NACDS NATIONAL ASSOCIATION OF CHAIN DRUG STORES

Statement

Of

The National Association of Chain Drug Stores

For

U.S. House of Representatives

Committee on Energy and Commerce

Subcommittee on Health

Hearing on:

"Examining the Medicare Part D
Medication Therapy Management Program"

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National Association of Chain Drug Stores (NACDS)
1776 Wilson Blvd., Suite 200
Arlington, VA 22209
703-549-3001
www.nacds.org

Introduction

The National Association of Chain Drug Stores (NACDS) thanks Chairman Pitts, Ranking Member Green, and the members of the Subcommittee on Health for the opportunity to submit the following statement for the record regarding the Medicare Part D Medications Therapy Management (MTM) Program. NACDS and the chain pharmacy industry are committed to partnering with Congress, HHS, patients, and other healthcare providers to find ways to improve the Part D MTM program.

NACDS represents traditional drug stores and supermarkets and mass merchants with pharmacies. Chains operate more than 40,000 pharmacies, and NACDS' 115 chain member companies include regional chains, with a minimum of four stores, and national companies. Chains employ more than 3.2 million individuals, including 179,000 pharmacists. They fill over 2.9 billion prescriptions yearly, and help patients use medicines correctly and safely, while offering innovative services that improve patient health and healthcare affordability. NACDS members also include more than 850 supplier partners and nearly 60 international members representing 22 countries. For more information, visit www.NACDS.org.

The Value of Pharmacy

As the face of neighborhood healthcare, community pharmacies and pharmacists provide access to prescription medications and over-the-counter products, as well as cost-effective health services such as immunizations and disease screenings. Through personal interactions with patients, face-to-face consultations, and convenient access to preventive care services,

local pharmacists are helping to shape the healthcare delivery system of tomorrow—in partnership with doctors, nurses and others.

In addition to helping reduce post-acute care issues related to medication non-adherence, retail community pharmacists can provide high quality, cost efficient care and services. However, the lack of pharmacist recognition as a provider by third party payors including Medicare and Medicaid has limited the number and types of services pharmacists can provide, even though fully qualified to do so.

Retail pharmacies are often the most readily accessible healthcare provider. Nearly all Americans (89%) live within five miles of a community retail pharmacy. Recognition of pharmacists as providers under Medicare Part B would help to provide valuable and convenient pharmacist services to millions of Americans, and most importantly, those who are already medically underserved.

The national physician shortage coupled with the continued expansion of health insurance coverage in 2015 will have serious implications for the nation's healthcare system. Access, quality, cost, and efficiency in healthcare are all critical factors – especially to the medically underserved. Without ensuring access to requisite healthcare services for this vulnerable population, it will be exceedingly difficult for the nation to achieve the aims of healthcare reform. For this reason, we support H.R. 592, the "Pharmacy and Medically Underserved Areas Enhancement Act," which would allow Medicare Part B to utilize pharmacists to their full capability by providing those underserved beneficiaries with services not currently reaching them (subject to state scope of practice laws).

Medication Therapy Management and Part D

Poor medication adherence costs the U.S. healthcare system $290 billion annually.[1] Pharmacist-provided services such as medication therapy management (MTM) are important tools in the effort to improve medication adherence, patient health and healthcare affordability. Studies have shown that patients who are adherent to their medications have more favorable health outcomes, such as reduced mortality, and use fewer healthcare services (especially hospital readmissions and ER visits). These studies included patients with cardiovascular disease, chronic obstructive pulmonary disease (COPD), high cholesterol and diabetes.

MTM reduces long term healthcare expenses by improving healthcare outcomes. These savings inure to the benefit of beneficiaries through improved health outcomes and avoided health issues, the Part D plans through proper usage of medication and discontinuation of high risk and duplicative medications, and the Medicare program as a whole through decreased medical costs.

Current MTM restrictions require that Medicare Part D beneficiaries suffer from multiple chronic conditions, be prescribed multiple medications and meet a minimum annual cost threshold of $3,138 in 2015 for their prescriptions before they are eligible for Part D MTM. The Centers for Medicare and Medicaid Services (CMS) has the authority to determine what constitutes “multiple conditions” and “multiple medications” required for MTM eligibility purposes and currently allows plans to select from anywhere between two and three conditions and two and eight drugs as the minimum required. According to the CMS MTM Fact Sheet, approximately 85% of programs opted to target beneficiaries with at least three chronic diseases

[1] Network for Excellence in Health Innovation, 2009

in 2014. This is a contributing factor to the lower than projected eligibility levels in the MTM program.

Legislative Remedy

NACDS believes revisions to the current targeting criteria for MTM eligibility should be pursued to ensure that MTM services are reaching the patients who would benefit the most. We support legislation that eases the "multiple chronic conditions" requirement by allowing beneficiaries to become eligible for MTM if they suffer from a single chronic condition that has been shown to respond well to improved medication adherence, including better health outcomes and reduced overall medical costs. Specifically, we support legislation that will provide access to MTM for beneficiaries with diabetes, cardiovascular disease, COPD and high cholesterol. Beneficiaries would still need to meet the other requirements for number of drugs and annual costs as well.

Evidence-Based Solution

An abundance of literature shows that MTM improves medication adherence and leads to better use of medicines. Services that improve medication adherence ultimately result in improved health outcomes and reduced healthcare costs. Below is a summary of recent studies and literature showing the benefits of MTM and improved medication adherence, including specific research showing the benefits for patients with diabetes, cardiovascular disease, COPD, and high cholesterol.

A 2013 report by CMS has demonstrated the impact MTM services can have on Part D beneficiaries. The report found that Part D MTM programs consistently and substantially improved medication adherence and the quality of prescribing for evidence-based medications

for beneficiaries with congestive heart failure, COPD and diabetes. The study also found savings of nearly $400 to $525 in lower overall hospitalization costs for beneficiaries with diabetes and congestive heart failure.[2]

Several states have also implemented MTM programs and have seen notable program savings for both the state and the enrolled beneficiaries. In 2012, CareSource, one of the country's largest Medicaid managed healthcare plans, began offering comprehensive MTM for individuals enrolled in Ohio Medicaid. In the first year of CareSource's face-to-face MTM program there was a return of investment greater than $1.35 for every $1.00 spent in drug savings alone. In the second year of the program (mid-2013 to mid-2014), the results improved to a return on investment of greater than $2.17 for every $1.00 spent, in drug savings alone. The North Carolina ChecKmeds MTM program generated savings of approximately $66.7 million in overall healthcare costs for the state, which included $35.1 million from avoided hospitalizations and $8.1 million in drug product cost savings.

A study of published research on medication adherence, conducted by Avalere in 2013,[3] concluded that the evidence largely shows that patients who are adherent to their medications have more favorable health outcomes, such as reduced mortality and use fewer healthcare services (especially hospital readmissions and ER visits). Such outcomes lead to less expensive healthcare costs, relative to non-adherent patients.

[2] http://innovation.cms.gov/files/reports/mtm_final_report.pdf
[3] Avalere, *The Role of Medication Adherence in the U.S. Healthcare System*, August 2013

The Medicare Payment Advisory Committee (MedPAC) has been studying the effects of medication adherence in the Medicare program. In 2014, MedPAC released their findings[4] for patients newly diagnosed with congestive heart failure. The findings showed significant medical side savings for both the high and low adherent populations, compared to the non-adherent population.

Additionally, the Congressional Budget Office (CBO) has found that for each one percent increase in the number of prescriptions filled by beneficiaries, there is a corresponding decrease in overall Medicare medical spending. When projected to the entire population, this translates to a savings of $1.7 billion in overall healthcare costs, or a savings of $5.76 for every person in the U.S. for every one percent increase in the number of prescriptions filled.[5] The CBO has recently applied its methodology in a review of the FY2016 National Defense Authorization Act (NDAA) which proposes to increase prescription copays for TRICARE beneficiaries. The CBO estimated that the $4.9 billion in direct pharmacy savings would be offset by a $1.1 billion increase in other federal spending for medical services (mostly from Medicare). Similarly, a recent study published in *Health Affairs* examined the impact of changes in prescription drug use on medical costs in the Medicaid program. The study found that a one percent increase in overall prescription drug use was associated with decreases in total nondrug Medicaid costs by a percentage very comparable to that found by the CBO, as noted above.[6]

[4] http://www.medpac.gov/documents/reports/jun14_ch07.pdf?sfvrsn=0
[5] http://www.cbo.gov/sites/default/files/cbofiles/attachments/43741-MedicalOffsets-11-29-12.pdf

Support Needed

Reforming the Part D MTM program should be accomplished through efficiently targeting beneficiaries who can most benefit from the services that will improve medication adherence and overall program effectiveness. Congress recognized the importance of MTM on a bipartisan basis, including it as a required offering in the Medicare Part D program. We urge Congress to build on this earlier action and strengthen the MTM benefit in Medicare Part D through support of legislation introduced by Sen. Pat Roberts (R-KS) and Sen. Jeanne Shaheen (D-NH), S. 776, the *Medication Therapy Management Empowerment Act of 2015,* which will provide access to MTM for beneficiaries with diabetes, cardiovascular disease, COPD and high cholesterol.

Enhanced MTM Model Test

NACDS is supportive of the initiative recently announced by CMS and the Center for Medicare and Medicaid Innovation (CMMI) to conduct a pilot allowing Part D plans the opportunity to utilize new and innovative approaches to MTM, such as more efficient outreach and targeting strategies and tailoring the level of services to the beneficiary's needs. NACDS believes the Enhanced MTM Pilot program presents an opportunity to create better alignment of program incentives for Part D prescription drug plans (PDPs), prescribers, pharmacies and CMS and has the potential to lead to improved access to MTM services for beneficiaries and greater medication adherence. Because the pilot is scheduled to last for five years (beginning in 2017), there exists the potential for delay in implementation of any successful approaches to the entire program until 2023 at the earliest. NACDS urges lawmakers to also explore new and innovative approaches to improving the MTM program that could be implemented in the short term.

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[6] http://content.healthaffairs.org/content/34/9/1586.full.pdf+html

Conclusion

NACDS thanks the subcommittee for consideration of our comments. We look forward to working with policymakers and stakeholders on this very important issue.