

DIABETES TEST STRIPS REIMBURSEMENT REDUCTIONS TO INDEPENDENT PHARMACIES WILL NEGATIVELY IMPACT MEDICARE PATIENTS

NCPA Member Survey Results September 2012

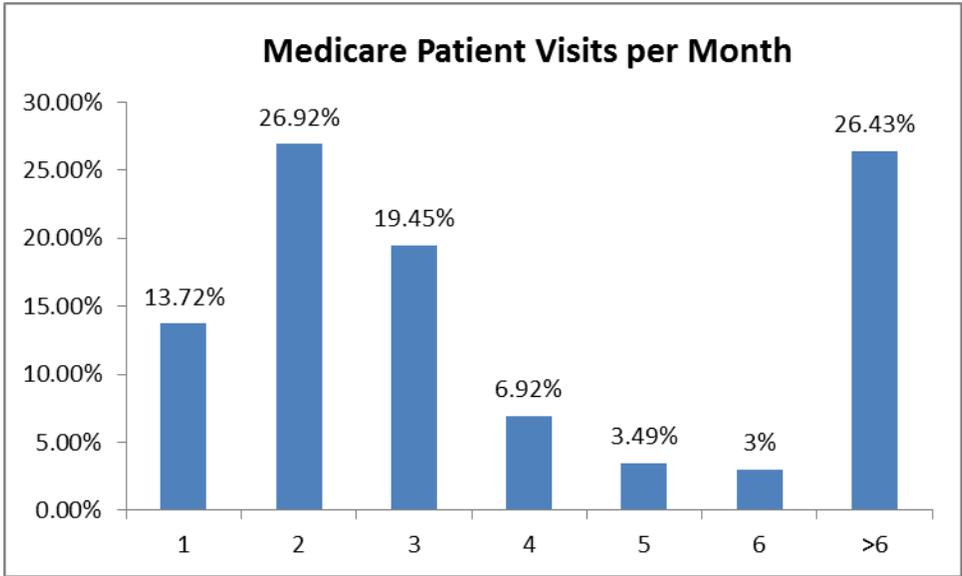
CMS is considering cutting payments to pharmacies for Medicare diabetes test strips. It may also require pharmacies to accept a mail order or other low price to participate in the program. The purpose of this survey is to assess the likely impact of such a program on independent community pharmacies and the patients they serve. In 2011 average National retail single payment amount for diabetes testing supplies was \$37.67. The average Round 1 Competitive Bidding Program single payment amount, across nine geographic regions, for 2011, was \$14.62.

RESULTS

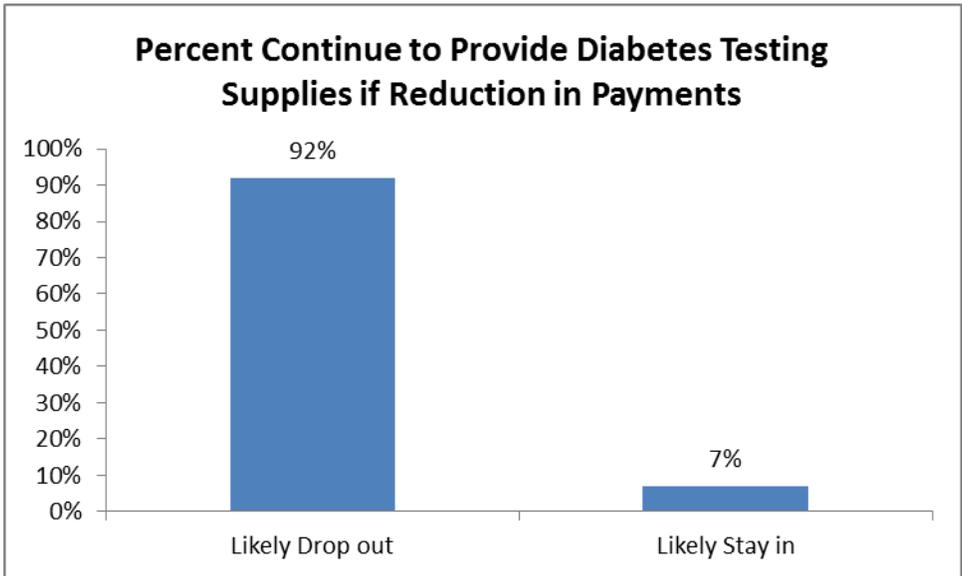
This survey provides important information to policymakers regarding the challenges that over 400 pharmacies say they would have if certain cuts were made to diabetes test strip reimbursements. This survey was conducted between August and September 2012.

- A potential sharp reduction in payment for diabetes test strips would result in about 92% of independent community pharmacies that participated in the survey leaving the program. That means that Medicare patients will not likely be able to obtain their diabetes supplies from small independent pharmacies. This will disproportionately affect Medicare patients in underserved rural and urban areas, where independent pharmacies often operate.
- 83% of independent community pharmacies responding state that forcing patients to obtain their diabetes supplies from mail order would have a significant negative impact on their Medicare patients. Lack of customer service and obtaining supplies that were not requested are common complaints about mail order pharmacy that community pharmacies often hear about from Medicare patients.

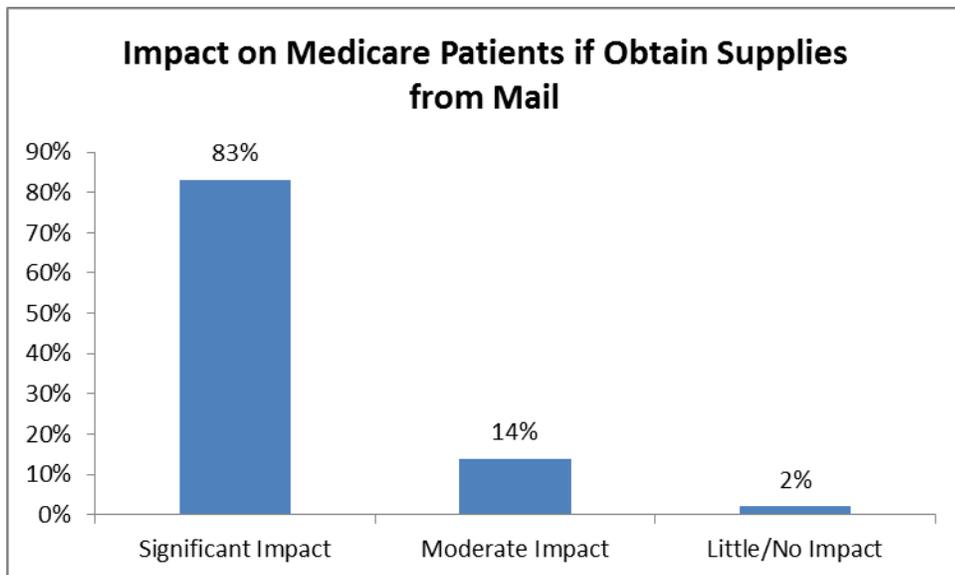
How many times per month does the average Medicare diabetic patient come to your pharmacy for diabetic supplies and/or counseling?



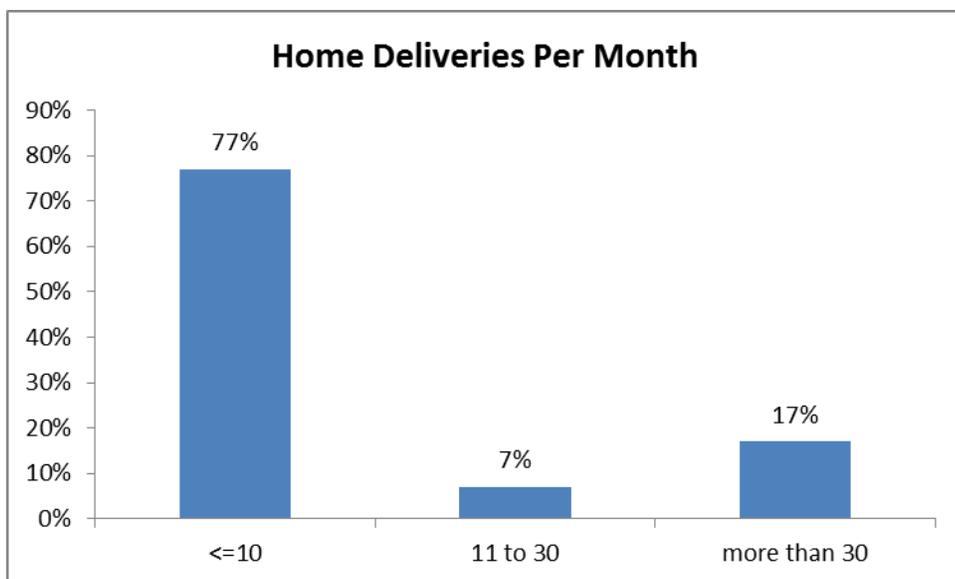
Would you continue to provide Medicare diabetes testing supplies if you are required to either 1) take a reduction in payments for diabetes testing strips, or 2) take a competitively-bid mail order price to continue to provide Medicare diabetes testing supplies?



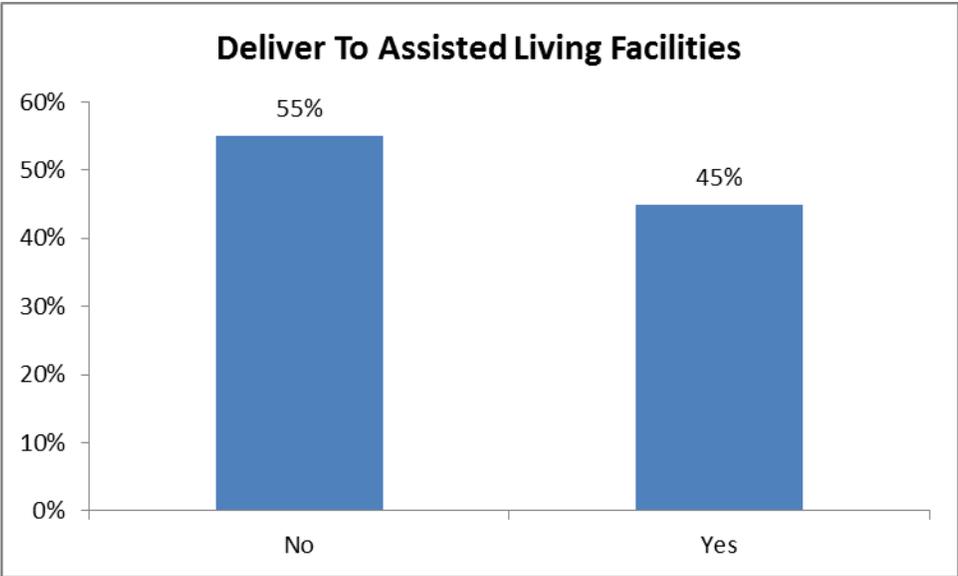
What would the impact be on your Medicare patients if they had to obtain their diabetes supplies from a mail order pharmacy?



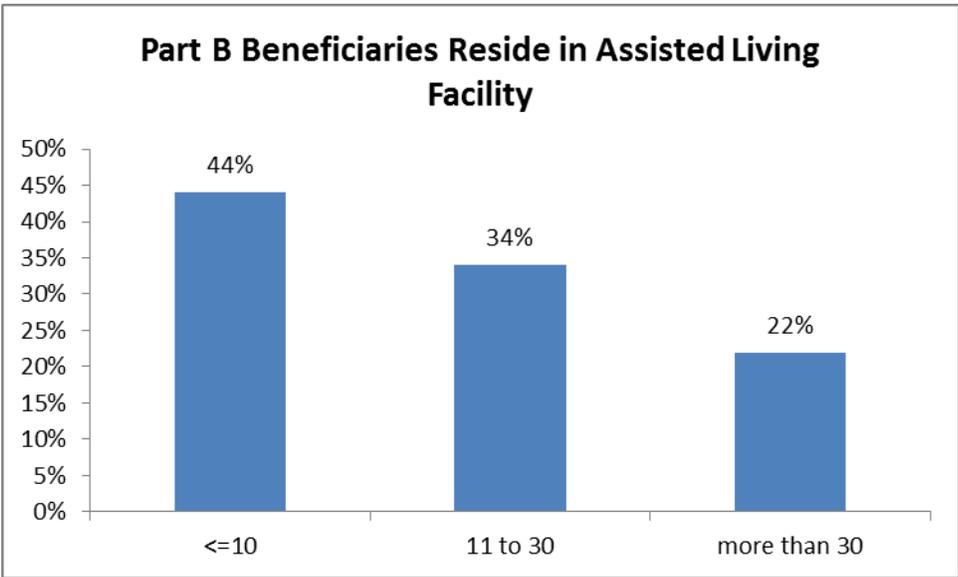
How many times per month do you provide home delivery of diabetes testing supplies to homebound Medicare patients? (For example, if you have 20 homebound patients to whom you make two deliveries each per month, the answer would be 40 times per month. Home delivery means you use a car or other vehicle to take them to a beneficiary's home – it does not include times you might mail them to a patient.)



Do you deliver diabetes testing supplies to assisted living facilities?



Approximately how many total Medicare Part B beneficiaries do you supply with diabetes testing supplies that reside in assisted living facilities?



Sample Responses to Open Ended Questions

Would you continue to provide Medicare diabetes testing supplies if you are required to either 1) take a reduction in payments for diabetes testing strips, or 2) take a competitively-bid mail order price to continue to provide Medicare diabetes testing supplies?

- The margin is already too small. There is an enormous amount of burden placed on dispensing diabetic supplies. The audits are now over burdensome and require us to get documentation from the medical chart which is very labor intensive. The requirements are so complicated. Many providers are not familiar with them nor do they want to become familiar. It is a real problem.
- Medicare is not taking into account that the average cost a pharmacy pays to purchase a box of name brand testing strips is approx. \$55 per box of 50 strips. Name brand products is what we specialize in and is why the physicians refer to us. We would not be able to fill those scripts at those low-ball reimbursement prices and we wouldn't want to damage our relationships with the healthcare professionals who refer to us.
- We service nursing home and personal care/assisted living. Residents have Glucose Meters that we could not afford to supply strips at that rate.
- Test strips are not a commodity. It is a health concern. Cheap products can give wrong or unsatisfactory results. In the long run, it would cost more to taxpayers. We need quality product in the market. Taking reduction in price means reducing your quality of work. You will be more interested to dispense more in order to catch up your expenses. That means you will have less time for patients for counseling and other health related discussions.

What would the impact be on your Medicare patients if they had to obtain their diabetes supplies from a mail order pharmacy?

- Many of these beneficiaries would have difficulty navigating whom to trust and how to get their strips. Alternatively, many mail order suppliers auto ship their strips every month resulting in waste.
- Language barriers and would mean many of these patients would not be able to properly order their supplies. Currently these individuals receive extra attention in the pharmacy to ensure they receive the proper supplies.
- We have patients enter the pharmacy and complain regularly about mail order service from either over supplying, under supplying, or their lack of ability to get the supplies they need. Often, the company has them on a meter that only they can supply, so we cannot help them when they are out of strips. Complaints are heard weekly on this area. My pharmacy is located in an area with a large indigent population, and a lot of my patients would have a hard time receiving the care they need from mail order. Mail order is also wasteful. Community pharmacy, on the other hand, only refills when the patient comes in and requests their supplies.

What would be the impact on your Medicare diabetic patients if you could not provide home delivery?

- More doctor visits. More hospital admissions. More negative effects on patients' health. Less counseling and education to the patient.
- We live in eastern NC where many of our patients are elderly and don't drive. We also have many patients who depend on us to provide hands-on demonstrations and instructions, usually multiple times before they understand the correlation between the test result and the use of medicine.
- Many of these patients are unable to start a mail order program because of language barriers, they don't have a credit card, and/or they only have a PO Box and don't get home delivery of their mail.
- Most all of these homebound patients have difficulty comprehending mail order the way it is. They will often call us to help explain non-medical questions. The mail order system might not seem confusing to many of us, but it is a MAJOR problem for most of the elderly population

How aggressive have the Part B audits become and are they threatening your participation in the Medicare Part B program? Please give specific examples and estimated dollar amounts of recoupments.

- We have seen a significant rise in the "pre-pay" audits from Medicare. In these cases, we get audited before Medicare even lays out any money. The biggest issue is getting the physicians to comply with certain aspects of the Medicare diabetic test strip requirements.
- Very aggressive. We have been recouped after appeals even when we supply ALL required information.
- We get 1 or 2 audits a week. Several end up getting denied because of clerical errors not because of improper dispensing or over dispensing like what happens with mail order facilities. We have lost over \$600 this year alone on clerical errors.
- Recently, we lost money on several Medicare claims because of the extent of the documentation they require. It's hard to comply with all that, especially when you have doctors that do not understand what is required of them. Most doctors do not even know what Medicare's limitations are on NIDDM and IDDM.