

**REPORT OF THE
SECRETARIES OF ADMINISTRATION AND
HEALTH AND HUMAN RESOURCES ON**

**A Review of the Commonwealth of
Virginia's Key Advantage Mail-Order
Prescription Drug Program**

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



HOUSE DOCUMENT NO. 42

**COMMONWEALTH OF VIRGINIA
RICHMOND
1994**



COMMONWEALTH of VIRGINIA

Ruby G. Martin
Secretary of Administration

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December 20, 1993

Dear Governor Wilder and Members of the General Assembly:

House Joint Resolution (HJR) 658, which was passed by the 1993 session of the General Assembly, directed the Secretaries of Administration and Health and Human Resources to study the efficacy of the Key Advantage mail-order prescription drug program.

Enclosed for your review and consideration is our report.

Sincerely,

A handwritten signature in cursive script that reads "Ruby G. Martin".

Ruby G. Martin
Secretary of Administration

A handwritten signature in cursive script that reads "Howard M. Cullum".

Howard M. Cullum
Secretary of Health and
Human Resources

/pwf

Enclosure

A REVIEW OF THE COMMONWEALTH OF VIRGINIA'S KEY ADVANTAGE
MAIL-ORDER PRESCRIPTION DRUG PROGRAM

Secretaries of Administration and
Health and Human Resources

December, 1993

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EXECUTIVE SUMMARY

I. INTRODUCTION

The 1993 session of the General Assembly passed House Joint Resolution (HJR) 658 (see Appendix A). HJR 658 directed the Secretaries of Health and Human Resources and Administration to study the efficacy of the mail order prescription drug component of the Key Advantage health benefits plan.

Specifically, HJR 658 directed the Secretaries to examine quality of care and cost issues such as the loss of the physician-patient-pharmacist relationship; the loss of personal counseling concerning drug effects and interactions; the potential for abuse of or improper use of controlled substances; and the potential for patients to obtain excess supplies of drugs.

II. FINDINGS

A. Mail-Order Prescription Drug Programs

1. Development of Mail-Order Programs (Page II-1)
 - o Mail-order prescription drug (MOPD) programs have been established primarily as an alternative source for patients to receive long-term or maintenance prescriptions (i.e. prescriptions for 90-day drug supplies).
 - o MOPD programs purchase their prescription ingredients in large bulk quantities, and are able to process large volumes of prescriptions through automated systems. As a result of these efficiencies, MOPD programs typically are able to provide cost savings to health benefits plan sponsors (e.g. the Commonwealth) and patients.

2. Growth in MOPD Programs (Page II-1)

- o The first MOPD program began in 1946 when the Veteran's Administration (VA) mailed prescription drugs to eligible veterans.
- o MOPD programs experienced rapid growth during the past 10 years, particularly in the late 1980s and early 1990s. MOPD program sales have grown from less than \$100 million in 1981 to approximately \$3.4 billion in 1991.
- o Fifteen other states include a MOPD program as part of their benefits plans offered to employees. In addition, many large employers across the nation include MOPD programs in their employee benefits plans.

B. Commonwealth of Virginia's MOPD Program

1. Program Implementation and Design (Page II-3)

- o The Department of Personnel and Training (DPT) implemented the current MOPD program on January 1, 1989, as one component of a new outpatient prescription drug benefit.
- o Under the current MOPD program, enrollees pay a \$6.00 co-payment for prescriptions (up to a 90-day supply) purchased through the mail-order pharmacy.
- o Enrollees also may purchase prescriptions (up to a 90-day supply) for \$6.00 from 610 community pharmacies which have agreed to accept the same level of reimbursement as the mail-order pharmacy. These pharmacies are called "walk-in maintenance" pharmacies.
- o The Prescription Service Division of Caremark, Inc. administers the Commonwealth's MOPD program through a subcontract with PCS, Inc.

2. MOPD Dispensing Process (Page III-4)
 - o Each prescription received by the Caremark mail-order facility is compared to patient information regarding allergies, health conditions and other current prescriptions to detect possible adverse interactions. The system also monitors each prescription to prevent premature refill requests and duplicate prescriptions.
 - o Every prescription filled at the Caremark mail-order pharmacy is checked for accuracy by two different registered pharmacists. In addition, the computer system used by Caremark performs 37 safety edits before a prescription is filled.

3. Operating Statistics for the Outpatient Prescription Drug Program (Page III-8)
 - o The number of prescriptions filled at the mail-order pharmacy (37,407) represents only 3.1% of all of the outpatient prescription drug claims incurred during fiscal (FY) 1993. The number of prescriptions filled at the walk-in maintenance pharmacies (112,814) represents 9.5% of all prescriptions.
 - o The vast majority of prescriptions (1,037,302), representing 87.4% of the total, are filled at community pharmacies. When walk-in maintenance pharmacy prescriptions are included, 97% of all prescriptions are filled at a local pharmacy.

4. MOPD Program Cost Savings (Page IV-1)
 - o The Commonwealth pays a lower ingredient cost for drugs purchased through the mail-order pharmacy and walk-in maintenance pharmacies than those purchased through community pharmacies. Also, no dispensing fee is paid for these prescriptions.
 - o DPT estimates that the MOPD program saved the

health benefits program approximately \$2.1 million in FY 1993.

C. Quality of Care Issues

1. Walk-In Maintenance Pharmacies (Page IV-1)

- o When examining quality of care issues, it is important to note that if an enrollee is concerned that the mail-order arrangement is not suitable for any reason, the enrollee has the option of purchasing his/her long-term medications from a walk-in maintenance pharmacy for the same price.

2. Physician-Patient-Pharmacist Relationship and Patient Counseling (Page IV-2)

- o MOPD programs have little impact on the physician's role. Regardless of where the prescription is filled, the physician's contact with the pharmacist is by telephone. Such telephone interaction between the physician and the pharmacist is available through the Commonwealth's MOPD program.
- o For prescriptions received from the mail-order pharmacy, there is no face-to-face counseling. However, Caremark pharmacists provide counseling services for enrollees through a 24-hour toll-free telephone service.
- o Caremark pharmacists also consult with prescribing physicians on an as-needed basis.
- o Written patient counseling information is included in every prescription mailed from the Caremark facility. A Caremark customer satisfaction survey indicated that 96% of respondents believed the information was either excellent, very good or good.

3. Potential Abuse/Improper Use of Controlled

Substances (Page IV-4)

- o Regardless of where a prescription is purchased (i.e. mail-order or local pharmacy), there is no fail-proof method of ensuring that controlled substances are not abused by the patient.
- o The Caremark mail-order facility maintains a comprehensive quality control process to ensure that all prescriptions are filled as prescribed by the physician.
- o Every prescription filled at the Caremark facility is checked by two different registered pharmacists.
- o Each mail-order prescription is entered into the Caremark computer system to complete a Drug Utilization Review (DUR). The DUR program conducts 37 safety-checks to ensure the safety of the prescription.

4. Potential for Obtaining Excess Supply of Drugs (Page IV-5)

- o One of Caremark's DUR edits ensures that the prescribed amount of the drug does not exceed any applicable legal limits. Another DUR edit monitors each prescription for premature refill requests and duplicate prescriptions.
- o Approximately 50% of all prescriptions are filled from Caremark pre-packaged containers. Another 15% of all prescriptions are filled from manufacturers' original containers. Other prescriptions are counted by the Caremark computer system or a Kirby Lester Counter (i.e. automated pill counter). This process significantly minimizes any chance of human error when filling prescriptions.

5. Error Rate of Mail-Order Facility (Page IV-5)

- o DPT requires Caremark to report any dispensing errors identified at the last

quality checkpoint and errors discovered after the drug has been mailed. DPT, thus far, has not received any such reports during the course of the current contract.

- o The Virginia Board of Pharmacy reports that it has adjudicated no cases to date concerning the Caremark mail-order facility, and that the Caremark facility's pharmacy license is current and in good standing.
 - o Caremark was not able to provide a specific error rate for its mail-order facilities. However, Caremark did provide data which indicated that only 0.6% of prescriptions are re-processed prior to ever being dispensed and shipped. These corrections were made as a result of quality assurance audits which identified problems such as missing charge slips, incorrect demographic information, damaged packaging and key entry errors.
6. Caremark Customer Satisfaction Survey (Page IV-6)
- o Caremark's most recent satisfaction survey found that 97% of respondents who had used its Virginia mail-order facility rated the overall quality of the Caremark mail-order prescription service as good, very good, or excellent.
 - o Ninety-five percent of these same respondents rated the overall quality of Caremark's delivery system good, very good or excellent. A similar percentage of respondents rated the labeling information provided with each prescription as good, very good or excellent.
7. Other Studies/Reports: Quality of Mail-Order Prescription Drug Programs (Page IV-7)
- o Several studies/reports regarding MOPD programs which were conducted by independent organizations (e.g. state legislatures, federal agencies, and universities) were

reviewed.

- o The studies/reports found little if any evidence to suggest that MOPD programs are unsafe. As stated in a 1987 resolution adopted by the American Medical Association, "Mail service pharmacy is an established alternative method of distributing drugs in the United States."
8. Administrative Efficiency of the Commonwealth's MOPD Program (Page IV-10)
- o The Commonwealth's MOPD program does not require the use of any claims forms by enrollees or pharmacies.
 - o The claims review process is entirely automated. The process includes standard claims controls such as checking the eligibility of the beneficiary and the possible duplication of claims. In addition, the process includes extensive utilization controls to identify possible over-utilization, under-utilization, incorrect dosages, and other possible problems.
 - o DPT's independent benefits consultant conducts periodic audits of the entire claims processing system. The most recent audit, completed in December, 1991, uncovered no problems with the process.
9. Analysis of Hospitalization Rates: MOPD Patients Versus Community Pharmacy Patients (Page IV-11)
- o Data was not available to conduct a comparative analysis of the rates of hospitalization of patients who use the MOPD program with that of patients who use community pharmacies.
 - o The General Assembly may want to consider making funds available to a qualified health research institution to conduct such a study.

III. CONCLUSIONS AND RECOMMENDATIONS

1. Conclusions (Page V-1)

- o Mail-order prescription drug (MOPD) programs have become an established feature of many employer-sponsored health benefits plans throughout the nation.
- o The Commonwealth's MOPD program is working safely and effectively, and is saving money.
- o The walk-in maintenance pharmacy is an important feature of the Commonwealth's MOPD program. Persons who have concerns about any aspect of the mail-order service may purchase their prescriptions at one of 610 local pharmacies which participate as a walk-in maintenance pharmacy.

2. Recommendations

- o The Department of Personnel and Training (DPT) should continue to monitor the operations of the mail-order pharmacy to ensure that operations conform to the performance requirements contained in its contract with the program administrator, and that the contractor meets all applicable federal and state safety regulations.
- o DPT should continue to have its independent auditors conduct periodic audits of the MOPD program to ensure the administrator is meeting all performance standards. DPT also should continue to conduct unannounced visits to the Caremark mail-order pharmacy as part of its oversight of the MOPD program.
- o DPT and Caremark should increase employees' awareness of the 24-hour pharmacy counseling hotline by providing additional information in health benefits communications and including reminder notices in mail-order

prescriptions received by patients.

- o DPT should continue to allow community pharmacists to participate in the MOPD program by continuing the walk-in maintenance pharmacy feature of the program. This provision will ensure that patients with concerns regarding the mail-order pharmacy have an equally cost-effective means of purchasing maintenance prescriptions at community pharmacies.
- o When re-procuring the outpatient prescription drug program, DPT should update, if appropriate, the performance standards to ensure that the Commonwealth's MOPD administrator is required to continue meeting the highest industry standards regarding safety and efficiency.

I. INTRODUCTION

A. Purpose of Study

The 1993 session of the General Assembly passed House Joint Resolution (HJR) 658 (see Appendix A). HJR 658 directed the Secretaries of Health and Human Resources and Administration to study the efficacy of the mail order prescription drug component of the Key Advantage health benefits plan.

Specifically, HJR 658 directed the Secretaries to examine quality of care and cost issues such as:

- o the loss of the physician-patient-pharmacist relationship;
- o the loss of personal counseling concerning drug effects and interactions;
- o the potential for abuse of or improper use of controlled substances;
- o the potential for patients to obtain excess supplies of drugs;
- o the error rates for the mail-order pharmacy versus store pharmacies;
- o an analysis of hospitalization rates among those patients who utilize the mail-order pharmacy as compared to persons who do not use the mail-order pharmacy; and
- o the feasibility of using administrative efficiencies to cut costs.

B. Study Methods

To respond to the issues presented in HJR 658, the following major study methods were employed.

1. A review of other studies/reports regarding the operation, safety, and efficacy of mail-order pharmacies was conducted. Also, information regarding the use of mail-order pharmacy programs by other states and employers was obtained.
2. The operating statistics (e.g., number of prescriptions, number of dispensing errors, cost savings, etc.) for the Key Advantage mail-order pharmacy program were reviewed and analyzed.
3. The quality control features of Caremark, the current administrator of the mail-order pharmacy program, were reviewed to assess the program's ability to ensure safe pharmaceutical care.
4. The results of a satisfaction survey completed by Caremark were analyzed to determine the level of satisfaction among Key Advantage enrollees who utilize the program.

II. BACKGROUND

A. Overview of Mail-Order Prescription Drug Programs

Mail-Order Prescription Drug (MOPD) programs have been established primarily as an alternative source for patients to receive long-term or maintenance prescriptions (i.e. prescriptions for 90-day drug supplies). Due to the time involved in mailing a prescription to the mail-order pharmacy and delivering the prescription to the patient, short-term or "acute" prescriptions typically are not filled through a MOPD program.

In MOPD programs, patients mail an original prescription to the mail-order facility. A licensed pharmacist fills the prescription, and the prescription then is mailed to the patient. MOPD programs institute various safety checks in the dispensing process to ensure that the prescription is valid, filled accurately, and that there are no indicated adverse drug interactions.

MOPD programs purchase their prescription ingredients in large bulk quantities, and are able to process large volumes of prescriptions through automated systems. As a result of these efficiencies, MOPD programs typically are able to provide cost savings to health benefits plan sponsors (e.g. the Commonwealth) and patients. As a result of these savings, MOPD programs increasingly are being offered as part of employers' health benefits plans.

1. Growth in MOPD Programs Nationwide

The first MOPD program began in 1946 when the Veteran's Administration (VA) mailed prescription drugs to eligible veterans. Currently, the VA accounts for approximately one-third of all prescriptions provided by MOPD

programs.

In 1959, the American Association of Retired Persons (AARP) and the National Retired Teachers Association formed a non-profit MOPD program for their respective memberships. The MOPD sponsored by the AARP remains as one of the largest in the country.

MOPD programs experienced rapid growth during the past 10 years, particularly in the late 1980s and early 1990s. MOPD program sales have grown from less than \$100 million in 1981 to approximately \$3.4 billion in 1991. Total sales in MOPD programs accounted for only six percent of the total outpatient prescription drug market in 1989. However, MOPD program sales in 1992 accounted for 9-10% of the total market.

The number of prescriptions filled through MOPD programs also has increased substantially during the past several years. Vista Information Group estimates that the number of prescriptions filled through MOPD programs has increased from 62 million in 1987 to 88 million in 1991.

2. Number of Other States/Employers Utilizing MOPD Programs

According to the 1992 Martin E. Segal* survey of states' health benefits programs, 15 other states include a MOPD program as part of their benefits plans offered to employees.

In Virginia, many of the state's larger employers, including the James River Corporation, Norfolk Southern Corporation, C&P Telephone, and Signet Banking Corporation currently include MOPD programs in their employee benefits plans. Major national

* Martin E. Segal is one of the nation's largest benefits consulting firms.

employers such as Bell-Atlantic, MCI, American Red Cross, Gannett Co., Inc. and the Rural Letter Carriers Association offer MOPD programs.

In addition to employers who offer MOPD programs in their employee benefit plans, many insurance companies, including Blue Cross and Blue Shield of Virginia, Blue Cross and Blue Shield of the National Capital Area, Provident Life & Accident, and The Prudential also include MOPD programs in many of their insurance offerings. As noted earlier, the VA and the AARP administer the largest MOPD programs in the nation.

3. Federal Health Care Reform

MOPD programs are discussed in the federal health care reforms recently proposed by President Clinton. The draft proposal, entitled The American Health Security Act of 1993, states that health plans established pursuant to the Act may include MOPD programs.

B. Chronology of Virginia's MOPD Program

1. Program Implementation

Outpatient prescription drugs formerly were covered under the major medical portion of the state's health benefits plan. The major medical benefit required each employee and covered dependent to satisfy a \$200 deductible prior to having the program pay any portion of his/her outpatient prescription drug costs. Once the deductible was met, the program paid 80% of the cost of prescriptions and the employee/dependent paid the remaining 20%. Once the employee expended \$1,160 in out-of-pocket expenses, the program paid 100% of covered expenses.

The Department of Personnel and Training (DPT) conducted a survey of state employees in the 1987-88 timeframe to determine their satisfaction with the health benefits program. One of the key findings of the survey was that employees desired a richer outpatient

prescription drug benefit.

In response to employees' request for an improved prescription drug benefit, DPT developed a separate plan design for outpatient prescription drugs. The revised outpatient prescription drug program was implemented January 1, 1989.

2. Plan Design of 1989 Revised Outpatient Prescription Drug Benefit

Under the revised benefit design, employees no longer were required to satisfy a major medical deductible (formerly \$200) prior to having the program pay a portion of their prescription drug costs. Also, rather than having to pay 20% of the cost of a prescription, employees began paying an \$8.00 co-payment for small prescriptions (up to a 34-day supply) purchased at local pharmacies and a \$6.00 co-payment for prescriptions (up to a 90-day supply) purchased through the mail-order pharmacy component or through community pharmacies participating as a "walk-in maintenance pharmacy." (Walk-in maintenance pharmacies are discussed in detail on Pages II-5 and II-6.)

Unlike the previous major medical coverage, to obtain the highest level of benefits under the revised program, employees were required to purchase their prescriptions from a local pharmacy which participated in a "preferred provider" network. The network included virtually all Virginia pharmacies.

As will be discussed in Chapter III of this report, the MOPD component of the Key Advantage outpatient prescription drug benefit produces significant savings to the Commonwealth and state employees. By including a MOPD program in the revised outpatient prescription drug benefit in 1989, DPT was able to enhance the existing prescription drug benefits at a lower overall cost than would have been possible without the program.

The design of the current outpatient prescription drug benefit is virtually the same as it was when the revised program was implemented in 1989. Chapter III of this report provides a detailed description of the program.

3. MOPD Program Administration

As with all of the benefit plans included in the state's health benefits program, the services of the MOPD program administrator are procured in accordance with the Virginia Public Procurement Act (VPPA).

The initial contract for administering the newly revised outpatient prescription drug program was awarded to the Prescription Reimbursement Network (PRN). The MOPD portion of the program was administered by Pharmacy, USA which had a sub-contractual relation with PRN.

The outpatient prescription drug administrative services contract was re-procured in 1990, and a new contract was awarded to the current administrator, PCS, Inc. The MOPD program is administered by the Prescription Service Division of Caremark International, Inc. Caremark administers the MOPD program through a subcontract with PCS, Inc. The effective date of the PCS, Inc./Caremark contract was January 1, 1991.

4. Two Major Concerns of Local Pharmacists Regarding the Implementation of the Commonwealth's MOPD Program

When the MOPD program first was implemented in 1989, local community pharmacists expressed concern that the lower patient co-payment (\$6.00) charged for prescriptions filled through the MOPD program would steer patients away from their pharmacies. However, the program allows employees to purchase prescriptions for the same \$6.00 co-payment from any local pharmacy which agrees to accept as payment in full the same level of reimbursement paid to the MOPD

contractor.

Local pharmacies which agreed to accept the same level of reimbursement as the MOPD pharmacy were identified as "walk-in maintenance" pharmacies. "Walk-in maintenance" pharmacies remain an integral part of the Key Advantage MOPD program. A total of 610 such pharmacies currently participate as "walk-in maintenance" pharmacies.

A second major concern of community pharmacists regarding the initial contract for the MOPD program (i.e. 1989 contract with PRN/Pharmacy, USA) was that the MOPD program administrator (Pharmacy, USA) was located outside of Virginia. (Pharmacy, USA was located in Pennsylvania.) Community pharmacists complained that the state's MOPD program was sending business and tax revenues outside of Virginia, and was creating jobs in other states.

The Virginia Public Procurement Act (VPPA) prohibits state agencies from awarding additional evaluation points to in-state offerors or requiring offerors to locate in Virginia. However, as a result of negotiations with DPT, Caremark agreed that the mail-order pharmacy processing Commonwealth of Virginia prescriptions would be located in Virginia.

As a result of the efforts of DPT and the Department of Economic Development, Caremark opened its Virginia facility in Ashland, Virginia on January 1, 1992. The Virginia facility, which processes prescriptions for the Commonwealth and many other local and national employers, has created 206 jobs and has an annual payroll of \$4.5 million. Caremark projects that the number of jobs will increase to 230 in 1994. Additionally, FoxMeyer, a wholesale distributor, opened a 40,000 square foot distribution center in Ashland to support Caremark's facility. The FoxMeyer center created an additional 60 jobs.

With the opening of Caremark's Virginia MOPD facility, all prescriptions purchased by state employees now are filled by Virginia pharmacists

operating in Virginia.

III. KEY ADVANTAGE MAIL-ORDER PRESCRIPTION DRUG PROGRAM

A. Employees/Retirees Eligible for the Mail-Order Prescription Drug Program

The Commonwealth's mail-order prescription drug (MOPD) program is offered as part of the overall health benefits coverage provided to state employees and retirees enrolled in the Key Advantage plan. Key Advantage is the only health benefits plan offered statewide. Approximately 86,000 employees and 7,500 retirees currently are enrolled in the Key Advantage program.

The state's MOPD program also is included in one of two Medicare supplemental plans offered to retired state employees eligible for Medicare benefits. The Option I retiree plan includes the same type and level of outpatient prescription drug benefits, including the MOPD program, as the Key Advantage plan. Approximately 8,200 retirees are enrolled in the Option I plan.

Approximately 7,500 employees and 500 retirees are enrolled in Health Maintenance Organization (HMOs) plans. HMOs are offered as optional benefit plans in northern Virginia, Richmond, and Tidewater. These employees and retirees receive outpatient prescription drug benefits from their respective HMO plan, and do not participate in the state's MOPD program. None of the five HMOs offered to state employees and retirees include a MOPD program.

The same outpatient prescription drug benefit, including the MOPD program, is offered to those local governments and school divisions which participate in the local health benefits program administered by the Department of Personnel and Training. The local program, called THE LOCAL CHOICE, was implemented July 1, 1990 pursuant to legislation passed by the 1989 session of the General Assembly.

B. Description of Outpatient Prescription Drug Program

1. Outpatient Prescription Drug Benefits

The state's outpatient prescription drug program provides coverage for prescriptions purchased at both local community pharmacies and the MOPD pharmacy. A detailed description of the outpatient prescription drug benefits is presented in Appendix B. The following information provides a summary description of the benefits.

a. Prescriptions Purchased at Community Pharmacies

Eligible participants may purchase initial prescriptions and refills (up to a 34-day supply) for \$8.00 from a community pharmacy which participates in the pharmacy network administered by PCS, Inc. (Approximately 97% of all community pharmacies participate in the PCS, Inc. network.) Participants pay \$10.00 for prescriptions (up to a 34-day supply) purchased at non-participating pharmacies.

Participants may purchase longer term prescriptions (greater than a 34-day supply but not greater than a 90-day supply) from a community pharmacy which participates in the PCS, Inc. network for \$16.00. Participants pay a \$20.00 co-payment for long term prescriptions filled at community pharmacies which do not participate in the PCS, Inc. network.

b. Prescriptions Purchased at Mail-Order Pharmacy and Walk-In Maintenance Pharmacies

Eligible participants may purchase initial prescriptions and refills (up to a 90-day supply) for \$6.00 from the MOPD pharmacy (i.e. Caremark facility) or any of the 610 community pharmacies across the state which have elected to be designated as a walk-in

maintenance pharmacy.

2. Outpatient Prescription Drug Costs Paid by the Commonwealth

For most prescriptions, the co-payments paid by employees represent only a portion of the total cost of the medication. As part of its contract with the Commonwealth, PCS, Inc. pays community pharmacies (which do not participate as a walk-in maintenance pharmacy) a dispensing fee for each prescription purchased by state employees. Ingredient costs paid by PCS, Inc. vary with the cost of each drug. The Commonwealth pays a monthly amount to PCS, Inc. to cover these costs. In addition, the Commonwealth pays PCS, Inc. an administrative processing fee of \$1.04 for each claim.

For each prescription purchased at a community pharmacy (which does not participate as a walk-in maintenance pharmacy), the Commonwealth pays the Average Wholesale Price (AWP) of the drug, plus the \$3.10 dispensing fee. This reimbursement schedule has remained unchanged since the program's inception in 1989.

For each prescription purchased through the MOPD program (i.e. the Caremark mail-order facility or any walk-in maintenance pharmacy), the Commonwealth pays 88% of AWP for brand name drugs, and 81% of AWP for generic drugs. The Commonwealth does not pay a dispensing fee for these prescriptions. As with prescriptions purchased through a community pharmacy, the Commonwealth pays a \$1.04 processing fee to PCS, Inc. for each MOPD claim.

C. Overview of Mail-Order Pharmacy Component

The state's MOPD program includes both a mail-order pharmacy component and a walk-in maintenance pharmacy component. However, inasmuch as the concerns identified in HJR-658 pertain to the mail-

order pharmacy component, this section of the report presents an overview of the mail-order pharmacy component only.

1. Procedures for Ordering Prescriptions through the MOPD Mail-Order Pharmacy

To purchase a prescription through the mail-order pharmacy, a participant must obtain a prescription from his/her physician. The participant mails the original prescription, along with a "Patient Profile" form, and the \$6.00 co-payment to the Caremark mail-order pharmacy. Payment can be made by check, money order or major credit card.

The Patient Profile form provides the following information regarding the patient:

- o identification number (to confirm benefits eligibility);
- o mailing address and telephone numbers (daytime and evening); and
- o drug allergies, health conditions, and other prescriptions being taken.

The Patient Profile form also includes the name and telephone number of the prescribing physician.

A copy of the Patient Profile form is attached at Appendix C.

2. Caremark Mail-Order Pharmacy Dispensing Process

When the prescription is received by the Caremark mail-order pharmacy, the order is checked to ensure that it includes complete patient information and appropriate co-payment. The order is assigned a "bar-coded" identifier to trace the order throughout the dispensing process.

Once the prescription order information has been

verified, all patient and physician information is entered into Caremark's computer system. Prescription information (e.g. type and amount of drug) is entered into the system by a Registered Pharmacist. The prescription information is compared to the patient information regarding allergies, health conditions and other current prescriptions to detect possible adverse interactions. The system also monitors each prescription to prevent premature refill requests and duplicate prescriptions.

Should any adverse interaction exist, or should the pharmacist have any concerns regarding the prescription, the pharmacist consults with the prescribing physician. All screening and consultation with the prescribing physician are completed prior to filling the prescription.

Once all preliminary steps are completed, a pharmacy technician arranges the order. The prescription is then dispensed by a Registered Pharmacist employed by PCS Inc. The dispensing process is designed to ensure accuracy. For example, many commonly ordered drugs are pre-packaged, so that no action is necessary except to select the correct package. Also, the mail-order facility does not stock different strengths of the same drug next to each other. This method of stocking drugs minimizes the chances that the pharmacist will select the wrong strength of the drug.

Caremark utilizes specialized types of packaging when appropriate, including:

- o cold packs for temperature sensitive prescriptions;
- o bubble packs for prescriptions requiring pressure sensitive handling (e.g. plastic or glass containers); and
- o styrofoam packs for prescriptions requiring glass containers.

Prior to mailing the prescription to the

patient, a final quality control check is completed to ensure that the prescription is correct, and that the strength, dosage, and amount of the prescription is as prescribed by the patient's physician. (Generic substitutions consistent with the Virginia Voluntary Formulary are permitted.) As required in DPT's contract with PCS, Inc./Caremark, this final quality check is performed by a Registered Pharmacist other than the pharmacist who filled the prescription.

The mailing operation requires the shipping clerk to confirm the contents of the package. If the contents differ in any way from the original order entered into the computer, an alarm flashes on the computer screen, and the system will not generate a mailing label.

In addition to the medication, every mail-order prescription package includes the following contents:

- o appropriate refill information (as provided by the prescribing physician);
- o re-order envelopes to use with future prescriptions;
- o refill stickers (which is computer-generated by Caremark for ease in processing refills of the medication);
- o a receipt for the co-payment received; and
- o written patient counseling information.

A sample of the various written information included in each mail-order prescription is attached at Appendix D.

Prescriptions are mailed via United Parcel Service (UPS) or the United States Postal Service (first class). An adult's signature is required for all UPS-delivered prescriptions. To maintain security of the drug and the patient's confidentiality, Caremark's name does not appear on the exterior of the package.

There is no information on the outside of the package to indicate that a prescription drug is enclosed.

3. Mail-Order Pharmacists' Responsibilities

To ensure the quality and accuracy of the process for filling mail-order prescriptions, a Registered Pharmacist performs the following functions for every prescription:

- o enters original prescription information into the prescription computer system;
- o performs computer generated drug interaction verification on all prescriptions;
- o consults with prescribing physician;
- o fills prescriptions;
- o verifies that the drug dispensed is the drug prescribed; and
- o provides patient counseling services 24 hours each day.

D. Key Provisions in the Department of Personnel and Training's (DPT's) Contract with PCS, Inc./Caremark

As noted in Chapter II of this report, the Commonwealth's MOPD program is procured in accordance with the Virginia Public Procurement Act. In addition to standard contract provisions regarding performance of duties and other administrative issues, DPT's contract with its current administrator, PCS, Inc./Caremark, includes several key provisions aimed at ensuring the MOPD program works efficiently and safely. These provisions are outlined below.

- o DPT requires Caremark to have two different pharmacists verify the accuracy of every prescription filled at the mail-order pharmacy.
- o DPT requires that every prescription received at the mail-order facility be registered and under

the facility's processing control system within 24 hours of receiving the prescription.

- o DPT requires that all prescriptions be checked for drug and other interactions, and that the patient history be checked to determine the appropriateness of each prescription in terms of quantity and other health-related conditions.
- o The DPT contract requires that all prescriptions be dispensed within seven calendar days of receiving the order. (For prescriptions that do not require any special intervention, such as a physician or patient contact, Caremark's average processing time is 48 hours.)
- o Drugs that are dispensed by the mail-order pharmacy must conform to the drugs prescribed in every respect. (As noted earlier, generic substitutions consistent with the Virginia Voluntary Formulary are permitted.)
- o DPT requires Caremark to report monthly all dispensing errors identified at the last quality control checkpoint. Also, any dispensing error discovered after the drug has been mailed must be reported to DPT in a special incident report with seven calendar days of discovery.

E. Operating Statistics for the Outpatient Prescription Drug Program

Table III-1 illustrates the number of outpatient prescription drug claims that were incurred by eligible state employees, retirees and their dependents during Fiscal Year (FY) 1993.

Table III-1

KEY ADVANTAGE OUTPATIENT PRESCRIPTION DRUG PROGRAM
Fiscal Year 1993 Operating Summary

CLAIMS

<u>Location</u>	<u>Number of Claims</u>	<u>Percent of Total</u>
Mail-Order Pharmacy	37,407	3.1%
Walk-In Maintenance	112,814	9.5%
Community Pharmacy	<u>1,037,302</u>	<u>87.4%</u>
	1,187,523	100.0%

Source: DPT

As seen in Table III-1, the number of prescriptions filled at the mail-order pharmacy (37,407) represents only 3.1% of all of the outpatient prescription drug claims incurred during FY 1993. The number of prescriptions filled at the walk-in maintenance pharmacies (112,814) represents 9.5% of all prescriptions, and is approximately three times greater than the number of prescriptions filled by the mail-order pharmacy.

The vast majority of prescriptions (1,037,302), representing 87.4% of the total, are filled at community pharmacies. When walk-in maintenance pharmacy prescriptions are included, 97% of all prescriptions are filled at a local pharmacy.

Table III-2 illustrates the dollars paid by the Commonwealth, excluding employees' co-payments, for outpatient prescription drugs.

Table III-2

KEY ADVANTAGE OUTPATIENT PRESCRIPTION DRUG PROGRAM

Fiscal Year 1993 Operating Summary

DOLLARS PAID BY THE COMMONWEALTH

<u>Location</u>	<u>Dollars</u>	<u>Percent of Total</u>
Mail-Order Pharmacy	\$2,738,850	7.5%
Walk-In Maintenance	\$8,044,686	22.0%
Community Pharmacy	<u>\$25,783,220</u>	<u>70.5%</u>
	\$36,566,756	100.0%

Source: DPT

Prescription drug expenses (\$2.7 million) related to prescriptions filled at the mail-order pharmacy represent 7.5% of the total amount paid by the Commonwealth for outpatient prescription drugs. Inasmuch as walk-in maintenance pharmacies are local pharmacies, the total amount spent by the Commonwealth on prescriptions filled at locations other than the mail-order pharmacy was \$33.8 million, or 92.5% of the total outpatient prescription drug costs paid by the Commonwealth.

F. MOPD Program Cost Savings

As stated earlier in this chapter, the Commonwealth pays a lower ingredient cost for drugs purchased through the mail-order pharmacy and walk-in maintenance pharmacies than those purchased through

community pharmacies. For each prescription purchased at a community pharmacy (which does not participate as a walk-in maintenance pharmacy), the Commonwealth pays the Average Wholesale Price (AWP) of the drug, plus a \$3.10 dispensing fee.

For each prescription purchased through the MOPD program (e.g. the Caremark mail-order facility or any walk-in maintenance pharmacy), the Commonwealth pays 88% of AWP for brand name drugs, and 81% of AWP for generic drugs. Also, the Commonwealth does not pay a dispensing fee for these prescriptions.

Inasmuch as the Commonwealth pays a lower cost for each prescription purchased through the MOPD program, the program generates significant savings for the Commonwealth and its employees.

The total dollars spent by the Commonwealth on generic drugs purchased at the mail-order pharmacy and walk-in maintenance pharmacies amounted to approximately \$884,250 in FY 1993. The total spent on brand name drugs purchased at the mail-order pharmacy and the walk-in maintenance pharmacies amounted to \$9.9 million in FY 1993. Had the Commonwealth paid for these prescriptions at the higher level of reimbursement that is paid to community pharmacies, and paid the \$3.10 dispensing fee for each prescription, the total cost would have been approximately \$12.8 million, or \$2.1 million greater than the actual cost (\$10.7 million) of purchasing these prescriptions through the MOPD program.

Thus, by utilizing the MOPD program, the health benefits program saved approximately \$2.1 million in FY 1993. Every dollar saved in program expenses reduces the amount of premiums that must be charged to the Commonwealth, employees and retirees for health insurance. Inasmuch as the state pays approximately 75% of the total cost of the health benefits program, the Commonwealth saved approximately \$1.6 million in FY 1993. Employees, who pay the remaining 25%, saved approximately \$.5 million in FY 1993.

IV. KEY ADVANTAGE MAIL-ORDER PRESCRIPTION DRUG PROGRAM:
QUALITY OF CARE AND COST ISSUES

A. Overview

HJR-658 directed the Secretaries of Health and Human Resources and Administration to examine several issues regarding the quality of pharmaceutical services provided through the Commonwealth's mail-order prescription drug (MOPD) program. These issues include:

- o the loss of the physician-patient-pharmacist relationship;
- o the loss of personal counseling concerning drug effects and interactions;
- o the potential for abuse of or improper use of controlled substances received through the mail, and the potential for receiving excess supplies of a drug; and
- o the error rate (number of prescriptions filled incorrectly) of the mail-order pharmacy.

These quality of care issues are addressed in this chapter. However, when examining these issues, it is important to note that the Commonwealth's MOPD program is unique in that the program includes walk-in maintenance pharmacies. In other MOPD programs, enrollees typically are not afforded the opportunity to purchase long-term medications at the same price from either a mail-order facility or local pharmacy (e.g. walk-in maintenance pharmacy). Key Advantage enrollees have the option of purchasing their maintenance prescriptions from the Caremark mail-order facility or from one of 610 walk-in maintenance pharmacies.

Thus, if an enrollee is concerned that the mail-order arrangement is not suitable for any reason,

the enrollee has the option of purchasing his/her long-term medications from a walk-in maintenance pharmacy.

The walk-in maintenance pharmacy feature of the Commonwealth's MOPD program provides Key Advantage enrollees with a convenient alternative to mail-order services, and still retains the significant program savings which help to hold down employees' health insurance premiums. Moreover, it is difficult for some retirees to get to community pharmacies to purchase their prescriptions. The convenience of home delivery is important to these retirees.

B. Patient Counseling and Continuity of Care

One concern identified in HJR-658 is that MOPD programs diminish the physician-patient-pharmacist relationship. A related concern is that the level and quality of counseling that pharmacists provide patients through a MOPD program is less than that provided in a community pharmacy, and consequently, MOPD programs do not provide satisfactory counseling to patients.

With respect to the physician component of the counseling issue, MOPD programs have little impact on the physician's role. Regardless of where the prescription is filled, the physician's contact with the pharmacist is by telephone. Such telephone interaction between the physician and the pharmacist is available through the Commonwealth's MOPD program.

Written patient counseling information is included in every prescription mailed from the Caremark facility. A sample of the patient information is attached at Appendix D.

Regarding the pharmacist-patient component of the counseling issue, MOPD programs do not provide face-to-face counseling. However, Caremark provides 24-hour counseling services for persons enrolled in the state's health benefits program and THE LOCAL CHOICE program through toll-free telephone service.

Enrollees may call the toll-free counseling line at any time, and speak to a registered pharmacist regarding their prescription or any related pharmaceutical issue. Caremark does not maintain separate records of clinical calls made to each of its three mail order facilities. However, Caremark estimates that, in fiscal year 1993, a total of 14,600 calls were made to Caremark's Ashland, Virginia facility which required follow-up by a registered pharmacist. This number represents calls made to the Caremark facility by all clients served by the facility, including state employees as well as other Caremark customers.

In addition to the patient counseling available through the Key Advantage MOPD program, Caremark pharmacists also consult with prescribing physicians on an as-needed basis. As noted in Chapter III of this report, Caremark pharmacists contact prescribing physicians when there is any question regarding the prescription being filled. Physicians also are contacted when Caremark's Drug Utilization Review (DUR) system detects any potential drug interactions (e.g. drug allergies, drug-to-drug interaction). Likewise, physicians may contact Caremark pharmacists if necessary.

Data regarding the number of "physician contacts" related specifically to Commonwealth employees, retirees, and their dependents are not available. However, the statistics maintained on physician contacts for all Caremark clients show that, of the total prescriptions filled by Caremark (all three facilities) in 1992, 3% required a Caremark pharmacist to contact the prescribing physician, and resolve a question regarding a prescription. Reasons for contacting physicians include: incomplete or illegible prescription, drug allergy, drug-to-drug interaction and questions regarding appropriate dosage.

Should the Caremark pharmacist not be able to contact the prescribing physician immediately, the prescription is not filled until the physician is consulted. If the physician cannot be contacted within three days, the prescription is returned to the patient so that the patient can resolve the issue with his/her physician.

C. Quality Control Concerns

HJR-658 identified several quality control issues regarding the Commonwealth's MOPD program, such as the potential abuse of or improper use of controlled substances, the potential for obtaining excess supplies of drugs, and the error rates (i.e. number of prescription misfills) experienced by the mail-order facility.

The quality control process used by the Caremark facility is discussed below in response to specific quality concerns. Appendix E provides an overview of the entire quality control process currently in place at the Caremark mail-order facility.

1. Controlled Substances: Potential for Abuse or Improper Use

There is no fail-proof means of ensuring that patients do not abuse or improperly use controlled substances or any type of prescription. Neither a mail-order facility or a community pharmacy can control completely patients' use of any drug. However, the Caremark facility maintains a comprehensive quality control process to ensure that all prescriptions are filled as prescribed by the physician.

As noted in Chapter III of this report, every prescription filled at the Caremark mail-order facility is checked by two different registered pharmacists. Each prescription also is entered into the Caremark computer system to complete a Drug Utilization Review (DUR). The DUR program conducts 37 safety-checks to ensure the safety of the prescription.

One of the DUR edits ensures that the prescribed amount of the drug does not exceed any applicable legal limits. Another control edit prohibits the dispensing pharmacist from making arbitrary changes to any prescription that has been entered into the Caremark computer system

by the pharmacist who conducts the first review of the prescription.

Another aspect of the Caremark process that ensures the safety of all prescriptions, particularly controlled substances, is the dispensing process. Approximately 50% of all prescriptions are filled from Caremark pre-packaged containers. Another 15% of all prescriptions are filled from manufacturers' original containers. Other prescriptions are counted by the Caremark computer system or a Kirby Lester Counter (i.e. automated pill counter). Few medications are counted by hand. This process significantly minimizes any chance of human error when filling prescriptions.

In addition to the quality control features of the dispensing process, controlled substances are maintained in a separate secured dispensing and shipping area.

2. Potential for Obtaining Excess Supplies of Drugs

One of the DUR edits included in the Caremark computer system monitors each prescription for premature refill requests and duplicate prescriptions. Should a premature refill or duplicate prescription be detected, the pharmacist or pharmacy technician will contact the patient or physician to resolve the matter.

3. Error Rate of Mail-Order Facility

As noted in Chapter III, DPT requires Caremark to report any dispensing errors identified at the last quality checkpoint and errors discovered after the drug has been mailed. DPT, thus far, has not received any such reports during the course of the current contract.

The fact that DPT has not received any reports of dispensing errors is not proof-positive that, in fact, no errors have occurred. However, to obtain additional information regarding the performance of Caremark, the Virginia Board of

Pharmacy was asked if it has received any complaints regarding Caremark's Virginia facility. The Board reports that it has adjudicated no cases to date concerning the Caremark facility. The Board also stated that the Caremark facility's pharmacy license is current and in good standing. Moreover, DPT has received no complaints regarding errors from employees or physicians.

Caremark was not able to provide a specific error rate for its mail-order facilities. However, Caremark did provide data which indicated that only 0.6% of prescriptions are re-processed prior to ever being dispensed and shipped. These corrections were made as a result of quality assurance audits which identified problems such as missing charge slips, incorrect demographic information, damaged packaging and key entry errors.

D. Caremark Customer Satisfaction Survey

Caremark contracts with an independent research firm, Walker Customer Satisfaction Measurements (WCSM) to conduct annual customer satisfaction surveys. The most recent survey was completed in 1992. WCSM telephoned a statistically valid random sample of 450 individuals who utilized the Caremark mail-order prescription service in 1992. The sample included state employees as well as other Caremark customers. The sample was comprised of 150 customers from each of Caremark's three mail-order facilities (Virginia, Lincolnshire, Illinois, and San Antonio, Texas). Inasmuch as state employees represented a large majority of the customers using the Virginia facility at the time of the survey, state employees comprised a large portion of the survey sample.

The survey found that 97% of respondents who had used the Virginia facility rated the overall quality of the Caremark mail-order prescription service as good, very good, or excellent. Ninety-five percent of these same respondents rated the overall quality of Caremark's delivery system good, very good or excellent. A similar percentage of respondents rated the labeling information provided with each

prescription as good, very good or excellent in terms of ease of understanding.

The Department of Personnel and Training (DPT) has retained a copy of the complete survey findings. Persons interested in reviewing the entire survey are encouraged to do so by contacting DPT.

E. Other Studies/Reports: Quality of Mail-Order Prescription Drug Programs

Several studies/reports examining various aspects of mail-order prescription drug (MOPD) programs were reviewed as part of the instant study of the Commonwealth's MOPD program. The studies reported here reflect the work of independent organizations (e.g. state legislatures, federal agencies, and universities) as opposed to proponents or opponents of MOPD programs. The information from the studies cited below pertains to the specific "quality" issues presented in HJR-658.

In 1986, the College of Pharmacy at the University of Tennessee conducted a study comparing the satisfaction of customers using mail service pharmacies operating in Tennessee to customers of local retail pharmacies. The study found that the incidence of mail-order prescription service was only 11 percent. However, the conclusion of the report was that:

Most mail-order users report few problems and the overall rating of the service was excellent or good. In fact, the rating for mail-order services was slightly better than the rating for community pharmacy services.

In 1988, a Joint Commission of the Michigan State Legislature conducted a review of MOPD programs in response to concerns voiced by community pharmacists regarding the safety and efficacy of MOPD programs. The following excerpts are from the "findings" section of the Michigan legislature's report:

Mail-order pharmacy appears to be a safe and convenient method of obtaining pharmaceuticals

for millions of Americans and hundreds of thousands of Michigianians.

There is anecdotal information citing problems with mail-order pharmacies but little or no documentation to support alleged problems.

A major objection to mail-order pharmacies is that mail order prescriptions reduce communication between pharmacists and patients which may increase possible health risks. However, some question how much interaction actually does take place today between community pharmacists and their patients.³

The Maine State legislature also formed a study committee to review cost containment for prescription drugs. In the study committee's executive summary, the committee made the following statement.

The Committee found no evidence that there was any difference in safety between having a prescription filled by mail and through an in-state pharmacy.⁴

In 1990, The Office of the Inspector General of the United States Department of Health and Human Services conducted an evaluation of the clinical role of the community pharmacist. One of the analyses included in the study was a comparison of the clinical services provided by MOPD programs and community pharmacies. The Inspector General's finding regarding this issue is reported below.

Our conclusion from this review is that the difference in clinical services provided by mail-service pharmacies versus other retail settings may be more theoretical than actual. In theory, pharmacists who have face-to-face contact with patients on a regular basis are significantly better equipped to elicit information, counsel patients and monitor drug regimens. But, given the relatively low level of services that are actually provided in community settings, there may be little difference in the interventions received by

patients, and in some cases, the information provided by mail-service pharmacies package inserts may be more that patients receive from their neighborhood pharmacist.⁵

Several of the studies and reports that were reviewed commented on the potential abuse of controlled substances or drug diversion associated with MOPD programs. A resolution adopted by the 1987 House of Delegates of the American Medical Association included the following conclusions.

Mail service pharmacy is an established alternative method of distributing drugs in the United States.

Controlled studies in the 1970s support the fact that mail-service pharmacies are less vulnerable to drug diversion than retail pharmacies. Although numerous concerns about lack of safety and drug diversion have been expressed in trade publication and newsletters, documented controlled data regarding these concerns are minimal. There is no evidence of lack of safety in the peer-reviewed controlled-study literature...Presently, the practice of obtaining drugs from mail service pharmacies appears to be relatively safe.⁶

In 1976, Compliance Investigators of the United States Drug Enforcement Administration (USDEA) conducted a survey of mail-order prescription services. The primary purpose of this effort was to determine whether or not mail order prescription services present a potential for diversion of controlled substances. The USDEA report stated the following:

Overall, the indicators which were reviewed as a part of this survey revealed that there is very little (if any) diversion of controlled substances that can be directly attributed to mail order prescription services.⁷

Three professors (Kirking, Ascione and Richards) at the University of Michigan wrote an article comparing various aspects of a MOPD program and

community pharmacy services which appeared in a 1990 issue of the Milbank Quarterly. One area of analysis focused on drug dispensing errors. The authors' conclusion regarding this issue is provided below.

Despite the concerns raised by these reports, there are no controlled studies which demonstrate the mail prescription services have higher drug-dispensing error rates than community pharmacies. While only a few limited studies have compared error rates, these findings suggest that mail prescription services are as safe as community pharmacies (Roberts and Fitzgerald 1986; Weiss 1986; Miller and Messamore 1987; Consumer Data Bureau 1986).⁸

F. Administrative Efficiency of MOPD Program

HJR-658 directed a review of the administrative efficiency of the Commonwealth's MOPD program to determine the feasibility of simplifying claims forms, streamlining claims processing, and automating some claims review.

1. Simplifying Claims Forms

The Commonwealth's MOPD program does not require the use of any claims forms by enrollees or pharmacies. The patient completes the Patient Profile form (only for initial prescription) and mails it, along with an original prescription and the correct co-payment, to the Caremark mail-order facility. There is no other paperwork required of an individual who purchases medications through the MOPD program.

With respect to community pharmacies, there also are no claims forms. Claims information is transmitted electronically from the pharmacies to PCS, Inc., the claims processor. For prescriptions purchased at a community pharmacy, the beneficiary (i.e. the state employee or his dependent) simply presents his prescription and

the identification number of the insured. The pharmacy then transmits claims to PCS, Inc. for processing.

2. Streamlining Claims Processing/Automating Claims Review

On the basis of the identification number furnished by the beneficiary and the information on the prescription submitted by the pharmacy, PCS, Inc. adjudicates the claim, and pays the pharmacy within fourteen days of receipt of the claim.

The claims review process is entirely automated. The process includes standard claims controls such as checking the eligibility of the beneficiary and the possible duplication of claims. In addition, the process includes extensive utilization controls to identify possible over-utilization, under-utilization, incorrect dosages, and other possible problems.

DPT's independent benefits consultant (formerly William M. Mercer, Inc. and currently Williams, Thacher & Rand) conducts periodic audits of the entire claims processing system. The most recent audit, completed in December, 1991, uncovered no problems with the process, and confirmed that both PCS, Inc. and Caremark are complying with all contractual standards of performance.

In addition to scheduled audits, DPT's contract with PCS, Inc./Caremark provides that DPT can conduct unannounced visits to the mail-order facility to spot-check operations. DPT conducts such visits at various times throughout the year. Such visits have revealed no problems.

G. Analysis of Hospitalization Rates: MOPD Patients Versus Community Pharmacy Patients

HJR 658 requested that, insofar as data is available, an analysis be conducted to compare the rates of hospitalization of patients who use the MOPD program

with that of patients who use community pharmacies. This data was not available to conduct such an extensive analysis.

In reviewing the possible approaches to conducting this analysis, it was determined that such a study would require a rigorous and complex methodology. To produce reliable and valid results, the study design would need to control for many interrelated factors, such as the underlying health status of a population taking maintenance drugs as opposed to a population not taking maintenance drugs. Other factors which would need to be controlled include medical diagnoses/conditions, lifestyles, treatment modalities, and medical histories. The design and execution of such an analysis were beyond the resources immediately available for this study.

The General Assembly may want to consider making funds available to a qualified health research institution to conduct such a study.

V. CONCLUSIONS AND RECOMMENDATIONS

A. Conclusions

1. Overview

The rapid and continuing growth in the number of mail-order prescription drug (MOPD) programs throughout the country attests to the fact that such programs are becoming a common feature in employer-sponsored health benefits plans. As reported earlier, 16 states now include a MOPD program as part of the benefits offered to their respective employees. Inclusion of MOPD programs in the recently proposed federal health care reform is evidence of the acceptance of MOPD programs.

The design and operation of the Commonwealth's MOPD program is in the mainstream of MOPD programs that have been implemented nationwide.

The actual number of prescriptions purchased at the Caremark mail-order facility represents a very small proportion (3%) of the total number of prescriptions purchased through the state's health benefits program. The vast majority of prescriptions (97%) are purchased at local pharmacies (including walk-in maintenance pharmacies).

Based on the results of the Caremark customer satisfaction survey, individuals using the mail-order pharmacy are very pleased with the overall quality and service of the program.

2. Cost Savings

When the cost of a prescription purchased through the mail-order pharmacy or a walk-in maintenance pharmacy is compared to the cost

that would have been paid had the prescription been purchased at a community pharmacy, the MOPD program is saving the Commonwealth and employees approximately \$2.1 million per year. Without these savings, the additional costs would have to be recovered through increased premiums.

3. Quality of Pharmaceutical Care

a. Physician-Patient-Pharmacist Relationship and Patient Counseling

As reported in Chapter III, the registered pharmacists working at the Caremark mail-order facility contact patients and prescribing physicians when there are questions or concerns regarding a prescription. Patients who utilize the MOPD program are able to maintain a physician-patient-pharmacist relationship to the degree desired, particularly in view of the walk-in maintenance pharmacy feature of the program.

For prescriptions purchased through the mail, the Commonwealth's program does not provide face-to-face counseling that is available at community pharmacies. However, as cited in some of the studies/reports that were mentioned in Chapter IV, the degree to which face-to-face patient counseling actually takes place in community pharmacies is being questioned.

Caremark provides a 24-hour per day, toll-free counseling hotline for MOPD customers. Through this hotline, enrollees can speak with a registered pharmacist at any hour of the day. While there are relatively few persons who actually have used the hotline, patients can access the information when necessary.

In addition, the program provides written counseling information with every mail-order prescription. The Caremark customer satisfaction survey indicated that 96% of

the respondents felt that the written counseling information provided with each mail-order prescription was either excellent, very good or good.

In sum, the Commonwealth's MOPD program provides employees and retirees the ability to maintain a physician-patient-pharmacist relationship, and is providing sufficient patient counseling information to ensure quality pharmaceutical care.

b. Quality Control Features

The current administrator of the Commonwealth's MOPD program, Caremark, has instituted a comprehensive quality control program that appears to be working very well.

Every prescription filled at the Caremark mail-order pharmacy is checked for accuracy by two different registered pharmacists. In addition, the computer system used by Caremark performs 37 safety edits before a prescription is filled. The safety edits include a check of drug-to-drug interactions and drug-to-allergy interactions. Other edits prevent premature refills and amounts that exceed federal or state regulations.

The studies/reports reviewed as part of this study found little if any evidence to suggest that MOPD programs are unsafe. No evidence was found to suggest that the Commonwealth's program is unsafe. Moreover, there is no evidence that error rates in community pharmacies are lower.

While this report should not be considered as an exhaustive review of the Commonwealth's MOPD program, the program has numerous quality control features that are effective. Based on the information reviewed in this study, the program appears to be operating safely.

4. Administrative Efficiency

The Commonwealth's MOPD program is highly automated, and requires very little paperwork of patients or pharmacies. No claims forms are necessary for patients utilizing the mail-order pharmacy. Caremark electronically transmits all mail-order claims information to the claims processor (PCS, Inc.). Community pharmacies also transmit claims information to PCS electronically. DPT's contract requires that at least 90% of claims be reimbursed within 14 days of the pharmacy's submitting the claims information.

The claims review process also is entirely automated. Numerous automated edits are performed to ensure that each prescription is dispensed accurately and safely.

5. Importance of Walk-In Maintenance Pharmacies

An important feature of the Commonwealth's MOPD program is the walk-in maintenance pharmacy. While the mail-order service is working safely and effectively, persons who have concerns about any aspect of the mail-order service (e.g. patient counseling or the physician-patient-pharmacist relationship) may purchase their prescriptions at one of 610 local pharmacies which participate as a walk-in maintenance pharmacy.

Inasmuch as walk-in maintenance pharmacies agree to accept the same level of reimbursement paid to the mail-order pharmacy, this feature does not increase the Commonwealth's cost. Moreover, patients receive the same type and level of pharmaceutical services at walk-in maintenance pharmacies as at any other community pharmacy. Thus, the Commonwealth is providing employees two cost-effective options for purchasing maintenance prescriptions.

B. Recommendations

Based on the information provided in this review, the following recommendations are offered.

1. The Department of Personnel and Training (DPT) should continue to monitor the operations of the mail-order pharmacy to ensure that operations conform to the performance requirements contained in its contract with the program administrator, and that the contractor meets all applicable federal and state safety regulations.
2. DPT should continue to have its independent auditors conduct periodic audits of the MOPD program to ensure the administrator is meeting all performance standards. DPT also should continue to conduct unannounced visits to the Caremark mail-order pharmacy as part of its oversight of the MOPD program.
3. DPT and Caremark should increase employees' awareness of the 24-hour pharmacy counseling hotline by providing additional information in health benefits communications and including reminder notices in mail-order prescriptions received by patients.
4. DPT should continue to allow community pharmacists to participate in the MOPD program by continuing the walk-in maintenance pharmacy feature of the program. This provision will ensure that patients with concerns regarding the mail-order pharmacy have an equally cost-effective means of purchasing maintenance prescriptions at community pharmacies.
5. When re-procuring the outpatient prescription drug program, DPT should update, if appropriate, the performance standards to ensure that the Commonwealth's MOPD administrator is required to continue meeting the highest industry standards regarding safety and efficiency.

FOOTNOTES

1. Konnor, Delbert, "Managed Care Systems: Implications for Mail Service Pharmacies." Paper presented at the 34th Ohio Pharmaceutical Seminar, April, 1989.
2. The Center for Pharmacy Management and Research, College of Pharmacy, University of Tennessee, "Evaluation of Consumer Opinions of Prescription Drug Services from Community and Mail Order Pharmacies," 1986.
3. Michigan State Legislature, Joint Study Committee Report: "Mail Order Prescriptions (Senate Joint Resolution 179)," November, 1988.
4. Maine State Legislature, "Cost Containment for Prescription Drugs, A Report of the Joint Standing Committee on Business Legislature," December, 1989.
5. United States Department of Health and Human Services, Office of the Inspector General, "The Clinical Role of the Community Pharmacist," November, 1990.
6. American Medical Association, "Report of the Board of Trustees," 1987.
7. United States Drug Enforcement Administration, "Survey of Mail Order Prescription Services," 1988.
8. Kirking, D.M.; Ascione, F.J.; and Richards, J.W.; "Choices in Prescription Drug Benefits Programs: Mail versus Community Pharmacy Services." The Milbank Quarterly, Vol. 68, No.1, 1990.

APPENDIX **A**

GENERAL ASSEMBLY OF VIRGINIA--1993 SESSION

HOUSE JOINT RESOLUTION NO. 658

Requesting the Secretaries of Health and Human Resources and Administration to study the efficacy of Key Advantage's mail-order pharmacy program.

Agreed to by the House of Delegates, February 7, 1993

Agreed to by the Senate, February 23, 1993

WHEREAS, from the 19th century and the time of William Procter, the father of American pharmacy, Americans have depended on local pharmacists to provide guidance in health matters; and

WHEREAS, this tradition has been endorsed by federal policy requiring counseling to Medicaid patients on drug interactions, contraindications, allergies, and other matters, and by the Commonwealth's policy, pursuant to § 54.1-3319, of requiring counseling of all patients on these matters; and

WHEREAS, in Virginia, pursuant to § 54.1-3303, prescriptions can only be filled if they have resulted from a bona fide physician-patient-pharmacist relationship of good faith and for therapeutic or medicinal purposes; and

WHEREAS, the unique relationship between pharmacists, physicians, and patients has been used by Virginia as a deterrent for drug diversion and misuse; and

WHEREAS, health care costs have been escalating over the past fifty years and have become one of the primary concerns of policy makers, businessmen, and consumers; and

WHEREAS, the configurations of the health care industry are undergoing a dramatic evolution, which is often confusing and frustrating to consumers; and

WHEREAS, some of the new configurations in the health care industry can be attributed to efforts to reduce costs by third party payors, such as the use of mail-order pharmacies; and

WHEREAS, although the authorization to purchase, at very low cost, ninety-day supplies of maintenance drugs from mail-order pharmacies may reduce costs, this practice can result in the abuse of controlled substances and devices, purchases of excess quantities, and improper consumption; and

WHEREAS, the loss of one-on-one contact with pharmacists and personal counseling services may reduce the quality of care being delivered to the patient; and

WHEREAS, medications are frequently, when prescribed, dispensed, and properly used, cost-effective means of avoiding more costly care such as hospitalization; and

WHEREAS, the Commonwealth of Virginia has enjoyed and must continue to enjoy safe and effective services delivered by highly trained, licensed personnel working in permitted pharmacies; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Secretaries of Health and Human Resources and Administration are hereby requested to study the efficacy of Key Advantage's mail-order pharmacy program.

The Secretaries shall examine quality of care and cost issues related to the use of mail-order pharmacies, such as: the loss of the physician-patient-pharmacist relationship; the loss of personal counseling concerning drug effects and interactions; the potential for abuse of or improper use of controlled substances as a result of mail-order receipts of drugs and obtaining excess supplies of drugs; the error rates, insofar as data is available, of mail-order versus store pharmacies; a comparison of, insofar as data can be obtained, the rates of hospitalization among patients with similar diagnoses who use mail-order and store pharmacies; and the feasibility of using possible administrative efficiencies to cut costs, rather than limitations on services, such as streamlining claims processing, simplifying claims forms, automating some claims review, and developing a single claims form for all payors in the Commonwealth.

The Secretaries shall complete their work in time to report their findings and recommendations to the Governor and the 1994 General Assembly in accordance with the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

APPENDIX B

Key Advantage Plan — The Commonwealth's Outpatient Prescription Drug Program

administered by PCS Health Systems, Inc. for all those enrolled in Key Advantage and the Medicare Complementary (Option I) Plan

SERVICE AREA Wherever State employees and eligible retirees live.

GENERAL DESCRIPTION The Outpatient Prescription Drug Program is administered by PCS Health Systems, Inc. A mail service pharmacy is offered through the Prescription Service Division of Caremark International Inc., formerly a Baxter Healthcare Company. The benefits cover certain medically necessary prescription drugs dispensed by licensed PCS RECAPSM pharmacies during the enrollee's eligibility period. State or federal law requires a prescription order, and the prescription must be written by a licensed practitioner. For enrollees with diabetes, the program also covers insulin, syringes, and lancets.

PROVIDERS In Virginia, most pharmacies participate in the PCS program for State employees and retirees enrolled in the Key Advantage or Medicare Complementary plans. These participating community pharmacies agree to honor your special drug benefit and file claims on your behalf. Your deductible is always lower at a participating community PCS RECAP pharmacy. Call PCS Health Systems, Inc. for information on participating pharmacies.

If you use a non-participating community pharmacy, you have to pay the full cost of the medication, file a claim, and wait for reimbursement. The deductible is always higher at a non-participating community pharmacy, and you are reimbursed only at the amount that a participating community pharmacy would receive.

When you have prescriptions and refills that exceed the listed amounts shown on the next page, but not more than a 90-day supply, you pay a \$6 per prescription deductible when you use the mail service pharmacy or a local walk-in maintenance drug pharmacy.

Key Advantage Plan — The Commonwealth's Outpatient Prescription Drug Program *continued*
What the plan covers

	<i>Program Pays Percentage Of Allowable Charge</i>	<i>After You Pay</i>
Initial prescriptions and refills from a pharmacy that participates with PCS RECAP, up to the following listed amounts: The lesser of: • a 34-day supply • 120 units (tablets or capsules) • 500 milliliters of liquid • two 10-milliliter vials of insulin • one manufacturer's package of self-contained dispensing unit (i.e., eyedrops, ointments, etc.)	100%	\$8 per prescription at RECAP pharmacy
Initial prescriptions and refills for MORE than the listed amounts (90-day supply maximum), filled by a participating PCS RECAP pharmacy	100%	\$16 per prescription at RECAP pharmacy
Initial prescriptions and refills from the mail service pharmacy or a walk-in maintenance drug pharmacy (90-day supply maximum)	100%	\$6 per prescription
Initial prescriptions and refills at or below the listed amounts, filled by a non-participating pharmacy and filed by enrollee	100%	\$10 per prescription, any balance
Initial prescriptions and refills for MORE than the listed amounts, filled by a non-participating pharmacy and filed by enrollee (90-day maximum)	100%	\$20 per prescription, any balance

ADDITIONAL INFORMATION

- **Generic Drugs.** For all prescriptions, if a generic drug is available, only the allowance for the generic is covered. If the physician prescribes a brand name drug and will not allow a generic substitution, or if you desire to purchase a brand name drug, you must pay the difference between the price of the generic and the cost of the brand name drug.
- **Non-Participating Pharmacies.** If you have a prescription filled in a non-participating pharmacy, you pay the cost of the medication, then complete and mail a claim form to PCS. After the claim is processed, the enrollee receives the allowable reimbursement for the prescription. The allowable reimbursement is what would have been paid to a PCS RECAP community pharmacy, minus the deductible. Call PCS Health Systems, Inc. for information on participating pharmacies.

MAJOR EXCLUSIONS

Some services are not covered under the contract. For a list of all services not covered, see the Outpatient Prescription Drug Program Member Handbook. Some of the major exclusions are listed below:

- Drugs not approved by the U.S. Food and Drug Administration for general use in the United States
- Drugs not proven to be effective by the U.S. Food and Drug Administration (DESI)
- Drugs which do not require a prescription
- Drugs not ordinarily dispensed by a community pharmacy
- Drugs dispensed or administered in an outpatient setting, such as a hospital or nursing home
- Drugs dispensed by a clinic or home health agency

Advantage Plan — The Commonwealth's Outpatient Prescription Drug Program *continued***MAJOR EXCLUSIONS CONT'D.**

- Blood derivatives
- Injected drugs which cannot be self-administered or which are not ordinarily available through a community pharmacy, or which are customarily administered in an inpatient facility or setting which provides close medical management
- Infertility drugs
- Drugs which are not medically necessary, including drugs dispensed for weight loss, cosmetic purposes, birth control, infertility, or smoking deterrence
- Charges for prescribing, administering, or injecting drugs
- Drugs determined by the Department of Personnel and Training to be reasonably available through public health programs
- Drugs prescribed to treat illness or injury related to war, riot, civil disobedience, or other such activity
- Other drugs, if identified by the Department of Personnel and Training to be subject to abuse

CLAIMS

When you have a prescription filled at a participating community pharmacy or walk-in maintenance pharmacy, identify yourself as a State employee or retiree participating in the PCS RECAP program. Give the pharmacist the employee's or retiree's Social Security number, the patient's date of birth, pay the deductible, and receive the prescription. The participating pharmacy will file the claim for you.

Claims procedures are completed by the Caremark mail service pharmacy when you use the mail order feature of the program.

If you use a non-participating community pharmacy, you must pay the full cost of the medication, file a claim, and wait for reimbursement. The deductible is always higher at a non-participating pharmacy. Your reimbursement is limited to the amount that a participating pharmacy would have received. You will be responsible for any balance.

FOR QUESTIONS OR SERVICE

Call PCS at 1-800-545-5073.

Written questions or requests for service (including claims appeals) should be mailed to:
PCS Health Systems, Inc.

P. O. Box 52115

Phoenix, AZ 85072-2115

Attn: Client Service Department

Mail Service Pharmacy at 1-800-831-4440.

Written questions or requests for mail service inquires should be mailed to

Caremark Prescription Service

98 Lakeridge Parkway

Ashland, VA 23005-9431

Note: This is only a brief outline of benefits and exclusions. For a complete description of the program and a list of participating pharmacies, refer to your Outpatient Prescription Drug Program Member Handbook.

APPENDIX C

INSTRUCTIONS FOR REFILL PRESCRIPTIONS



To phone in your refill prescriptions call Caremark's Refill-by-Phone Center at 1-800-344-8075 toll-free using a touch-tone phone. You may order refills for one or more of your prescriptions—24 hours a day. As an added feature you can also inquire on the status of any order recently submitted to Caremark.

When using the refill service option, you will need the following information:

- Participant Social Security Number or Member's I.D. Number if required by your plan.
- Prescription number. The number is located in the box on your prescription and refill labels.
- Your VISA, Discover or MasterCard number if your plan requires a copayment.
- Your daytime phone number including area code.

OR



For refill prescriptions being submitted through the mail, complete the shaded area on the back of this form. Affix the Caremark refill label in the space allowed.

The Bar Code portion of the label should be placed on the face of the envelope. For more than one refill prescription, only apply one bar code to the face of the self-addressed envelope. If a refill label is not available write the Caremark Prescription Number in the refill label section for each prescription refill being submitted. The refill number is located in the box on your prescription and refill labels. Also enclose your copayment based on the Method of Payment section (if applicable).

"NO REFILLS REMAIN—CALL YOUR DOCTOR"

If your refill label notes the above, please contact your doctor and request a new prescription.

IMPORTANT INFORMATION:

The submission of this form, for you or any of your dependents, authorizes the release of all information to the Plan Sponsor, Administrator or Underwriter and authorizes the prescription to be filled with the generic equivalent when available and permissible by law, in accordance with your benefit plan design.

Please note: If your prescription is written for less than a 90-day supply, Caremark must dispense the exact amount prescribed by your doctor and cannot provide refills at the time of the original filling.

Whether submitting a new or refill prescription through the mail, please remember to:

- ✓ Complete all of the information in the shaded areas.
- ✓ Include check, money order, or VISA, Discover or MasterCard number (if applicable).
- ✓ Enclose original prescription or affix refill labels.
- ✓ Include signature in the Certification section on the back of this form.

An Incomplete Patient Profile/Order Form will be returned to you with the original prescription unfilled, causing a delay in processing.

Call Caremark Customer Service toll-free
Hours: 7:30 a.m.–9:00 p.m. Monday–Friday
8:00 a.m.–12:00 p.m. Saturday
Eastern Standard Time 1-800-831-4440

PATIENT PROFILE/ ORDER FORM

Welcome to the mail service prescription program Caremark Inc. is providing your company. This program offers a convenient, cost effective way to order prescribed maintenance medication for direct delivery to your home. We are pleased to extend this service to you and look forward to fulfilling your prescription needs in the future.

Review this Patient Profile/Order Form and follow the picture icons for the method you choose.



For new prescriptions or first time orders, complete section A and B in the shaded areas and submit to Caremark for processing.



Call Caremark's Refill-by-Phone Center toll-free at 1-800-344-8075 to order refill prescriptions

OR



For refill prescription through the mail, complete section A and B in the shaded areas, affix refill labels and submit to Caremark for processing.

CAREMARK

Prescription Service Division

APPENDIX D

LABEL DESCRIPTION

Prescription Bottle Label - Contains prescription information per physician's directions

Baxter Baxter Healthcare Corporation
Prescription Service Division
625 Barclay Boulevard, Lincolnshire, IL 60069
800 824 6349

80005978 Dr. SMITH, JAMES

MARY S. DOE
Take 1 tablet daily

IBUPROFEN TAB 400MG
Generic Equivalent of
MOTRIN TAB 400MG
90 filled on 3/08/88
Qty 3 REFILLS remain R Ph ELM

Baxter Working Label - Reflects physician's written prescription. Used when Baxter pharmacy fills prescription order and kept on file

80005978-00 ***SNAP CAP***

DOE, MARY S.
123 ANYSTREET
ANYTOWN, IL 60069

Dr. SMITH, JAMES 3/08/88
filled on 3/08/88 0 of 3
3 REFILLS remain

Qty. 90 Days 90 PPS \$0.00 \$4.00
IBUPROFEN TAB 400MG
NDC 822-0165-26 BOOTS LABS
MOTRIN TAB 400MG
Take 1 tablet daily

Pharm. ELM Tech. JSG Shipping
JSG
88888888900

Shipping Label

625 Barclay Boulevard
Lincolnshire, IL 60069 • 800 824 6349

MARY S. DOE
123 ANYSTREET
ANYTOWN, IL 60069

**WHEN ORDERING REFILL
RETURN THIS STICKER**

80005978

DOE, MARY S. Rx Expires 03/08/89
IBUPROFEN TAB 400MG
3 REFILLS remain

Refill Sticker - Used by Patient to order prescription refills. Prescription number appears inside the red box for easy reference.

Baxter Baxter Healthcare Corporation
Prescription Service Division
625 Barclay Boulevard, Lincolnshire, IL 60069
800 824 6349

80005978 Qty Disp 90

DOE, MARY S.
IBUPROFEN TAB 400MG
03/08/88 Amount paid \$4.00
3 REFILLS remain
This is your receipt

Prescription Receipt - Sent to Patient with each prescription for their records

Baxter **PATIENT COUNSELING**
Important Information • Please Read

80005978 03/08/88
MARY S. DOE Dr. SMITH, JAMES
IBUPROFEN TAB 400MG

1. May cause drowsiness/do NOT mix with alcohol.
2. Follow directions carefully/do NOT vary dosage.
3. Report hives/itching/difficulty in breathing to MD.
4. Promptly report unusual symptoms/effects to MD.
5. Avoid aspirin and products containing aspirin.

Patient Counseling - Enclosed with each prescription order to inform Patient of possible interactions, side effects, and proper drug usage.

APPENDIX E

CAREMARK QUALITY PROCESS

FUNCTION

QUALITY CHECK

MAIL ROOM:

Orders are received, and dated

Refill orders may be received by phone

Rx number compared to SS number

DATA ENTRY:

Eligibility is confirmed

If eligibility is not confirmed, the order is passed to the Eligibility Department

Number of Rx's recorded in file

To insure the order is complete

Assigned to a bar coded envelope

Bar code to assure proper identification through out entire process

The address is verified

To insure current address or for special shipping instructions

The copay is reconciled

Debit is issued for up to \$20, if necessary

CONCURRENT DUR:

Refills are entered into the system by bar code

Eliminates possibility of transposition
The computer screens Rx for safety 37 edits

New prescription is entered into the computer

The computer screens Rx for safety 37 edits
Four point accuracy test

Patient
Drug
Strength
Direction

Concurrent DUR

Drug to Drug interactions
Drug to Allergy
Drug to age
Too early refill
Therapeutic duplication
Compliance with formulary
Compliance with plan design
Prescription verification
Generic substitution

DOCTOR CALL AND FORMULARY MAINTENANCE:

Concurrent DUR calls
Prescription clarification
Generic substitution calls

LABEL PRINT:

The order is identified by Bar Code

To insure accuracy

The labels are printed

Both generic and Brand name appear
Refill sticker is printed
 Date when Rx may be refilled
 Number of refills remaining
Patient Counseling
 Specific for Rx, patient and Drug
Receipt is printed

PRODUCT SELECTION:

The inventory is arranged by location code

Drugs are not in alpha order and similar drugs of different strengths are not stocked together.

Medication is selected by location code, checked by NDC number, name, strength, and quantity.

50% of the orders are filled from Caremark prepackaged containers

Manufacturer's original sealed
Undergo 22 quality checks

15% filled from other manufacturer's original containers

12% are filled from Baker Cells

The drug is selected and counted by the reading bar code into the computer

23% are filled from Kirby Lester Counters

Accurate counting

Medications are not counted by hand

The technician selecting the product will stamp the working label with ID stamp

Accountability

TEAM DISPENSING (Pharmacist, Technician and Shipping Clerk):

THE TECHNICIAN

The order is arranged by the technician

Each prescription is initially checked

The product is initially checked

The Technician stamps the Rx with ID stamp

Insure the order is complete

Four point check:
Correct patient
Correct drug
Correct strength
Correct directions

Correct drugs and strength
Correct NDC number
Correct quantity

Full accountability

THE PHARMACIST

The pharmacist checks the original order

The pharmacist reads the original prescription

Each prescription is completely checked

The product is checked

The Pharmacist dispenses the prescriptions

The Pharmacist stamps the Rx with ID stamp

Insure the order is complete

The data is checked against working label. If the order was entered into the computer by the dispensing pharmacist, the order is given to a second pharmacist for dispensing.

Four point check:
Correct patient
Correct drug
Correct strength
Correct directions

Correct drugs and strength
Correct NDC number
Correct quantity
If the product was repackaged, the pharmacist will check the individual dosage form for identification.

One prescription at a time

Full accountability

SHIPPING CLERK

The shipping clerk checks the original order

Insure order is complete
Insure the address is correct
Checks for special shipping instructions

Cold packs
Federal Express
Orders over \$1000
Breakable containers

The order is packed

The clerk stamps the RX with ID stamp

Full accountability

METERING:

The order is weighed

The computer will select the best method for shipping.

The bar code on the package is scanned

The system displays the prescription number of each prescription in the order.

Address is verified

To insure current address is correct

The bar code on each prescription is scanned

The system compares the order to the prescriptions dispensed. Only if all the prescriptions and the correct prescriptions are presented will the system release a shipping label.

A shipping label is printed

An order may be shipped only with a computer generated label.

SPECIAL DISPENSING AREAS:

CONTROL ROOM

All control drugs (Schedule II - V) are maintained in a separate secured dispensing and shipping area.

COMPOUNDING

Compound prescriptions are prepared in a special area of the pharmacy.

HAZARDOUS DRUGS

Special counting machines are used for drugs that may cause cross contamination (i.e., Penicillin, Chemo)

COLD PACK, DIABETIC SUPPLY

Drugs that may be of danger to the technician if inhaled are counted in ventilated hood (i.e., Chemo)

CUSTOMER SERVICES:

Customer Service Phone Service:

Hours: 7AM to 9PM M-F
Saturday
Sunday and Holidays
24-Hr Emergency Service

Ability to trace order within process
Ability to explain plan design
Ability to expedite orders

Customer Service Pharmacist

Has access to patient history
Will respond to questions about Caremark Rx, OTC
and other pharmacy's Rx's.

OTHER:

QUALITY ASSURANCE

Pharmacist
Report to Divisional Director of QA

Total Quality Management
Continuous Process Improvement
Training
Regulatory Affairs

CLIENT RELATIONS

Account Executive

Immediate access to address administrative issues
such as eligibility, billing, drug coverage, special
patient (employee) needs, administer DPT's pre-
authorization program. Design, print and distribute
communication materials as needed.

MATERIAL MANAGEMENT

Maintain service level of 99%
Ensure compliance with voluntary formulary

HUMAN RESOURCES

Background check of all applicants
Drug screening of all employees
Hair and urine
Ongoing training