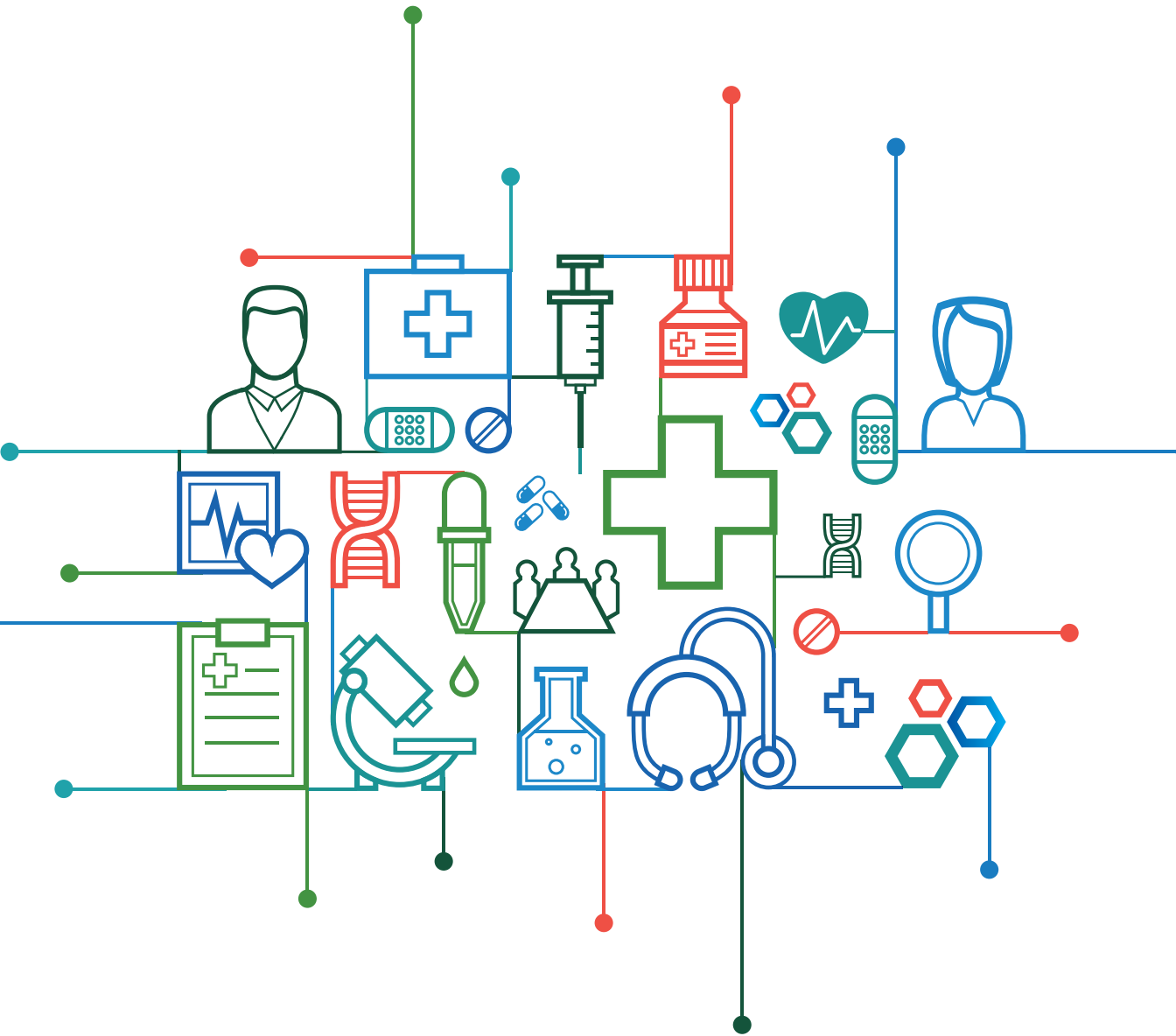


Managed Care Pharmacy

Best practices that offer quality care and cost-effective coverage to patients, payers, employers, and government



- Pharmacists are Medication Experts
- Electronic Prior Authorization (ePA)
- Step Therapy
- Medication Therapy Management
- Mail Service Pharmacy

AMCP

Academy of
Managed Care
Pharmacy®



In the health insurance purchasing marketplace, the payers (commercial market and government) usually have three major concerns:


1. Providing employees with a meaningful benefit package
2. Moderating the amount of employee out-of-pocket costs
3. Moderating the cost impact on the employer's bottom line

When the payer shops for a benefit package that meets its criteria, it seeks a health plan to provide cost-effective health benefits.


Managed care pharmacy has developed a variety of managed care pharmacy strategies utilized by commercial health plans and government managed programs like Medicaid that are used to moderate costs while providing a safe, clinically effective and valuable prescription drug benefit. The payer selects those strategies that best fit their employee needs and business operations.

Pharmacists are highly trained medication experts!

Formulary Development by Pharmacy & Therapeutics (P&T) Committees ■ Drug Utilization Review (DUR)

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- Pharmacists often earn a bachelor's degree, and complete four years of graduate coursework resulting in a Doctor of Pharmacy degree (PharmD), with the greatest concentration in pharmaceutical education compared to doctors and all other health care professionals.
 - In addition, many pharmacists seek further training and specialization through residencies and fellowships.
 - Pharmacists are life-long learners who pursue continuing education to maintain their license and stay current on changes in pharmaceutical science, health policy, and research.
 - Managed Care Pharmacists are responsible for the development and use of a broad and diversified range of clinical and quality-oriented drug management services.
 - Managed Care Pharmacists are also involved in management of population health and provide patient-centered care as an integral and valuable member of the health care team.

Managed Care Pharmacists “fill” many roles:

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- **Ensuring patient safety**
 - **Conduct Drug Utilization Review (DUR)**
 - **Serve on Pharmacy and Therapeutics (P&T) Committees**
 - **Design Medication Therapy Management (MTM) programs**
 - **Develop Quality Assurance Programs**
 - **Create programs to detect fraud, waste and abuse of medications**
 - **Drug benefit design**
 - **Help clients evaluate and improve their pharmacy benefit**

Formulary Development by Pharmacy & Therapeutics (P&T) Committees

P&T Committees continually develop, manage, and update formularies as new medications become available. These committees are made up of physicians, pharmacists, and nurses.

■ P&T COMMITTEES

P&T Committees include health care professionals who keep formularies updated regularly.

■ FORMULARY

*A **formulary**, also known as a preferred medication list, is a continually updated list of medications and related products.*

■ THERAPEUTIC CLASS

***Therapeutic classification** systems group medications with similar uses or actions into a tier.*

P&T Committees review . . .

- Medication formularies to promote safety, effectiveness, and affordability
- Therapeutic classes to update and implement best practices
- Peer-reviewed literature and clinical trials

Health care professionals — including prescribers and pharmacists — collaborate to increase access to safe, cost-effective and evidence based medication therapy.

Pharmaceutical innovation now focuses primarily on high-cost specialty and biologics, making formulary development more important than ever.

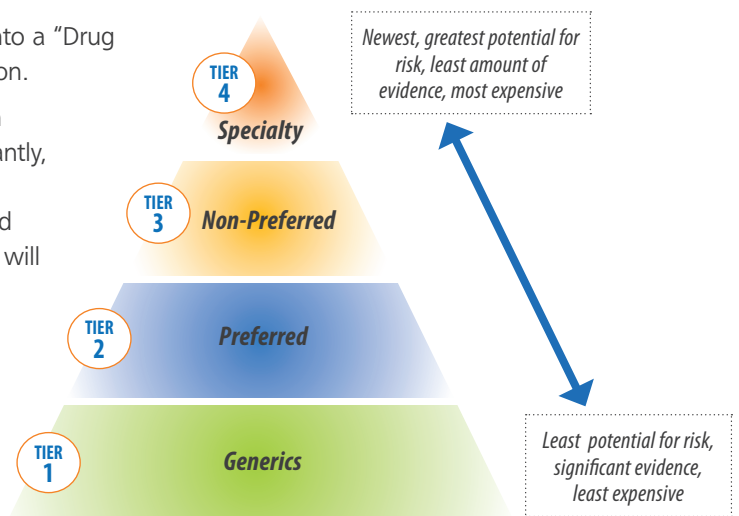
Formulary systems use P&T Committees to evaluate clinical and medical literature when selecting the preferred medications for different diseases and conditions that best serve a plan's patient population.

Drug Tiers

The P&T Committees assign medications into a "Drug Tier" by utilizing clinical and cost information.

Medications are assigned to tiers based on medication usage, cost, and, most importantly, effectiveness. Tier 1 drugs are the most accessible to patients in terms of usage and lower out of pocket costs. The higher tiers will have different copay responsibilities due to the higher cost of the medications. Some states have enacted laws that require a drug to be on a certain tier.

The cost of the drug is determined by the manufacturer and the distributor, not the health plan, payor, PBM, or the employer.



Example illustration. Tier structure differs by health plan. Most plans have between 1–4 tiers.

Drug Utilization Review (DUR)

A comprehensive, internal review of a patient's prescription and medical information at regular stages of treatment in order to ensure patient safety and evaluate cost-saving opportunities.

Prospective DUR

Medical and medication therapy information is evaluated prior to dispensing a patient's new medication for:

- Drug-drug and drug-disease interactions
- Dosing appropriateness
- Medication allergies
- Medication directions

Concurrent DUR

The patient's therapy is evaluated during the treatment process for:

- Over or underutilization of medication
- Excessive or insufficient dosing
- Drug-drug interactions

Retrospective DUR

Previously administered medications are evaluated to reveal trends in prescribing, administering, and dispensing of medications, including:

- Reviewing patient charts or electronic medical records
- Identifying patterns to prevent inappropriate use of medications
- Developing standard guidelines to achieve target outcomes at a population level



Drug Utilization Review (DUR)

— cont'd

“ This asthma is really slowing me down.
This prescription isn't helping much. ”

Example Scenario:

Tim's asthma is not well controlled, and he uses his inhaler multiple times a day. Tim's therapy should most likely be increased to prevent further medical complications.

Pharmacist Interaction:

A pharmacist conducted a concurrent DUR at the health plan and noticed that Tim was only prescribed an as-needed inhaler. With the pharmacist's recommendation to the prescriber, derived from evidence-based guidelines, Tim was prescribed a maintenance asthma medication.

Benefit:

Although another medication was added, the patient and the health plan have an overall cost savings. The added prescription vastly decreases Tim's likelihood of a costly emergency room visit for a severe asthma attack and enhances Tim's quality of life.



Electronic Prior Authorization (ePA)

A process designed to ensure that the medications patients receive are safe, effective and provide the greatest value. ePA is an automated process which provides real-time responses.

■ PRIOR AUTHORIZATION

Prior Authorization is the process of obtaining permission from a health insurance company before a certain medication is approved.

Managed Care Pharmacists take care to ensure that medication is used appropriately in their patient population. Prior Authorizations (PAs) require approval of certain medications to ensure appropriateness based on clinical evidence. This additional step guarantees that the prescription is medically necessary when a clinically effective, less expensive option is available. The PA will be approved by the health plan if the patient's condition meets the necessary requirements. The NCPDP SCRIPT standard-based ePA reduces health care costs, improves patient and prescriber experience and provides real-time responses.

Step Therapy

*The use of a proven, clinically effective prescription prior to trying a riskier or more costly option.
The majority of prescriptions are not subject to step therapy programs.*

Managed Care Pharmacists determine if a medication is preferred based on effectiveness, safety, and cost. Step Therapy requires the use of a preferred medication prior to beginning another medication for the same condition or in the same therapeutic class. This may require use of a medication different from what was originally prescribed. After talking to the prescriber, the patient always has the option to pay for the original medication prescribed without using the prescription benefit. Also the prescriber can provide additional information about the patient's medical history which may result in the original prescription being approved.

■ STEP THERAPY

Step Therapy encourages the use of clinically proven and cost effective medications prior to using newer medications that often have a shorter history of clinical effectiveness and a higher cost.

““ Is there a clinically effective more affordable medication than the one that my doctor prescribed? ””

Example Scenario:

Mindy has a prescription for a medication that is new on the market. The pharmacist explains that her insurance requires her to try a different medication first because it is as effective and will cost her less.

Pharmacist Interaction:

The prescriber and pharmacist discuss the patient's options. The pharmacist informs the prescriber that if Mindy decides to take the preferred medication and experiences side effects or if the medication is ineffective for her, the insurance may cover the originally prescribed medication after the prescriber provides additional information to the insurance company concerning the patient's medical history.

Benefit:

The health plan's preferred medication worked as intended for Mindy. The medication achieved an identical medical outcome for less than half the cost of the originally prescribed medication.



Medication Therapy Management (MTM)

Services that identify and address medication-related problems and medication mismanagement, and help the patient understand proper medication usage. Certain patients enrolled in Medicare Part D and employer-sponsored benefit plans receive this service.

MTM benefits patients who . . .

- Use several medications for multiple health conditions
- Take medications that require careful monitoring
- Change from one health care setting to another, such as from the hospital to the home or from the home to a long-term care facility
- Receive medications from multiple pharmacies

“ Go over ALL my medications and labs to make my treatment better? . . . YES, PLEASE!!! ”

Example Scenario:

George has multiple medical conditions and wants to take his health care seriously. He remembers the pharmacist telling him that he may benefit from his plan's MTM consult program, so he calls and sets up an appointment.

Pharmacist Interaction:

The pharmacist was stunned by the findings. George hasn't been taking his diabetes medication for three months. George assumed he didn't need it because the physician didn't give him a prescription refill at his last visit. The consult identified gaps in care, the pharmacist consulted with the physician, and George began taking his medications again.

Benefit:

Because George continued his medication, the pharmacist potentially prevented George from visiting the emergency department or being hospitalized and may have saved his life. MTM also resulted in cost savings for George and George's employer and health plan, which did not have to subsidize costly medical interventions. More importantly, it resulted in George having a positive health outcome.

Mail Service Pharmacy

The option of receiving maintenance medications and medical supplies through the mail.

Chronic conditions often require long-term use of medications. Mail service pharmacies help ensure patients receive medications in a timely manner, which prevents gaps between prescription refills.

The ability of mail service pharmacies to purchase high volumes of medication may also offer a reduced drug price and lower co-pay to the patient. However, a patient usually retains the ability to travel to a local pharmacy and have a different copay for the maintenance drugs.

MAIL SERVICE PHARMACY

Mail Service Pharmacies offer the convenience of home delivery for maintaining prescription drug therapy at a lower cost.

“My medications will come right to my door and cost less?”

Example Scenario:

Peter will likely be taking his new medications long term. He has trouble finding time to get to the pharmacy due to his job schedule and often picks up his prescriptions late.

At the pharmacy, the pharmacist explains to Peter that his insurance offers mail order.

Result:

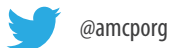
Peter now receives his medication automatically every three months and no longer misses doses. Peter still uses his community pharmacy for other prescriptions and retail needs.

Benefit:

Using a mail service pharmacy, he now saves money on each co-pay and does not need to remember to make trips to the pharmacy. Most importantly, Peter is healthier and at a lower risk of complications.

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MAR 2017 / 1000