



PBMs: Vital Signs for Managing Costs and Improving Outcomes

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Although the economy is beginning to show signs of renewed strength, many employers continue to face pressures on their bottom line. As a result, they may be tempted to drastically reduce pharmacy benefits or increase employee cost sharing. Such an approach could backfire, because this type of short-term fix could end up costing more in the long run. Experience has shown that such cuts can result in increased risk of illness and disease progression, which could lead to increased visits to the hospital, emergency department, or doctor's office.

A simpler, sustainable fix for employers to help manage costs and improve healthcare outcomes is to give their pharmacy benefit manager (PBM) a checkup to evaluate its vital signs. To help you survive and thrive, your PBM should be continually working to:

- Make healthcare more affordable.
- Respond to individual health needs with personalized solutions.
- Improve the quality of healthcare.

As a practicing physician, I know that busy doctors often see PBMs as one more layer in the bureaucracy of patient care. Yet, because I also work for a PBM, I can tell you that if that is your perspective, you are overlooking a resource that can be a significant help in achieving a common goal: getting the right medication to the right patient at the right time, at an affordable price.

In many ways, it has never been more challenging to be a practicing physician or other healthcare provider. We all can benefit from assistance that helps us deliver the best care that we can. Pharmacy benefit managers are a major resource to providers, for information not only on prescription drugs, but also on how our patients are taking these drugs, on potential adverse drug interactions that can be avoided, and on how to obtain the most affordable medications.

This latter point is especially important in today's economy, when we know that many patients are compromising

their care by skimping on or not taking their prescription medications because they can't afford them. The New England Healthcare Institute estimates that one third to one half of all patients in the United States do not take their medications as prescribed by their doctors.¹

With these common goals in mind, let's look at some of the vital signs that indicate how your patients' PBMs can be a resource for you in your practice, for the benefit of your patients.

AFFORDABILITY, ADHERENCE, AND SAFETY

Pharmacy benefit management companies exist to manage the pharmacy benefit program that is funded by plan sponsors. The role of PBMs today encompasses numerous programs and initiatives to help patients obtain drugs as conveniently and affordably as possible, to stay compliant with their prescription drug regimen, and to use drugs safely.

Generic Medications Continue to Help Control Costs

When discussing cost management for pharmacy benefits, one of the key strategies has been and will remain generic formulations of branded medications. Pharmacy benefit managers encourage the use of generics for 2 reasons: a generic drug is therapeutically equivalent to its branded counterpart, and the cost savings from using generics help everyone control their prescription drug costs.

Industry sources say that the future of prescription drugs is all about generic conversions. Between 2010 and 2013, \$137 billion of branded products are expected to be replaced by generics—a huge opportunity for combining safety and savings. Among the blockbusters expected to lose exclusivity during this period are Pfizer's Lipitor, sanofi-aventis/Bristol-Myers Squibb's Plavix, and Glaxo-SmithKline's Advair.

The good news is that employers and employees today understand the value of generics. The average branded drug retails for about \$120 and the average generic costs about \$35 (Source: National Association of Chain Drug

Stores). It is important to note that the \$120 represents the average retail cost of all branded drugs (ie, those both with and without generic alternatives). Typically, branded drugs without generic alternatives are newer to market and cost, on average, more than older branded drugs, for which generics are more often available.

Although many employers have already implemented strong generic programs and achieved high utilization rates, there are a number of strategies to be explored and implemented to create further cost savings.

- To ensure that physicians stay abreast of what is going on in the world of generics, some PBMs contact them directly to let them know about the availability of a new generic drug.
- Direct mailings to physicians with information on generic drugs, along with identification of patients who are taking branded drugs for which generics are available. The mailing may be followed by contacting the physician to suggest the generic alternative.
- Recognizing the complexity of the marketplace, some PBMs offer multitiered generic formularies or incorporate other strategies to lower overall medication costs.

The key to effective generic programs in today's marketplace is to have a well-thought-out strategy. For example, Prescription Solutions has a program that provides prenotification to our members when a branded drug is about to lose its patent and a generic is becoming available. As soon as the benefit changes (ie, when the PBM has ensured the generic provides optimal cost savings), another letter goes out to the members and their physicians to let them know that the generic is available at a reduced copayment. Two to 4 months following the initial letter, a retrospective claims analysis is conducted to determine whether members have changed to the generic. If not, another round of mailings is sent to members who have not responded and their physicians.

The program includes a telephone outreach component. An automated call is made to the members to let them know that the generic is available and to recommend that they discuss the therapeutic benefits, along with any questions, with their physician(s).

Programs such as this one have proven highly successful. Some PBMs are able to achieve generic substitution rates of more than 90% within just 1 month of a drug becoming available as a generic. This prompt transition can save employers millions of dollars, especially when

blockbuster branded drugs become available as generics. The bottom line to a successful generic medication program is to emphasize and promote the total health management of the patient.

Mail Service

Mail service pharmacy is yet another core strategy for controlling pharmacy benefit costs. Over the past decade, mail service pharmacy has rapidly become a popular method for delivering prescription medications, particularly for older populations or those with chronic illnesses.

However, with the advent of low-cost generics and retail pharmacies offering 90-day supplies, employers and employees have renewed interest in determining which option ultimately provides the best cost savings. When considering a mail service pharmacy, it is important to consider not only the cost, but other program components as well. In tight economic times, it is not just about reducing costs; the challenge is also to ensure overall value and satisfaction for the employer and employee.

The best mail service pharmacies today do more than just deliver medications. They offer clinical programs that provide important education, communication, and drug safety features. Members can call from the privacy of their home to speak to a pharmacist about their prescriptions anytime, day or night. The leading mail service facilities also use the latest technological innovations combined with multiple redundant safety checks to ensure prompt and safe delivery. Filling accuracy rate at top mail service PBMs is in excess of 99.99%, which other prescription delivery systems including retail pharmacies find very difficult to match.

Mail service provides the benefit of integration of information about all prescriptions written by all prescribers treating a member and filled at all pharmacies patronized by that member. This capability is especially important for employees with multiple prescribing providers. It is estimated that older employees take an average of 3 to 5 separate prescriptions, greatly increasing the chance for potentially harmful interactions. Mail service safety programs can check for drug–drug interactions and determine whether a patient might be taking a medication that could be dangerous or lead to an adverse reaction when combined with another prescription drug. Additionally, PBMs often will use mail service to provide important reminders (eg, missed prescriptions, appropriate compliance guidelines) and to educate employees about the importance of diet, exercise, and lifestyle changes to prevent and/or manage certain diseases.

Mail service is not for everyone. It works best for chronic medications such as those for hypertension, heart disease, or diabetes management. However, when used as part of a comprehensive pharmacy program, it can provide key benefits to employers and employees. Employers can achieve savings of up to 10% when employees use mail service, representing millions of dollars for large to midsize employers. Employees can save as well, particularly those who take branded medications or who have tiered generic copayments. In addition, employees can secure the added benefit of convenience and, with leading mail service pharmacies, the ability to talk 24/7 directly and privately to a pharmacist by phone or e-mail.

Although mail service and generics represent 2 important areas to address in cost-saving programs, there are other options to consider. To maintain quality and control costs, also consider the following.

Encourage Adherence

It is estimated that about half of consumers are non-compliant with taking their prescriptions and, therefore, get a submaximal effect from their medications.

Nonadherence with prescription medications also is a key source of unnecessary cost in the US healthcare system. According to a recent New England Healthcare Institute study, otherwise avoidable medical spending resulting directly from nonadherence accounts for up to \$290 billion per year, or 13% of total healthcare expenditures.¹

This situation represents wasted benefit dollars in terms of actual costs and increases the potential for negative health outcomes.

Pharmacy benefit managers can help patients to be more compliant with their medications, which is a huge challenge for physicians as well. Some PBMs offer programs for physicians that identify patients who are not taking medications as prescribed and help them to directly reach out to those patients, thereby improving adherence and outcomes. Some PBMs also have clinical management expertise to improve medical outcomes. They offer disease therapy management programs, for example, to help manage the medication therapy component for patients with chronic illnesses.

Education programs (especially used in conjunction with mail service) and coordination and collaboration with physicians and other available company communication programs (eg, newsletters, Web sites) should be used to promote and encourage patient compliance to prescribed medication therapies.

The goal of these programs is to improve patient compliance, which will improve outcomes over time.

Safety

Pharmacy benefit managers with the ability to provide a range of programs designed solely to ensure the safe and effective utilization of prescription medications can help save employers money and improve employees' health. Medication-related errors and adverse events are the leading cause of hospitalizations. Polypharmacy programs can help to identify potentially harmful duplicated medications or ones that may no longer be needed or that are potentially dangerous for that employee. Adverse drug reaction programs will help to prevent costly hospitalizations, inappropriate medical resource utilization, and even death. Avoiding drug–drug interactions and managing the dangers of polypharmacy are critical health challenges as baby boomers age and chronic illness across all age groups increases.

Many PBMs offer a wide range of safety programs and will work with employers to implement those that are of most value to an employee population. Pharmacy benefit managers can help because they are in a position to identify at-risk patients and can provide physicians with feedback on whether or not patients are filling their medications and taking them correctly, and whether there is the potential for a dangerous drug interaction, which often can happen when patients see multiple physicians. By contacting physicians and providing them with educational materials to use as a discussion point with their patients, a PBM can intervene very effectively to prevent these interactions.

A significant asset that PBMs bring to these initiatives is the information within their claims database. They have the overall picture of a patient's prescription drug use—across multiple physicians, facilities, and geographic areas—knowledge that the individual physician does not have in today's medical world, even with e-prescribing. This information helps physicians provide their patients with the best healthcare.

BASICS OF MANAGING COSTS

In the day-to-day practice of medicine, it is easy to view the interactions with the PBM as another administrative chore and even as interference in the physician–patient relationship. Another perspective is to recognize the value of the otherwise unavailable information that the PBM brings to the physician.

Communication between PBMs and physicians should always be a 2-way street. Often the physician has important information on the patient's situation that impacts the decision. To reach the best choice for each patient, my PBM work includes many hours of such discussions each week.

The “best practices” of PBMs with which physicians are most familiar—such as prior authorization, step therapy, and programs that look at drug interactions and polypharmacy—are designed to work to the benefit of everyone: physician, patient, and plan sponsor. They are a checkpoint that brings together a wide range of information that the physician does not have available at the point of prescribing, to help make the best choice for a particular patient.

Prior Authorization

Prior authorization—the practice of requiring approval for a specific drug—is used to ensure that the right medication gets to the right patient for the right length of time. It is a good strategy to ensure that patients who need high-cost drugs receive them, while helping plan sponsors to manage costs.

Even with e-prescribing, the physician is not always familiar with the plan design and does not know all the covered formulary drugs that may be options. Similarly, prior authorization often is required for a new drug on the market to ensure that there is a full understanding of the drug’s appropriate usage.

Step Therapy

The goal of step therapy—prescribing the least expensive, equivalent drug first before proceeding to more costly medications—ensures that high-cost medications are the last, not the first, choice for treatment. It is a tried and true practice that works to ensure that patients are treated with the best medication at the best price for their disease or illness.

If a generic drug is available and appropriate, it should almost always be the first-line therapy. If the outcome achieved is not what is desired, then the next step would be to move up to another medication until the desired outcome is reached. Step therapy programs work best when they also include a clinically focused prior authorization component that will allow physicians to override immediately a generic or even preferred branded medication in exchange for the medication that the prescriber believes is most appropriate for his or her patient.

Medication Reviews

Periodic prescription medication reviews help to ensure patients are on only those medications that provide desired medical outcomes. Over the years, and particularly when they are seeing more than 1 physician, employees may be taking medications that they no longer need, potentially placing them at risk for polypharmacy. Or they may be taking drugs for which there are more effective alternatives.

Ensuring that physicians and/or pharmacists review all medications can help to ensure safe, appropriate, and effective prescription utilization. Employees, physicians, and pharmacists alike should be encouraged to periodically review all medications a patient is taking—including nonprescription medications.

Medication Information

It is estimated that the average physician is primarily familiar with the 100 or so medications prescribed most frequently. Yet, there are hundreds of other potentially beneficial medications. For example, specialty pharmaceuticals represent promising, yet costly drug therapies. Pharmacy benefit managers can offer physicians clinical insights and knowledge about the latest therapeutic advances to help them better sort through and identify the medication regimens so that their patients can best benefit from new treatments, new pharmaceuticals, and new biologics.

VALUE OF PHARMACY BENEFIT MANAGERS

Pharmacy benefit managers offer a real value to physicians by helping them to help their patients. Most PBMs are not trying to limit medication utilization or limit the prescription choices of physicians. Instead, they are promoting the appropriateness of prescription medications with a focus on the clinical efficacy and quality. Looked at from this perspective, it makes sense for physicians to use the information and services PBMs provide for the benefit of their practices and their patients.

Today’s volatile economy will continue to place a burden on employers to find ways to reduce spending. Although healthcare reform is coming, the exact timing, form, scope, and effect of its many moving parts are largely unknown and will come incrementally. Employers struggling to survive need programs that can provide real value and cost savings today. Strengthening existing programs—particularly those promoting generic medications and utilization of sophisticated mail service pharmacies—and emphasizing education, communication, and collaboration with all stakeholders are steps that can be taken now and that will provide real results today and tomorrow.

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