



Independence
Blue Cross

Part D Benefits Administration: a Medicare Health Plan Perspective

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SENIOR VP GOVERNMENT PROGRAMS

Overview



- ▶ Part D was a much needed advance in coverage for large populations-at-need
- ▶ Administration of this new federal benefit was modeled after FEP and similar commercial insurance programs
- ▶ These programs have traditionally had a variety of cost-containment and quality improvement programs which we'll review briefly
- ▶ Unlike commercial programs, the Medicare benefit is complicated by B vs. D coverage, a coverage gap, low-income subsidies, non-covered drugs, et al.

Company Background



- ▶ **Independence Blue Cross (IBC) is a large regional BCBS plan based in Philadelphia with a large commercial and government enrollment base**
 - 2.0 M Commercial enrollees
 - 170,000 member Medicare HMO and PPO enrollees
 - 340,000 Medicaid enrollees (with Mercy Health Systems)
 - 50,000 CHIP and adultBasic enrollees
 - Also, providing administrative Medicare services via Veridign Health Solutions

- ▶ **IBC has comprehensive medical and pharmacy benefit programs, and also offers comprehensive disease and condition management programs**

- ▶ **We have a number of community impact programs, including those that support charitable medical clinics, nursing education, and CHIP enrollment**

Managed Pharmacy Programs: What They Are

- ▶ **Networks**
- ▶ **Formularies**
- ▶ **Prior Authorization**
- ▶ **Step therapy**
- ▶ **Generic substitution**
- ▶ **Quality and Disease Management Programs**
 - **Member facing**
 - Drug-drug interactions
 - Dose monitoring (narcotics et al.)
 - Disease management (MTM)
 - Medication Safety
 - **Pharmacist and Physician facing**
 - Education and support
 - Prescribing Alerts
 - Medication Safety Reports
 - QM, Credentialing, Peer Review
 - F&A



Managed Pharmacy Programs: Why They Evolved

▶ Cost control

- Pharmacy benefits were limited or non-existent prior to the managed care migration
- Managed care savings on medical costs allowed for the provision of more extensive Rx benefits
- Costs and utilization soared
- Pharmacy Benefit Management companies arose primarily to control costs

▶ Quality control

- There wasn't any, apart from individual efforts from physicians and pharmacists
 - No data repositories
 - No query tools
 - No telephonic outreach programs
 - No proactive F&A



Managed Pharmacy Programs: Who Does Them and How

▶ Staff resources

- Physicians, pharmacists, nurses, data specialists, quality management staff, compliance specialists, appeals staff

▶ Management Structure

- Pharmacy and Therapeutics Committee
- Clinical lead (Chief Medical or Pharmacy Officer)
- Corporate/Part D Compliance Officer

▶ Oversight and Regulation

- National Committee for Quality Assurance
- State health, welfare and insurance departments
- CMS Part D and MA/PD regs

▶ Development and Implementation of Clinical Indicators



Managed Pharmacy Techniques: Overview

▶ Prior Authorization

- There are 6100 medications on IBC's PerformRx formulary
- 91 require prior authorization (1.5%)
- <1% of scripts require prior authorization (1750/310,000)
- Use standardized forms, accepted by email or fax

▶ Step therapy and quantity limits

- There are 10 medications that require step therapy (0.16%)
- There are 22 medications that have quantity limits (0.36%)

▶ Generic substitution

- Pennsylvania is a mandatory substitution state
- We promote substitution through education and benefit design



Managed Pharmacy Techniques: Overview

Quality and Disease Management Programs: Member facing

- ▶ **Drug-drug interactions, polypharmacy**
 - Alerts at point of sale
 - Follow-up calls/letters to physicians

- ▶ **Dose and compliance monitoring**
 - Same medication, two or more physicians
 - Controlled substances
 - Errors
 - Underutilization (SSRIs, beta-blockers, lipid therapy)

- ▶ **Disease management (MTM)**
 - Identification and outreach
 - Coaching and education
 - 5 major, common chronic illnesses
 - 16 rarer disorders (MS, Parkinson's, et al.)
 - 12 significant conditions (depression, breast cancer, et al)
 - ESRD



Managed Pharmacy Techniques: Overview

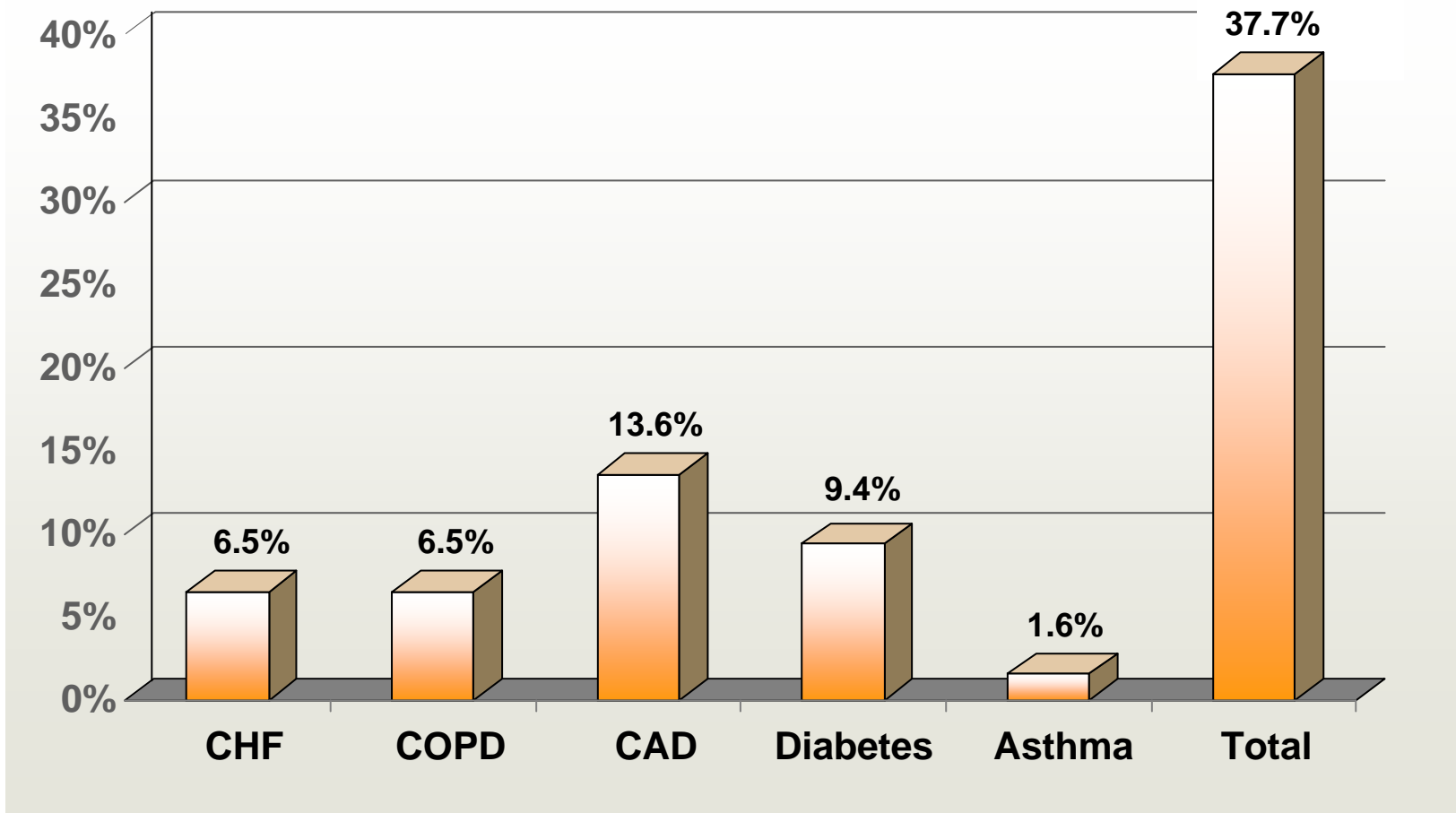
Quality and Disease Management Programs

▶ Pharmacist and Physician facing programs

- Education and support
- Prescribing Alerts
- Medication Safety Reports
 - Physician-specific lists of elderly patients on high-risk Rx's
 - Antidepressant underutilization
- QM, Credentialing, P&T, Peer Review Committees
- F&A



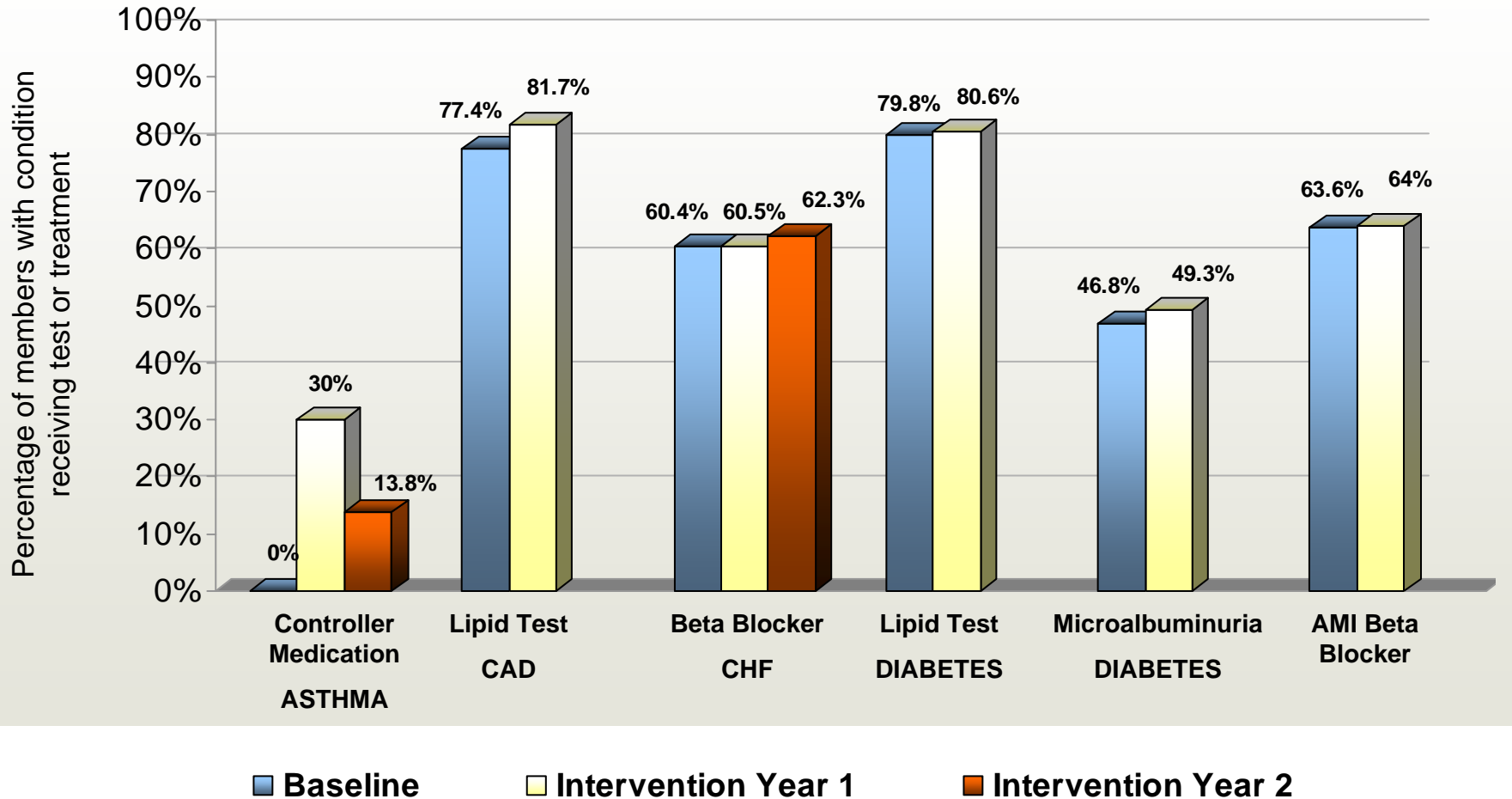
Disease Prevalence, Medicare



Assumes the following disease hierarchy: CHF, COPD, CAD, Diabetes, Asthma.
Members are counted once in highest category only.

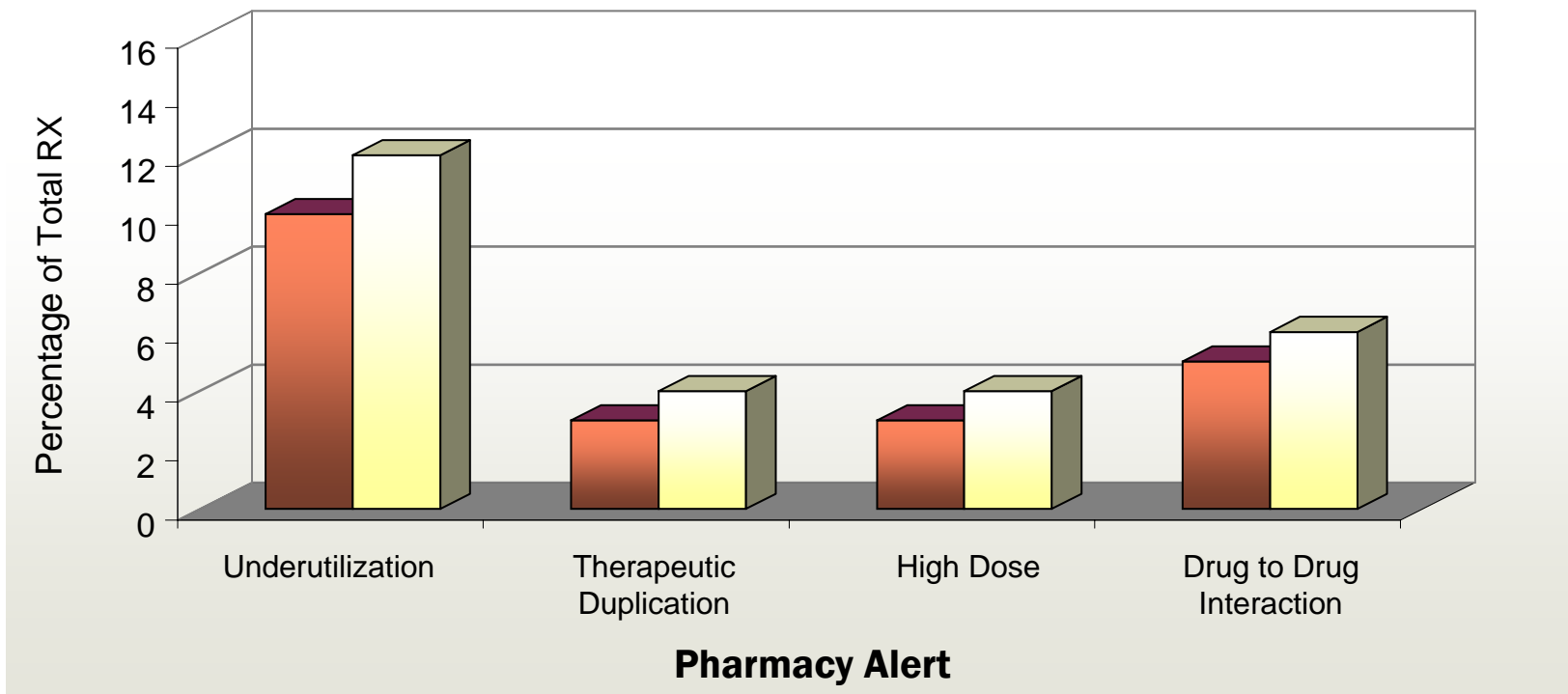
Quality Measures

Clinical Quality Indicators PA Medicare HMO and PPO



Prescribing Alerts

2006 PA Medicare Products



1Q 2Q

Of the 10,886,048 prescriptions written in the first half of 2006 (all products), 31 percent resulted in alerts at the point of sale.

Seventeen percent of these alerts resulted in prescriptions not being filled as originally written.

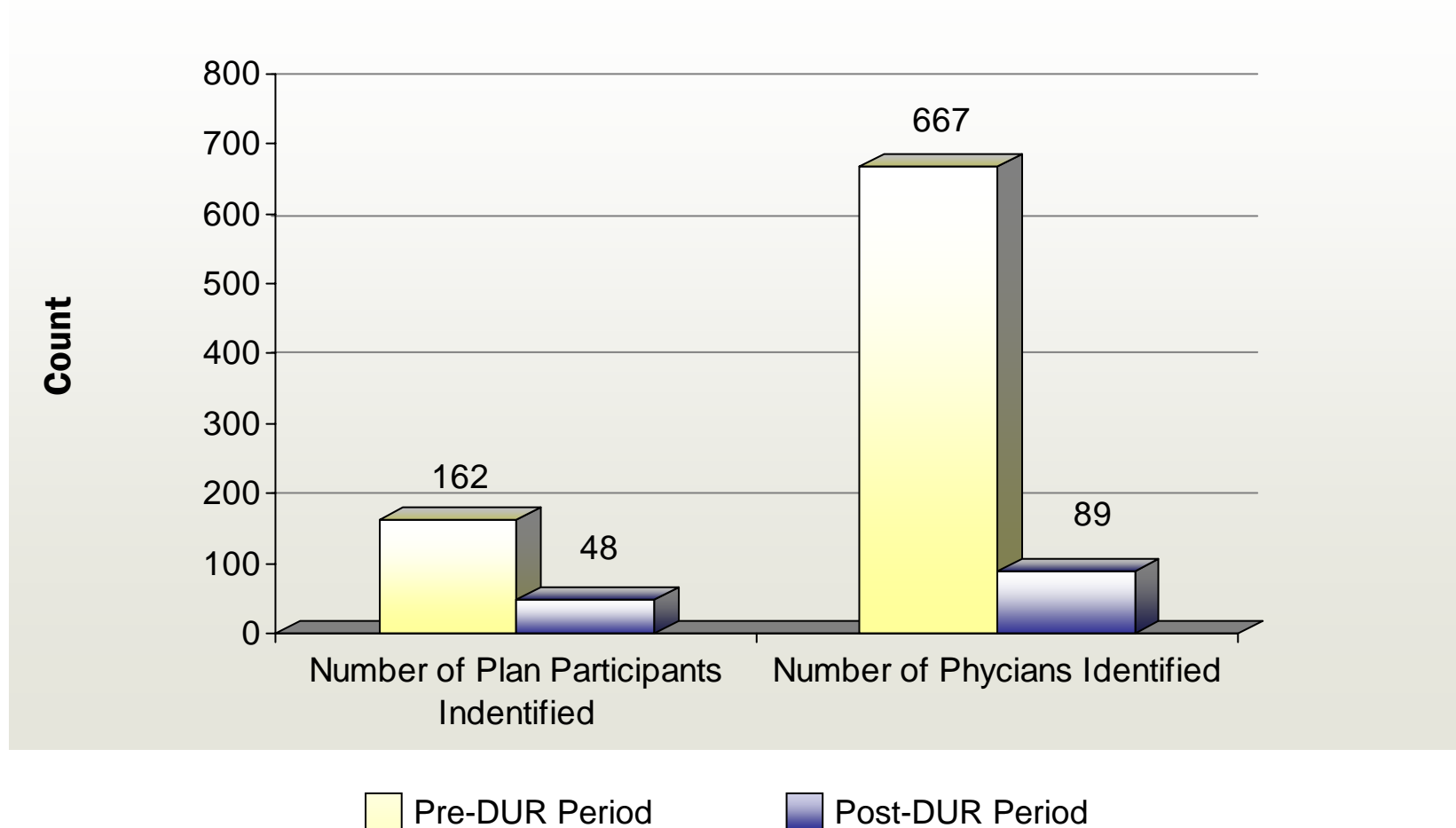
Controlled Substance Utilization Pre- and Post- DUR



Metric	Pre-DUR Period	Post-DUR Period	Change n (%)
Number of plan participants identified	162	48	-114 (70)
Number of physicians identified	667	89	-578 (87)
Total number of CS claims for identified plan participants	2,965	787	-2,178 (73)
Total CS drug spend for identified plan participants	\$16,963.44	\$55,418.22	-\$105,545.22 (66)
Average number of physicians per identified plan participant	5.07	4.73	-0.34 (7)
Average number of CS claims per identified plan participant	18.30	16.40	-1.91 (10)

Controlled Substance Utilization Pre- and Post- DUR

Controlled Substance DUR Synopsis



Appeals and Grievances

- ▶ YTD 2007, there have been 620 appeals and 613 complaints
- ▶ The incidence rate is approximately 0.003 each
 - Of the appeals, 72% were related to formulary tiering
 - 28% were overturned by us
 - 33 were submitted to Maximus, of which 13 were overturned
 - Of the grievances, most were related to formulary or the benefit design
 - Only 3 were related to access
- ▶ Turnaround times (24 h expedited, 72 h standard) were met

▶ Electronic Prescribing (eRx)

- “eRx could save Medicare as much as \$29B over the next ten years and prevent almost 2 million medication errors”¹
- Low adoption rate will continue unless action occurs
- Significant technical work is yet needed

▶ Reminders – vaccines, refills, diagnostics

▶ Prescriber profiling and pay-for-performance



1. Richard Stefanacci, DO, Executive Director, Health Policy Institute, University of the Sciences, former Health Policy Scholar, CMS



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Questions and Comments

