



Testimony

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Medication Therapy Management Program”

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Chairman Pitts, Ranking Member Green, and Members of the Health Subcommittee, thank for opportunity to testify today on “Examining the Medicare Part D Medication Therapy Management Program.” My name is Jesse McCullough and I am the Director of Field Clinical Services for the Rite Aid Corporation. Rite Aid is one of the nation’s leading drugstore chains with nearly 4,600 stores in 31 states and the District of Columbia. On behalf of our company’s nearly 90,000 employees, including 12,000 pharmacists, I am honored to be here today.

I am a pharmacist and have a Doctor of Pharmacy degree from the University of Pittsburgh, School of Pharmacy. As Director of Field Clinical Services, I oversee all clinical programs for Michigan, Ohio, Pennsylvania, New Jersey and the District of Columbia. My primary objectives are improving performance of medication therapy management (MTM), immunizations, and quality measure based programs by identifying ways to reduce or eliminate barriers to providing these healthcare services to patients in the communities that we serve. I was involved in the launch of a pharmacy-based flu vaccination program in Pennsylvania and the initial launch of MTM services in 2006.

On behalf of the Rite Aid Corporation, I would like to thank Representatives Cathy McMorris Rodgers (R-WA) and Ron Kind (D-WI) for introducing legislation last Congress (H.R. 1024, the Medication Therapy Management Empowerment Act of 2013), which would enable Medicare beneficiaries to become eligible for MTM services if they suffer from a single chronic condition. Under their tremendous leadership, the bill garnered 170 bipartisan cosponsors, including 29 Members of the House Energy and Commerce Committee. Additionally, we would like to thank Chairman Pitts for convening the first congressional hearing on medication therapy management.

The Value of Community Retail Community Pharmacies and Pharmacists

Rite Aid and the community pharmacy industry provide access to prescription medications and over-the-counter products, as well as cost-effective health services such as immunizations and disease screenings. Access to these types of services is especially vital for Medicare beneficiaries as nearly two-thirds are suffering from multiple chronic conditions. 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 physicians, nurses, and other healthcare providers.

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, including the Medicare program. Access, quality, cost, and efficiency in healthcare are all critical factors. Retail pharmacies and pharmacists stand ready to fill those gaps with high quality, cost efficient care and services to help ensure access for Medicare beneficiaries is not compromised. 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.

It is critical that we appropriately frame the pharmacist's role in the healthcare system as we describe value. The pharmacist's role is to monitor medications' safety and efficacy within the drug delivery system. Pharmacists have historically displayed a high degree of success in regard to monitoring medication safety. With expanded opportunities within MTM, pharmacists are positioned to be the key drivers of medication efficacy to improve overall health while reducing healthcare spend as will be described at greater length momentarily.

The Importance of Medication Adherence

Medications are the primary intervention to treat chronic disease, and are involved in 80% of all treatment regimens.¹ Medicare beneficiaries with multiple chronic illnesses see an average of 13 different physicians, have 50 different prescriptions filled per year, account for 76 percent of all hospital admissions, and are 100 times more likely to have a preventable hospitalization.² Yet, medication management services² are poorly integrated into existing healthcare systems. Poor medication adherence alone costs the nation approximately \$290 billion annually – 13% of total healthcare expenditures – and results in avoidable and costly health complications.³ Thus, given the importance of medications in achieving patient care outcomes and lowering overall healthcare costs, it is critical that policies are implemented that encourage greater care integration across the healthcare continuum and promote financial accountability for safe and appropriate medication use.

Pharmacy services improve quality of life and healthcare affordability. Helping patients take their medications effectively and providing preventive services, pharmacists help avoid more costly forms of care down the line. Pharmacists also help patients identify strategies to save money, such as understanding their pharmacy benefits and using generic drugs.

In particular, medication management services provided by community pharmacists improve patient care, enhance communication between providers and patients, improve collaboration among providers, optimize medication use for improved patient outcomes, contribute to medication error prevention, improve hospital and readmission cost avoidance figures, and enable patients to be more actively involved in medication self-management.

¹ <http://www.pcpcc.org/sites/default/files/media/medmanagement.pdf>

² Ibid

³ <http://www.dhmc.ca.gov/library/reports/news/rci/totpb.pdf>

Medication Therapy Management Services

MTM is a service or group of services that optimize therapeutic outcomes for individual patients. Medication therapy management services include medication therapy reviews, pharmacotherapy consults, medication management, immunizations, health and wellness programs and many other clinical services. Pharmacists provide medication therapy management to help patients get the best benefits from their medications by actively managing drug therapy and by identifying, preventing, and resolving medication-related problems.

Rite Aid has been a long-time participant and supporter of MTM services. We have enrolled in networks with national MTM documentation platforms whenever possible. This includes having all 4,600 stores in our company enrolled with the OutcomesMTM and Mirixa platforms. We also have enrolled in regional opportunities to provide MTM services as we have honored our commitment to be able to offer these services to the customers and patients that we serve.

An abundance of literature shows that MTM and improved medication adherence leads to better use of medicines, thus improving health outcomes and reducing healthcare costs. In 2013, the Centers for Medicare and Medicaid Services (CMS) conducted a review of the Medicare Part D MTM program and found that it consistently and substantially improved medication adherence for beneficiaries with congestive heart failure (a type of cardiovascular disease), COPD, and diabetes. The study also found significant reductions in hospital costs. This included savings of nearly \$400 to \$525 in lower overall hospitalization costs for beneficiaries with diabetes and congestive heart failure. The report also found that MTM can lead to reduced costs in the Part D program as well, showing that the best performing plan reduced Part D costs for diabetes patients

by an average of \$45 per patient.⁴ The Congressional Budget Office (CBO) has also weighed in on the benefits of medication use and 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.⁵ The CBO has recently applied its methodology in a review of the FY2016 National Defense Authorization Act (NDAA) which proposed to increase prescription copays for TRICARE beneficiaries. In its report the CBO stated:

Thus, while the higher copayments may deter some beneficiaries from filling prescriptions they no longer need or use, those higher copayments also could cause some chronically ill beneficiaries to stop taking their medications, resulting in more doctor visits and hospitalizations. As a result, CBO estimates 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

Several states have also implemented MTM programs and have seen notable program savings for both the state and the enrolled beneficiaries. CareSource, one of the country's largest Medicaid managed healthcare plans, contracted with OutcomesMTM™ to implement and oversee a

⁴ http://innovation.cms.gov/Files/reports/MTM_Final_Report.pdf

⁵ <http://www.cbo.gov/sites/default/files/cbofiles/attachments/43741-MedicalOffsets-11-29-12.pdf>

⁶ <http://content.healthaffairs.org/content/34/9/1586.full.pdf+html>

comprehensive MTM offering for Ohio Medicaid eligibles. In the first year of CareSource's face-to-face MTM program there were over 106,000 MTM services delivered and the program operated with a return investment greater than \$1.35 for every \$1.00, in drug savings alone. In the second year of the program (mid-2013 to mid-2014), the results improved to over 176,000 MTM services delivered and the return on investment was 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 health care 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 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 patients are thus less costly to treat overall, relative to non-adherent patients. The study found that there was even wider range of cost offsets for patients demonstrating adherence to medications across particular chronic conditions. Studies have shown that for every \$1.00 increase in costs related to prescription drug spending for adherent patients, medical cost decreases by more than \$1.00. The magnitude of the decrease varies depending on a patient's condition. The studies reviewed looked at patients across the healthcare spectrum, including several that studied beneficiaries in Medicaid and Medicare:

- Roebuck et al., estimated that for every additional dollar spent on medicines for adherent patients, there were medical cost offsets of \$10.10 for hypertension, \$8.40 for congestive heart failure, \$6.70 for diabetes and \$3.10 for dyslipidemia. This translated into an annual per person savings of \$7,823 for congestive heart

failure, \$3,908 for hypertension, \$3,756 for diabetes and \$1,258 for dyslipidemia (Roebuck et al. 2011).

- Sokol et al., estimated that for every additional dollar spent on medicines for adherent patients, there was a reduction in total healthcare costs by \$7.00 for diabetes patients, \$5.00 for high cholesterol patients and \$4.00 for high blood pressure patients (Sokol et al. 2005).
- In a study of Medicaid patients with congestive heart failure, patients who were adherent to medications had fewer hospitalizations, lower incidence of ER visits and had overall costs that were 23 percent lower than non-adherent patients (Esposito et al. 2009).
- A study of Medicare patients found that for every 10 percent increase in adherence to diabetes medication, total healthcare costs declined between 9 and 29 percent (Balkrishnan et al. 2003).
- A subsequent study of Medicare patients diagnosed with diabetes found that patients who were adherent to cardiovascular drugs as part of their treatment therapy had lower total healthcare costs within the Medicare system over three years, with savings from medical costs outweighing additional costs from greater prescription drug use (Stuart et al. 2011).

- Another study found that patients who increased adherence to their diabetes medications were 13 percent less likely to be hospitalized or visit the ER relative to those who remained non-adherent (Jha et al. 2012). They also compared outcomes between people who decreased their adherence during this time to patients that remained adherent. For patients with lower adherence, they calculated a 15 percent higher likelihood of hospitalization or visiting the ER relative to patients who remained adherent. Due to these utilization impacts, the authors estimated that measures designed to increase adherence could generate potential healthcare savings of \$8.3 billion (Jha et al. 2012)

A 2011 *Health Affairs* article found that medication adherence leads to lower health care use and costs. The study found that, across the board, adherent patients spent significantly less than non-adherent patients. Combining the increases in pharmacy spending with the decreases in medical spending, average benefit-cost ratios from adherence for the four vascular conditions examined were 8.4:1 for congestive heart failure, 10.1:1 for hypertension, 6.7:1 for diabetes, and 3.1:1 for dyslipidemia.⁷

Medicare Part D MTM Program

Despite the proven value of medication adherence and MTM, the Medicare Part D MTM program historically has seen low enrollment and utilization rates. The original statutory and regulatory language contained a general framework and few requirements for the MTM program, leaving flexibility for plans to develop their programs. Current MTM restrictions require that Medicare Part D beneficiaries be diagnosed with multiple chronic conditions, be prescribed

⁷ <http://content.healthaffairs.org/content/30/1/91.full.pdf>

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. In defining the targeting requirements, CMS states that sponsors cannot require more than 3 chronic diseases as the minimum number of multiple chronic diseases and cannot require more than 8 Part D drugs as the minimum number of multiple covered Part D drugs.

Plans are required to offer a minimum level of MTM services including interventions for both beneficiaries and prescribers, an annual comprehensive medication review (CMR) for the beneficiary, which includes a review of medications, interactive, person-to-person consultation, and an individualized, written summary of interactive consultation, and quarterly targeted medication reviews (TMRs).

CMS has also taken steps to improve the quality and measuring of the Part D MTM program, including recently establishing the MTM Completion Rate for CMRs as a full star rating measure beginning in 2016.

CMS and the Center for Medicare and Medicaid Innovation (CMMI) recently announced an initiative that would provide Part D plans with the opportunity to utilize enhanced MTM models and strategies, including innovate outreach and targeting strategies and tailoring the level of services to the beneficiary's needs. Rite Aid applauds the testing of Enhanced MTM models of care. However, the model is scheduled to last for five years, meaning that useful strategies would not be fully incorporated into the Part D program until 2023. Rite Aid urges lawmakers to explore new and innovative approaches to improving the MTM program that could be implemented in the short term. Seniors should not need to wait until 2023 to have access to improved MTM services.

Improving the Medicare Part D MTM Program

Even though CMS has made many programmatic changes over the years aimed at improving the MTM benefit, there has not been the expected increase in MTM eligibility, enrollment and utilization. In 2012, there were approximately 27.2 million people enrolled in either a MA-PD (9.9 million) or a PDP (17.3 million). Of the more than 27 million beneficiaries, only 3.1 million were enrolled in a MTM program (11.4%) and only 2.4 million received a CMR (8.8%). These figures fall well short of the CMS estimate that approximately 25% of the beneficiaries would be eligible for MTM.

Rite Aid has participated in MTM programs since their inception. We have helped thousands of patients get more out of optimizing their medication therapy. The fact of the matter is that we can do more. There are numerous challenges that exist which impede the uptake of Part D MTM services, such as a lack of incentives for plans, providers and beneficiaries, poor targeting of beneficiaries, lack of beneficiary awareness and provider participation and prohibitive documentation requirements.

Currently, plans are allowed to set their minimum number of chronic conditions required for eligibility at either two or three. According to the CMS MTM Fact Sheet, approximately 85% of programs opt to target beneficiaries with at least three chronic diseases in 2014. Similarly, plans can require that beneficiaries be prescribed up to eight medications before they are eligible for MTM (in addition to meeting the other requirements). These wide ranges are a contributing factor to the lower than projected eligibility levels in the MTM program.

Lack of patient awareness of the service is also a major barrier. Many patients decline the service secondary to believing that their physician(s) are completely on the same page as far as

their treatments and goals. This speaks to an underlying issue that suggests that we are trying to build a healthcare system that patients believe already exists. Additionally, many patients will consult with their physician before consenting to the service and physician endorsement and support of these services can be improved.

Finally, the documentation process through the various online platforms is often lengthy and can be highly variable from one vendor to the next, which negatively impacts the workflow in the pharmacy setting. While copies of the MTM documentation can be shared with the physician, it may not be practical for integration into electronic health records to prompt for follow up or provide the helpful data collected in the pharmacy that could further advance appropriate care.

Rite Aid believes reforming the Medicare Part D MTM program can be accomplished by doing a better job identifying beneficiaries who most need the services. Changes should be made to revise the eligibility requirements to include beneficiaries with certain single chronic conditions that have been shown to respond well to improved medication adherence.

We urge Congress to strengthen the MTM benefit in Medicare Part D by introducing and supporting legislation similar to that introduced by Senators Pat Roberts (R-KS) and 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.

In addition to more efficiently targeting and reaching beneficiaries most in need of MTM, we believe policymakers should explore ways to realign incentives in the program for plans, providers and beneficiaries alike. For example, pharmacies may be incentivized by allowing

them to refer eligible beneficiaries for MTM services or providing for sharing in cost savings for pharmacies that perform well in MTM and medication-related metrics. Including incentives for beneficiary participation, such as a waiver or lowering of cost-sharing amounts, would encourage more beneficiaries seek out MTM services.

Prescribers can also be incentivized to educate their patients on the benefits and availability of the MTM service, as well as review any post-MTM feedback for their patients. Finally, realigning plan incentives to foster more robust MTM programs will be key. This could be accomplished by linking MTM and medication adherence related quality metrics to bonus payments and allowing Part D plans to share in any savings garnered in Medicare Parts A/B that are attributed to MTM.

Additionally, giving pharmacists provider status under Medicare could potentially empower the pharmacist to take immediate action to resolve drug therapy problems that are identified in the course of providing MTM services. 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, to those who are medically underserved and most in need of quality healthcare options.

Rite Aid urges the adoption of policies and legislation that increase access to much-needed services for underserved Americans. We applaud Representatives Brett Guthrie (R-KY) and G.K. Butterfield (D-NC) for their introduction of H.R. 592, the Pharmacy and Medically Underserved Areas Enhancement Act. This legislation would allow pharmacists to practice to their full capability by providing those underserved beneficiaries with services not currently reaching them (subject to state scope of practice laws). We believe that this would not only

reduce overall healthcare costs, but also lead to increased access to healthcare services and improved healthcare quality for underserved patients, and especially for patients with chronic conditions.

Conclusion

Rite Aid thanks Chairman Pitts, Ranking Member Green, Congresswoman McMorris Rodgers, and the Energy and Commerce Committee for their leadership and support on this important issue. Rite Aid is strongly committed to working with policymakers and other healthcare providers to strengthen the Medicare Part D MTM benefit for our nation's seniors.