



Your future is in the

STARS



Part D's rating system could lead to bonus payments for high performing pharmacies

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You may not realize it, but the future of your profession, and your practice, is being written in the stars. With no apologies to Nostradamus, the future direction of our beloved profession is becoming more clear day by day, and it's heavily dependent upon the stars. No. Not those stars. Not the ones that come out at night. These stars come from Washington, D.C., and they're aligning to impact the profession of pharmacy with cosmic significance.

Independent pharmacists have all seen these stars. They're the ones the Center for Medicare & Medicaid Services (CMS) has attached to Medicare Part D plans. Much like hotel ratings, Part D plans are assigned stars based on their performance. The higher the number of stars, the better the plan's performance. One star represents the poorest performance, and five stars reflect the best performance by a plan. Part D plans strive to reach a 5-star level.

While pharmacists use the star ratings to help patients with plan enrollment, many of us do not realize the history or significance of these star ratings. To understand where we're going, we need to know where we started. Former Surgeon General, C. Everett Koop, M.D., used to say: "Medications do not work in people who do not take them." This simple statement has given rise to what is now regarded as the adherence movement in the United States. As pharmacists, we understand this statement on a fundamental, visceral level. We see it every day. Our patients who follow their drug regimens have better outcomes than our patients who don't. Until recently, we could not associate a dollar figure with improved medication adherence. Recent studies have shown that \$290 billion to \$317 billion is spent unnecessarily each year in the health care system due to poor medication adherence, mostly from hospitalized treatment of chronic conditions. Couple this dollar amount with the fact that we have an aging population that will need increasing health care in coming years, and you have a formula for fiscal disaster. This fact is extremely important to the largest purchaser of health care in the country: the federal government.

Star Rating Genesis

To address the unnecessary expenditures, and improve patient outcomes the federal government, via CMS, has determined that the pay-for-service model of health care



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is unsustainable. In 2006, then-CMS administrator Mark McClellan and a broad group of health care stakeholders formed the Pharmacy Quality Alliance (PQA). McClellan invited stakeholders from all areas of health care to participate in a collaborative effort to establish quality improvement measures and pay-for-performance models for pharmacy. A result of this effort is the establishment of the star rating system for Medicare Part D Plans.

These star ratings have become much more than quality comparisons for prospective enrollees. A plan receives higher star ratings based on many criteria. Some of these criteria are based on how well the plan handles their customers. Many of these criteria are plan-specific. Things such as how well call center complaints are handled, or if the plan's website provides accurate prescription pricing, which reflect on the plan management and not pharmacy performance. However, the largest single statistical contributor to a plan's star rating is pharmacy-related performance. Pharmacy-related measures contribute more than 40 percent to a plan's star rating. Some of these criteria are adherence-related. One is appropriate therapy in diabetes, and one is appropriate drug use in the elderly. If our patients are adherent to their oral diabetes medication, hypertension

medication, and cholesterol medication, we have covered the adherence portion. If our diabetes patients are taking the appropriate ACE inhibitor for their blood pressure, and our elderly patients are not taking those medications deemed "high risk medications for the elderly," then we have the major criteria covered and our pharmacies are considered high-performing pharmacies, at least for now. The pharmacy-related guidelines are undergoing constant revision and new performance measures will be adopted over time.

Impact on Practice

If you think that all sounds well and good, but has no impact on your practice, consider this: CMS monitors claims data. This data is currently being monitored for each pharmacy participating in the Medicare Part D program. CMS knows if you have a high-performing pharmacy and regularly reports this data to the Part D plan. At this point, both CMS and the plan know if your pharmacy is performing well according to the established measurement metrics. Neither the plan nor CMS is under any obligation to share this data with your pharmacy, even though the treatment of your patients is driving the plan's good outcomes and increasing its star ratings.

“So what?” you ask. Why should an independent community practice pharmacy care if a plan has a high star rating? Well, if a Medicare Advantage plan has a high star rating, then it is in line for bonus payments from CMS. These bonus payments reflect reward for good performance, improved patient outcomes, and health care savings by the plan. A stand-alone Part D plan with a 5-star rating is in line to receive open patient enrollment year round, as opposed to the limited enrollment that non 5-star plans received. Not only that, but patients would be able to move from a less than 5-star plan to a 5-star plan at any point during the year. The monetary benefits of open enrollment to a plan could be truly significant. In 2012 CMS paid more than \$3 billion in bonus payments to Part D Advantage plans for their good work. More than 40 percent of the plan’s star rating comes from pharmacy management of patient medication regimens and chronic diseases. As of this date, I know of no plan which has offered to share the bonus payment with its member pharmacies.

Need to Be Proactive

As Nostradamus might say, the future is becoming clear. Pharmacy pay for performance is the way of the future. CMS sees benefit in this type of pay for performance strategy. Commercial plans will not be far behind. We will be, and are currently being judged, on our performance. Individual pharmacies are the major players capable of helping bring medication adherence and cost savings to health care. Yet, we are currently excluded from benefiting from our efforts. To become a formidable force in the future, we must know where we stand today. Pharmacists must proactively manage patients. We need to partner with our patients and get them to participate in their own health care. We need to educate them, monitor them, and advocate for them. In this way we can improve their adherence, their outcomes, and save health care dollars.

In this endeavor it is critical that we are able to track our progress. We need to be able to show our performance improvements in data related to our patients. Having that data, the very data used by CMS and the plans, will empower pharmacy to further improve patient outcomes and save dollars. We cannot, however, be expected to perform more work, improve health, and save money under current payment structures. If we have data, if we

have sufficient pharmacies focused on improving patient outcomes, as defined by CMS star metrics, then we have a network of pharmacies that can leverage reimbursements based on performance. The good news for the future of our practices is this: CMS and plans realize there needs to be a new payment model for high-performing pharmacies. The bad news is, if you are not a high-performing pharmacy, or don’t know your numbers, the future will not be what the past has been.

Time Is of the Essence

Looking forward, new contracts will be negotiated with payers based on performance. There will continue to be downward pressure on dispensing fees and cost of medication. If you are not a high-performing pharmacy, you will be excluded from future contracting networks, thereby limiting your patient access. Patients you have cared for will be forced to move to high-performing pharmacies, ones that know their numbers and star ratings. If you have a high-performing pharmacy you can look forward to more patients, and pay for service for caring for those patients.

This is the future dawning on the horizon, and it’s very near. Time is of the essence. We have the choice of riding the wave of this new dawn, or being swept away by it. All of the pieces are in place for a glowing pharmacy future steeped in patient care. We currently have the ability to track our performance metrics, and we have payers who recognize the value of what we can do and are willing to develop new reimbursement models. We have the ability to form high-performing pharmacy networks that will both improve patient health and save billions of health care dollars. These networks will be the ones at the negotiating tables in the near future. What we as pharmacists must do is take up the yoke. We must do what we’ve been trained to do. Take care of patients, work for their benefit, but always measure our own progress. If we don’t track, utilize, and compile our own data, no one else will negotiate for us. If you are not at the negotiating table, you’re on the menu. 

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