RICHARD FIGUEROA
*ACTING DIRECTOR*

State of California—Health and Human Services Agency
# Department of Health Care Services

GAVIN NEWSOM
*GOVERNOR*

**DATE:** November 15, 2019

ALL PLAN LETTER 19-012 *(REVISED)*

**TO:** ALL MEDI-CAL MANAGED CARE HEALTH PLANS

**SUBJECT:** FEDERAL DRUG UTILIZATION REVIEW REQUIREMENTS DESIGNED TO REDUCE OPIOID RELATED FRAUD, MISUSE AND ABUSE

**PURPOSE:**
The purpose of this All Plan Letter (APL) is to inform Medi-Cal managed care health plans (MCPs) of their responsibilities related to the implementation of new federal Medicaid Drug Utilization Review (DUR) requirements outlined in section 1004 of the Substance Use-Disorder Prevention that Promotes Opioid Recovery and Treatment (SUPPORT) for Patients and Communities Act (H.R. 6, the SUPPORT Act, P.L. 115-271). *Revisions to this APL have been italicized for ease of reference.*

**BACKGROUND:**
Federal law[1] requires each state to develop a DUR program that is targeted, in part, at reducing clinical abuse and misuse of prescription drugs covered under the state's Medicaid program. The SUPPORT Act adds measures to combat the opioid crisis in part by reducing opioid abuse and misuse by advancing treatment and recovery initiatives, improving prevention, protecting communities, and bolstering efforts to fight deadly illicit synthetic drugs. There are several Medicaid-related DUR provisions contained within section 1004 of the SUPPORT Act with respect to fee-for-service and Managed Care Organization pharmacy programs. These provisions establish drug review and utilization standards to supplement existing requirements under federal law, in an effort to reduce opioid-related fraud, abuse and misuse. Implementation of these strategies *was* required by October 1, 2019.

The Centers for Medicare and Medicaid Services issued an informational bulletin on August 5, 2019,[2] providing states with detailed guidance on implementation of these specific new requirements. MCPs are encouraged to familiarize themselves with the specific details contained within this bulletin.

[1] Section 1927(g) of the Social Security Act (the Act)
[2] The August 5, 2019 Informational Bulletin can be accessed at the following link: https://www.medicaid.gov/federal-policy-guidance/downloads/cib080519-1004.pdf

**POLICY:**
Beginning on October 1, 2019, MCPs must operate a DUR program that complies with the Medicaid-related DUR provisions contained in section 1004 of the SUPPORT Act.

MCPs must submit updated policies and procedures that address each of the requirements as detailed below. MCPs must submit these updated policies and procedures to the Department of Health Care Services (DHCS) no later than *April 1, 2020*. Once received, DHCS will conduct a retrospective review of the MCP's updated policies and procedures to ensure MCP compliance with the October 1, 2019 implementation date.

**1. <u>Claims Review Requirements</u>**

**A. Safety Edits Including Early, Duplicate, and Quantity Limits**
Describe the opioid related prospective safety edits, as well as the automated process for retrospective claims review that the MCP has in place to address: duplicate fill, early fill and quantity limits. MCPs must not allow refills earlier than 75 percent of the time when the previous fill should be exhausted; duplication of the same service on the same date of fill; and the provision of acute medications in excess of a 30-day supply, or for chronic medications, a 90-day supply without prior authorization approval.

**B. Maximum Daily Morphine Milligram Equivalents Safety Edits**
i. Describe the prospective safety edits for the maximum morphine milligram equivalents (MME)/daily that can be prescribed to a member enrolled for treatment of chronic pain, not to exceed 500 MME/daily without prior authorization. This safety edit must include a MME/daily threshold amount to assist in identifying members at potentially high-clinical risk who may benefit from closer monitoring and care coordination.
ii. Describe the automated process for claims review (retrospective review) that indicates when a member is prescribed the morphine equivalent for such treatment in excess of the maximum MME/daily dose limitation.

**C. Concurrent Utilization Alerts**
Describe the automated process for claims review (retrospective) that monitors when a member is concurrently prescribed opioids and benzodiazepines or opioids and antipsychotics. (This does not, of course, preclude the establishment of a prospective safety-edit system to provide additional information to patients and providers at the point-of-sale about concurrent utilization.) MCPs that are not capitated for antipsychotic drugs will be provided claims data, including for antipsychotic medications. MCPs are expected to perform, retrospectively,

regular care management activities, including a review of concurrent use of opioid and antipsychotic medications, and take action accordingly on issues of concern to the MCP.

**D. Permitted Exclusions**

The above described safety edits and claims review requirements do not apply to members who are receiving hospice or palliative care; receiving treatment for cancer; residents of a long-term care facility, a facility described in section 1905(d) of the Act, or of another facility for which frequently abused drugs are dispensed for residents through a contact with a single pharmacy; members who are receiving opioid agonist medications for treatment of substance use disorder; or other individuals the state elects to treat as exempted from such requirements.

**2. <u>Program to Monitor Antipsychotic Medications by Children</u>**

For those MCPs that are capitated for all psychiatric drugs, including antipsychotic medications, describe the program the MCP uses to monitor and manage utilization of antipsychotic medications in children and foster children. Describe the actions the MCP will take based on DUR program monitoring. The use of antipsychotic medications outside of U.S. Food and Drug Administration-approved indications or doses must obtain prior authorization approval. Ongoing use of two or more antipsychotic medications must be medically justified and closely monitored.

**3. <u>Fraud and Abuse Identification</u>**

Describe the MCP's process for identifying and addressing fraud and abuse of controlled substances by members, health care providers who are prescribing drugs to members, and pharmacies dispensing drugs to members. Describe the actions that the MCP will take based on issues identified through program monitoring findings.

MCPs are responsible for ensuring that their delegates comply with all applicable state and federal laws and regulations, contract requirements, and other DHCS guidance, including APLs and Policy Letters. These requirements must be communicated by each MCP to all delegated entities and subcontractors.

If you have any questions regarding this APL, please contact your Managed Care Operations Division Contract Manager.

Sincerely,

Original Signed by Nathan Nau

Nathan Nau, Chief
Managed Care Quality and Monitoring Division