

SPOTTING

Harvard Pilgrim Health Care: A New Partnership in Promoting Pharmaceutical Care



For decades, Harvard Community Health Plan and Pilgrim Health Care have been hailed as leaders in the quality of care arena. Today, that commitment to quality is extending into the realm of pharmaceutical care as never before.



Harvard Pilgrim
Health Care

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In January 1995, two of New England's largest and most highly-respected not-for-profit HMOs, Harvard Community Health Plan, Brookline, Massachusetts, and Pilgrim Health Care, Norwell, Massachusetts, did what would have been unthinkable not that long before: they merged their operations into a single entity.

Both plans had operated independently since their founding, and both had prided themselves highly on their uniqueness—those elements that set them apart from other HMOs—as well as on their penchants for innovation. Both had been founded by physicians—giving validity to both plans' claims that they were particularly focused on clinical quality issues. Moreover, both were seen as rivals in what was becoming an increasingly competitive regional managed care market.

It was those very competitive pres-

tures that eventually prompted the two not-for-profits to merge. Like many other managed care players at the time, HCHP and Pilgrim realized that combining their strengths would provide clear strategic advantages, including the ability to offer employers and consumers an expanded geographic network, greater physician choice, and more diversified and flexible product offerings.

Today, Harvard Pilgrim Health Care provides coverage to more than one million lives in Massachusetts, Rhode Island, New Hampshire, and Maine through a network of more than 16,000 physicians and 110 hospitals. The organization's three primary goals include:

- ▲ Positioning the new company for membership and market share growth;
- ▲ Establishing the plan as the most desirable partner for area physicians; and
- ▲ Building a new infrastructure to make HPHC New England's most accountable plan in terms of quality and cost effectiveness.

Recognizing that pharmaceutical care is a key component in assuring overall health care quality—and in controlling medical costs—HPHC recently implemented several initiatives that provide pharmacists with more opportunities to have a direct impact on how health care services are delivered. These are described in more detail below.

FORMULARY MANAGEMENT: CREATING POWERFUL TOOLS FOR ENHANCING CARE

Harvard Community Health Plan's drug formulary was implemented in 1989 as a tool to help control spiraling drug costs. Originally designed as a list of preferred drugs, it has since evolved to encompass much more. "The formulary permits our staff-model pharmacies to better manage inventory by reducing therapeutic duplications and ensuring that formulary drugs are always available," says Donna Paine, R.Ph., Director of Pharmacy in HPHC's New England Division in Rhode Island.

Today, the formulary is a powerful tool used by Harvard Pilgrim Health Care to evaluate the appropriateness of

Harvard Pilgrim Health Care's History at a Glance

Pilgrim Health Care:

- ▲ 1981-Founded by a group of 220 physicians who wanted to provide quality prepaid health care at an affordable price, and maintain their private patient relationships
- ▲ 1988-Acquired Family Health Plan, Framingham, MA, received license to operate in Rhode Island.
- ▲ 1991-Introduced a PPO product, ADVANTAGE, and ENHANCE, an indemnity-type Medicare enrichment product for retirees living anywhere in the United States.
- ▲ 1992-Introduced a Medicare Wrap product offering HMO levels of benefits to seniors while coordinating Medicare benefits.
- ▲ 1994-began marketing a standardized POS product, launched Pilgrim Prime 65, a Medicare risk product.

Harvard Community Health Plan:

- ▲ 1969-Founded by the Dean of Harvard Medical School and colleagues
- ▲ 1986-Merged with MultiGroup Health Plan, of Eastern Massachusetts
- ▲ 1990-Affiliated with Rhode Island Group Health Association, a group and staff model HMO.

a given agent or class of agents. It essentially serves as a treatment guideline for both pharmacists and prescribing physicians—with the goal of improving patient outcomes and lowering overall health care costs.

Harvard Community Health Plan and Pilgrim Health Care began to integrate their two formularies in April of 1995. The new Pharmacy & Therapeutics Committee resulting from this consolidation has 22 members: 12 physicians, four pharmacy administrators, five clinical pharmacists, and the pharmacy purchasing manager, says Paul O'Connor, R.Ph., Director of HPHC's Pharmacy and Therapeutics Program. The committee meets four to six times a year to review recommendations for additions to and deletions from the Corporate Formulary.

An algorithm supports the formulary evaluation process and is based on safety, efficacy, and cost. Agents that are safer and/or more effective than existing formulary agents and lower in cost are considered for addition. For agents that are safer and/or more effective, but higher in cost, the P&T committee weighs the relative improvement in quality of care against the relative cost increase.

HPHC views formulary compliance as a shared responsibility between clinicians and members, with education as a key component of the process. Clinicians need essential information and tools to help them face the challenges of

providing quality care. HPHC, therefore, strives to provide clinicians and members with clear, concise communications that describe the rationale and benefit of a given formulary change, dosage equivalence cards, and question and answer sheets.

HPHC's formulary fits into this broader philosophy by not only providing a list of preferred drugs, but also clear, easy-to-read information for prescribers about the listed medications, including their indicated uses, potential side effects, and other pertinent information that could affect prescribing decisions. For example, in the ACE inhibitor category under cardiovascular disease, HPHC's formulary notes that the drugs may produce dizziness and dry cough, should not be prescribed for pregnant women, and may be less effective than other antihypertensive agents in elderly and African-American patients. It also notes that two of the drugs listed—captopril and lisinopril—are approved for congestive heart failure.

Physicians also learn of changes to the formulary, as well as new treatment and prescribing guidelines, through a regularly published newsletter called *Formulary Insight*. Physicians want unbiased information about medications and their appropriate uses. HPHC pharmacists also meet with prescribers on a regular basis to update them on devel-

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opments in pharmaceutical care.

HPHC's formulary is supported through one of four Drug Utilization Committees (DUCs): Internal Medicine, Pediatrics, Ob/Gyn, and Mental Health. The Drug Utilization Committees are multidisciplinary teams that assess and analyze drug-use trends. DUCs also provide feedback to the P&T Committee regarding formulary changes and are responsible for implementing P&T Committee decisions. Many of HPHC's quality-focused initiatives—such as the Adult and Pediatric Pharmacy Asthma Programs (see description below) have evolved out of the DUC processes.

The formulary is updated annually by assigning the review of one or more therapeutic categories to each of the P&T Committee's scheduled meetings. The schedule is published, in advance, with the annual printing of the new formulary edition. All requests for formulary additions are evaluated when the appropriate categories are reviewed, reducing the need to review similar agents as they are approved by FDA during the year. Drugs recently approved by FDA that fill a treatment need not currently being met by formulary-listed options may be reviewed out of cycle.

Future efforts to revamp the formulary will stem from the collection and analysis of data from across the continuum of care, from the emergency department, hospital, extended-care facility, home care, health centers, and other departments.

ASTHMA OUTREACH PROGRAM: AN EXAMPLE OF PHARMACY INNOVATION AT WORK

Proper formulary management combined with extended patient outreach and physician education efforts are key to improving patient outcomes and controlling costs. By employing such methods, HPHC dramatically reduced its number of asthma-related pediatric hospital and emergency room admissions within one year.

An example of a formulary decision that improved the health status of select

asthma patients was the addition of a new asthma drug, Serevent (salmeterol). Salmeterol is a long-acting (twice daily) bronchodilator best suited for patients whose bronchospasms keep them awake at night and for athletes who need longer-acting asthma relief to participate in competitive sports. The drug was added to the formulary shortly after it became available—even though it is more than twice as costly as many of the shorter-acting asthma agents on the formulary—because physicians recognized the additional health benefits the drug would offer to some of the plan's patients. HPHC's formulary advises physicians to prescribe salmeterol only for patients who need extended relief not available from shorter-acting medications—and never for instances of acute attacks, because the drug has a delayed onset time (30 minutes).

HPHC also has placed renewed emphasis on patient education and outreach efforts so patients could take a more active role in preventing their asthma attacks from getting out of control. HPHC encouraged patients to use home peak flow meters—devices that measure the outflow of exhaled air—and provided coverage for the devices under the pharmacy benefit. Pharmacists counseled patients on how to use the device, take readings during the day, and keep a diary of measurements so they could better predict the onset of acute asthma attacks. HPHC uses registered nurses to visit patients in their homes on a regular basis to help with monitoring and compliance. Educational materials are supplied for patients, including coloring books for children, designed to teach them more about managing their disease.

The results were very positive. Under one pediatric asthma outreach program involving 53 patients, mostly African-Americans, under 18 years of age, HPHC aided in reducing the number of emergency ward admissions by 79% (from 72 visits per year to 15 visits per year) and reduced hospital admissions 86% (from 35 to 5 per year). HPHC estimates this program saved roughly \$87,000.

HPHC thus demonstrated that it

could cut costs and improve quality of care. It could also keep patients in their homes when they are sick, because that is where patients are most comfortable—and it is less costly and poses fewer risks than hospital care.

NETWORK CAPITATION: OFFERING NEW INCENTIVES FOR PROMOTING QUALITY

Capitation has been a way of life for many physicians at Harvard Pilgrim Health Care for years. But it has only worked its way recently into the plan's pharmacy program. That is because capitation in pharmacy is still a relatively new concept. HPHC, however, is taking the plunge, making it one of the first HMOs in the country to introduce capitation into its pharmacy program.

Capitation in managed medical care makes sense—even when buying pharmaceuticals. The goal is to promote the appropriate use of the most cost-effective medications, not to push only a certain brand of medication. The capitation agreement aligns incentives with those of the HPHC pharmacy network so all can work together to provide definitive pharmaceutical care to the members.

HPHC contracted with an outside PBM, PharmaCare, to administer pharmacy benefits for the plan's roughly 700,000 IPA and group-model members not enrolled in the staff-model plan. PharmaCare is charged with providing a full range of pharmacy benefits management and pharmacy network management services for the plan.

HPHC recently created a capitation arrangement with CVS, the area's predominant pharmacy chain. CVS had been under contract to fill prescriptions for all HPHC members since 1990. PharmaCare is a sister company of CVS.

The program is conceptually simple. HPHC pays a fixed monthly capitation fee to PharmaCare, which in turn is responsible for reimbursing both CVS and independent pharmacies in HPHC's pharmacy network. While the incentives to push for cost-effective prescrib-

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ing are financial, the benefits of the program go far beyond that.

PharmaCare provides educational information to physicians about medications. The arrangement is designed to help ensure that the drugs the doctors are prescribing represent the best clinical choice at the best price. HPHC's Pharmacy Services Department maintains responsibility for overseeing PharmaCare's role. HPHC pharmacists work with physicians, directly and through PharmaCare, to determine the most economical way to prescribe medications.

HPHC's program runs counter to the popular wisdom of many managed care experts who caution against using capitation within pharmacy. How can pharmacists be at risk for prescribing patterns they don't control? The answer is simple: because the pharmacist can influence physician prescribing. Pharmacists at HPHC play an active role in the total patient care process. Capitation aligns the interests of the network pharmacists with those of the plan: to promote cost-effective quality prescribing—hence acting as an extension of the staff-model philosophy.

SUPPLIER QUALITY MANAGEMENT (SQM): ANOTHER INNOVATIVE PARTNERSHIP AT WORK

One example of how capitation already is working is HPHC's Supplier Quality Management (SQM) Program, through which HPHC and PharmaCare work to shape mutually beneficial expectations and measurable outcomes through shared goal setting. Ongoing measurements help assess whether such goals are being met. "Our collaborative business arrangements are accomplished through a joint commitment to managed care, through resource sharing, and through the involvement of appropriate staff at each organization," says Lucille Salvucci, Pharmacy Project Manager.

One problem HPHC identified early on in the program was that some network pharmacies were not filling patient prescriptions on time. HPHC gauged this information through patient surveys, which revealed a number of complaints with the service provided at some retail outlets. Discussion between HPHC and network pharmacists at the stores identified the problem: HPHC doctors typically phoned in prescription requests at noon each day, about the same time the pharmacies would be bombarded with prescription requests from a nearby large multi-specialty medical group. As a result, when HPHC's patients arrived at the pharmacies after work to pick up their prescriptions, the pharmacy often would not have filled them because of the backlog, forcing patients to wait or return later. By working together, the pharmacists and physicians devised a simple solution: HPHC physicians would phone in their orders at 10 a.m. and 2 p.m. each day, giving the pharmacies enough time to spread out the orders. Now, most of HPHC's patients' prescriptions are ready on time.

Another example of a successful SQM initiative is an innovative Neupogen stocking program, according to Joi Belforti, R.Ph., who manages the IPA pharmacy program. Neupogen (filgrastim, Amgen) is a biotechnology drug prescribed for some cancer patients to reduce neutropenic infections after chemotherapy treatment. But because the drug is used only occasionally and costs so much, many pharmacies do not keep it in stock, making it difficult for patients to get their prescriptions filled. Under the new stocking program, PharmaCare and Amgen work collaboratively to ensure that Neupogen is stocked at selected pharmacies within the HPHC network. Now, patients needing the drug know exactly where they can obtain it.

CLINICAL INFORMATION MANAGEMENT SYSTEM

Another outgrowth of the capitation program is improved clinical information management, which optimizes the plan's ability to drive market share of "preferred" drug products. This in turn maximizes rebate potential, improves future contractual capabilities, and lowers overall pharmacy expenditures.

By benchmarking the activities of other managed care organizations, HPHC's clinical quality management team evaluated available options and then devised an intervention approach designed to diminish the burden placed upon the patient, clinician, and pharmacist regarding formulary compliance. (David Calabrese R.Ph., Clinical Pharmacy Coordinator described this innovative program in detail in the September/October 1995 issue of *JMCP*).

Through the Clinical Information Management System, PharmaCare assists HPHC in managing its formulary and pharmacy program by providing clinicians with consistent recommendations of "preferred" products within various therapeutic categories. Because PharmaCare's program focuses on patient outcomes management—not just volume or prescription costs—it helps assure high-quality prescribing and reduces costs. By joining forces, Harvard Community Health Plan and Pilgrim Health Care have welded their combined experience and expertise to forge ahead with new and ever more innovative programs in managed care pharmacy. Their long history of making quality a key area of focus sets important groundwork for future endeavors in this area. From renewed emphasis on formulary management to capitation of network pharmacy providers—HPHC is setting the tone for a new era in managed care pharmacy. ■