



## **Memorandum in Support**

A.7208/S.4893

*AN ACT to amend the social services law, in relation to prescriber determination prevailing in medicaid managed care and to repeal certain provisions of such law relating thereto*

MHANYS strongly supports A.7208(Gottfried)/S.4893(Hannon) which clarifies that prescriber prevails provisions under Medicaid managed care for certain classes of drugs including antipsychotics and antidepressants shall be conducted as it currently is for fee for service Medicaid recipients. As a mental health advocacy organization, we are particularly supportive of this legislation because in addition to extending prescriber prevails protocols to Medicaid patients, including those prescribed antipsychotics, it also expressly adds anti-depressants (among other drugs) to classes of drugs that would be covered under prescriber prevails authority.

MHANYS believes that decisions regarding the best therapeutic prospects for patients are best left to the patient's prescribing physician. A physician, in consultation with their patient, should be able to prescribe and insure that the medication they recommend whether or not it is on a formulary, be accepted by the health plan.

With regard to antipsychotics, two studies<sup>1</sup> published in February and March (2014) issues of The American Journal of Managed Care provide compelling reasons to support this legislation. The studies looked at the impact of state Medicaid formulary policies on costs for patients with schizophrenia and bipolar disorder. The studies are based on retrospective analysis of medical and pharmacy claims for patients diagnosed with schizophrenia or bipolar disorder in 24 state Medicaid programs, including New York.

The following key findings of these studies pertain to antipsychotic medications in particular:

- Both studies found that limiting Medicaid patients' access to newer antipsychotic drugs saves little in the short run and ends up costing more when patients either go off medication, end up in the hospital, or both.
- Applying formulary restrictions to atypical antipsychotics is associated with higher total medical expenditures for patients with schizophrenia and bipolar disorder in Medicaid.
- Autonomous prescribers constitute an asset to payers, since these prescribers achieve lower hospitalization rates.
- Patients with schizophrenia subject to formulary restrictions were more likely to be hospitalized.

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*...working to ensure available and accessible mental health services to all New Yorkers*

- In states where doctors face hurdles in prescribing atypical antipsychotics, Medicaid patients are more likely to end up taking drugs that failed them in the past, and more end up stopping treatment or end up in inpatient facilities or emergency rooms.
- Patients with Schizophrenia in these states were more likely to experience a hospitalization, had 23 percent higher inpatient costs and 16 percent higher total healthcare costs; and patients with bipolar disorder were also more likely to experience a hospitalization, with 20 percent higher inpatient costs and 10 percent higher total costs.

These results fit with a growing body of evidence questioning the benefits of formulary restrictions on atypical antipsychotics in Medicaid. The authors in these studies note that prior studies have found that formulary restrictions decrease adherence.

Similar studies<sup>ii</sup> regarding formulary restrictions on Medicaid patients in need of antidepressants found that restricting access to antidepressants increased the probability of major depressive disorder related hospitalization by 1.7 percentage points (16.6%). Furthermore, the study found no evidence that such restrictions resulted in any net savings for Medicaid.

This legislation would mitigate the deleterious problems that occur with patients and Medicaid costs when formulary restrictions prevent physicians from prescribing what in their professional opinion would be the most therapeutic option for the patient regarding both antipsychotic and antidepressant medications

Based on the aforementioned reasons MHANYS strongly supports A.7208/S.4893 and urges the Legislature to pass it into law.

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<sup>i</sup> Formulary Restrictions on Atypical Antipsychotics: Impact on Costs for Patients With Schizophrenia and Bipolar Disorder in Medicaid. February 24, 2014, (Seth A. Seabury, PhD; Dana P. Goldman, PhD; Iftekhar Kalsekar, PhD; John J. Sheehan, PhD; Kimberly Laubmeier, PhD; and Darius N. Lakdawalla, PhD).

- Do Strict Formularies Replicate Failure for Patients With Schizophrenia? March 19, 2014, (Dana P. Goldman, PhD; Riad Dirani, PhD; John Fastenau, MPH, RPh; and Ryan M. Conrad, PhD).

<sup>ii</sup> Patient Outcomes and Cost Effects of Medicaid Formulary Restrictions on Antidepressants. 2014 (Seth Seabury, Darius Lakdawalla, Dana Goldman, Anshu Shrestha, et al. Forum of Health Economics and Policy.