Changing THE PHARMACY PAYMENT MODEL
It’s NCPA’s most wildly important goal

by Jayne Cannon


We remember them fondly. But as much as we liked them, we know they’re just not coming back.

The community pharmacy equivalent is relying on dispensing as the sole source of revenue. It was the core of the business a generation ago, but those days are changing.

And like that unwieldy Rolodex, building a profitable business wholly on dispensing is becoming more challenging. Generic deflection, PBMs, pharmacy DIR, and Medicare Part D have changed the community pharmacy landscape. It’s time to think differently and do differently. That’s where NCPA’s WIG, short for wildly important goal, comes in.

The current pharmacy payment model has evolved over many decades to reach its current costly and inefficient state, NCPA CEO Douglas Hoey says. “Prescription costs alone account for more than $400 billion in costs to our health care system. It’s huge – and it’s not going to be unwound overnight.”

The current model has deep roots, and there’s no piece of legislation or court case that serves as a magic wand to teleport pharmacy back 30 years to when pharmacies could make a reasonable living solely by dispensing products, Hoey says.

CHANGE IS COMING
It will take a multi-faceted approach to change. You know what pharmacists can offer in the health care space. “Our pharmacies do more than dispense,” says NCPA Innovation Center President Kurt Proctor. “They know their patients, help them, keep them out of the hospital, out of the emergency room. They see their struggles and help where they can.”

The pharmacist’s focus shifts from dispensing a prescription to concentration on the total patient. As a pharmacist you are counseling them. Do they need to stop smoking? Get diabetes under control? You can help with that. You’re a health detective, looking for clues that might enhance patient outcomes — and, in the process, help reduce the patient employer’s overall employee health care spend.
And there’s more: A delivery driver could spot issues like fall risks, lack of transportation, lack of food, or disorganized medication vials. Spotting these kinds of issues early can save big bucks in the health care system.

The current PBM model contributes to higher costs of prescription drugs, Hoey says, which is completely opposite of what PBMs have sold for years. “Unwinding that mindset and revealing the real truth to plan sponsors and taxpayers, led by NCPA, has been happening for years and is accelerating,” he says. “That’s one means but certainly not the end. Community pharmacists also have to step up and offer value beyond dispensing the product.”

Enter CPESN® (Community Pharmacy Enhanced Services Network), local networks of pharmacies available for plan sponsors looking to lower overall health care costs while improving the quality of care their employees or Medicaid beneficiaries are receiving.

**PEEK INTO THE FUTURE**

The giant step in changing the pharmacy payment model is adopting CPESN and adapting pharmacy practices to a clinically integrated network. It’s not so much that we have to change what we do, it’s that we need to scrupulously document what we do, Proctor says. Pharmacists already do this for prescriptions, by documenting an NDC number, quantity of the product, directions for the patient, the days supply, the number of refills authorized, the patient’s name, date of birth and insurance information. Likewise, we need to document the services we provide and our care plan for the patient to be paid for the health improvement outcomes we impact.

Some of what is documented gets sent to a processor as part of a claim, Proctor says. Other things are documented and kept on record for when they might be needed later, such as the next time the patient comes in for a refill or if there is an audit, he adds.

So, to move forward with CPESN, pharmacists need to prove their value, over and over, and they do that by documentation. “If you don’t write it down, it didn’t happen,” Proctor says.

It’s a natural progression. “The most effective tactic will be a marketplace-based approach in which community pharmacies are being recognized for solving the health care pain points of our country,” Hoey says. “Here’s an example: look at the role pharmacies now play in immunizing patients. Thousands of lives have been saved by pharmacists stepping in and helping address this pain point.”

The organization’s new focus is larger and more serious: changing the pharmacy payment model to ensure the survival of America’s most accessible health care providers.
actions that lower overall health care costs. In some ways, patients and plan sponsors have been getting a free ride from community pharmacies that have provided services superior to their chain competitors for the same — or less — reimbursement, Hoey says. CPESN is a key method to finally get recognized for those services.

Many pharmacists who've joined a clinically integrated network find that it reinforces why they became a pharmacist. Anne Pace, an Arkansas pharmacy owner, enjoys sitting down with her patients and figuring out what she can do to improve their health. She discusses adherence issues and offers med sync. She makes notes about her counseling sessions. And she's excited about it. "I can be an advocate for my patients."

**LEGISLATIVE ADVOCACY**

Changing the pharmacy benefit in Medicaid managed care is also part of our WIG. Reform in this area is key, says NCPA Advocacy Center Director Karry La Violette. Community pharmacy needs greater transparency and fair and reasonable reimbursement. “This really is the No. 1 thing our members come to us about,” La Violette says.

The Advocacy Center team works with state and federal officials and lawmakers on this issue, and there's a flurry of activity in the states that we support. But pharmacists can lend a hand too, La Violette says. “I think we're seeing that there's success in talking to people you haven’t talked to before,” she adds, naming state attorneys general, state insurance commissioners, and state auditors as good places to start. "Go beyond the usual suspects,” she says.

“NCPA is working with its congressional champions to create an environment that’s fairer to community pharmacy,” Hoey says. And who knows, he adds, there might be potential court cases that help the cause. “That’s entirely possible especially where consumers are being disadvantaged,” he says.

**PHARMACISTS MUST BE PART OF THE SOLUTION**

Community pharmacy business models are changing by choice or necessity.

Changing the pharmacy payment model is the future of community pharmacy, Hoey says. The amount of money our country spends on health care is unsustainable, and making a change is a necessity, not an option, he adds. Changing the pharmacy payment model is part of the fix, and community pharmacies can proactively be part of the solution. Or, Hoey says, they can passively let someone else dictate the outcome. “At NCPA, we believe in giving our members the chance to choose their own fate.”

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