

Coverage of Tobacco Cessation Medications in Medicaid: Section 2502 of the Affordable Care Act

The Affordable Care Act (ACA) contains many provisions that improve, or have the potential to improve, access to preventive services like tobacco cessation treatment. One such provision presents an important opportunity to help more Medicaid enrollees quit tobacco use.

FDA-Approved Tobacco Cessation Medications:

- Nicotine Patch
- Nicotine Gum
- Nicotine Lozenge
- Nicotine Nasal Spray
- Nicotine Inhaler
- Bupropion
- Varenicline

Background

Section 1927 of the Social Security Act governs Medicaid coverage of drugs.ⁱ The section states that as long as a drug manufacturer participates in the Medicaid Drug Rebate Program, state Medicaid programs that provide a drug benefit must cover all the manufacturer's drugs. However, Section 1927 also lists categories of drugs that states may choose to exclude, even if the drug's manufacturer participates in this program. Prior to 2014, smoking cessation drugs were on this "optional" list, and states were able to exclude coverage of these drugs altogether, or pick and choose which cessation drugs the Medicaid plan would cover.

Section 2502 of the Affordable Care Act removes smoking cessation medications from the "optional" category of Medicaid-covered outpatient drugs as of January 1, 2014. This means that coverage of these drugs is no longer optional. The Act specifies that all FDA-approved over-the-counter and prescription tobacco cessation medications are included in the new requirement. The requirement applies to drugs covered through both fee-for-service and managed care Medicaid plans. The Centers for Medicare and Medicaid Services (CMS) issued [guidance](#) for participating drug manufacturers and state technical contacts on September 12, 2013.ⁱⁱ CMS instructed state Medicaid programs to submit state plan amendments, if needed, to go into effect January 1, 2014. The guidance does not give states a specific deadline for submitting these amendments or a timeline for CMS approval of these amendments.

What Does This Mean for State Medicaid Programs?

According to American Lung Association data, as of February 1, 2014, 25 states covered all seven FDA-approved cessation medications for all Medicaid populations and plans.ⁱⁱⁱ This means that 25 states and the District of Columbia will likely need to make changes to comply with Section 2502 of the ACA.

While all medications not on the excludable list must be covered through Medicaid, states are given great flexibility in using "utilization management techniques." These techniques can severely restrict access for Medicaid patients – who are by definition low-income and therefore less able to afford out-of-pocket costs, and who, in many cases, do not have advanced education levels. The techniques, or barriers, most commonly applied to cessation medications are listed in the box on the next page.

In addition to tracking state Medicaid programs' coverage of proven cessation treatments, the American Lung Association also tracks these programs' use of these barriers. Currently, every Medicaid program applies at least one of these techniques to at least one cessation medication.

States are also given wide flexibility in the use of preferred drug lists. This means that while a state Medicaid program may technically cover a cessation medication, it can give the medication non-preferred status. Non-preferred drugs usually have higher copays, prior authorization requirements, or other burdensome processes that delay medication delivery, thus potentially discouraging quit attempts. Additionally, some states do not list non-preferred drugs on their drug lists at all. As a result, patients and health care providers who are unaware of the Section 2502 requirement will not know that Medicaid enrollees are entitled to all FDA-approved cessation medications.

Common Barriers to Accessing Tobacco Cessation Medications

- Required Co-payments
- Prior Authorization Requirements
- Limits on Duration of Treatment
- Annual Limits on Quit Attempts
- Lifetime Limits on Quit Attempts
- “Stepped Care Therapy” Requirements
- Requirements for Cessation Counseling

Best Practices for Implementing Coverage of Tobacco Cessation Medications

The following are best practices for implementing coverage of cessation medications:

- Include all covered cessation medications on the Medicaid program's preferred drug list, formulary, or other relevant drug lists.
- If the program maintains a separate list of covered over-the-counter medications, include all FDA-approved over-the-counter cessation medications on this list
- If cessation medications are covered through a different vendor than the pharmacy plan vendor, ensure that clear information about covered cessation medications is included on relevant drug lists. Take additional steps to ensure patients and health care providers know that all FDA-approved cessation medications are covered. This could include providing information about covered cessation medications (and how patients can get them) in:
 - Member handbooks and other information given to Medicaid enrollees
 - The Medicaid website
 - Medicaid provider handbooks and other information given to health care providers
- Ensure that Medicaid managed care plans (where applicable), including managed care plans that manage their own Medicaid pharmacy benefits, implement these best practices

Next Steps for State Medicaid Programs:

- Programs that do not already cover all FDA-approved tobacco cessation medications must submit a State Plan Amendment to CMS indicating that they now cover these medications.
- Consider implementing the best practices described above.
- Consider partnering with your state tobacco control coalition to promote existing tobacco cessation coverage to members and healthcare providers
- Consider partnering with your state tobacco control coalition to evaluate utilization of existing tobacco cessation coverage

Next Steps for State Tobacco Control Coalitions:

- State coalitions might want to take this opportunity to evaluate their state Medicaid program’s coverage of cessation medications and overall cessation coverage, starting with these questions:
 - Does our state Medicaid program include cessation medications on its preferred drug list?
 - What barriers are there to accessing these medications?
 - What differences in coverage are there between fee-for-service and managed care Medicaid cessation coverage (if applicable)?
 - Are Medicaid enrollees using cessation medications to try to quit, and are they succeeding?
 - Does Medicaid cover proven non-medication cessation treatments, such as individual and group counseling?
 - Does the Medicaid program plan to secure the federal Medicaid quitline match?^{iv}
- Consider working with your Medicaid programs to implement the best practices for covering cessation medications listed in this document.
- Consider partnering with your Medicaid program to promote existing tobacco cessation coverage to members and healthcare providers
- Consider partnering with your Medicaid program to evaluate utilization of existing tobacco cessation coverage

Next Steps for Health Care Providers: Medicaid enrollees are now supposed to have access to all FDA-approved cessation medications. Providers who have Medicaid clients should familiarize themselves with the specifics of their state Medicaid program’s coverage of these drugs, including any applicable prior authorization processes for non-preferred drugs.

For more information about state tobacco cessation coverage to help smokers quit, please visit www.lung.org/cessationcoverage

ⁱ This does not include enrollees in Medicaid “expansion” plans in states that have expanded Medicaid under the ACA. Drug coverage for expansion plans is governed by other statutes and regulations.

ⁱⁱ See <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Benefits/Prescription-Drugs/Downloads/Rx-Releases/MFR-Releases/mfr-rel-088.pdf> and <http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Benefits/Prescription-Drugs/Downloads/Rx-Releases/State-Releases/state-rel-165.pdf>

ⁱⁱⁱ See American Lung Association State Tobacco Cessation Coverage Database at <http://www.lungusa2.org/cessation2/>

^{iv} For more information, see <http://downloads.cms.gov/cmsgov/archived-downloads/SMDL/downloads/SMD11-007.pdf>