

Omnibus Budget Reconciliation Act of 1990 and 1993

Pantea Ghasemi, USC Pharm.D. Candidate of 2015
Sarkis Kavarian, UOP Pharm.D. Candidate of 2015

Preceptor Dr. Craig Stern
Pro Pharma Pharmaceutical Consultants, Inc.
April 17, 2015

Objectives

1. Define OBRA '90
2. Discuss prospective drug utilization
3. Discuss patient counseling standards
4. Discuss the maintenance of patient records
5. Define OBRA '93 and its components
6. Define formularies
7. Summary

Omnibus Budget Reconciliation Act (OBRA) of 1990

- Enacted by U.S. Congress on November 5, 1990
- Section 4401 affects Medicaid pharmacy providers
 1. Mandates for states to improve understanding of medications by Medicaid beneficiaries
 2. Gave states permission to create Drug Utilization Review (DUR) boards to manage specific drug purchasing and formulary decisions for state health programs

Omnibus Budget Reconciliation Act (OBRA) '90 (cont.)

3. Pharmacy Providers are responsible for performing the following:
 - Prospective Drug Use Review
 - Patient counseling
 - Maintaining proper patient records

OBRA '90: Prospective Drug Utilization Review (ProDUR)

- Purpose of DUR:
 - To ensure quality care and reduce medical costs within state Medicaid programs
- ProDUR requires state Medicaid provider pharmacists to review Medicaid recipients' entire drug profile before filling their prescription(s)

OBRA '90: Prospective Drug Utilization Review (ProDUR) (cont.)

- Evaluation of the following drug therapies:
 1. Therapeutic duplication
 2. Drug-Drug interactions (including OTC/Herbal medications)
 3. Drug-Disease contraindications (ex. Aspirin should be avoided in patients with peptic ulcers due to increased risk of GI bleed)
 4. Incorrect drug dose/ duration
 5. Drug-Allergy interactions
 6. Evidence of clinical abuse or misuse

OBRA '90: Patient Counseling Standards

- Requires states to establish standards that govern patient counseling
- Pharmacists must offer to discuss the following items when filling prescriptions:
 1. Name and description of medication
 2. Route of administration
 3. Dose, dosage form
 4. Duration of therapy

OBRA '90: Patient Counseling Standards (cont.)

5. Special directions and precautions for preparation,
administration, and use by patient
6. Common and serious side effects
7. Self-monitoring techniques of drug therapy
8. Proper storage
9. Refill information
10. Appropriate action in case of missed dose

OBRA '90: Maintenance of Patient Records

- Pharmacy Providers must be able to obtain, record, and maintain the following Medicaid patient information:
 1. Patient's demographics (name, age, gender)
 2. Patient's general information (address, phone number)
 3. Patient's history (disease states, known allergies, and drug reactions)
 4. Comprehensive list of medications and relevant devices
 5. Pharmacist's comments about the patient's drug therapy

Omnibus Budget Reconciliation Act (OBRA) of 1993

- Signed into law by President Clinton in 1993
- Retracted the policy against formularies per OBRA '90
 - Allowed states to have formularies
 - Drug may be excluded only if the drug does not have a significant, meaningful therapeutic advantage in terms of safety, effectiveness, or clinical outcomes over other drugs included in the formulary

OBRA '93: Formularies

- Definition: list of medications preferred by health plan or PBM
- A Pharmacy & Therapeutics Committee (P&T)* designs and evaluates the list of medications
 - Added or removed based on evidence and decisions
- Goal: to provide cost-effective medications

*P&T Committee = physicians, pharmacists, nurses, complemented by ethicists, the lay public and plan administration (multidisciplinary team)

OBRA '93: Different Types of Formularies

- **Open Formularies:**

- Allow enrollees any covered, prescribed prescription drug
- Offers more choices and allows for patients and physicians to make better-informed choices

- **Preferred Formularies:**

- Allows patient to use the preferred or formulary drug in return for a reduced copayment
Example: Brand vs Generic copayments
- Advantage = it moves patients to lower-cost drugs and maximizes rebate potential

- **Closed Formularies:**

- The plan will not cover any non-formulary drugs
- Typically physicians don't use these
- Are mainly used by HMO programs and hospital settings

OBRA '93: Advantages & Disadvantages of Formularies

- **Advantages:**

- Reduce cost (for patient)
- Encourage patients to use the most effective medication within a therapeutic class
- Help to educate patients and physicians about cost-effective alternatives to expensive brand medication

- **Disadvantages:**

- Lack of communication among PBMs & Health Plans regarding changes to formularies
- PBMs have great influence over formularies

Medications Excluded from Formulary

Benefit Coverage vs. Formulary Coverage

- Ex: Cosmetic medications (Rogaine for countering hair loss) are excluded from benefit coverage
- Vaccines and other injectables are covered under a medical benefit coverage rather than a prescription benefit

Formularies may overlap with Benefit Coverage

- Medications excluded from the formulary may be covered under benefits with a higher cost
- In closed formulary, if the medication is not on formulary it is not part of the benefit coverage

OBRA '93: Outpatient Prescription Drugs

- Allowed states to establish formularies limiting coverage under their Medicaid programs
- Mandates that prior authorizations for covered outpatient drugs be completed during first 6 months after FDA approves a drug

OBRA '93: Coverage of Children

- Mandates that group Health Plans provide benefits according to qualified medical child support order (QMCSO) requirements (name, address, type of coverage, the period of coverage, and the plan to which the order applies)
 - A child's right to receive benefits
- Requires that each group health plan establish reasonable procedures to determine whether medical child support orders are qualified
 - Even if the child is:
 - Born out of wedlock
 - Not claimed as a dependent (in income tax return)
 - Not living with the parent
- Requires insurers to:
 - Give parents any information they need to obtain benefits
 - Submit claims without noncustodial parent's approval
 - Make payments directly to custodial parent

Summary

1. OBRA '90 created DURs which required pharmacists to conduct and provide counseling on medications for patients
2. The importance of maintaining patient medication records done by pharmacists involves accurately obtaining and updating patient information to minimize inaccuracies
3. OBRA '93 established formularies to be used by insurance plans with the goal of providing cost-effective medications per P&T Committee review
4. In addition, prior authorizations may be completed for covered outpatient medications during the first 6 months of their approval by the FDA
5. OBRA '93 also mandated that group Health Plans provide benefits to children according to the qualified medical child support order - making it easier to attain and broadening coverage

References

1. American Society of Health-System Pharmacists. ASHP guidelines on pharmacist-conducted patient education and counseling. *Am J HealthSyst Pharm*. 1997; 54:431–4.
2. H.R.2264 - Omnibus Budget Reconciliation Act of 1993. 103rd Congress (1993-1994). 08/10/1993.
3. Stern, Craig. Chapter 20 Pharmacy Benefit Management, Formularies.” *Health Insurance Answer Book* 11th edition, Wolters Kluwer Publishers, 2013. Accessed April 10, 2015.
4. Gondek, Kathleen. “Prescription Drug Payment Policy: Past, Present, Future.” *Health Care Financing Review*. 1994.15;1-7.
5. Vivian, JC, & Fink, JL. OBRA '90 at Sweet Sixteen: A Retrospective Review. *US Pharm*. 2008;33(3):59-65.

Thank you!

Questions?

