

PRO PHARMA
PHARMACEUTICAL CONSULTANTS, INC.

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COMMENTARY |

Do Plans, Employers and Patients Pay for Drugs at the Most Current Prices?

The demands for transparency in pricing assume that payers and patients are paying the most current and lowest cost. Drug prices are commonly supplied from national databases that link prices to National Drug Codes (NDCs). The NDCs are like fingerprints that refer to the manufacturer, drug/strength, and package size of every prescription medication approved for sale. Over-the-Counter (OTC) medications use different codes, but the idea is the same. All drugs have a code which links to pricing.

Pro Pharma/ProData reviews of pharmacy claims indicate that drugs are sometimes paid for invalid codes, and therefore priced inappropriately. It is crucial that all payers require claims payments (from Plans, PBMs, and TPAs, etc.) to confirm that multisource, OTC, store brand and private label are all paid as generics.

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Problem: A client contacted with us to inquire if there was a simple, easy, affordable solution for complying with their State requirements for Drug Utilization Review (DUR). The client wanted to integrate the system/solution into their medical utilization management program, along with monitoring their Medication Therapy Management (MTM) program.

Methodology: We responded that there was already a program for analyzing clinical data which utilizes hundreds of clinical edits, patient severity, age/gender, geography, diagnoses, and includes medication compliance. The program provides analyses that can be customized and/or produced across all clinical edits for the population. The results are Patient Specific Queries/reports that allow a client to monitor the performance of their MTM, and Comprehensive Medication Reviews (CMRs). The program is integrated on the cloud such that the Patient Specific Queries/reports are linked to pharmacy, physician and patient communications/letters as well as fully integrated billing forms such that every element is digital.

Outcome: The client received cloud-based, fully digital, regular monthly analyses and reports. The program met the criteria for easy, simple, no manual work, and affordability. All findings are trended so that improvements or corrective action plans can be instituted. The program also allowed the client to include a broad range of professionals (pharmacists, physicians, nurse practitioners) to deliver CMR, MTM and Targeted Medication Reviews (TMR) to improve their overall Star Ratings, while also delivering a quid pro quo opportunity for billing when appropriate. The ROI for these programs easily exceeded a 2:1 ratio.

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COMMENTARY | Do PBMs Confirm That the Correct Basis of Cost Is Used to Price Claims?

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correct basis of cost is being used. For example, if the contract is based on a discount of Average Wholesale Price (AWP) then it is expected that the AWP is the most recent and correct AWP. Sometimes the AWP is inflated to deal with a pharmacy contract or spread. But, there are validation tests for all sources of pricing and individual prices. These tests should be required of all PBMs, Plans, and TPAs with reports to the payers for any outliers or variations.

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COMMENTARY | How Can Patients and Plans Take Advantage of Drug Costs Below Current Contract Prices?

Retail prices for generic drugs are often covered by discounted generic pricing available in chain and independent retail pharmacies. These prices are often referred to as "\$4 generics". These prices are for "cash paying patients" and are not allowed in Plan/PBM contracts. The recent legislation allowing for removal of so-called "gag clauses" allows pharmacies to inform patients of lower costs if purchased at retail for cash. As a result, a patient could pay cash for a generic prescription that is lower than their copay. This is a true savings at point-of-sale.

A recommendation to improve on this methodology for payment is to allow the pharmacy to enter the medication onto the patient's profile. This will incur a small administration fee for the payer but will provide a complete profile for each patient. For clinical evaluation, utilization management, therapy modifications and benefit cost trends the administrative fee paid for each cash paying claim is therefore supremely justified.

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Pro Pharma provides customized support to Health Plans, Self-Insured Employers, Physician Groups, and Workers' Compensation Companies, among others, both in the private and public sectors.

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