Prescription Solutions: Managing Pharmacy Care through Flexibility and Innovation

As the debate continues on how to best design and manage a pharmaceutical benefits program, Prescription Solutions has emerged as a PBM player dedicated to balancing the concepts of integration with flexibility.

Two schools of thought comprise most people’s opinions about integration of pharmacy benefit management. One holds that pharmacy services should not be separated from the larger medical benefit—that medications should be managed and delivered as part of the total care package provided through a larger managed care system, such as an HMO. The other school argues that it’s easier, more efficient, and more effective to carve out the pharmacy benefit—to offer it as a separate package aimed at managing prescription drug costs and promoting better quality pharmaceutical through coordination in both the community and mail service pharmacy settings.

Prescription Solutions, the PBM subsidiary of PacifiCare Health Systems, Cypress, CA, has embraced both of
these tenets in an effort to balance its philosophy of providing a total integrated care package with meeting the ever-changing demands of the marketplace. Let us look at some of the ways the company and its clinicians are striving to provide quality services in a resource-conscious era.

COMPREHENSIVE PHARMACEUTICAL CARE

Before 1989, PacifiCare contracted with an outside PBM to manage the pharmacy benefit for its 250,000 California-based HMO members. At that time, “PBMs were not as clinically oriented” as many HMOs, including PacifiCare, would have liked, recalls Debi Reissman, Pharm.D., president and CEO of Prescription Solutions. Drug-use review, physician report cards, pharmacy and therapeutics committees, and proper formulary development and management were concepts that were rarely, if at all, implemented in practice back then, she says.

In 1989, PacifiCare decided that needed to change. Reissman was brought on board to develop the HMO’s new pharmacy department. PacifiCare moved to bring all of its pharmacy operations in-house, except for claims processing. The company built its own mail-service facility, which still operates today, serving many of PacifiCare’s Medicare HMO enrollees. New clinical pharmacy management tools were developed. All of these moves allowed PacifiCare to customize its pharmacy benefit, and make sure that all the plan’s enrollees received the highest-quality pharmaceutical care available under one umbrella.

It wasn’t long before self-insured employers and PacifiCare clients started asking if they could purchase the pharmacy benefit from the HMO on a separate, carve-out basis. At first, that was not possible. After all, PacifiCare had brought its pharmacy benefit component in-house in an effort to foster closer integration between the medical and pharmaceutical components of the plan—and exert greater control over the clinical aspects of the pharmacy benefit. Purchasers wanting to reap the benefits of a well-managed pharmaceutical care program would have to sign up for the entire HMO product—and convince their employees to join.

But marketplace forces prompted Prescription Solutions to take a fresh look at how it did business. “We’ve continued to see many large employers move to pharmacy on a carve-out basis,” Reissman says. “They believe they can get better prices—and better management of the pharmacy benefit” than they can by purchasing the pharmacy and medical benefit under one package, she says.

In response to this growing demand from purchasers, PacifiCare in 1993 spun off its pharmacy department into a separate subsidiary, Prescription Solutions, to serve PacifiCare enrollees—as well as self-insured employers, some of whom were PacifiCare clients. In 1995, Prescription Solutions took another big step toward becoming a leading PBM by purchasing Preferred Solutions, a San Jose, California-based PBM serving roughly 1 million lives nationally.

So far, these moves are paying off. During 1994 and 1995, Prescription Solutions gained 2 million new lives for its pharmacy benefit program who do not receive their medical benefits coverage through PacifiCare. The result: the company has saved clients millions of dollars in prescription drug costs and is providing a higher level of quality pharmacy care for their clients’ employees and members.

THE PHARMACIST: KEY TO IMPLEMENTING AN EFFECTIVE INTERVENTION STRATEGY

Getting physicians to prescribe effective and less costly medications is one of the tasks pharmacists at Prescription Solutions engage in on a regular basis. Through the company’s Therapeutic Interchange Program (TIP), pharmacists use educational tools to encourage physicians and patients who use the mail-service pharmacy to switch from high-cost prescription drugs to lower-cost, equally effective drugs in the same therapeutic category for targeted medical conditions.

TIP is especially useful for plans and employers with a high percentage of elderly members or patients who require long-term maintenance therapy, says Alex Gilderman, manager of clinical services. Many of these enrollees have a cap on their prescription drug benefit amount, so switching to a less costly, equally effective medication helps their coverage dollar go further, he notes.

Under one TIP implemented last year, Prescription Solutions saved one plan sponsor more than $2.4 million in prescription drug costs (based on pro-

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jected annualized savings over a six-month period). The program targeted three categories of commonly prescribed medications: HMG CoAs to control cholesterol, ACE inhibitors and calcium channel blockers to control hypertension and cardiac illness, and H₂ antagonists for stomach ulcers and other gastrointestinal problems. The program affected 14,000 PacifiCare enrollees who received their prescriptions by mail.

Prescription Solutions pharmacists analyzed patients' drug-use data and physician prescribing data to identify physicians who were high prescribers of the targeted high-cost drugs in the categories. The pharmacists then sent to the physicians informational letters or conducted on-site educational programs on the efficacy of alternative medications to encourage them to switch to lower-cost drugs. Patients who were switched to different medications received letters explaining the change and other educational materials, including detailed color photographs of their old and new medications, and an 800 number to call if they had questions.

On average, 80% of the physicians contacted by pharmacists agreed to switch their patients' medications. "We believe this program worked well because it started with physicians, went to patients, and explained the reasons and rationale for their medication in simple, easy-to-understand language," Gilderman says. Such approaches work better than simply dictating that physicians switch drugs without giving the rationale for doing so or without providing the proper educational follow-up support for patients, he notes. Prescription Solutions is continuing to analyze data to determine whether the program yields the same positive results over the long term, Gilderman says.

The TIP program is used only for mail-service patients. "It's much more difficult to do in a community pharmacy or other retail setting," because patients would be kept waiting while the pharmacist behind the counter tries to contact the physician, who may be unavailable, he notes.

**NONPRESCRIPTION DRUGS: AN ALTERNATIVE FOR MANAGING PRESCRIPTION COSTS**

Encouraging the use of nonprescription medications rather than prescription drugs for certain acute conditions is another way Prescription Solutions managed to save one participating plan sponsor more than $15,000 on total drug costs during a six-month period—a 12% reduction. Again, pharmacists played a key role in educating physicians and patients about the value of participating in the program.

The pilot program conducted last year involved two large medical groups in Southern California, and covered roughly 29,000 eligible commercial and Medicare HMO enrollees in the region. Two drug classes were targeted: NSAIDs and antihistamines. Prescription Solutions pharmacists determined by looking at utilization records that the two medical groups had excessively high use of these two categories of drugs compared with other groups in the health plan network.

The PBM developed a strategy to encourage the doctors at these two groups to use nonprescription NSAIDs and antihistamines as first-line therapies when appropriate for controlling pain (such as for mild arthritis, cramps, and sprains) and to ease symptoms of mild seasonal allergies. Prescription Solutions pharmacy staff worked closely with the physicians in the medical groups to discuss where nonprescription agents would fit into a patient's therapy.

"We left it up to the physicians to decide in what instances an OTC agent would work over a prescription medication," says Gilderman, who says his PBM did not develop strict guidelines or protocols for physicians. To make sure that patients did not incur excessive additional out-of-pocket costs for purchasing OTCs, Prescription Solutions worked with the OTC manufacturers to procure starter or sample packs for distribution to patients, as well as discount coupons patients could use (OTCs typically are not covered by health plans).

During the program, utilization at the two medical groups for prescription NSAIDs and antihistamines fell, even though during the same period—which included peak allergy season—prescription use within the remainder of the health plan network increased an average of 10% for antihistamines alone. Also, one of the two groups in the program posted a 25% lower utilization rate for NSAIDs compared with the plan network at large. Based on this initial success, Prescription Solutions is exploring the possibility of implementing similar nonprescription-drug intervention programs for interested clients.

**PHARMACISTS, COMPUTER SOFTWARE AID IN PROMOTING NEW PRESCRIBING HABITS**

By using specially developed software programs and implementing a pharmacist intervention and education campaign, Prescription Solutions helped one Arizona health plan save more than $180,000 in annual drug costs for cholesterol-lowering drugs in the HMG CoAs class. The PBM and the plan continue to work together to make sure that physicians who altered their prescribing behavior in favor of using preferred agents continue those habits—hence promote savings—over time.

PARTNERS Health Plan, a 120,000-member HMO based in Tucson, Arizona, and Prescription Solutions used the proprietary software program to identify which classes of drugs had high nonformulary use among prescribers. The PBM and HMO found that a large percentage of physicians typically prescribed the most costly cholesterol-lowering agents, rather than the less-costly
but therapeutically equivalent HMG CoAs. Using this information, they developed an intervention strategy aimed at achieving four goals:

▲ Increase prescriber knowledge about use of HMG CoAs for treating high cholesterol
▲ Promote the use of Lescol and Zocor as preferred HMG CoAs
▲ Optimize prescribing of all HMG CoAs
▲ Achieve a 10% market shift toward Lescol and Zocor within one year of the program's inception

Here's how they went about achieving these targets:

▲ PARTNERS' Pharmacy and Therapeutics Committee adopted a new standard of care statement for using HMG CoA drugs, stressing that patients with high cholesterol should first receive counseling about lifestyle issues, including diet and exercise. Physicians also should consider giving patients niacin supplements. When physicians decided to prescribe HMG CoA drugs, they should first consider Lescol or Zocor.
▲ Identified physicians who were high prescribers of high-cost cholesterol-lowering agents. These physicians were sent a Prescriber Information Report (PIR), which provided feedback on their prescribing patterns. Individual doctors' prescribing patterns were compared with those of other physicians in the same specialty. Prescription Solutions pharmacists used academic detailing to educate physicians about the preferred HMG CoAs and conducted face-to-face meeting with individual prescribers and physician groups.

The response from physicians to the PIR program has been overwhelmingly positive to date, says Debra Stern, R. Ph., Director of Business Development. Physicians are able to see exactly how their patterns vary from those of their medical peers, she says, noting that the information is presented in a "nonjudgmental way."

One year after the program was implemented, the percentage of HMG CoA prescriptions being written for Zocor rose from 1% to 22%, while the percentage being written for Lescol rose from 7% to 24%. During the same period, the percentage of prescriptions being written for the higher-cost cholesterol-lowering agents fell substantially.

But that's only half the battle, says Stern. "Once you've controlled utilization, how do you know [those new prescribing patterns] don't erode over time, as physicians lapse back into old habits or bend to pressure from drug company sales representatives?" To hedge against that possibility, Prescription Solutions is using another software program, Vital Signs:Rx, to monitor whether physicians are adhering to acceptable levels of prescribing the higher-cost agents. Pharmacists review utilization reports and use follow-up intervention strategies as needed.

MANAGING PHARMACY CARE AT THE COMMUNITY PHARMACY LEVEL: NEW CHALLENGES AND NEW OPPORTUNITIES

Managing care at the community pharmacy level is never an easy task. But Prescription Solutions is adopting new technologies to try to streamline this process—making it easier for the PBMs' 40,000 participating network community pharmacies to quickly get the information they need to make the right decisions regarding appropriate dispensing and payment.

"We're trying to get the pharmacies we're dealing with to communicate with us online via fax," says John Jones, R.Ph., director of contracting and compliance, who notes that the technology offers many advantages over traditional communication methods.

For example, if a patient has moved to a new location or recently switched health plans, the community pharmacist can dial an 800 number and access within minutes a fax printout of the patient's plan specifications. The printout will show the correct prescrip-

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with legislative issues underway in California and other states that seek to limit the scope of managed care pharmacists' ability to engage in therapeutic intervention, Jones says. "The anti-managed care forces are gathering, and we are going to have our challenges ahead," he says.

TECHNOLOGY: THE FINAL FRONTIER?

Having the appropriate data-reporting and utilization-management technologies in place has always been a hallmark of good pharmacy management. "Obviously, what people need are good data and good information in an easy-to-read format," says Stern. Prescription Solutions uses a number of data technologies, including:

▲ On-line claims processing with more than 700 system edits
▲ Concurrent point-of-service DUR, which looks for drug-drug interactions, drug-disease state interactions, compliance checking, overdosing and underdosing, duplicate therapy, and early refills
▲ Direct access terminals, allowing on-site users to have instant on-line access to their membership database, and enabling them to add or delete members, change eligibility, view patient profiles, and perform real-time pre-authorization edits
▲ Preferred access system, which allows users instant access to their database to perform drug history queries for standard or ad-hoc reports
▲ Actual Claims Evaluations allowing users to check overall drug performance on a big picture scale by providing analysis of financial statistics, specific utilization data, member and physician behavior, and network patronage

But the challenges of providing good data don't stop there. "There is an on-going need for technical excellence," says Reissman. "Clients are becoming increasingly intolerant of delays" in getting the specific kinds of information they want, she says. Prescription Solutions, like other PBMs, must work hard to make sure their information systems can handle these kinds of demands in a timely manner.

But if Prescription Solutions' past performance in providing cost-effective, quality pharmaceutical care through innovation and flexibility is any indicator, the PBM is well-positioned to meet the many challenges ahead.