



Benefits of Managed Care Pharmacy Tools: Safe, Effective Medications and Reduced Costs

Managed care pharmacists and organizations help employers, public payers, insurers, and individuals access safe and effective medications while managing costs. The trend in the use of managed care as an option to reduce costs while ensuring access to services is growing, particularly in publically financed programs, such as Medicare and Medicaid. Recently, the Congressional Budget Office (CBO) indicated that use of managed care for individuals who are dually eligible for Medicare and Medicaid could result in cost savings for the government.¹ The benefits of some of the clinical and administrative tools used by managed care pharmacy to achieve the goals of ensuring safe and effective medication while reducing costs are described below.

Step Therapy encourages patients to use lower cost medications that help patients achieve the same clinical safety and efficacy before selecting a more expensive alternative medication. Step therapy may require patients to first try over-the-counter (OTC) medications or less costly generic products that are equally safe and effective for a condition prior to a more costly brand name product or biologic product s.² According to health care leader, Earl Steinberg, MD, MPP, Chief Executive Officer of Resolution Health, step therapy is a sensible treatment approach because it “makes sense to start with the lowest cost option. Doing otherwise would be a result of good pharmaceutical marketing, rather than good medicine”³

Prior Authorization (PA) involves a series of criteria that must be met prior to approving and providing a medication. Examples of such requirements include step therapy; clinical laboratory monitoring; screening for conditions where the medication might be contraindicated; or age or gender contraindications. Prescribers submit information for pre-approval by the plan before a medication is prescribed.⁴ PA with step therapy has been shown to reduce costs, particularly for diagnoses of ulcers and other gastric conditions where patients are often unnecessarily prescribed expensive medications that also pose risks of adverse drug effects and medication interactions if used in certain patients when lower-cost safer medications would be as effective. One study examining 5,965 Medicaid beneficiaries concluded that use of safer, lower cost medications for gastric ulcers achieved positive outcomes for these patients.⁵

¹ CBO Says Mandatory Managed Care Would Hike Duals Savings. Inside CMS; June 20,2013.

² Dunn J, Mitchell MP. Utilization and Drug Cost Outcomes of a Step-Therapy Edit for Generic Anti-depressants in an HMO in an Integrated Health Care System. *J.Man.C* 2006; 12(4): 294-302. One study found that step therapy for anti-depressants led to a decrease in costs for the entire class.

³ Walker T. May DTR Analysis: Step therapy might offer opportunity to reduce drug expenditures. May 01, 2005. <http://managedhealthcareexecutive.modernmedicine.com/managed-healthcare-executive/news/clinical/clinical-pharmacology/may-dtr-analysis-step-therapy-might>. Accessed on September 6, 2013.

⁴ Navarro RP (2009). *Managed Care Pharmacy Practice* (Second Edition). Sudbury, MA: Jones and Bartlett Publishers.

⁵ Clinical and Financial Outcomes Associated With a Proton Pump Inhibitor Prior-Authorization Program in a Medicaid Population. *The American Journal of Managed Care*. 2005; 11(1). 29-36.

Tiered Formularies are used by health plans to provide financial incentives for patients to use lower cost alternatives such as generic medications that are clinically safe and effective. A formulary system enhances quality of care by encouraging the use of those prescription medications that are demonstrated to be the safest, most effective, and produce positive patient outcomes. Formulary decisions are based primarily on sound clinical evidence. Cost considerations should influence decisions only after safety, efficacy, and therapeutic need have been assessed.⁶ Using a three-tiered approach has been shown to improve generic fill rates.⁷ Patients would still have access to the more expensive medications, but at a greater cost-sharing amount. Patients who need a higher cost medication would have the ability to seek an exception or appeal under the formulary.

Preferred Pharmacy Network arrangements allow plans to negotiate reduced prices for Medicare Part D drugs in certain retail pharmacies. Beneficiaries who utilize these network pharmacies have the benefit of reduced monthly premiums, and co-payments and co-insurance—thus creating a win for the government and for beneficiaries. *Consumer Reports Magazine* recently recommended preferred pharmacy networks as one way for consumers to save money on prescription drug costs.⁸ Furthermore, preferred pharmacy networks may also be leveraged to improve plan performance measures by allowing beneficiaries to access pharmacies that provide better services that improve patient medication utilization and outcomes.

Medication Therapy Management (MTM) is used by managed care pharmacists to assess patients' medications and current health conditions to consider any potential problems such as unnecessary duplicative therapy, drug-drug interactions, and the need for an additional medication by reviewing a patient's current drug therapy.⁹ MTM is a patient specific individualized approach to better target positive patient health outcomes through appropriate medication use. For example, MTM can positively influence cholesterol management in diabetic patients by improving adherence at reduced health care costs.¹⁰ One study found that using MTM reduced patient out-of-pocket medication expenditures \$1,500 per patient per year, or 68% of total costs.¹¹ Pharmacists who work in collaboration with physicians and other health care providers can help provide services that improve patient satisfaction and clinical outcomes at a lower cost than physician services.¹²

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The Academy of Managed Care Pharmacy (AMCP) is a national professional association of pharmacists and other health care practitioners who serve society by the application of sound medication management principles and strategies to assist patients in achieving positive therapeutic outcomes. The Academy's nearly 7,000 members develop and provide a diversified range of clinical, educational and business management services and strategies on behalf of the more than 200 million Americans covered by a managed care pharmacy benefit. More news and information about AMCP can be obtained on its website at www.amcp.org.

⁶ Yoon SS, Ostchega Y, Louis T. Recent trends in the prevalence of high blood pressure and its treatment and control, 1998-2008. Hyattsville, MD: U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Health Statistics; NCHS Data Brief no. 48. 2010.

⁷ Mager DE and Cod ER. Relationship between generic and preferred-brand prescription copayment differentials and generic fill rate. *Am J. Managed Care*. 13(6, pt2): 347-352.

⁸ *Surprising Ways to Cut Your Drug Costs: Even with Insurance You Might be Paying too Much*. ConsumerReports.org. August 2013. <http://www.consumerreports.org/cro/magazine/2013/09/how-to-cut-drug-costs-save-on-prescription-drugs-consumer-reports/index.htm>. Accessed September 9, 2013.

⁹ Medication therapy management in pharmacy practice: Core elements of an MTM service model (version 2.0). *J Am Pharm Assoc*. 2008; 48: 341-353.

¹⁰ Fox D, Ried LD, Klein GE, Myers W, and Foli K. A Medication Therapy Management Program's Impact on Low-Density Lipoprotein Cholesterol Goal Attainment in Medicare Part D Patients with Diabetes. *J Am Pharm Assoc*. 2009; 49(2): 192-199.

¹¹ Stebbins, MR, Kaufman DJ, and Lipton HL. The PRICE Clinic for Low-Income Elderly: A Managed Care Model for Implementing Pharmacist-Directed Services. *J of Manag Care Pharm*. 2005; 11(4): 333-341.

¹² Okamoto MP and Nakahiro RK. Pharmacoeconomic evaluation of a pharmacist-managed care hypertension clinic. *Pharmacotherapy*. 2001; 21: 1337-1344.