



# Drug Policy: Non-Preferred and Preferred Drug List

<b>POLICY NUMBER</b> UM ONC_1305	<b>SUBJECT</b> Non-Preferred and Preferred Drug List		<b>DEPT/PROGRAM</b> UM Dept	<b>PAGE 1 OF 3</b>
<b>DATES COMMITTEE REVIEWED</b> 04/12/17, 10/11/17, 12/13/17, 01/10/18, 02/14/18, 02/13/19, 08/28/19, 09/13/19, 10/09/19, 11/13/19, 12/11/19, 09/09/20, 05/12/21, 03/09/22, 02/08/23, 03/08/23	<b>APPROVAL DATE</b> March 8, 2023	<b>EFFECTIVE DATE</b> March 31, 2023	<b>COMMITTEE APPROVAL DATES</b> 04/12/17, 10/11/17, 12/13/17, 01/10/18, 02/14/18, 02/13/19, 08/28/19, 09/13/19, 10/09/19, 11/13/19, 12/11/19, 09/09/20, 05/12/21, 03/09/22, 02/08/23, 03/08/23	
<b>PRIMARY BUSINESS OWNER:</b> UM		<b>COMMITTEE/BOARD APPROVAL</b> Utilization Management Committee		
<b>URAC STANDARDS</b> HUM v8: UM 1-2; UM 2-1	<b>NCQA STANDARDS</b> UM 2		<b>ADDITIONAL AREAS OF IMPACT</b>	
<b>CMS REQUIREMENTS</b>	<b>STATE/FEDERAL REQUIREMENTS</b>		<b>APPLICABLE LINES OF BUSINESS</b> Commercial, Exchange, Medicaid	

## I. PURPOSE

To define and describe the Non-Preferred and Preferred Drug List medications program. To ensure all requests for authorization of services received from referring providers and/or facilities are handled in compliance with regulatory and accreditation standards for consistent application of clinical guidelines, timeliness of decision making, content of notice and the Non-Preferred Drug List program.

If necessary, allow the treating provider an opportunity to discuss a request with a Peer Reviewer prior to the issuance of an organization determination.

## II. DEFINITIONS

**Preferred Drug List:** A list of medications New Century Health or payer (client) identified as having the highest level of evidence supporting their effectiveness, least toxicity, and all factors being equal, the lowest cost.

**Non-Preferred Drug List:** A list of medications New Century Health or payer (client) identified as non-preferred and, therefore, not auto approved. The non-preferred drug list help serves as a tool in the following drug utilization management strategies:

- A. Appropriate Drug Use
  - 1. Prevent inappropriate use of medication through peer-to-peer education.
- B. Preferred Alternative Medication

1. A medication New Century Health identified as having better efficacy, least toxicity, and/or more cost-effective. A preferred alternative medication is the drug of choice New Century Health aims to convert into when a medication on the Non-Preferred Drug List is requested. A medication identified by the payer (client) that is Preferred or Non-Preferred is based on the health plan contracts.

### III. POLICY

New Century Health is responsible for processing all medication requests from network ordering providers. Medications not authorized by New Century Health may be deemed as not approvable and therefore not reimbursable. Treatment request outside the approved FDA manufacturer labeling or CMS approved compendia must follow approved clinical criteria. If references are not produced, delays may occur to the processing of such request.

#### A. Preferred Medication Guidance:

1. Initial requests: Refer to the Health Plan Policy if applicable, and/or NCH Preferred Drug Policy if applicable, for guidance. In addition, please check the applicable Hierarchy for medical decision making for the Health Plan.
2. Continuation requests for a not-approvable medication shall be exempt from this NCH policy provided:
  - a. The requested medication was used within the last year, **AND**
  - b. The member has not experienced disease progression and/or no intolerance to the requested medication, **AND**
  - c. Additional medication(s) are not being added to the continuation request.
3. When there is a documented drug shortage, disease progression, contraindication, or confirmed intolerance to a preferred drug/regimen, per NCH Policy, the available alternative product may be used if deemed medically appropriate and the indication is listed in a standard reference compendium or accepted peer review literature. For a list of current drug shortages, please refer to FDA drug shortage website in the reference section.

### IV. PROCEDURE

- A. Pharmacy shall review the New Century Health Non-Preferred and Preferred Drug List annually to identify opportunities for additions and/or deletions.
- B. NCH PDL Team will review the payer (client) Non-Preferred and Preferred Drug List upon implementation and as required by each health plan. Updates to each health plans Non-Preferred Drug List will be made as follows:
  1. Payer identifies changes to their Non-Preferred and Preferred Drug List and notifies NCH PDL Team via email.
  2. Within 24 hours, NCH will review the change request.
  3. Over the next 72 hours, NCH will analyze the change request and will reach out to the payer with questions.
  4. NCH PDL team will update the Preferred Drug Guidelines for all applicable payers and the pharmacy team will submit a ticket to CarePro within 24 hours.
  5. The CarePro team will update the system data to reflect the changes in the UM and Provider Portals within 4-10 business days.
  6. The updated Preferred Drug Guideline is distributed to the UM Team with the effective date of the changes.

- C. Prior to every new strategy, training shall be provided to Intake Coordinators (ICs), First-Level Reviewers (FLRs), and/or Clinical Reviewers (CRs) to provide background of the new program. This document shall serve as a reminder of all active programs.
- D. Reviewers shall refer to the link below for current Preferred Drug Guidelines for all applicable payers.

#### Preferred Drug Guidelines

- 1. The ICs, FLRs, and/or CRs shall outreach to providers' offices on the preferred alternative medication.
  - 2. The authorization can be approved by the FLRs.
  - 3. Any authorizations containing the non-preferred medication will not be auto approved.
  - 4. For medical necessity, follow normal processing procedures as defined in the Standard Pre-Service Request for Authorization (*UM\_1009*) policy.
- E. For all Risk Commercial/Exchange and Medicaid cases, NCH will issue a Recommended Adverse Determination (RAD, "hard steer") for authorization requests with a non-preferred NCH agent/regimen per clinical policy. For all authorization requests other than Risk Commercial/Exchange and Medicaid authorization requests, NCH will attempt to switch ("soft steer") a non-preferred NCH agent/regimen to an NCH preferred alternative.

## V. APPROVAL AUTHORITY

- A. Review – Utilization Management Department
- B. Final Approval – Utilization Management Committee

## VI. ATTACHMENTS

- A. None

## VII. REFERENCES

- A. FDA Drug Shortages: <https://www.accessdata.fda.gov/scripts/drugshortages/default.cfm>.
- B. NCQA UM 2023 Standards and Elements.