North Carolina Department of Health and Human Services
2001 Mail Service Center • Raleigh, North Carolina 27699-2001
Tel 919-733-4534 • Fax 919-715-4645

Michael F. Easley, Governor

Dempsey Benton, Secretary

April 3, 2008

The Honorable William Purcell, Co-Chair
Appropriations on Health and Human Services
North Carolina General Assembly
Room 625, Legislative Office Building
Raleigh, NC 27603

Dear Senator Purcell:

Section 10.36(d)(28) of S.L. 2007-323 (House Bill 1473), "Drugs – Prior Authorization," required DHHS to "continually review utilization of medications under the State Medical Assistance Program prescribed for Medicaid recipients for the treatment of mental illness, including but not limited to, medications for schizophrenia, bipolar disorder, or major depressive disorder." The Department was required to submit its first report on January 1, 2008 and quarterly thereafter. It is my pleasure to submit the first quarter report of calendar year 2008 at this time.

Please direct all questions concerning this status report to Tara Larson, Acting Deputy Director for Clinical Policy and Programs in the Division of Medical Assistance at (919) 855-4260.

Sincerely,

Dempsey Benton

DB:tl

cc: Dan Stewart
William W. Lawrence, Jr., M.D.
Michael Lancaster, M.D.
Leza Wainwright
Sharnese Ransome
Jennifer Hoffmann
Legislative Library (2)

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Michael F. Easley, Governor

Dempsey Benton, Secretary

April 3, 2008

The Honorable Doug Berger, Co-Chair
Appropriations on Health and Human Services
North Carolina General Assembly
Room 622, Legislative Office Building
Raleigh, NC 27603

Dear Senator Berger:

Section 10.36(d)(28) of S.L. 2007-323 (House Bill 1473), "Drugs – Prior Authorization," required DHHS to "continually review utilization of medications under the State Medical Assistance Program prescribed for Medicaid recipients for the treatment of mental illness, including but not limited to, medications for schizophrenia, bipolar disorder, or major depressive disorder." The Department was required to submit its first report on January 1, 2008 and quarterly thereafter. It is my pleasure to submit the first quarter report of calendar year 2008 at this time.

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Michael F. Easley, Governor

Dempsey Benton, Secretary

April 3, 2008

The Honorable Beverly M. Earle, Chairman
Appropriations Subcommittee on Health and Human Services
North Carolina General Assembly
Room 634, Legislative Office Building
Raleigh, NC 27603

Dear Representative Earle:

Section 10.36(d)(28) of S.L. 2007-323 (House Bill 1473), "Drugs – Prior Authorization," required DHHS to "continually review utilization of medications under the State Medical Assistance Program prescribed for Medicaid recipients for the treatment of mental illness, including but not limited to, medications for schizophrenia, bipolar disorder, or major depressive disorder." The Department was required to submit its first report on January 1, 2008 and quarterly thereafter. It is my pleasure to submit the first quarter report of calendar year 2008 at this time.

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Michael F. Easley, Governor

Dempsey Benton, Secretary

April 3, 2008

The Honorable Bob England, M.D., Chairman
Appropriations Subcommittee on Health and Human Services
North Carolina General Assembly
Room 2219, Legislative Building
Raleigh, NC 27601

Dear Representative England:

Section 10.36(d)(28) of S.L. 2007-323 (House Bill 1473), "Drugs – Prior Authorization," required DHHS to "continually review utilization of medications under the State Medical Assistance Program prescribed for Medicaid recipients for the treatment of mental illness, including but not limited to, medications for schizophrenia, bipolar disorder, or major depressive disorder." The Department was required to submit its first report on January 1, 2008 and quarterly thereafter. It is my pleasure to submit the first quarter report of calendar year 2008 at this time.

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Michael F. Easley, Governor

Dempsey Benton, Secretary

April 3, 2008

The Honorable Verla Insko, Chairman
Appropriations Subcommittee on Health and Human Services
North Carolina General Assembly
Room 307-B1, Legislative Office Building
Raleigh, NC 27603

Dear Representative Insko:

Section 10.36(d)(28) of S.L. 2007-323 (House Bill 1473), "Drugs – Prior Authorization," required DHHS to "continually review utilization of medications under the State Medical Assistance Program prescribed for Medicaid recipients for the treatment of mental illness, including but not limited to, medications for schizophrenia, bipolar disorder, or major depressive disorder." The Department was required to submit its first report on January 1, 2008 and quarterly thereafter. It is my pleasure to submit the first quarter report of calendar year 2008 at this time.

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2001 Mail Service Center • Raleigh, North Carolina 27699-2001
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Michael F. Easley, Governor

Dempsey Benton, Secretary

April 3, 2008

Lynn Muchmore, Director
Fiscal Research Division
Room 619, Legislative Office Building
Raleigh, NC 27601

Dear Mr. Muchmore:

Section 10.36(d)(28) of S.L. 2007-323 (House Bill 1473), "Drugs – Prior Authorization," required DHHS to "continually review utilization of medications under the State Medical Assistance Program prescribed for Medicaid recipients for the treatment of mental illness, including but not limited to, medications for schizophrenia, bipolar disorder, or major depressive disorder." The Department was required to submit its first report on January 1, 2008 and quarterly thereafter. It is my pleasure to submit the first quarter report of calendar year 2008 at this time.

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Michael F. Easley, Governor

Dempsey Benton, Secretary

April 3, 2008

The Honorable Verla Insko, Co-Chair
Joint Legislative Oversight Committee on MHDDSAS
North Carolina General Assembly
Room 307-B1, Legislative Office Building
Raleigh, NC 27603

Dear Representative Insko:

Section 10.36(d)(28) of S.L. 2007-323 (House Bill 1473), "Drugs – Prior Authorization," required DHHS to "continually review utilization of medications under the State Medical Assistance Program prescribed for Medicaid recipients for the treatment of mental illness, including but not limited to, medications for schizophrenia, bipolar disorder, or major depressive disorder." The Department was required to submit its first report on January 1, 2008 and quarterly thereafter. It is my pleasure to submit the first quarter report of calendar year 2008 at this time.

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Michael F. Easley, Governor

Dempsey Benton, Secretary

April 3, 2008

The Honorable Martin Nesbitt, Jr., Co-Chair
Joint Legislative Oversight Committee on MHDDSAS
North Carolina General Assembly
Room 300-B Legislative Office Building
Raleigh, NC 27603

Dear Senator Nesbitt:

Section 10.36(d)(28) of S.L. 2007-323 (House Bill 1473), "Drugs – Prior Authorization," required DHHS to "continually review utilization of medications under the State Medical Assistance Program prescribed for Medicaid recipients for the treatment of mental illness, including but not limited to, medications for schizophrenia, bipolar disorder, or major depressive disorder." The Department was required to submit its first report on January 1, 2008 and quarterly thereafter. It is my pleasure to submit the first quarter report of calendar year 2008 at this time.

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MERCER

MARSH MERCER KROLL
GUY CARPENTER OLIVER WYMAN

March 24, 2008

Review of Division of Medical Assistance's Mental Health Drug Management Program – March 2008

The State of North Carolina's Division of Medical Assistance (DMA) has engaged Mercer Government Human Services Consulting, part of Mercer Health & Benefits LLC (Mercer), to provide a quarterly update of its initial review of DMA's Mental Health Drug Management Program, completed January 2008. This report documents Mercer's findings for DMA, the Senate Appropriations Committee on Health and Human Services (HHS), House Appropriations Subcommittee on HHS, the Fiscal Research Division and the Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities and Substance Abuse Services (DMH/DD/SAS) regarding the program's ongoing implementation, management and status of outcomes of the continuous utilization reviews as cited in Session Law 2007-323, House Bill 1473, Section 10.36(d)(28).

Background Information

Utilization Reviews

- In December 2005, DMA launched the Mental Health Drug Management Program.
- The program includes utilization reviews of medications prescribed for the treatment of mental illness, including, but not limited to, medications for schizophrenia, bipolar disease and major depressive disorder.
- Using DMA's pharmacy claims data, DMA's contracted vendor conducts continuous utilization reviews by identifying and comparing patient-specific medication usage against best clinical practice algorithms or retrospective clinical edits for both adults and children.

Peer-to-Peer Consultation

- Prescriber peer-to-peer consultation is another level of intervention undertaken to provide educational information on efficacious and safe behavioral medications prescribing and alternatives to consider.
- Outlier prescribers of three or more psychotropic medications concurrently for individuals 18 years of age and under are targeted for peer-to-peer consultation.

Program Update

For this report, Mercer interviewed a number of key stakeholders at DMA and DMH/DD/SAS to identify and assess the program's implementation progress. Based on these interviews and additional data and reports provided, Mercer summarizes its assessment of key components of the Mental Health Drug Management Program in the following sections.

Clinical Edits and Prescriber Mailings

- DMA reported to Mercer that the contracted vendor continues to manage the clinical editing.
  - These clinical edits identify potentially inefficient or harmful prescribing patterns, including high-risk or redundant prescribing as well as prescribing patterns lacking continuity or coordination of care. For example, the clinical edits currently in place for prescriber or patient intervention include, but are not limited to, targeting continuous prescribing of multiple medications within the same chemical drug class (duplicate therapy), multiple prescribers for a drug class, higher or lower than recommended doses, multiple medications across all mental illness treatment drug classes and failure to refill maintenance mental health medications.
- DMA also reported that they continue to conduct mailings to prescribers triggering clinical edits specific to individuals 18 years of age and under prescribed 3 or more psychotropic medications. These clinical edits include:
  - 4 or more psychotropics for 90 or more days for children 13 to 17 years of age.
  - 3 or more psychotropics for 90 or more days for children 6 to 12 years of age.
  - 3 or more psychotropics for 90 or more days for children less than 6 years of age.
    - DMA's contracted vendor currently sends out 400 mailings per quarter, but this will be reduced to 300 mailings per quarter once the peer-to-peer consultations conducted by Prest and Associates, Inc. begin.

Reporting

- DMA's contracted vendor has not provided any additional fiscal analyses of the impact of the clinical edits and prescriber mailings since Mercer's initial review of the program, provided in January 2008. Therefore, Mercer has not evaluated the fiscal impact of the program for this quarterly report.
- The vendor has; however, provided monthly pharmacy claims utilization reporting (by rolling quarter) by clinical edit to DMA for the total mental health drug utilization. The reports are not specific to the financial or clinical outcomes related to the targeted prescriber interventions (mailings).

- The pharmacy claims totals of the high-risk clinical edits for children under 18 years of age (e.g., eligible for potential prescriber mailings) reported in Q1 SFY08 (July 1, 2007 through September 30, 2007) by the contracted vendor are displayed in the following table:

Clinical Edit Description			Claims Associated with Clinical Edit		
	Patients	Prescribers	Claims	Paid	PUPM[1]
Use of 4 or more psychotropics for 90+ days (13 to 17 years of age)	32	44	598	$103,863	$1,081.90
Use of 3 or more psychotropics for 90+ (6 to 12 years of age)	111	117	1,619	$262,108	$787.11
Use of 3 or more psychotropics for 90+ (Under 6 years of age)	0	0	0	$0	$0.00

[1]PUPM (Per User Per Month): Paid amount divided by Patient count divided by number of months in analysis period.

- DMA, along with the Behavioral Pharmacy Management System Task Force, has requested the contracted vendor provide an ad hoc report focusing on the selected clinical edits, only so they can better monitor outcomes. The methodology for this reporting is being developed and has not been finalized at the time of this report (March 2008).

Peer-to-Peer Consultation

- Peer-to-peer consultation has been available to prescribers since the beginning of the program in 2005. This service was utilized infrequently by the prescribers (estimated at less than one consultation request per month).
- During the early stages of the Mental Health Drug Management Program (between 2006 to 2007), DMA and DMH/DD/SAS partnered and initially targeted a small sample of outlier prescribers who were triggering clinical edits focusing on children and adolescents for outbound peer-to-peer consultation.
  - There was a low rate of response (approximately 20%) to outbound consultation calls placed by the DMH/DD/SAS Clinical Policy Chief.
- Prescriber peer-to-peer consultations were implemented in the fourth quarter of CY 2007 by Prest and Associates, Inc. with a small sample of outlier prescribers.

- Educational information is shared by engaging targeted prescribers in collegial conversation about guidelines and best practices that are national standards for behavioral medication prescribing.
- Consultation occurred for 2 of the 12 prescribers identified; another prescriber was contacted, but had concerns about confidentiality issues.
- Participation in the peer-to-peer consultation program is voluntary.

- By late December 2007, peer-to-peer consultations were suspended in order to develop and to implement a policy according to legislative language requiring the clinical alternatives discussed during the consultations to be based upon evidence-based criteria approved by the North Carolina Physician Advisory Group (PAG).
- DMA has since developed, in conjunction with DMH/DD/SAS, a draft policy for the peer-to-peer consultations that directs the clinical criteria development and its ongoing review.
  - The policy is being reviewed by the PAG, but the timeline for completion was not available at the time of this report's writing.
- Once the policy is approved, both DMA and DMH/DD/SAS indicated that it is anticipated Prest and Associates, Inc. will conduct the peer-to-peer consults.
  - Prest and Associates, Inc., the consulting firm retained by the current vendor, is URAC accredited and employs psychiatrists who are board-certified by the American Board of Psychiatry and Neurology. Its psychiatrists are specialists in psychopharmacology consultation, evidenced-based prescription standards for behavioral health care and physician prescribing practice consultation. The Prest and Associates, Inc. review organization provides consultation services nationwide.
  - The consultations will not be client-specific, but rather will provide generic information about best practices in prescribing mental health medications to children.
- DMA completed a fiscal analysis of the peer-to-peer consultations in February 2008, projecting a minimal total financial cost savings ($9,300 to $15,700 annually for the next five fiscal years) as a result of this initiative.
  - DMA stated it projects that out of the 30 peer-to-peer consultations to occur each month, the response rate will be 30%. Since the program is voluntary, DMA predicts that out of the 30% that respond, only three prescribers may ultimately alter their prescribing patterns. (DMA reported this response rate estimate was based on Prest and Associates, Inc.'s average experience with similar, voluntary peer-to-peer consultation programs).
  - DMA stated it projects the trend will likely remain constant over the five-year period, due to limited resources to complete peer consultations and the current voluntary participation option for prescribers.

Other Mental Health Initiatives

- On July 1, 2007, DMH/DD/SAS implemented the Controlled Substance Reporting Act. This Act requires that all controlled-substances prescriptions (including pain medications and ADHD medications) be submitted at the point of sale, regardless of the payment source. The goal of this Act is to monitor and deter drug-seeking behaviors, emergency prescriptions for pain alleviation and the use of multiple prescribers to acquire medications.
  - Prescribers can register and gain access to this information to assist in patient management and monitoring.
- Most recently, DMH/DD/SAS has sought educational opportunities to engage and collaborate with child psychiatrists throughout the State.
  - On March 1, 2008, DMH/DD/SAS held a meeting with the North Carolina Council in Child and Adolescent Psychiatry to provide general education about prescribing practices.
  - In March 2008, an article written by Dr. Michael Lancaster, Co-Director for DMH/DD/SAS, was published in the North Carolina Psychiatric Newsletter. DMH/DD/SAS is looking into publishing a series of similar articles in future editions of the newsletter.

Conclusion

Based on Mercer's interviews with DMA and DMH/DD/SAS staff and our review of reports and other information provided, Mercer believes the Mental Health Drug Management Program is progressing, and the changes being discussed and made regarding the management of the program will improve outcomes and increase the overall value of the program.

- The ad hoc reporting requested from the contracted vendor will assist the management team with monitoring the fiscal and clinical impact of the clinical edits selected for the targeted populations. This information will help steer the program towards utilizing those edits that maximize outcomes and value.
- The suggested policy changes for the peer-to-peer consultations, which have been drafted in accordance with the session law requirements and are currently being reviewed by the PAG, should help to increase provider participation.
- DMH/DD/SAS's educational outreach efforts to child psychiatrists throughout the State will help promote best practices in prescribing patterns.