



The Profession of Pharmacy: New Landscapes and New Landmines

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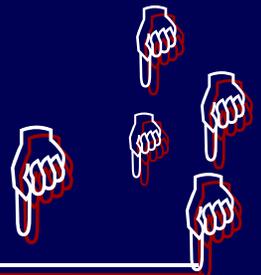
American Society of Consultant Pharmacists



American Society of Consultant Pharmacists

Organizational Facts:

- Established in 1969
- International professional society representing over 7,000 pharmacists
 - Dispensing pharmacies
 - Pharmaceutical manufacturers
 - Allied health care professionals
 - Students
- America's Senior Care Pharmacists™-- serving a host of institutionalized settings:
 - Nursing homes
 - Subacute care
 - Assisted living
 - Correctional facilities
 - Hospice
 - Home care



Early Days of Consultant Pharmacy

Important dates:

1969 -- ASCP conceived

- » No government mandate
- » Recognized unique needs of residents in LTCFs
- » Pharmacists established relationship with nursing home providers to promote drug review

1974 -- First formal mandate for CPs

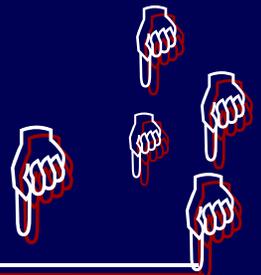
1987 -- Enhanced mandate for CPs

- Federal Nursing Home Standards (OBRA '87)
- Mandates drug regimen review by pharmacist



Why the need for consultant pharmacists?

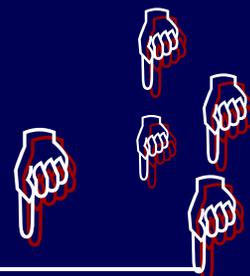
- **Optimize drug therapy for the frail, elderly in institutionalized settings**
- **Promote access to needed and appropriate medications**
- **Promote disease state management**
- **Minimize drug related problems**
 - Minimize adverse drug interactions
 - Eliminate unnecessary drugs
- **Offer special deliveries and specialized packaging**





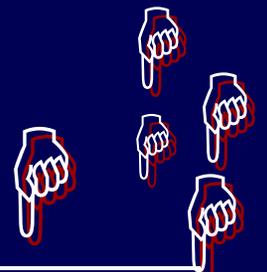
MANTRA:

**Promote, protect and advance
the professional issues
impacting long-term care
pharmacy ...**



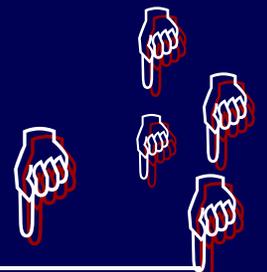


... and to promote optimal drug therapy for the elderly.



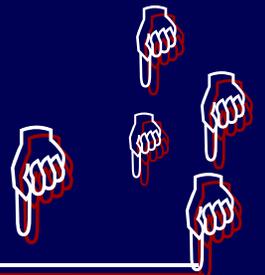


**The Early Days:
ASCP's primary focus was
on the advancement of
professional/clinical
issues...**



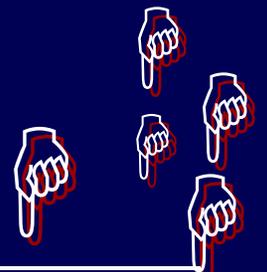
Overview of lobbying trends 1992-2002

- 1992- Universal Health Care for All
- 1993- Promotion of Clinical Issues
- 1994- Medicare Fraud and Abuse
- 1995- Repeal of Federal Nursing Home Standards
- 1996- Health Insurance Portability/Accessibility Act
- 1997- Balanced Budget Act
- 1999- Balanced Budget Refinement Act
- 1999- State Legislative and Regulatory Activity
- 2000- Medicare Drug Benefit Part II
- 2001- Medicaid Reimbursement Cuts
- 2002- CRISES on all fronts!





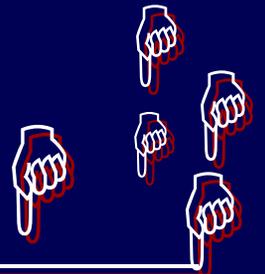
**“The squeeze on pharmacy
is at an all time high ...”**





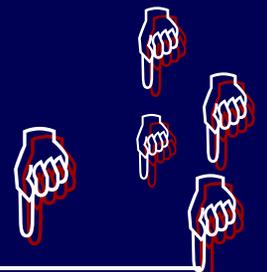
**“only those who can think
out-of-the box will survive.”**

congressional staffer for house of representatives



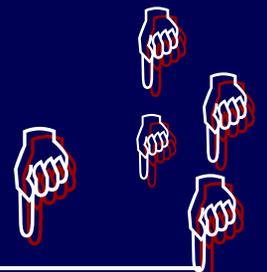


**Promote, protect and advance
professional
and
business issues
in all practice settings**



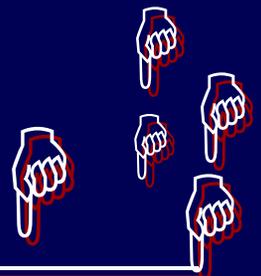


No more silo's...



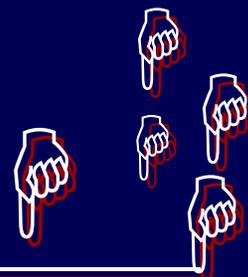


All of pharmacy MUST work together!





The Issues



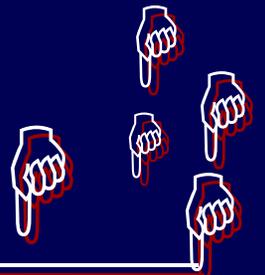
Changing Landscape

The Issues

■ Federal

- Nursing Home Reform
- Medicare Givebacks
- Medicare Drug Benefit
- Discount Card Programs
- AWP Benchmark
- Pricing of Pharmaceuticals
- Re-importation
- Generic Promotion
- Medication Errors
- Patient Bill of Rights
- Amending the SSA
- Assisted Living Oversight
- Pharmacists' Shortage
- HIPPA/Privacy
- Geriatric Labeling
- Electronic Prescribing

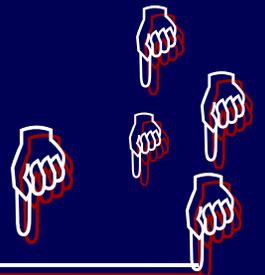
- Regulatory Reform
- Privacy Standards--HIPAA
- Quality Initiatives
- Surveyor Guidelines
- Federal Upper Limits
- Prospective Payment System (PPS)
 - Section U
 - MDS



The Issues

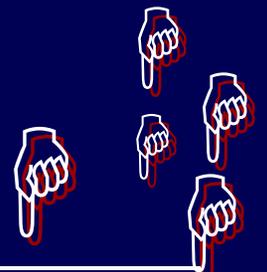
State Initiatives

- State Budget Deficits
- Cost Containment Initiatives
- Medicaid Reductions in Pharmacy Payment
- Medicaid Reductions in Dispensing Fees
- Collaborative Practice
- Brand Limits
- Prescription Limits
- Preferred Drug Lists
- State Maximum Allowable Costs
- Generic Substitution
- Bulk Packaging Prior Authorization
- Pill Splitting Initiatives
- Return and Reuse
- Medication Management in Assisted Living
- Agent of the Physician
- DEA/Control Substances in Emergency kits
- Destruction and Disposal



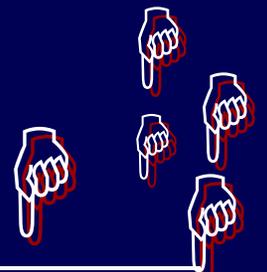


**Shifting Priorities:
Advancing practice issues
to
Tackling business issues**



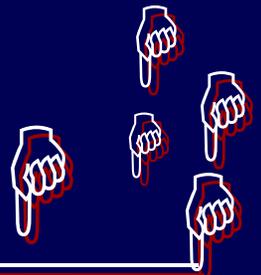


The Priorities



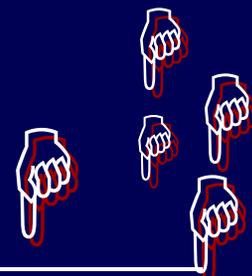
Medicare/Medicaid “Givebacks”

- Medicare SNF PPS increases
 - 13% in 2003
 - 11% in 2004
 - 9% in 2005
- ASCP supports AHCA’s efforts to retain givebacks
- ASCP supports the Coalition to Save Medicare Now!



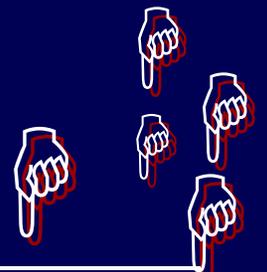


Medicare Outpatient Drug Benefit: Fact or Fiction



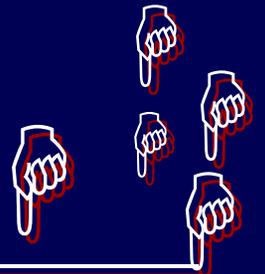


FACT:
**Complex, convoluted,
contentious issue**



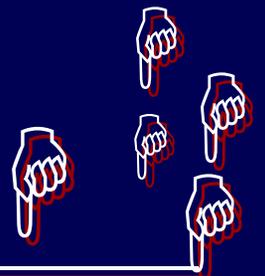


FACT:
**Most legislated issue in
30 years**



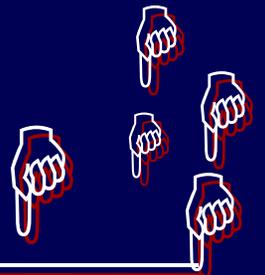


FACT:
**Over five hundred special
interests driving the issue**



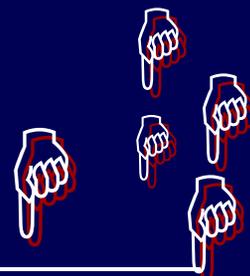
The Drug Benefit Players: Who's driving the issue?

- White House
- U.S. Congress
- State Legislatures
- State Regulatory Agencies
- Pharmaceutical Manufacturers
- National Pharmacy Organizations
- Consumer Special Interest Groups
- Senior Advocacy Groups
- Seniors



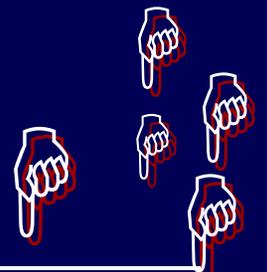


FACT:
Seniors residing in LTCFs
ARE covered under the
“outpatient” drug benefit
proposals





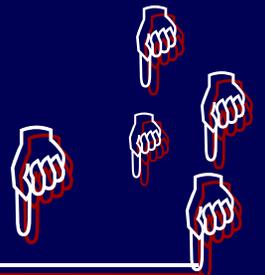
FICTION:
**All questions have been
answered regarding a
benefit**



Medicare Outpatient Drug Benefit

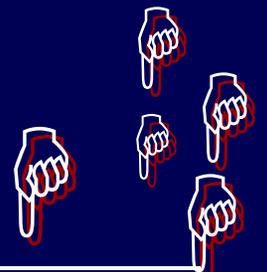
Many “Unknowns”

- Why? What? When? Who? How?
- Incremental approach versus full benefit?
- Government versus private administration?
- Role of PBMs?
- Impact on pharmacy
- Beneficiaries financial responsibility?
- All FDA approved drugs covered vs. select list?
- House and Senate: Meeting of the Minds?
- Position of the White House?
- Will beneficiaries REALLY incur Rx relief?



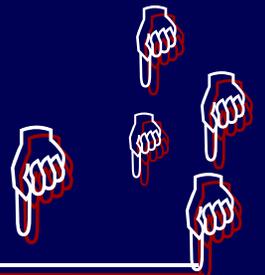


**FICTION:
ASCP supports current
legislative trends**



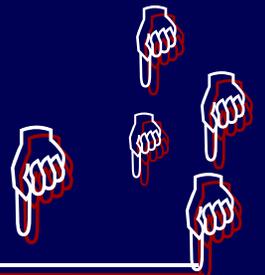
ASCP Perspective on Drug Benefit

- **Target low-income seniors and seniors without supplementary drug coverage**
- **Access to ALL needed and appropriate drugs**
 - FDA approved drugs
- **Minimal PBM role**
 - Concerns about closed pharmacy network
 - Concerns about closed formularies
 - Concerns about effective DRR
 - Concerns about increased mail order



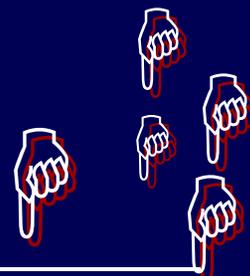
ASCP Perspective on Drug Benefit Legislative Proposal Must Include:

- **Reimbursement for patient medication services**
 - Reimbursement for clinical interventions
 - Payment directly goes to pharmacist
 - Formulary development through collaborative efforts
- **Reimbursement for specialized dispensing and packaging services**
 - 24/7
 - E-kits
 - Multiple deliveries
- **Promotion of quality measures**



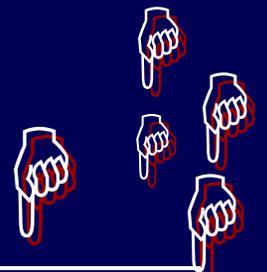


FICTION:
Passage will happen in 2002



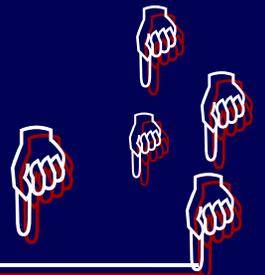


Drug Discount Card Programs



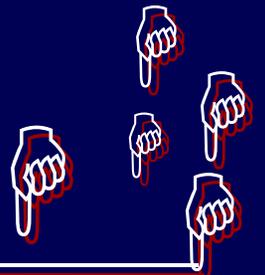
How do the cards work?

- Consumers apply for card
- Each card has its own qualifications
- Consumers are enrolled if meet criteria
- Savings established by manufacturers
- Savings delivered via retail pharmacy
- Savings passed on to consumers



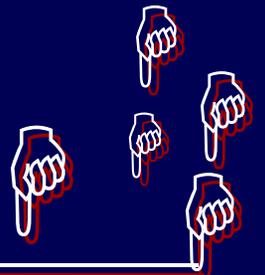
What programs remain in play?

- HHS/CMS
- Eli Lilly
- Pfizer
- Together Rx



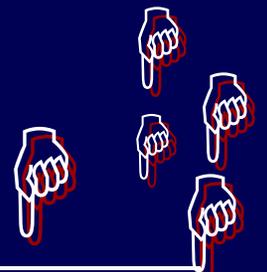
ASCP Position: Drug Discount Card Programs

- **Restrictive formularies** not good for seniors
- **Restrictive networks** not good for pharmacy
- Proposal **does not** provide for appropriate medication management and packaging services
- **Disrupts** established procedures in nursing homes
- Promotion of mail order
- Administrative hurdles for all parties
- Are discounts really felt by seniors?



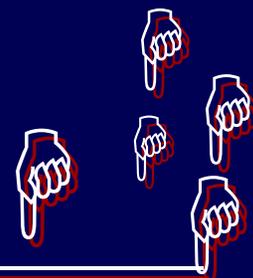


Medicaid and Medicare AWP Reductions



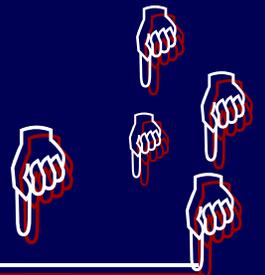
The Origins of Medicare & Medicaid Reductions

- **Definition of AWP?**
 - Investigations began in 1992
- **Who sets AWP?**
 - Federal government
 - Congress
 - Manufacturers
 - Wholesalers
 - Pharmacies



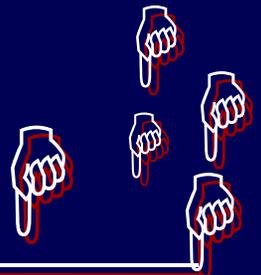
Medicare / Medicaid AWP Investigations

- Decade of investigations by federal and state authorities
 - Inflation in AWP by manufacturers
 - Cancer drugs
 - IVs
 - Inhalants
 - Injectibles



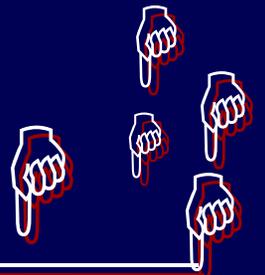
Medicare / Medicaid AWP Investigations

- **Result of investigations**
 - **Pharmaceutical company settlements with federal government for billions**
 - **New “benchmark” established for Medicare Part B pharmaceuticals**
 - **Congress seeks to change benchmark for all public financed programs**



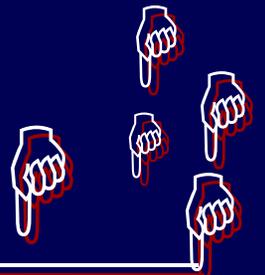
New Benchmark

- **OIG examines viable options for new benchmark**
 - **AAC**
 - **AMP**
 - **EAC**
 - **WAC**
 - **MAC**
 - **AWP II**
 - **ASP**
 - **Average price across all purchasers including discounts, rebates**



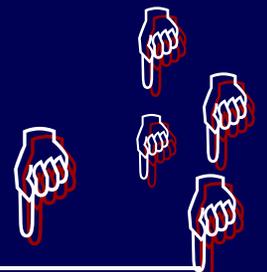
Latest on Demise of AWP

- Both House/ Senate want immediate change
- House Energy and Commerce Committee spearheading initiative
- Government embracing ASP concept
- Investigations continue from numerous government entities
- Change sometime in 2003?



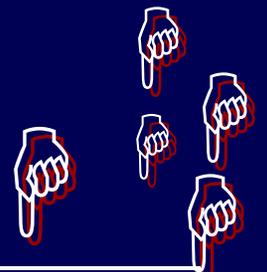


What does all this mean?



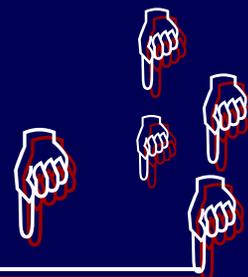


**Focus on
cost containment strategies
versus
promoting quality care
initiatives!**





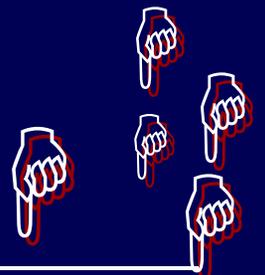
**A FAR LARGER BEAST IS
AT HAND...**



State Activity



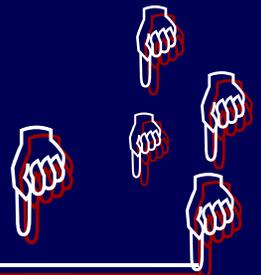
“The New Frontier”



State Activity on Business Front

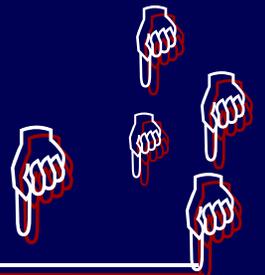
■ Business

- State Budget Deficits
- Reductions in Medicaid
- Prior Authorization
- Return/Reuse
- Preferred Drug Lists
- Brand Limits
- Rx Limits
- State Maximum Allowable Costs
- Generic Substitution



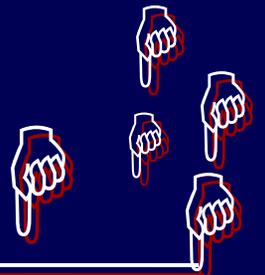
State Activity on Practice Front

- **Practice**
 - **Collaborative Practice**
 - **Destruction/Disposal**
 - **Multiple Scripts**
 - **Freedom of Choice**
 - **Controlled Substances**
 - **Emergency Kits**



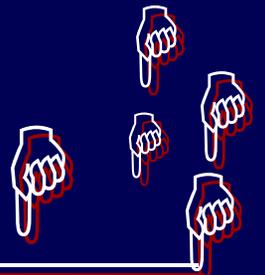
State of the States

- Decreasing quarterly state tax revenues since 2000
- Factors contributing to increased Medicaid spending
 - 44 states -- pharmacy
 - 39 states -- enrollment
 - 28 states -- costs/inflation
 - 15 states -- long term care



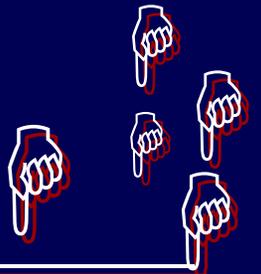
State of the States

- **Current cost containment strategies**
 - 32 states -- prescription drug costs
 - 22 states -- reducing or freezing payment rates
 - 8 states -- reducing/restricting Medicaid eligibility
 - 9 states -- reducing Medicaid benefits
 - 4 states -- increasing beneficiary co-pays
- **Other strategies:**
 - Tablet splitting
 - Brand limits
 - Prescription limits

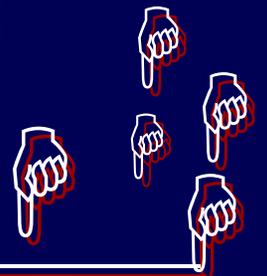




Can 2003 be worse than 2002?

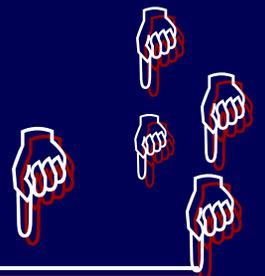


What Does this All Mean?



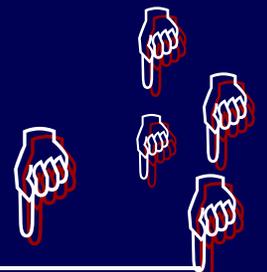


**Continued struggle between
advancing senior care pharmacy
and
fighting reimbursement cuts!**



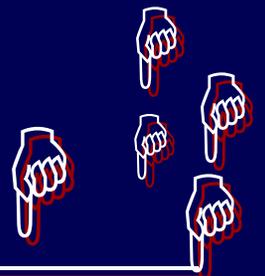


**Economic incentives
dictating drug therapy
NOT
clinical appropriateness!**





Will quality issues win the day?



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