COMMUNITY PHARMACY FOUNDATION
COMPLETED GRANT SYNOPSIS

Effect of Prior Authorization and Formulary Limitation on Community Pharmacy Practice and Profitability

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Objectives
1) Evaluate the amount of time pharmacists spend on prior authorization (PA) and formulary issues
2) Estimate the financial impact of prior authorization and formulary issues for prescription dispensing

Methods	
Design	• Prospective descriptive assessment of pharmacist's time to address prior authorization and formulary issues. • Initial planning sessions with faculty and student involvement were conducted. A literature search was conducted for related publications in professional and scientific journals. A 6-member practitioner advisory panel was convened. Additional project input and store involvement was provided by a chain store pharmacy development manager. The advisory panel and faculty discussed development of a logbook/data capture sheet to determine the additional time required by pharmacists for PA/formulary issues. • Logbooks included number of PAs/formulary problems, length of time to rectify and normal prescription fill time. A different set of days each week was used to capture representative data for all hours of pharmacy operation. The sampling varied across days of the week and hours of operation. • Participating pharmacy staff was trained by the single student for consistency. A follow-up visit was conducted after 2 weeks to access study progress and process. Further weekly store visitation was conducted throughout the data collection period.
Study endpoints	• Descriptive statistics of study measures • Compensatory fee estimate = ($3.50 dispensing fee) * (amount of pharmacist time)

Results
• Thirty-four pharmacies in the greater Philadelphia area agreed to participate; 24 pharmacies completed the reporting for the entire study

• Summary statistics –
   – Average total Rx filled per day 191.5; Average number of problems per day 5.73
   – Average time to fill regular prescription – 2.5 minutes; Average time per problem – 8.5 minutes
   – Total time spent on problems per day – 49.2 minutes
   – Total suggested reimbursement fee for time spent on each problems ($12.00) [($3.50 * 3.4)]

Conclusion
For pharmacists, the costs of implementing such practices are perceptibly high, especially in loss of time. This study helps quantify the considerable work that pharmacists do on behalf of plans and pharmacy benefit managers (PBMs) and makes a case for plans/PBMs to consider adjusting remuneration rates accordingly.   Reference: Wertheimer AI, et al. Drug Benefit Trends. 2006;18:36-49

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