

Background

The Wisconsin Pharmacy Quality Collaborative (WPQC)

- Consortium of private and public third party payors, pharmacies, the Pharmacy Society of Wisconsin and the University of Wisconsin Sonderegger Research Center
- Dedicated to the creation of a quality-based medication therapy management services demonstration project
- Aligns incentives for both pharmacists and payors
- The WPQC pilot is supported, in part, by a Signature Grant from the Community Pharmacy Foundation

The Pharmacy Society of Wisconsin (PSW)

- Sole Wisconsin state pharmacy professional association representing members comprised of pharmacists, pharmacy technicians and pharmacy students

Current Pilot Participants

- Unity Health Insurance, 42,000 covered lives
- Group Health Cooperative of South Central Wisconsin, 18,400 covered lives
- 53 community (independent, chain and health-system) pharmacies

Internet-based Billing/Documentation System

- McKesson MTM application (RelayHealth)

Return on Investment (ROI)

- Performance measure used to evaluate an investment
- This analysis measured the effectiveness of the third party payors' investment in WPQC

Level I Interventions

- Drug product-focused services that occur within the pharmacy workflow
- Recommendations are communicated to the prescriber and are billed after approval is received

Level II Interventions

- Comprehensive medication review and assessment

Objective

The objective of this analysis is to evaluate the return on investment (ROI) for two third party payors of service claims paid to pharmacies during the pilot phase of WPQC.

Methods

Level I Cost Effectiveness Interventions

- Formulary Interchange
 - Therapeutic Interchange
 - Tablet Splitting Opportunity (from payor identified lists)
 - Conversion to an OTC Product
 - Dose Consolidation
- Cost savings calculated for Cost Effectiveness Interventions only. While other types of interventions provide value, the exact savings is difficult to measure.

ROI Calculation

$$ROI = \frac{\text{Drug Cost Savings} - \text{Cost of Intervention}}{\text{Cost of Intervention}}$$

- Drug Cost Savings = Original Drug Cost - New Drug Cost
- Intervention cost is determined by each payor and individual pharmacy

Assumptions

- Quantity dispensed calculated using prescription instructions field data
- Chronic/Acute designation assigned based on common use
- 6 & 12 month savings includes one-time fill of acute and 6 or 12 fills of chronic meds
- Nasal steroids: 6 months savings includes 3 fills, 12 months savings includes 6 fills

Payor 1

- Actual drug cost to payor after rebates
- Copays = weighted average for each tier

Payor 2

- Average dispensing fees: Brand = \$2.00, Generic = \$2.25
- Average copays: Brand = \$20.00, Generic = \$5.00
- Brand drug cost = (AWP-15%) + 2.00 - 20.00
- Generic drug cost = MAC (supplied by payor) + 2.25 - 5.00
- Rebates not included

Results

ROI Results for WPQC Interventions

Drug Cost Savings for a Single Fill
Cost of intervention includes analyzed interventions only
Payor 1: ROI 0.22
Payor 2: ROI 3.25

Drug Cost Savings over 12 months
Cost of intervention includes analyzed interventions only
Payor 1: ROI 10.43
Payor 2: ROI 42.77

Cost of intervention includes all interventions (Level I & II)
Payor 1: ROI 2.52
Payor 2: ROI 9.83

Drug Cost Savings

Total Drug Cost Savings (based on single fill)
Payor 1: \$5719
Payor 2: \$8790

Total Drug Cost Savings (6 months*)
Payor 1: \$26,943
Payor 2: \$45,830

*Based on a single fill for acute medications and 6 fills for chronic medications

Total Drug Cost Savings (12 months*)
Payor 1: \$53,513
Payor 2: \$90,612

*Based on a single fill for acute medications and 12 fills for chronic medications

By the Numbers

March 2008 – August 2009

609 Total Interventions
533 Level I Interventions
76 Level II Interventions

248 Cost Effectiveness Interventions
225 Cost Effectiveness Interventions Analyzed
23 Cost Effectiveness Interventions Insufficient Data

225 Cost Effectiveness Interventions Analyzed
156 Payor 1 Cost Effectiveness Interventions
69 Payor 2 Cost Effectiveness Interventions

ROI Analysis extrapolated over 12 months

| Included Costs | Payor 1 ROI | Payor 2 ROI |
|---|-------------|-------------|
| Level I Cost Effectiveness Interventions only | 10:1 | 43:1 |
| All Level I Interventions | 5:1 | 12:1 |
| All Level I & II Interventions | 2.5:1 | 10:1 |

Patient Savings (Payor 1)

- Patients saved a total of \$3775 on 156 interventions (based on weighted average copays)
- Patients saved an average of \$25.34 per prescription

Challenges

- Data provided was incomplete and did not include quantity or accurate drug costs. This required manual data input and may prohibit a simple analysis when more data is available in the future.
- For many interventions, the total value is difficult to measure and is often not realized for many years.
- Multiple assumptions, including actual quantity dispensed and number of fills, decreased the overall accuracy of the analysis.
- Different methods were used by each payor to determine drug costs and copays. This resulted in a different level of analysis for each payor.

Conclusions

- Cost Effectiveness Interventions within WPQC have resulted in a positive ROI for third party payors
- Total savings resulting from cost-effectiveness interventions alone have resulted in a positive ROI even when including the cost of all Level I and Level II interventions (when calculating savings over 6 or 12 months)