

# Pharmacy Benefit News

Issue # 323 | March 21, 2018



[Watch the Latest Episode of Professor Speaks!](#)



## What Are the Major Challenges of Health Care Today?

"Fragmentation of care and misplaced incentives are some of the major challenges affecting the health insurance sector today, but technological advances as well as data and analytics tools can help health plans address many of these challenges", said WellCare CEO Ken Burdick during AHIP's National Health Policy Conference. Burdick goes on to say that "payers that offer integrated, holistic and coordinated care; accelerate the shift from a volume-based system to one centered around value; and cultivate trusting relationships with patients will provide value to members and the health care system".

<https://www.ahip.org/how-wellcare-meets-the-needs-of-medicare-patients-qa-with-ceo-ken-burdick/>

Comment: Mr. Burdick was also quoted as stating "...some of our greatest challenges are affordability, access to care, fragmentation of care, variation of practice and process, misplaced incentives, and the issue of consumer engagement." This pretty much summarizes the fundamental problems for health care today. However, a survey by MCOL identified that consumers, hospitals, and physicians will be worse off next year (greater than 50% surveyed), while health plans will be 85% better off. Affordability, access, fragmentation and consumer engagement are all health plan customer issues. The message is that consumers and doctors, who will be worse off, are precisely the target for health plan performance planning.

Consumers want everything for a low price. The intervention is that consumers will either get universal health care or be incentivized for preventative care and disincentivized for preventable complications. This must be coupled with incentives to choose less expensive care for complicated problems or affordable options when expensive care is the only option.

Doctors want standard incentives and little interference in practice, especially creativity for treating complicated problems. Physicians will be required to treat common problems with evidence-based standards of care and incentivized to provide complicated care with reference to best practices. Best-in-Class physicians and Centers of Excellence may become the universal standards. All of this is easy to state, but complicated to implement. The bottom-line is communication, and a message emphasizing a solution to what's in it for me if I participate. Easier said than done!

## Analytics at Work: A Real World Example

### JCode Calculator™

**Problem:** A client requested help with converting Average Wholesale Price (AWP) discounts to ASP, WAC, NADAC, AMP and other bases of cost. The client was a provider who was receiving contracts from health plans but did not know how to convert and verify the terms of the agreements for payment for specialty medication pricing. For example, the plan wanted to pay at ASP +20%, but the provider wanted to know what that meant in AWP-Discount as had been previously paid.



Share this Page: 

powered by 

conversions from AWP-to-ASP and other bases of cost. The tables also included variable discounts so that the provider could calculate alternatives as the plan offered alternatives.

**Outcome:** The provider achieved its goal of ensuring that contracted discounts resulted in the required profit margins. The provider also had a negotiation tool that allowed them to calculate costs vs. profits on various contracted discounts.

[Learn More](#)

## How to Stop Nicotine Addiction – Decrease Nicotine in Cigarettes!

The Food and Drug Administration (FDA) recently announced a new regulatory step that aims to significantly reduce smoking rates and help avoid millions of tobacco-related deaths nationwide. The move, said FDA Commissioner Scott Gottlieb, MD, "could ultimately bring us closer to our vision of a world where combustible cigarettes would no longer create or sustain addiction—making it harder for future generations to become addicted in the first place and allowing more currently addicted smokers to quit or switch to potentially less harmful products." The agency is issuing an advance notice of proposed rulemaking (ANPRM) to explore a product standard to reduce nicotine in cigarettes to minimally or non-addictive levels."

FDA News Release (03/15/18) Gottlieb, Scott

Comment: This is an interesting approach to nicotine addiction. Clearly, the rule seems to be in the right place to address this health care problem. Tobacco use results in taking over 480,000 American lives each year. The cost to the health care system in direct costs and lost productivity has been estimated to be about \$300 billion each year. Yet, we have to be conscious of the fact that "vaping" was supposed to have less nicotine, but Americans are adopting this form of smoking. We have to be conscious of the behavioral and societal problems underlying smoking and fold elements of these issues into nicotine reduction. Societal problems are multifactorial such that one solution needs to be addressed but cannot be considered curative. The solution for societal problems is buried in the problem. Changing behaviors is not an easy cure.

## Subcategorizing Health Care Problems Will Not Solve Opiate Overuse

A study in The Journal of Arthroplasty found that opiates were used more after knee replacement than after hip replacement. The study found that patients who had knee replacement used more prescriptions, spent more days taking opiates, and required twice as many refills. "Orthopedic surgeons can provide leadership in addressing the opiate crisis in our country by establishing valid data regarding opiate utilization following orthopedic operations and by developing improved, postoperative pain treatment protocols," primary investigator William Healy, MD, said. "Opiate prescribing patterns should be based on science and evidence-based research."

Dwyer MK, et al. J Arthroplasty. 2018; doi:10.1016/j.arth.2017.10.011.

Comment: A key finding in this study was the association of results with a need for refills and the patients who were comorbid with depression and anxiety. This study brings up the issues of the quality of surgical procedures, the protocols for using opiates post-surgery, and the comorbidities of the patients. Prior methods for opiate control have been based on limits on the quantities and duration of treatment. This study adds several new dimensions. While the study was based on prescription data, the surgical procedures that differ between hip and knee replacement, and the expertise of the surgeons and their surgical teams are not recorded in prescription data. The bottom line is that health care created the problem and now all elements of the prescription have to be addressed. This study adds a few more metrics to consider when opiates are used in orthopedics.



Pro Pharma's JCode Calculator™

# JCode Calculator™

Pro Pharma has developed a standardized fee schedule to assist with management of claims payment of self injectables, vaccines, immunizations, cancer therapeutic agents, and enteral feedings.

JCode Calculator™ is an all-inclusive web based resource that can be integrated into current medical claims payment systems.

JCode Calculator™ bases all injectable reimbursement on the Healthcare Common Procedure Coding System (HCPCS) defined units. Utilizing a spectrum of pricing metrics discounts can be customized based on drug type, category or specialty.

## Features & Benefits

- Pricing by Drug-Specific HCPCS-CPT Codes
- Includes J, Q, A, B, C, & S codes
- NDC Codes
- Brand and Generic Names
- AWP, WAC, & ASP + 6% Pricing
- Strength and Package Size
- Pricing Per Package Size
- Therapeutic Category
- ICD-10 Diagnosis Flags
- Maximum Dose
- Customizable Discount Calculator
- Drug Alert Notifications
- Maximum Quantity
- Rebatable Medications
- Genomic Testing

## Client Favorites

- Brand/Generic Indicator
- Part B & D Indicator Flags
- Check if ICD-10 Approved for Drug
- Check for FDA Approved Dosing
- Easy Web-Based Searching
- Purchase by Day/Week/Month/Quarter

## CONTACT US

P.O. Box 280130  
 Northridge, CA 91328-0130  
 (888) 701 - 5438  
[info@propharmaconsultants.com](mailto:info@propharmaconsultants.com)



[www.propharmaconsultants.com](http://www.propharmaconsultants.com)  
[www.prodataanalytics.net](http://www.prodataanalytics.net)

## Watch the Latest Professor Speaks



Share this Page:



powered by iContact



Market Consolidations | Professor Speaks | Pro Pharma

New Episodes Fridays  
on Facebook, Twitter and YouTube

Pro Pharma Pharmaceutical Consultants, Inc. has assisted payers and providers for over 31 years to maintain quality while controlling costs.

**Pro Pharma Pharmaceutical Consultants, Inc.**

P.O. Box 280130

Northridge, CA 91328-0130

(888) 701-5438 | [www.propharmaconsultants.com](http://www.propharmaconsultants.com)

.....

Copyright © 2017 Pro Pharma Pharmaceutical Consultants, Inc