



TEXAS FEDERATION OF DRUG STORES
"The Voice of Chain Pharmacy in the State of Texas"



NATIONAL ASSOCIATION OF
CHAIN DRUG STORES



The Honorable Jane Nelson
Texas Senate
Chairperson, Senate Medicaid Cost Containment Committee

Dear Senator Nelson,

The Pharmacy community has been meeting to identify and offer efficiencies and cost savings that may be considered by your committee during tomorrow's hearing. **These recommendations come to you from the entire pharmacist and pharmacy community.** Should you need additional information or clarification, please don't hesitate to call one of the representatives listed below.

Involve Pharmacists to Enhance Medication Adherence: Poor medication adherence costs the U.S. approximately \$290 billion annually, which is 13% of total healthcare costs as reported by the New England Healthcare Institute. Community pharmacists are uniquely qualified and positioned to reduce the problem of poor medication adherence. Ensuring patients take their medications as prescribed will improve health outcomes and reduce the use of more costly medical interventions such as hospitalizations and emergency room visits.

Additionally, the issue of medication reconciliation within hospitals is of major concern. Most drug errors occur during the 'hand off' of patients from admission through the various services they may encounter (emergency department, ICU, surgery, rehab, discharge). Assuring pharmacy involvement in this critical process is a key to improving the quality of hospital care. Likewise, adequate discharge counseling by a pharmacist about the proper use of the medications the patient is being released with, as well as reconciliation of any other medications that the patient may be receiving in the ambulatory setting are imperative to avoid early re-admission.

Increase Generic Utilization: Based on utilization data submitted to the Centers for Medicare and Medicaid Services, in Calendar Year 2009, every 1% increase in the Texas Medicaid Program's generic utilization rate saved about \$26.1 million. It remains crucial to the program's continuing cost-savings efforts that generics are preferred, not only in statute, but also in the minds of those who prescribe and dispense prescription drugs. The average cost of a generic dispensed to Texas Medicaid enrollees in calendar year 2009 was about \$25.09, which is just 13.7 percent of the \$182.56 average cost for a single-source (patented) brand name medication, and an average difference of about \$157.47 per prescription. Despite being dispensed 62.4

percent of the time, generics constituted only about 19 percent of program spending on prescriptions.

Promoting the use of generic drugs is a key factor in helping to control prescription drug spending. Recent case studies from several large insurers and health plans have demonstrated that a significant impact can be made on the generic dispensing rate and therapeutic substitution for brand name products.

Texas could further **strengthen the prior authorization program** by eliminating off label use of anticonvulsants and antipsychotic drugs. *Anticonvulsants:* Texas Medicaid's spending on anticonvulsants during 2009 was \$124M – 5.6% of the program's total expenditures on drugs. Studies show that most off-label uses among 160 commonly prescribed drugs had little or no scientific support. *Atypical Anti-Psychotics:* Spending on the 4 most frequently prescribed atypical anti-psychotics Seroquel (\$77.49M), Risperdal (\$26.97M), Zyprexa (\$47.08M) and Geodon (\$23.90M) constituted about 7.9% (\$175.43M) of drug spending during 2009. An enhanced clinical prior authorization and step therapy program requiring first use of the earlier generation of anti-psychotics could yield additional savings. If just 10% of those on the four atypical anti-psychotics were to remain on perphenazine, the savings would still be \$7.02 to \$8.77 million annually.

E-prescribing: E-prescribing provides healthcare providers secure low-cost, electronic access to prescription and health information. Real-time access to prescription and health information at the time the prescription is written can save patients' lives, improve efficiency and reduce the cost of healthcare for all.

Texas has approximately 41,750 physicians providing services in the state. If Texas implemented an e-prescribing program similar to one established in the state of Florida, the state could achieved results similar to Florida's with just 20 % (8,350) of its providers, the state could save as much as \$70.1 million annually by implementing e-technology

Medication Therapy Management: Enrolling high-risk patients in medication therapy management (MTM) programs and pharmacy-assisted disease management programs could result in a reduction in health care utilization, including fewer hospitalizations, fewer emergency room visits, lower prescription drug utilization, fewer office visits, and lower per-month expenditures. Other states have implemented such programs for targeted populations of individuals with complex chronic medical conditions, especially those with a high risk of complications and co-morbidities, such as diabetes, kidney disease, asthma and other chronic pulmonary diseases, or chronic heart disease, and have achieved savings through these types of programs.

It is difficult to calculate how many Texas Medicaid beneficiaries would qualify for inclusion in the target population for a MTM program designed for beneficiaries with multiple chronic conditions. However, assuming participation in the Texas program parallel to the 0.13 % participation in one such program implemented by Missouri Medicaid, using Texas Medicaid's June 2009 monthly Medicaid population of 3,343,241 and applying the \$2,000 per participating patient savings from the Missouri Medicaid program yields a potential 4,346 participants and potential savings in Texas from this approach of \$8.69 million. We recommend immediate rollout of this pilot project.

Considering that 13% of respondents who reported having Medicaid coverage also reported having private health coverage and that the average amount of costs recovered through pay and chase programs is 17%, implementing a cost-avoidance program could potentially save the state millions of dollars.

Implement a Mandatory Generic formulary in Medicaid.

Ensure that Rebates/supplemental rebate collections are approaching 100% collection rate.

Increase minimum rebate % to participate in the PDL preferred status.

Review exempted therapeutic categories in current PDL to implement rebates/supplemental rebates and assure access via Prior Authorization.

Tighten early refill restrictions to prevent waste that occurs when patients discontinue or change therapies.

Institute a counter detailing program for the 10 most highly discontinue or change therapies. Pennsylvania Medicaid has one of the strongest Programs of this sort in the nation.

Increase minimum rebate percentage to participate in the Medicaid PDL Preferred status.

A Number of states has increased the "minimum bar to play", Florida implemented this approximately a year ago.

Restrict single source brand name drugs to a 34 day supply. Allow multiple month supply of generic drugs.

Implement "generics first" step therapy on multiple- and single-source prescription drugs

in the same therapeutic class. The average cost differential between brand and generic drugs dispensed in the Texas Medicaid program is \$157.47 per prescription.

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