How Independent Pharmacies Can Use Medicare Star Ratings to Improve Their Businesses
We are in a new, changing healthcare environment that is affecting every stakeholder in the market—hospitals, doctors, nurses, insurers, and, yes, pharmacists and patients. One of the biggest drivers of change is the increased efforts by the Centers for Medicare & Medicaid (CMS) to pay differently for quality- and value-based patient care. This trend is here to stay, and the pay differential is likely to widen.

To exceed the quality of care provided by chain drugstores and other retail pharmacy formats, independent pharmacies must leverage every advantage they have, and seek other advantages where possible.

Many independent pharmacies are challenged with how to provide high-quality and high-value services to patients at today’s reimbursement rates. This guide contains information, suggestions, and tools that have helped other pharmacies succeed, and can help you, too.

This guide consists of the following sections:

- The Growth and Prominence of Medicare Part D
- Star Ratings, and Why They Are Critical to Independent Pharmacies
- Advantages and Challenges for Independent Pharmacies
- Call to Action: Changing Workflow
- Results of Changing Workflow
- How Do I Get Started?
- Conclusion
The Growth and Prominence of Medicare Part D

Medicare Part D began in 2006, and filled a gaping hole in the Medicare program. In its first 49 years, Medicare did not provide coverage for the vast majority of oral drugs; however, under Part D, all beneficiaries can now enroll in a plan that covers prescription drugs.

The Part D program has exploded in popularity. By 2013, only 7 years after it started, Part D covered 26% of the prescriptions dispensed in the US; for independent pharmacies, Part D covered 33% of all prescriptions filled.

In 2013, Part D covered one-third of all prescriptions filled in independent pharmacies

This is a growing business, fueled by the following factors:

• 10,000 patients are aging into Medicare daily, each of whom uses an average of 2.5 prescriptions per month

• 35,000 Low Income Subsidy (LIS) patients under the age of 65 are entering Medicare every month

• Due to changes in the Affordable Care Act (ACA), retiree health coverage is being shifted to Employer Group Waiver Plans (EGWP) Medicare Plans
Today, 40 million people in the US are aged 65 and older, and this number is projected to more than double to 89 million by 2050.¹ Prescription volume shows no sign of slowing down.

Medicare beneficiaries are able to use their prescription benefits at any pharmacy; however, Part D plans are permitted to establish networks of “preferred pharmacies,” which are generally limited to a smaller group of pharmacies, typically pharmacy chains. Patients are incented to use the preferred pharmacies through lower copayments. Pharmacies participating in preferred networks receive lower payments from health plans; they expect the lower patient copays will lead to increased volume. It is important to note that LIS patients, who account for nearly a third of all Medicare beneficiaries, have their copay set by law (i.e., their copay is the same at every pharmacy).

In the future, we expect that Part D plans will select preferred pharmacies not only on reimbursement, but also on a pharmacy’s quality, as determined by Medicare Star Rating measures (which are discussed later). Plans will want the highest-performing pharmacies in their network to help their overall Star Rating.
Medicare Part D prescription drug plans are required to offer medication therapy management (MTM) programs to help targeted enrollees avoid drug-related problems and optimize medication benefits. Optimal medication benefits are achieved by managing each patient’s drug therapy and by identifying, preventing, and resolving medication-related problems.

A Part D plan must have an MTM program that:

• Ensures covered Part D drugs are used to optimize therapeutic outcomes through improved medication use
• Reduces the risk of adverse events
• Is developed in cooperation with licensed, practicing pharmacists and physicians
• May be furnished by pharmacists (or other qualified providers)

Typical MTM services include medication therapy reviews, pharmacotherapy consults, adherence consultations, anticoagulation management, health and wellness programs, and immunizations. In 2015, Part D plans are required to offer MTM services to patients with annual drug spends above $3,138.
MTM services offer 3 benefits to pharmacies:

1. **High-value patient retention.** Patients with an uncompleted MTM case are often referred to other pharmacies by their drug plan. Chain drugstores have high completion rates because conducting MTMs has proven to be highly effective in capturing patients. Independent pharmacies should make every effort to retain these high-value patients by servicing all MTM cases.

2. **Revenue generation.** Though MTM services are provided free to Medicare beneficiaries, Part D plans pay pharmacies and other providers to perform them.

3. **Star Ratings improvement.** Health plans are also using the services of Mirixa and OutcomesMTM to deliver “mini-cases” that identify beneficiaries with a gap in care. Servicing these cases will improve a pharmacy’s Star Rating scores as well as its revenue.

CMS is committed to its MTM program, and has even signaled that it wants the program to expand. Independent pharmacies, therefore, must close the MTM completion gap with chain drugstores.

Five medication-use measures comprise 48% of a Prescription Drug Plan’s (PDP) Score

- Reducing Use of High-risk Medications
- Patients With Diabetes Using Recommended Blood-pressure Medications
- Medication Adherence for Diabetes Medications
- Medication Adherence for Hypertension (RAS antagonists)
- Medication Adherence for Cholesterol (Statins)

For more information about Medicare Star Ratings, visit http://www.cms.gov/Medicare/Prescription-Drug-Coverage/PrescriptionDrugCovGenIn/PerformanceData.html.
Star Ratings, and Why They Are Critical to Independent Pharmacies

This is one of the most important new programs for pharmacists. In 2009, Medicare started reporting health plans’ Star Ratings to the public. This program is designed to identify the best Medicare plans by ranking them with 1 to 5 stars (1= worst, 5=best) based on a range of measures. The goal of Star Ratings is to make it easy for Medicare beneficiaries to compare plans based on quality as well as cost. Medicare plans with 4- and 5-star ratings (ie, high performing) are much more likely to be chosen by beneficiaries and, starting in 2015, only 4- and 5-star Medicare plans will receive quality bonus payments. Conversely, starting for calendar year 2015, CMS will have the authority to terminate low-performing plans.

As a result of these incentives and penalties, health plans are aggressively doing everything they can to increase their Star Ratings, including selecting partners—such as pharmacies—that will contribute to more favorable ratings.

For Medicare stand-alone drug plans, the Star Ratings score covers 15 distinct measures. Of these, 5 medication-use measures are weighted so that, for 2015 plan-year requirements, they contribute 48% of a plan’s Star Rating. It cannot be overstated how critical it is for plans, and therefore pharmacies, to excel on these 5 measures.
The five medication-use measures are:

- Reducing Use of High-risk Medications
- Patients With Diabetes Using Recommended Blood-pressure Medications
- Medication Adherence for Diabetes Medications
- Medication Adherence for Hypertension (RAS antagonists)
- Medication Adherence for Cholesterol (Statins)

Though Star Ratings are assigned to Medicare plans, independent pharmacies also must focus on them. The entire healthcare system is shifting to emphasize and reward quality of care—and all participants in the healthcare system will be benchmarked and rewarded on the quality of care they provide. Though Medicare does not directly report the quality of care provided by pharmacies, indirectly, the Part D plans do, and we are already seeing that plans will adjust reimbursement to pharmacies based on the health plans’ determination of the pharmacy’s Star Rating. Therefore, it is essential that independent pharmacies ensure they are satisfying the 5 medication-use measures as thoroughly as possible.
Advantages and Challenges for Independent Pharmacies

Given the outsized importance of Medicare Part D to independent pharmacies and the importance Medicare assigns to Star Ratings, independent pharmacies should maximize their advantages to help them increase their Medicare Part D business.

Medicare beneficiaries are able to select any Part D plan offered in their geographical area and, as part of the Medicare Part D program’s “any willing pharmacy” policy, beneficiaries are able to have their prescriptions filled at any pharmacy they wish.

The ability of Part D enrollees to select their plan and pharmacy means pharmacies that provide high-quality service are attractive to both patients and Part D plans—and differentiating on quality is a trademark of independent pharmacies.

It should be no surprise that studies show that patients feel a greater connection with pharmacists, and believe they also receive better service, in independent pharmacies. Independent pharmacies should leverage this goodwill by continuing to focus on their personalized service. Customers free to choose their plans and their pharmacies will favor pharmacies where they receive the best care.
However, even though independent pharmacies have certain advantages over their local competitors, they also face challenges. All pharmacies must respond to meet the challenges of the new healthcare system. To date, for example, chain pharmacies tend to have better MTM program completion rates than independent pharmacies. This must change, as MTM patients are high-value, and we believe that those pharmacies performing MTM will be most likely to fill prescriptions for the beneficiaries.

Another challenge to independent pharmacies is that, despite Medicare Part D having an “any willing pharmacy” policy, plans may exclude pharmacies from participating in a Part D plan’s preferred pharmacy network. This means that any pharmacy can still provide Part D drugs to patients who belong to a plan with a preferred pharmacy network, but the reimbursement and/or the cost-share may differ for a patient who has his or her prescription filled at a preferred pharmacy. This potential cost difference highlights the need for independent pharmacies to provide the best service they can to their customers.
Call to Action: Changing Workflow

To thrive in the new healthcare system, pharmacies must change their workflow from a reactive business model to that of a proactive one. Can you imagine the inefficiency of a physician’s office if it worked like today’s retail pharmacy, where patients simply walked in whenever they wanted care? Today’s early adopters of new pharmacy practices are taking a page from the physician’s book, and are scheduling patients by implementing appointment-based models.

Prescription-filling throughput increases when many prescriptions can be filled during quieter hours, and/or by pharmacy technicians, thus allowing pharmacists to focus on patients waiting for prescriptions to be filled, or waiting for consultations. Pharmacy technicians can also handle the scheduling and preparation of the appointments.

The best way for pharmacies to thrive is to create a proactive business model to better serve patients.
It is important to note that it is only necessary to use the appointment-based model for a fraction of your total customer base for it to be effective. Our experience has shown that setting appointments for 10% of a store’s patients will result in about 40% of prescriptions being managed.

More than ever, a pharmacy needs to operate efficiently. Reimbursement across the healthcare continuum will continue to face downward pressure; as a result, pharmacies must fill more prescriptions while holding down costs in order to increase profitability.

Independent pharmacies must compete vigorously to retain patients and continuously attract new patients, and this is where independent pharmacies’ advantages of better service and enhanced pharmacist-patient relationships can vault them ahead of local competitors.

Understanding and leveraging your pharmacy-dispensing system is essential to implementing a proactive business model, increasing volume, improving your business, and serving your customers better. Your dispensing system provides many levers to simplify and improve the patient experience, to more directly involve yourself with your patients’ healthcare, and to create recurring revenue.

As the figure below indicates, independent pharmacies’ personalized and speedy prescription service has timeless appeal, which will continue to be critical components in the future.

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<th>Pharmacy Workflow Must Change</th>
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<td><strong>Today’s Successful Pharmacy</strong></td>
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<td>Speedy Rx Service</td>
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<td>MTM’s treated as optional</td>
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<td>Patient initiates activities</td>
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<td>Rx inflow controls workflow</td>
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A recent NCPA study showed that pharmacies filled 20+ more prescriptions per year, on average, for patients enrolled in a medication-synchronization program.

Beyond continuing your service advantages, as shown in the figure on the previous page, independent pharmacies need to become proactive about scheduling patient activities and prescription workflow. In addition to employing appointment-based models and leveraging pharmacy-dispensing systems, we describe some additional mechanisms to create a more proactive pharmacy that delivers value to your customers.

**Medication synchronization** is the process of coordinating a patient’s chronic prescription medications to be filled on the same date each month and offers an effective path to increase patient adherence. This effort will not only contribute to a healthier patient population, but will also protect, and potentially increase, revenue.

There are a number of reasons to consider implementing a medication-synchronization program, all of which can improve operational efficiency:

- Improve patient satisfaction
- Improve workflow
- Increase sales due to better medication adherence
- Improve inventory turns
- Reduce out-of-stocks
- Optimize staffing of pharmacists and technicians

Medication synchronization allows pharmacists to actively manage patients’ medication-related needs by improving access to care for patients with limited transportation options; increasing adherence; and providing opportunities for pharmacists to provide clinical services, such as MTM.

The National Community Pharmacists Association (NCPA) has developed this approach into a program called Simplify My Meds™, based on the concept of refill synchronization, which coordinates all patient prescriptions so they are filled on the same day each month. Participation in NCPA’s Simplify My Meds™ is free to member pharmacies.

A recent 6-month study has shown that patients who opt into medication-synchronization programs offered through their community pharmacy average more than 100 additional days on therapy per year, and are 30% more likely to be adherent than patients not enrolled in a synchronization program.5

One productive step in developing a more patient-centered, proactive business model would be to adopt a medication-synchronization program for certain polypharmacy customers. This would enable those customers to schedule appointments with you, during which you could dispense all monthly medications (making their trips more convenient) and also conduct any medication-therapy evaluations or perform other MTM services.

**MTM services**, as discussed earlier, and **Targeted Intervention Program (TIP)** services present multiple win-win benefits, such as retaining patients, representing a revenue opportunity, strengthening the pharmacist-patient relationship, and improving the patient health.

**Commercial adherence programs** for patients are available in a variety of options ranging from turnkey approaches to discrete modules of consulting, software, and packaging. Incorporating this type of program may also include staff training and patient collateral materials, and can complement medication synchronization.
Results of Changing Workflow

Implementing these suggested changes can have the following benefits:

1. You will transition your pharmacy to a **health destination**. You will have healthier, more satisfied customers who will be less likely to switch pharmacies.

2. Your **operational efficiency** will improve. As industry statistics suggest, moving 10% of your patients to a proactive model could result in roughly 40% of your pharmacy’s prescriptions being filled during non-peak hours.

3. Your pharmacy will have **improved revenue and profitability**. Your store will see greater volume from prescription and retail products, and other provided services.
Conclusion

Pharmacists need to realize that today's healthcare system is experiencing a paradigm shift that rewards patient service at lower costs as well as care coordination and improved quality. To stay successful, pharmacists must embrace the changes happening in healthcare and adopt practices that focus on managing patients as a key element in operating their pharmacies.

Such a patient-care transformation begins by transitioning your pharmacy into a health destination, thus fostering even greater customer loyalty.

To aid your transition, speak with your AmerisourceBergen representative about the opportunities that are right for your pharmacy.
References


4. CMS considers “low-performing plans” to be those that have received fewer than 3 stars for 3 consecutive years.
