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Pharmacy Benefit News

From Pro Pharma

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Issue #131 | May 6, 2010

Average Pricing Contract Language

We commonly receive questions about average pricing contract language. The following is a response to the usual contract language.

PBM contract language often refers to the use of average, rather than per-claim, pricing for drugs. The average pricing issue does not preclude the fact that there are other pressing and relevant issues that need to be addressed from both the contract and audit/accounts payable screening of invoices pre-payment. These issues are the plan/purchaser's ("Plan") responsibility, and are not open to the discretion of the PBM, but rather to how the Plan requires implementation of the business rules for claim adjudication.

[\(See our blog for a more detailed discussion\)](#)

Comment: The lack of regulation of average pricing allows a Pharmacy in the retail network to be paid at different AWP discounts and dispensing fees for brand drugs. This applies across the retail network and there can be advantages and disadvantages for a pharmacy depending on the drug, leading to potential pharmacy complaints and lack of compliance with the COB claims. This results in a decision for the Plan to determine what parity rules they require for management of their retail network.

Diabetes Drugs Raise Risk of Fractures in Women

The issue of TZD (e.g., Avandia, Actos) and their link to bone fractures has been discussed for several years. It seems to be a class issue, meaning that no drug in the category is exempt although some may produce more fractures than others. A recent utilization study out of Henry Ford Health System further emphasizes this problem.

Ref: Study: Henry Ford Health System, February 9, 2010
<http://www.henryfordhealth.org/body.cfm...>

Comment: There is a general concern over this category of drug. Marketing claims are focused on differentiating Actos vs. Avandia, but the data is not definitive. Patient care concerns obligate that we review the need for any TZD to treat these patients over the ADA guidelines that place TZDs as a 4th line agent and maybe not at all.

Vision of EMRs Doesn't Always Equal Experience

A gap exists between expectations that current commercial electronic medical record programs (EMRs) can improve coordination of patient care and clinicians' real-world experiences with EMRs. Clinicians identified many areas where both the design of EMRs might be altered and office care processes modified to improve EMRs' support for tasks involved in coordinating patient care.

The study found that:

- There is a heavy emphasis on documentation to support billing rather than patient and provider needs related to clinical management.
- Potential for creating information overload that complicates providers' efforts to identify key clinical information.
- Present EMRs focus on linear (moment-in-time) documentation while care coordination is dynamic.

The study also found that modifying reimbursement to encourage coordination of care by clinicians will likely drive clinicians to demand better EMR functioning to support coordination.

[Source: Center for Studying Health System Change, December 22, 2009
<http://www.hschange.org/CONTENT/1103/>]

Comment: Simply creating incentives to adopt EMRs, given the confines of the current payment system, may result in EMRs being designed for billing purposes primarily rather than for clinical relevance to patients and care coordination. As always occurs with more information, the need for discerning actionable items from noise is critical.

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