Pharmacy Initiatives Program Summary

Community Care of North Carolina

2007
**BACKGROUND**

North Carolina Medicaid pharmacy costs have increased dramatically over the last several years and account for the largest expenditure of service dollars. In response to the rising costs and the high number of Medicaid recipients on eight (8) or more prescriptions, the Community Care of North Carolina (CCNC) Clinical Directors chose pharmacy as a quality improvement and cost containment effort in 2002. Two pharmacy initiatives developed by the CCNC program – the Prescription Advantage List and the Nursing Home Polypharmacy Project – were both designed to improve quality of care while reducing costs.

The Prescription Advantage List (PAL) was developed by the N.C. Physician Advisory Board (NCPAG) and CCNC leadership who analyzed the most costly therapeutic drug classes and ranked them according to the greatest potential cost savings based upon the actual net cost, including rebates, to the Medicaid program. This voluntary list was first published in November 2002 as a guide to prescribing less expensive medications whenever clinically appropriate. Piloted in the CCNC networks, the original PAL list helped to yield a 22 percent reduction in pharmacy costs.

Due to the success of PAL, the Division of Medical Assistance (DMA) implemented an updated PAL list in November 2003 which included select Over-The-Counter (OTC) medications. Certain OTC drugs are covered by DMA with a valid prescription from the primary care provider. The addition of OTC drugs offers considerable cost savings to the Medicaid program. If half of the prescriptions written for Proton Pump Inhibitors (PPI) and Non-Sedating Antihistamines (NSA) are OTC, then approximately $50 million dollars could be saved. CCNC was instrumental in educating pharmacists and providers regarding the new coverage policies.

**PROGRAM SUMMARY**

By 2005, OTC prescribing patterns had plateaued and several CCNC networks began testing other methods to increase the prescribing of more cost-effective medications. One network elected to offer a monetary incentive to providers for each PPI or NSA prescription they switched to an OTC. This approach was most effective with NSAs, which resulted in a 24 percent increase in OTC prescribing. The other method was to create standing orders with the pharmacies. Standing orders were first initiated in the western part of the state for the therapeutic substitution of PPIs and NSAs. Standing orders are customized and voluntary and allow the primary care providers to order substitutions of the more expensive drugs with those drugs that are most cost effective for Medicaid. One month after roll-out, NSA OTC prescriptions in the network had increased 20 percent while OTC PPIs usage had increased 12.6 percent. The initial success has encouraged several other networks to implement standing orders.

Another collaborative effort designed to improve the care of Medicaid patients while managing pharmacy cost was the Nursing Home Polypharmacy Project. This project was piloted by eleven nursing homes within several CCNC networks in the spring of 2002. This initiative focused on better management of prescribing practices for a patient population that averages nine prescriptions per month and resides in nursing facilities. CCNC physicians and clinical directors partnered with pharmacists and nursing home leadership to review the drug regimen of all Medicaid residents. Medications in this initiative were flagged if they met the following criteria:

1) appear on the PAL;
2) represent a therapeutic duplication;
3) appear on the Beers list (a list of medications potentially inappropriate for use by the elderly);
4) the length of therapy appears excessive; or
5) drugs appear on a list developed by a committee of long-term care pharmacists that features drugs associated with significant savings.
Results from the pilot demonstrated an opportunity to reduce costs and to increase the quality of care. Drug cost savings averaged $30.33 per patient per month with 72 percent of patients receiving a change recommendation. As a result of this pilot, the State implemented a similar project with nursing homes throughout the state.

**DATA DISCUSSION**

**Figure 1** shows the rapid growth in the cost of medications for patients in Medicaid in North Carolina. In six years the drug costs have more than tripled, representing an average increase of 25% annually, significantly beyond inflationary costs. With the advent of the 2006 federal drug plan for Medicare recipients, it has become more difficult to monitor drug costs from Medicaid claims data for dually eligible patients (both in Medicaid and Medicare) as claims no longer reflect costs associated with medications that may be covered under the new plan.

**Figure 2** shows trends in the use of OTC medications for Non-Sedating Antihistamines (NSA) and Proton Pump Inhibitors (PPI) over a one year period. The OTC alternatives for both types of medications have been found to be cost effective and result in savings without a decrease in clinical care. While the use of OTC for PPIs has remained quite stable, there has been a modest increase in the use of OTC alternatives to NSAs. It is possible that there were fewer OTC alternatives for PPIs than there were for NSAs during this period of time, or physicians were more reticent to prescribe OTCs for PPIs.
PRACTICE & PROVIDER SUPPORTS

Working closely with DMA, CCNC is implementing several new pharmacy initiatives in 2007 to further improve the management programs of patients taking multiple medications. The critical component of all the pharmacy programs is the addition of a pharmacist or a Doctor of Pharmacology (PharmD) to the local networks. Based upon enrollment, each network receives funds to hire a part-time or full-time PharmD to assist with the education, coordination, roll-out, and oversight of all pharmacy benefit programs within the network. This position will also support the networks as they expand the pharmacy management programs to HealthChoice children and the Aged, Blind and Disabled population.

Beginning in 2007, CCNC will manage patients on six to eleven medications and help support DMA’s Focused Risk Management Program (FORM) for patients with greater than 11 prescriptions. Education and relationship building will be important aspects to the success of managing patients on multiple medications. The role of the PharmD will be instrumental for establishing relationships with the retail pharmacists, community physicians, and the patient to improve communication and help resolve medication related issues. The PharmD will be helpful in educating providers and patients to help ensure appropriate and cost-effective medication use.

Another targeted approach will focus on the Aged, Blind and Disabled population. CCNC was charged by the N.C. Legislature to improve the management, cost-effectiveness, and coordination of local services for a population that consumes almost 70 percent of the Medicaid budget. Creating a “pharmacy home” for these patients will assist in containing costs and ensuring that appropriate medications are being prescribed according to the care plan. Using targeted interventions, the PharmD and case managers will work in concert to increase medication adherence, increase the number of Tier 1 or OTC prescriptions, and decrease the number of patients on regimens with known drug interactions. In addition, the pharmacist will be an integral part of an interdisciplinary team that can work with individuals with chronic disease to improve self-management skills.

Summary

Accounting for 20 percent of the total Medicaid expenditures in SFY 2005, spending on prescription drugs increased 12 percent over the last fiscal year and has risen 118 percent since SFY 2000 (Figure 1). As the prescription drug segment of the Medicaid budget continues to increase, CCNC routinely looks for ways to better manage the pharmacy costs of its enrollees. CCNC has found that assisting physicians in identifying cost-saving drugs through the PAL, managing populations on multiple medications, and creating partnerships to improve the coordination of care are successful methods that enhance therapeutic outcomes and improve the quality of health while providing cost-effective care.

Resources

- Prescription Advantage List – www.communitycarenc.com
- Current OTC medication list – www.dhhs.state.nc.us/dma/mp/mpindex.htm
- A Pharmacy Management Intervention for Optimizing Drug Therapy for Nursing Home Patients. The American Journal of Geriatric Pharmacotherapy; Vol2, Number 4, December 2004
- Pharmacist Response to Alerts Generated From Medicaid Pharmacy Claims in a Long-term Care Setting: Results from the North Carolina Polypharmacy Initiative. Journal of Managed Care Pharmacy; Vol. 11, Number 7, September 2005 Pages 575-583