1-17 using more than one antipsychotic concurrently. As the new state-directed prior authorization edits were implemented, one MCO saw the number of their members aged 1-17 on three or more antipsychotic drugs concurrently drop from over 40,000 to roughly 29,000 during a two-year period. That decrease was achieved by allowing the Medicaid program to apply rules and edits to mental health drugs that help monitor and prevent over-prescribing.

Second, HB 2259 would eliminate current parity between mental health and medical drug coverage. The bill would create an imbalance in Medicaid drug coverage policy by allowing mental health drugs, and *only* mental health drugs, to escape any state oversight. Prescription drugs for asthma, hypertension, or any other medical condition would still be subject to state prior authorization policies. KDHE does not believe that eliminating this parity would be a sound policy decision for the state.

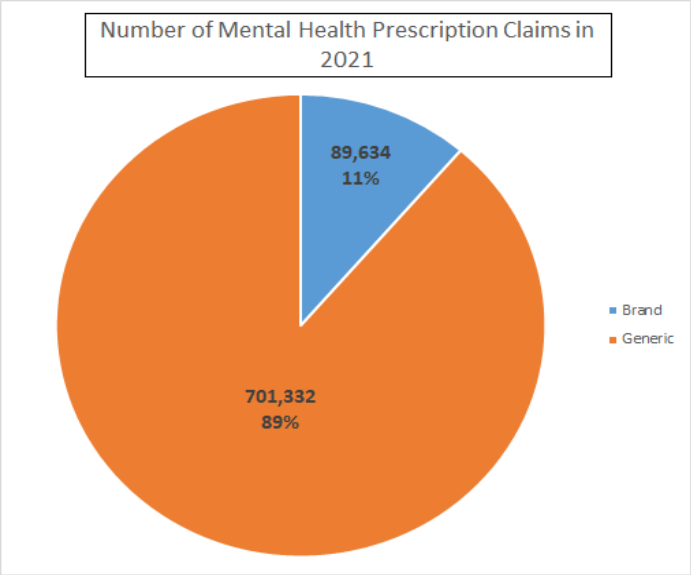
Third, the Medicaid program is already working to reduce provider burdens. The MHMAC, which consists of psychiatrists, physicians, pharmacists, and mental health APRNs, has been studying options to further reduce administrative burdens on prescribers. At its January 2023 meeting, the MHMAC made more changes to support paring down prior authorization criteria for mental health drugs. We expect these changes will be very noticeable to prescribers. More discussions on how to reduce provider burden are already planned for 2023. This bill would short-circuit these discussions in favor of removing all prior authorization requirements. The agency believes the current practice provides transparency

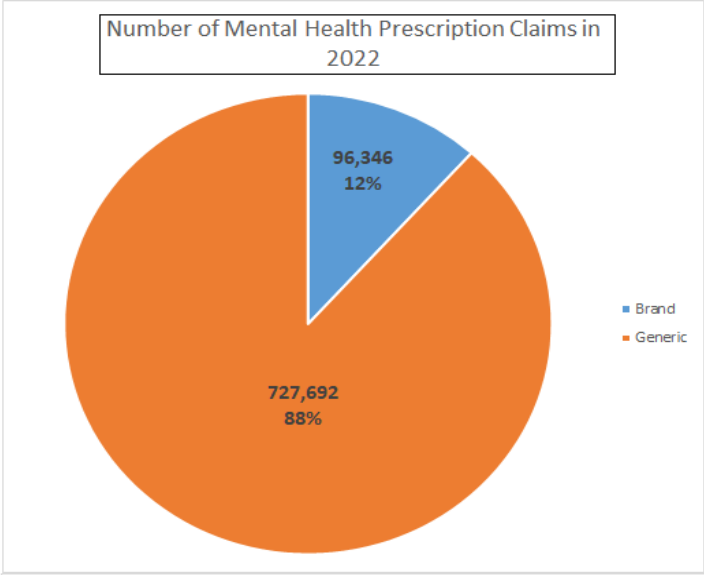
Finally, Medicaid's current prior authorization requirements for mental health drugs are reasonable and clinically sound. Medicaid has implemented several mechanisms to help ensure patient protections as well as good use of tax dollars. We manage a preferred drug list (PDL), which promotes clinically sound, cost-effective medications without compromising quality of care. The administrative burden for prescribers is minimized when they choose one of the safe, cost-effective drugs on the PDL.

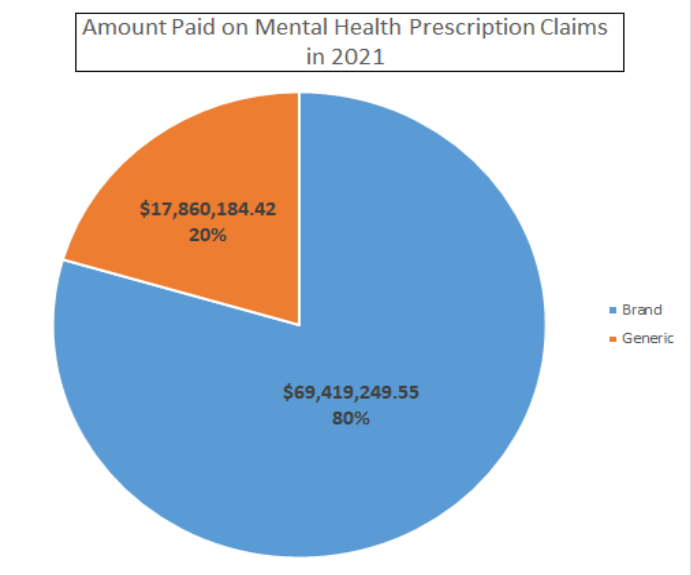
Medicaid also has a policy whereby a generic drug, if available, must be selected over a brand-name equivalent. Under current policy, generic drugs represent **88%** of Medicaid mental health drug claims, while

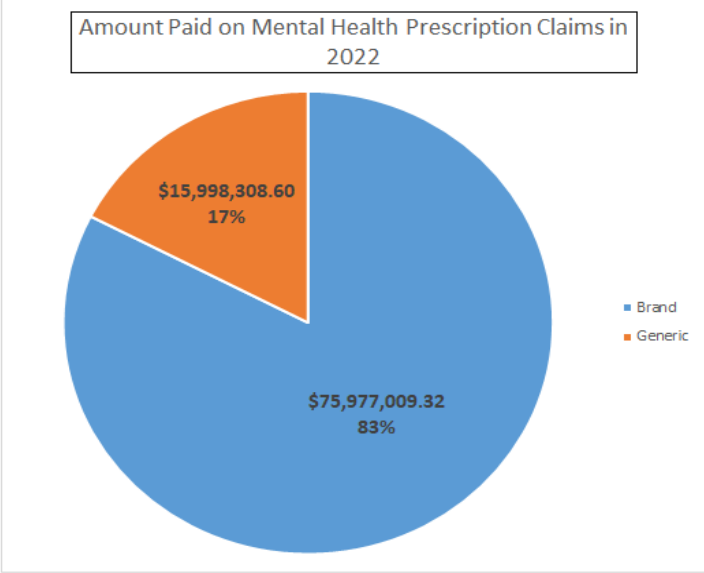
[4] http://www.kslegislature.org/li_2016/b2015_16/committees/ctte_s_phw_1/documents/testimony/20150211_01.pdf

only representing **17%** of the Medicaid mental health drug spend. By contrast, **12%** of Medicaid mental health drug claims are for brand-name drugs, but those drugs constitute **83%** of the Medicaid mental health drug spend.









Without this guardrail in place, spending on mental health drugs would likely increase dramatically. Our fiscal note does not include the potential impact of eliminating the generic drug policy because it is impossible to predict the impact with any certainty. However, we anticipate a sharp increase in drug spend if prescribers are no longer required to choose the generic equivalent (if available).

Medicaid also has “step therapy” policies, whereby a patient with a new diagnosis is generally required to start with a first-line, established drug before moving on to a more expensive, newer drug. If the desired therapeutic effect is achieved with the cheaper drug, there is no need to move to a more expensive drug. Step therapy policies promote good stewardship of public dollars while ensuring patients receive the drugs they need.

While it is not clear whether the bill is intended to dismantle every reasonable restriction Medicaid currently places on mental health drugs, the sweeping language of the bill has the potential to do so.

To conclude, KDHE opposes HB 2259 because it would undo a major policy reform that allows the Medicaid program to promote safer and more cost-effective mental health drug policies. HB 2259 would also come at a significant cost to taxpayers.

Thank you for the opportunity to present testimony today.

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