

**Policy:** The Division directs MHDS agencies to develop procedures to maximize savings in the medication budget category (Category 40), through the utilization of established clinical, procedural, inventory management and cost-containment processes.

**Purpose:** To ensure maximize cost savings in medication for the MHDS agencies.

**I. Clinical Procedures:**

- A. Savings shall be captured through the following processes:
  - 1. The utilization of patient assistance programs, voucher programs and Scholarship programs;
  - 2. The utilization of manufacturers' drug samples when appropriate;
  - 3. The utilization of generic drugs when available;
  - 4. The surveillance of poly-pharmacy through monitoring for use of more than two antipsychotics, or more than two mood stabilizers, or more than two benzodiazepines;
  - 5. The monitoring of off-label use of pharmaceuticals;
  - 6. The monitoring of non-formulary drug use;
  - 7. The monitoring of drug orders and prescriptions with doses greater than the FDA-approved maximum dose.
  
- B. Monitoring of physician prescribing patterns :
  - 1. To insure adherence to the MHDS formulary;
  - 2. To identify poly-pharmacy situations that require peer review and follow-up consults;
  - 3. To identify patients whose total cost of monthly maintenance medications are equal to or greater than one thousand dollars (\$1,000) and have such patients' medication orders peer-reviewed to insure evidence-based prescribing support;
  - 4. To monitor physician prescribing practices that fall out of the norm and analyze these through a Peer Review system.
  
- C. To require patients who qualify for other medication insurance coverage to use that as their primary insurance coverage:
  - 1. Medicaid and Medicaid-eligible patients;
  - 2. Medicare Part D patients;
  - 3. Private insurance patients;
  - 4. Non-indigent patients.

- D. Use of Prior authorization and Consultation forms:
  - 1. Poly-pharmacy;
  - 2. Off-label use of pharmaceutical agents;
  - 3. Non-formulary drug requests;
  - 4. MHDS formulary drugs on restricted status;
  - 5. Daily doses of drugs greater than FDA-approved maximums.
  
- II. Inventory Management:
  - A. The pharmacy and the Rural Clinics shall maintain optimal inventory level:
    - 1. Develop an inventory worksheet to document inventory transactions;
    - 2. Perform scheduled inventories;
    - 3. Perform contract value analysis to document on-contract purchases.
  
  - B. The reports from above shall be:
    - 1. Available for the ASO's to reconcile their records;
    - 2. Shall be discussed at the P&T Committees and the Pharmacy Leadership Oversight meetings, when appropriate.
  
- III. Each agency shall formulate policies and procedures to implement the provisions in this policy or shall incorporate this policy into its policy and procedure manual.



Administrator

Effective Date: 1/21/10  
Date Revised:  
Date Reviewed:  
Date Approved by MHDS Commission: 1/21/10