

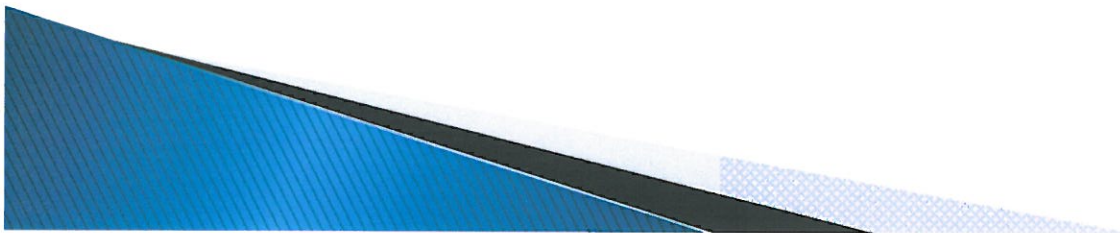
Medication Therapy Management

Ed Holland

Administrator

Risk and Benefits Management

Human Resources Enterprise



Medication Therapy Management Program

This program was enabled through HF 2531 and signed into law on April 29th, 2010. The program was funded through a \$543,000 appropriation from the Iowa comprehensive petroleum underground storage tank fund. DAS paid \$478,035 to Outcomes Pharmaceutical Health Care L.C. for their expense and reimbursement to participating pharmacists.

The Legislation required that we bid the program through a request for proposal, select a vendor and have the program up and running prior to July 1st, 2010. This presented some problems:

- The timeline mandated by the legislation did not allow for information gathering and preparation. We were not able to conduct the research that would have provided the department with better knowledge of MTM programs in general and because of this, our ability to negotiate with any perspective vendor was diminished.
- The rushed appearance of this process reduced competition. It is likely we were not able to negotiate the best possible deal as only one vendor bid on this RFP. DAS entered into a contract with the selected vendor during July of 2010 with an ending date for the engagement of June 30, 2011.
- The performance expectations and guarantees that the vendor would agree to and were those that were defined in the legislation. Specifically Division XIV, Section 2C.

The MTM program started to actually function as a program in August of 2010. Both state employees and pharmacists were informed of the program. A poster outlining the program was sent out on 8/9/2010 with additional information and a FAQ at the State's benefit website.

The MTM vendor reported the following data reports to DAS for the program from 10/5/2010 to 7/5/2011 (9 months).

Overall Vendor Reported Results as of 7/5/2011:

\$3,914,141.63 Total Estimated Cost Avoidance (ECA)

\$1,017,071 Level 2 (Drug Product Cost) ECA

\$440,384 in Program Fees through May

\$8.88:\$1 Overall ROI

\$2.31:\$1 Drug Product Savings ROI

ECA Breakdown:

Level 2 - Drug Product Costs Saved: \$1,017,071

Level 3 - Additional Physician Visits Avoided: \$92,945

Level 4 - Additional Prescription Orders Avoided: \$244,496

Level 5 - Emergency Room Visits Avoided: \$41,541

Level 6 - Hospital Admissions Avoided: \$2,041,255

Level 7 - Life Threatening Situations Avoided: \$476,833

Vendor explanation of savings associated with Levels 2 through 7

Under ECA Level 2, a calculated savings is obtained as the Outcomes System captures the changes in medication regimens. For chronic medications that are involved in a product transition, discontinuation or other cost efficacy intervention, the savings are

annualized. Examples of services that yield ECA Level 2 Drug Product Savings are prescriber consultations relating to cost efficacy management transitions (which includes formulary management and therapeutic interchange), the elimination of unnecessary therapies, or the resolution of excessive dose/duration.

ECA Levels 3-7 are estimated savings of other health care costs avoided. The assigned dollar values for ECA Levels 3-7 are based on an article published in the peer-reviewed medical journal, The Archives of Internal Medicine. These values are updated annually according to an inflationary index.

These savings have not and cannot be validated due to a lack of data and a lack of funding. We can also not say if there would be a level of diminishing returns over some period of time. At the same time we cannot dispute the savings as they have been reported by the vendor.

We did ask during the RFP process whether the service provider's methodology and modeled cost avoidance had ever been validated or confirmed as true savings that clients actually realize. There was no such information available and the service provider further indicated that such a study would be borne by the State.

When it appeared that we might have another year to study this program due to proposed legislation that was later vetoed, we began to consider how we might validate this program in the future. We came to the conclusion, with Deloitte Consulting, that it would be a fairly difficult endeavor to clearly quantify MTM program savings. Nevertheless, we did create a data shell and performance guarantees that we would seek in any future contract for MTM services if we were asked to again offer such a program.

Professional Responsibilities

The Iowa Administrative Code addressing Pharmacy regulations, rule 657.6.14 states "upon receipt of a new prescription drug order and following a prospective drug use review pursuant to 657-8.21(155A), a pharmacist shall counsel each patient or patient's caregiver." It further states "Patient counseling shall be on matters which, in the pharmacist's professional judgment, will enhance or optimize drug therapy."

It is standard within medical and pharmacy practice to counsel patients on drug therapies to improve patient health care outcomes and is mandated in the Iowa Administrative Code addressing Pharmacy regulations. Counseling and education are standards of care and part of the customary practices for a pharmacist. The education a pharmacist receives prepares them to manage patient-specific drug therapies and is a fundamental standard of licensure by Boards of Pharmacy. Patients should be allowed to receive counseling pursuant to their profile of medications and this should be delivered by any and all qualified professionals in the natural course of prescription delivery services.

Summary

Outcomes staff were professional and knowledgeable. And because of this pilot they were able to increase the number of Iowa pharmacies that participate in their network. In the future if we were asked to again offer an MTM program we would ask that more time be given to the search process and that any legislation not detail too specifically the plan or methodology to be contracted for in order to expand the number of vendors that would potentially bid thus driving competition and effectiveness of any future program.