



# LTCPA

Long Term Care  
Pharmacy Alliance

## **LTCPA Response to Senate Finance Committee's Modified Mark of the America's Healthy Future Act of 2009: *Concerns regarding Proposed Strategies for Reducing Waste in Drug Dispensing in Long-term Care Settings***

The Senate Finance Committee has included a provision in the Chairman's modified mark that *provides the Secretary of HHS authority to establish requirements to reduce amounts dispensed in order to reduce waste associated with unused medications, including in the long-term care setting.*

***The Mark encourages Medicare Part D prescription drug and Medicare Advantage prescription drug plans (ie. sponsors) to employ utilization management techniques to reduce the quantity dispensed per fill when dispensing medications to beneficiaries who reside in long-term care facilities in order to reduce waste associated with 30-day fills. Specifically, the provision of concern would require sponsors to renegotiate contracts with long-term care pharmacies to reduce days' fill dispensed for tablets and capsules, for instance, in the short-term to seven days, and by a later date (3-5 years) to automated dose dispensing wherever practicable.***

---

The language in the modified Mark is directed at Medicare Part C and D prescription drug plans (collectively, "PDPs") and makes specific reference to shortened-cycle dispensing utilization management techniques. These techniques are already available to PDPs; however, to date, PDPs have not utilized shortened-cycle dispensing to control their costs, thereby begging the question as to whether prescription drug waste is a significant issue in the outpatient setting and whether shortened-cycle dispensing would be an efficient solution to addressing any waste issue that may exist.

The inclusion of this provision appears to assume that prescription drug waste, in fact, is a significant issue in the outpatient setting. However, LTCPA is aware of no government or objective third-party study that addresses the level of waste in the outpatient setting generally, let alone in the long-term care outpatient setting. Before requiring PDPs to implement potentially costly utilization techniques, LTCPA strongly urges the Committee to commission a study of the incidence of prescription drug waste in the outpatient setting. Moreover, to the extent that waste may be occurring in the long-term care setting, it may be attributable to the institutionalized, as opposed to the outpatient setting, meaning that requirements imposed on PDPs would be insufficient to address the issue.

## **BACKGROUND:**

In an attempt to reduce waste and costs in the health care system, the Senate Finance Committee has included a number of cost-containment provisions. One provision recently included in the Committee mark would provide a pathway for the Secretary of Health and Human Services to reduce amounts of prescriptions drugs dispensed in both the community and long-term care settings. Specifically, the provision would:

1. Require the Secretary to establish requirements to reduce amounts dispensed in order to reduce waste associated with unused medications, including in the long-term care setting. To implement this, CMS would require Part D sponsors to implement the following strategies to reduce waste by reducing amounts of unused drugs dispensed in both long-term care and community settings:
  - In long-term care facilities, sponsors would be required to renegotiate contractual terms with long-term care pharmacies to reduce days' fill dispensed for tablets and capsules, for instance, in the short-term to seven days, and by a later date (3-5 years) to automated dose dispensing wherever practicable.
  - In the community, sponsors would be required to renegotiate contractual terms with retail pharmacies to offer beneficiaries the option of requesting a "trial supply" (partial fill) of up to 14 days of a new "first fill" of a chronic medication at a prorated copayment amount starting in 2012.
2. Also, require the Secretary to consult with EPA, DEA, State Boards of Pharmacy, pharmacy and physician organizations and other stakeholders to determine/study other ways for plans to reduce waste associated with unused pharmaceuticals.

## **LTCPA'S POLICY CONCERNS**

LTCPA is concerned that the proposed provision is premature, as there has not been sufficient independent research conducted to evaluate (i) the impact on patient safety and access to medication and (ii) the potential costs and administrative burdens that may be imposed on Part D plans, long-term care facilities, and the pharmacies that serve them.

The long-term care pharmacy industry dispenses approximately 115 million Part D prescriptions per year. A requirement to dispense daily would *increase* the number of Part D pharmacy transactions by over 3 billion per year. LTCPA is concerned that the Committee has not adequately considered the additional costs to the Medicare Part D program and its participants that are likely to accompany "short cycle" dispensing. For example, the Committee should consider whether dispensing fewer pills more often in the LTC setting will result in:

- Higher volume of processing drug utilization management edits (e.g., prior approval, step therapy, etc.) which must be cleared prior to dispensing and would delay the patient's access to medication.
- Increased prescription volumes which would increase the incidence of dispensing errors, jeopardize patient safety and require pharmacies to hire additional pharmacists to fill and verify prescriptions and review utilization.
- Significant increases in packaging costs due to increases in dispensing frequency. The average generic dispensing rates for long term care pharmacies are over 70%, and the cost of additional packaging in many cases would exceed the ingredient costs of the generic drug being dispensed.

- Substantial increases in dispensing costs and related administrative costs (e.g., order entry, pharmacist verification, etc.)
- More frequent billing cycles with an increase in associated administrative costs to pharmacies and PDPs.
- More frequent delivery cycles to the long-term care facility, which can be 200 miles away from the dispensing pharmacy.
- Need for additional nursing staff at long-term care facilities to manage the receipt, verification, documentation and distribution of hundreds of millions, or billions, of additional transactions.
- Substantial capital outlays for the purchase of automated dispensing equipment along with ongoing annual maintenance fees for largely unproven equipment. Currently available technology dispenses only a portion of the medications needed in long-term care thus adding to the complexity of providing safe, cost-effective care for patients.

As currently proposed, the provision does not describe whether PDPs would be required to consider these additional costs in setting reimbursement amounts and dispensing fees for prescriptions dispensed in the long-term care setting. In order to ensure that patients in this setting continue to have unfettered access to their medications, the Committee should avoid imposing requirements that would increase the costs of dispensing those medications, delay the patients receipt of their medications and increase the incidence of dispensing errors.

Moreover, any alternate technology-dependent solution would require a capital investment of approximately \$6-8 Billion<sup>1</sup> and would only be capable of dispensing 50-70% of the drugs commonly used in nursing facilities. Such a technology-dependent solution also would not displace current systems, but create another tier of complexity since these solutions do not dispense many controlled substances, liquids, ointments, creams, ophthalmics, injectables, IVs and other necessary medications critical in the long-term care environment. And most important, alternate technology-dependent solutions are unproven, and the impact on the care of our elderly population must be fully understood prior to any adoption.

### **PROPOSED AMENDMENT LANGUAGE**

Revise Senate Finance Committee Mark provision to clarify that new requirements implemented by the Secretary may not impose un- or under-compensated costs on network pharmacies.

(x) Notwithstanding any other provision of this Section, the Secretary shall not establish any requirement under this Section that would cause pharmacies to incur any cost associated with such requirement that would be uncompensated or under-compensated by a PDP sponsor, including, but not limited to, costs associated with filling, packaging, or dispensing prescriptions in connection with the requirements established by the Secretary under this Section.

---

<sup>1</sup> The \$6-\$8 Billion capital requirement is based on current equipment costs (excluding annual support costs) for alternate technology that would be required for long-term care facilities, comprising the approximately 16,000 skilled nursing facilities and approximately 36,000 assisted living facilities in the U.S.