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Disclosure and Conflict of Interest

Tripp Logan, PharmD

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- Clinical Pharmacist / Vice President, Logan & Seiler, Inc. (L&S Pharmacy, Medical Arts Pharmacy, New Madrid Pharmacy)
Pharmacist Objectives

At the conclusion of this program, the pharmacist will be able to:

1. Describe the impact of pharmacy claims on our health care system
2. Explain the need for enhanced service based pharmacy networks
3. Describe a DIR fee
At the conclusion of this program, the technician will be able to:

1. Describe the impact of pharmacy claims on our health care system
2. Explain the need for enhanced service based pharmacy networks
3. Describe a DIR fee
Pre-Test Questions

1. By measuring a pharmacy’s prescription claims, what pharmacy metrics can be accurately assessed?

2. Why is an enhanced service pharmacy network valuable to a payer?

3. What is a DIR fee?
Total U.S. prescription drug spending, in $ billions:

- Medicare
- Medicaid
- Out of pocket
- Other payers
- Private health insurance

Part D begins!

2005: $205
2006: $224
2007: $236
2008: $241
2009: $253
2010: $253
2011: $259
2012: $259
2013: $265
2014: $298
2015: $328
2016: $343
2017: $364
2018: $385
2019: $409
2020: $435
2021: $464
2022: $495
2023: $528
2024: $564

NOTE: Medicaid prescription drug spending accounts for rebates.
“Our first goal is for 30% of all Medicare provider payments to be in alternative payment models that are tied to how well providers care for their patients, instead of how much care they provide – and to do it by 2016. Our goal would then be to get to 50% by 2018.”
Star Ratings, HEDIS Scoring, & Quality Measures are impacting scores and reimbursement for:

- Prescribers
- Home Health
- Medicaid
- Pharmacy
- Hospitals
- Plans
- LTC
- ..and more
Star Ratings, HEDIS Scoring, & Quality Measures are impacting scores and reimbursement for: **Beyond Claims** New Accountability

**Beyond Claims**

scores and reimbursement for:

- Prescribers
- Home Health
- Medicaid
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- Plans
- LTC
- ..and more
Sometimes Rx Claims Don’t Reflect Outcomes

Opioid Prescriptions Decreasing, But Overdose Deaths Still Climbing

Allison Gilchrist, Associate Editor
Published Online: Thursday, June 2, 2016
**Percent of total HRM Rxs not associated with a submitted claim**

MedHere Today Consulting analytics; Rx claims vs EQuIPP® data July 2015-December 2015
Q3-Q4 2015 High Risk Medication Rxs: Claims vs Cash

Met / Exceeded 4 star EQuIPPP® goal for HRM

*Percent of total HRM Rxs not associated with a submitted claim

MedHere Today Consulting analytics; Rx claims vs EQuIPPP® data July 2015-December 2015
**Pharmacy Must Move Beyond Claims**

*Percent of total HRM Rxs not associated with a submitted claim*

MedHere Today Consulting analytics; Rx claims vs EQuIP® data July 2015-December 2015
This isn’t easy...

Shift from Volume to Value

≡

Painful Transition for Pharmacy
Why?

Today, payers view us all the same……except some are easier to manage.
Goal

High Value pharmacy providers must be more visible & stand out
A Tale of Two Professions

A Dichotomous Profession

Pharmacy 1: Patient Needs a Prescription

VOLUME
Focused Pharmacy

Profitability Scale

Pharmacy 2: Patient Needs a Pharmacist

Health System
Health Plan
Grants
P4P
Shared Risk
Wellness

VALUE
Focused Pharmacy
What do we do?

• Health care system is quickly evolving
• To thrive, pharmacies must be well positioned
• Coordinating patient care and partnering with other stakeholders is vital to our survival
What do payers need?

Pharmacy Network

- Can Support Member’s Service Needs
- Can Impact Total Cost of Care
- Can Impact Key Plan Metrics
Who builds these networks?

The Payers

OR

The Pharmacies
Example:

Today...Mostly Payers

Wanted to better utilize their current pharmacy network

Created program to incentivize AND identify high performing pharmacies

High performers invited to participate in outcomes based program

What can pharmacy do?

Build the piece of the puzzle stakeholders are looking for

High Value Pharmacy Network
Enhanced Services

How Can I Afford This?

- Pharmacist time is valuable
- Pharmacist time is expensive
- Expanded pharmacy service reimbursement is not always available
- My dispensing reimbursement is shrinking and my DIR fees are rising
Not a New Problem

Medicare Part D MTM

Great idea created FOR pharmacists

- Why FOR and not BY?
- Doesn’t fit in typically pharmacy dispensing work flow
- Intervention FFS reimbursement doesn’t cover cost of service
- Not enough volume to justify hiring resources
Service Model Challenges

**Rx Dispensing vs Pharmacy Services**

- Prescription gross profit:
  - About $12.50 per prescription
- 15 prescriptions * $12.50 = $187.50 gross profit

- MTM Pharmacist services: $2 per minute
- 1 hour MTM = $120

Approximately 50% greater profit dispensing prescriptions vs. doing MTM work
MTM: What Happened?

- CMRs now included in Medicare Part D Star Rating Program
- CMRs now tied into many Pay for Performance Programs
- CMRs now tied into many “Quality” based DIR programs
- MTM platforms are full of intervention opportunities
- CMS is testing MTM expansion for broader adoption

Now we can’t afford not to complete our MTMs
Where do we fit?

We must offer providers, health systems, and payers more than just dispensing and prescription claims.

_The best place to start is with a patient care management program using the Appointment Based Model._
What’s the Appointment Based Model?

- The ABM as we know it has evolved from a pharmacy in California, and pharmacy workflow pioneer John Sykora
- Created and utilized as a way to streamline workflow and decrease labor and expenses
- Evolved into a way to proactively practice pharmacy
- Includes medication synchronization or refill consolidation centering around a patient appointment, but should be viewed as a method to proactively manage large panels of patients

*It's not the tablet count.... It’s care coordination!*
Appointment Based Model

1st
Start small with known patients

2nd
Use key staff members but educate all

3rd
Assign patients to your staff as their pharmacy care coordinators

4th
Don’t be afraid to adjust as you go
Identifying Patients

We can’t help everyone first
Verbal Cues:

“I see so many different doctors, I don’t think any know what the others are doing”

“I don’t even know what I’m taking”

“I ran out of my medicine over the weekend”

“I wish I could save trips to the pharmacy, gas is so expensive”

“I only take this medicine when I need it”

“Your medication is out of refills and we’ve contacted your doctor”

“We need this today to fill a med tray”

“These copays are so high, I can’t afford them”

“It seems like I’m in here every day”
Identifying Patients

- Pharmacy Software
- Technology Platforms
- EQuIPP® Outliers
- MTM Vendors
- Provider Referrals
- High Cost Medications
- Multiple Medications

Choose the right patients
"The patient was examined by me (face-to-face). My professional judgment is as written. Too bad your computer can’t see the patient"
Things that matter

Things you can control

What you should focus on

© 2013 Behavior Gap
Enhanced Services Begin with a Business Plan

• How much time will this service take to implement?
• Can I start small and scale?
• What is my target market?
• What will this cost in labor?
• What will this cost to implement?
• Will this service also provide advertising?
• What is the short term & long term program budget?
Enhanced Services Begin with a Business Plan

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There *is a difference between*

**REIMBURSABLE**

&

**PROFITABLE**

What is the short term & long term program budget?
## Services That Are Profitable and/or Marketable

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<thead>
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<th>Profitable</th>
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Enhanced Service Litmus Test

What Makes A Successful Program?
Successful Program

- Good for Prescriber
- Good for Employers
- Good for Third Parties
- Good for Pharmacy Staff
- Good for Pharmacy
- Good for Patients
Ask yourself: Is this enhanced service?

• Good for my patients?
• Revenue producing & profitable?
• Good for my pharmacy’s image?
• Something my staff will buy in to?
• Is this sustainable?

If the answer is NO, that’s OK. Don’t force it.
Remember

You don’t have to do everything, **JUST DO WHAT YOU DO WELL!**

Partners are looking for enhanced service providers, not **ALL** service providers.
Enhanced Services Calculator

Adherence Monitoring

100
Number of patients enrolled in program

\[ \times \]

29* Additional Rxs per patient annually

\[ \Rightarrow \]

2,900
Increase in ADDITIONAL program-driven Rx volume

Enhanced Services Calculator

Provider / Payer Assessment

$17,880 + 1000 = $17.88

Rx Margin Per Month from Provider / Payer

Rx Volume Per Month from Provider / Payer

Provider / Payer Value per Rx
## Choosing your target

### Provider / Payer Assessment

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### Provider / Payer Value per Rx
Choosing your target

### Provider / Payer Assessment

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**Provider / Payer Value per Rx**

[Diagram with highlighted Provider / Payer D]
What is a DIR fee?

(DIR is any form of price concession), received either by the Part D sponsor or by an intermediary contracting organization (a Pharmacy Benefits Manager, or PBM, for instance) with which the sponsor has contracted, from any source (including manufacturers, pharmacies, enrollees, or any other person or entity) that serves to decrease the costs incurred under the Part D plan by the Part D sponsor, either directly or indirectly. Thus, DIR includes discounts, chargebacks, rebates, cash discounts, free goods contingent on a purchase agreement, up-front payments, coupons, goods in kind, free or reduced-price services, grants, legal judgment amounts, settlement amounts from lawsuits or other legal action, and other price concessions or similar benefits.*

*Final Medicare Part D DIR Reporting Requirements for 2015; Centers for Medicare & Medicaid Services memorandum; May 31, 2016
High Quality Pharmacy Providers

- Higher DIR Fees
- High Risk / Chronically ill Medicare Member
  - Patient Attribution
- High Quality Pharmacy Provider
WHAT HIGH QUALITY PHARMACY PROVIDERS SEE

Mary
- High Blood Pressure
- Diabetes
- High Cholesterol
- Non-adherent to meds & care plan

Sue
- Depression
- Parkinsons
- Fall Risk
- Low Health Literacy

Dorothy
- Diabetes
- Amputee
- High Blood Pressure
- COPD
- Smoker

Stan
- Alzheimers/Dementia
- Diabetes
- High Blood Pressure
- Low Health Literacy
- Fall Risk

Fred
- High Blood Pressure
- Previous MI
- Non-adherent to meds & care plan
WHAT HIGH QUALITY PHARMACY PROVIDERS FEEL

Plan A
DIR Fee $5/Rx

Plan B
DIR Fee $12/Rx

Plan C
DIR Fee $20/Rx

Plan D
DIR Fee $3/Rx

Plan E
DIR Fee $0/Rx
**Enhanced Services Calculator**

**DIR Assessment**

$17.88 - $20.16 = -$2.20

- Avg Rx Margin per claim per member: $17.88
- Rx Volume Per Month from Provider / Payer: $20.16

Average Margin Per Plan Member  **with DIR**
## Provider / Payer Assessment

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- 20.16 DIR
  - $-2.20/Rx
### Provider / Payer Assessment

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Payer Value per Rx WITH DIR
What we CAN do

24%* ↑ PCP Utilization
20.7%* ↑ Pharmaceutical Utilization
46.8%* ↓ Inpatient Admissions
35.4%* ↓ Preventable Admissions
35.1%* ↓ Preventable Readmissions
16.1%* ↓ Emergency Department Visits

*Absolute percentage difference between actual and expected rates for CCNC enrolled vs. unenrolled
Treo Solutions Performance Analysis: Healthcare Utilization of CCNC-Enrolled Population - 2010 ABD Enrolled vs. ABD Unenrolled

Community Care of North Carolina
http://www.ccnccares.com/
As community pharmacists, we strive to provide the highest quality of care, for the sickest of the sick, to help them get better.

We welcome the opportunity to be defined by the quality of care we provide.
Which of the following can be accurately assessed by measuring a pharmacy’s prescription claims?

a) A pharmacy’s star rating
b) A pharmacy’s value to the health care system
c) A pharmacy’s impact on total cost of care
d) A pharmacy’s impact on patient outcomes
e) None of the above
Why is an enhanced service pharmacy network valuable to a payer?

a) Pharmacies that offer high level care can get high level results

b) Enhanced service providers can lower total cost of care

c) Enhanced service providers can meet patient specific needs necessary to improve outcomes

d) All of the above
What is not accurate when describing a DIR fee?

a) Some DIR fees are calculated using prescription drug claims
b) DIR fees were created in an effort to provide an accounting of prescription drug rebates
c) DIR fees are not all accountable at the POS
d) DIR fees only impact pharmacies
Community pharmacy is evolving beyond the prescription claim.
Know Who To Target
Take Home Points

Don’t Be Afraid To #FAIL
Thank You!

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