Comparison of Mail-Order With Community Pharmacy in Plan Sponsor Cost and Member Cost in Two Large Pharmacy Benefit Plans

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J Manag Care Pharm. 2007;13(2):122-34

OBJECTIVES

To determine the difference between mail-order and community pharmacy:

- Payment (cost) per day of drug therapy for the plan sponsor and for the member for the highest expenditure therapeutic classes,
- Generic dispensing ratios for all drugs and for a comparative market basket of drugs
- Cost per unit for the top 20 generic drugs dispensed through the mail-order channel

RESULTS:

When comparing the cost per day for the top therapeutic categories, the authors found the plan sponsor cost was higher for mail-order than for the community pharmacy channel for approximately half of the top therapeutic categories.

For all claims, the generic dispensing ratios were lower in the mail-order channel than in the community pharmacy channel (37.7% vs. 49.0% for Plan A and 34.7% vs. 45.0% for Plan B).

- Study examines trends in the use of and payments for drug products between mail-order and community pharmacy channels in 2 publicly funded pharmacy benefit programs in Texas. Important to conduct such analyses because of the lack of published studies investigating the impact of PBM-owned mail-order plans on drug use and ultimately, on drug expenditures
- A summary of the study findings and their implications follow below.

- Widespread perception of lower prices via mail-order versus community pharmacy has contributed to the growth of mail-order pharmacy use despite a lack of evidence of cost savings for pharmacy benefit sponsors.
- Demonstrates that the mail-order distribution channel can have higher net sponsor costs in a pharmacy benefit plan
- Generic dispensing ratios are lower in mail-order than in community pharmacy
- Using a methodology that estimated the average price per unit and per day of drug therapy for mail-order prescriptions had they been dispensed instead by community pharmacies, one plan sponsor experienced a small financial benefit from mail-order pharmacy while another plan sponsor experienced a slightly higher cost.
- Differences in pricing of generic drugs between mail-order and community pharmacy appear to contribute to higher unit costs for generic drugs via mail order.

Comparison of costs of community and mail service pharmacy.

Carroll NV, Brusilovsky I, York B, Oscar R.

J Am Pharm Assoc (2003). 2005 May-Jun;45(3):336-43

OBJECTIVE:

To compare the costs of prescriptions dispensed through mail service and community pharmacies to quantify the comparative costs of the two types of pharmacies.

PATIENTS:

Approximately 100,000 members of the health plan. Intervention: The plan used a small pharmacy benefits manager (PBM) and a mail service pharmacy that was not owned by a major PBM, a three-tier benefit design, and specified that patients could get a 90-day supply through mail service for the equivalent of two 30-day community pharmacy copayments.

RESULTS:

- Total costs to the health plan were $4,726,637 through mail
- Total of $4,417,733 at community pharmacies.
- Member costs were $1,674,987 through mail $2,484,519 at community pharmacies.

CONCLUSION:

- Compared with community pharmacies, the mail service pharmacy was less expensive overall, less expensive for patients, but more expensive to the health plan.
- From the health plan's perspective, the loss of copayments in the mail service benefit was greater than the savings on ingredient costs and dispensing fees.

Carroll Study of 2 vs. 3 co-pay plan design for 90-day supply

44,847 scripts from non-captive mail-order pharmacies

	Retail	Mail Order	Variance	
Ingredient Cost	$ 6,633,170	$ 6,401,624	$ 231,546	
(Pharmacy) Dispensing Fees	$ 269,082	$ -	$ 269,082	
Total Cost	$ 6,902,252	$ 6,401,624	$ 500,628	
Less Member Co-Pays	$ 2,484,519	$ 1,674,987	$ 809,532	
Additional Cost to Plan	$ 4,417,733	$ 4,726,637	**$ (308,904)**	+ 7%

Summary

Pharmacies lose $269,082 in dispensing fees + Rx margins + rebates

Payor pays 7% ($308,904) greater costs

PBM gets “control” of $6.4 million in new ingredient cash flow

Members save $809,532 at the expense of payor and pharmacies

ELSEVIER

A comparison of mail-service and retail community pharmacy claims in 5 prescription benefit plans

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Robert I. Garis, M.B.A., Ph.D.

OBJECTIVE:

To present a comparative analysis of mail-service and community pharmacy service drug benefit costs for 5 employer-sponsored prescription drug benefit plans.

Methods:

A cross-sectional comparison of 17,725 matched transaction pairs of community and mail service prescriptions from a data set comprised 484,987 prescription claims from a convenience sample of 5 employer-sponsored prescription benefit plans. Differences between community pharmacy and mail-service prescription transactions were examined at the per-unit level of analysis for drug ingredient costs, dispensing fees, co-payments, dollar amounts paid by plan sponsor, and total dollar amounts.

RESULTS:

Two of 5 plans had co-payment incentives to use mail-service, yet plan sponsors paid more for mail-service drugs; respectively, 4.5% and 8.3% more overall, 25.0% and 21.4% more for generic medications; and 3.0% and 7.0% more for brand name medications

CONCLUSION:

Co-payment incentives to use mail-service pharmacies instead of community pharmacies were associated with higher mail-service utilization rates and with higher costs to plan sponsors. Absence of a co-payment incentive to use mail-service pharmacies was associated with lower mail-service utilization rates and with lower costs to plan sponsors.

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Revealed preference for community and mail service pharmacy

Joshua N. Liberman, Yun Wang, David S. Hutchins, Julie Slezak, and Will H. Shrank

OBJECTIVE:

To determine revealed pharmacy preference and predictors among patients enrolled in a pharmacy benefit that offered a 90-day supply of prescriptions via mail service and community pharmacy channels, with no differences in out-of pocket costs.

Patients:

324,968 commercially insured participants enrolled in plans that required use of mail service pharmacy for maintenance medications.

RESULTS:

In the first 4 months of the benefit design, 31.8% of participants previously mandated to use mail service pharmacy elected to fill 90-day prescriptions at community pharmacies. Selection of community pharmacy ranged from a low of 23.7% (previous mail service pharmacy users) to 66.3% (previous community pharmacy users). Among those initiating therapy, 44.3% selected community pharmacy for their new prescriptions, and among those with no previous mail use, 68% selected community pharmacy for new prescriptions. Preference for community/mail service pharmacy was dependent on numerous characteristics, including age, gender, household income, region, driving distance (time), and concomitant medication use.

CONCLUSION:

Patient behavior indicates that certain patients prefer to access prescription medications via mail service and others through community pharmacy channels. Restrictive benefit designs that incentivize patients to use less preferable pharmacy channels may adversely affect patient convenience, which could have the unintended consequence of reducing medication use and adherence.

Modes of Delivery for Interventions to Improve Cardiovascular Medication Adherence

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OBJECTIVE:

To determine the optimal modes of delivery for interventions to improve adherence to cardiovascular medications..

Methods:

We conducted systematic searches of English-language, peer-reviewed publications in MEDLINE and EMBASE, 1966 through December 31, 2008. We selected randomized controlled trials of interventions to improve adherence to medications for preventing or treating cardiovascular disease or diabetes. Articles were classified based on mode of delivery of the main intervention as (1) person-independent interventions (mailed, faxed, or hand distributed; or delivered via electronic interface) or (2) person-dependent interventions (non automated phone calls, in-person interventions).

RESULTS:

We identified 6550 articles. Of these, 168 were reviewed in full and 51 met inclusion criteria.
Among person-independent interventions (56% successful), electronic interventions were most successful (67%). Among person-dependent interventions (52% successful), phone calls showed low success rates (38%). In-person interventions at hospital discharge were more effective (67%) than clinic interventions (47%). In-person pharmacist interventions were effective when held in a pharmacy (83% successful), but were less effective, driving distance (time), and concomitant medication use.

CONCLUSION:

Future medication adherence studies should explore new electronic approaches and in-person interventions at the site of medication distribution. Identifying times of increased patient receptivity to the adherence message such as hospital discharge also will be important.

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