



## MERCER GOVERNMENT HUMAN SERVICES CONSULTING

# Pharmacy Management Consulting

### SLOWING THE PACE OF SPENDING AND ACCELERATING QUALITY AND EFFICIENCY

The nation's current economic situation, combined with the passage and implementation of the Affordable Care Act (ACA), has had an unprecedented impact on state Medicaid programs. Policymakers are facing both challenges and opportunities as they strive to achieve cost containment while ensuring members' access to benefits and maintaining quality of care. While federal law generally requires that all state Medicaid programs offer certain basic benefits, each state program determines the extent to which it will cover optional benefits, including outpatient prescription drugs.

Medicaid's prescription drug benefit is complex. The benefit plan must comply with state and federal regulations, ensure adequate reimbursement to providers, and manage unique member populations with complex disease states while retaining affordable access to services and optimal quality of care. Recent provisions within federal health care reform legislation will

influence the net cost of drugs, expand eligibility, and increase utilization and state expenditures. These changes impose even greater emphasis on cost containment and optimization of prescription drug use in the delivery of all Medicaid health care benefits.

### OUR PHARMACY PRACTICE

The Managed Pharmacy practice of Mercer Government Human Services Consulting (Mercer) focuses on pharmacy issues pertinent to publicly funded programs across the country. We have more than 27 consulting team members, including 9 pharmacists, 5 former state Medicaid pharmacy directors, and 2 certified pharmacy technicians. Our team members have expertise in areas of pharmacy program consulting, actuarial forecasting, fee-for-service and encounter-data programming and analytics, public health care consulting, clinical quality/metrics, project management, and administrative support. The diversity and depth of Mercer's pharmacy team set us apart from other firms.

### HOW WE SLOW THE PACE OF SPENDING

#### Drug Reimbursement

Budgetary pressures and increasing debate about pharmacy reimbursement methodologies proposed in health care reform legislation are pushing states to review their options. Mercer works with states to evaluate, design, and implement various reimbursement tools, including State Maximum Allowable Cost programs, Average Actual Acquisition Cost programs, and professional dispensing fees determined by provider surveys. From the discovery stage to the final implementation and maintenance stage, Mercer works side by side with our clients to build a drug reimbursement policy that meets the state's unique goals.

#### Pharmacy Trend Evaluations

Mercer works with states to project pharmacy unit costs and utilization trends for contracted managed care and fee-for-service programs. Using clients' claims data and information in the drug pipeline, data on drugs pending patent loss and over-the-counter status, clinical practice guidelines, and population demographics, Mercer's professionals project future pharmacy unit

costs and utilization rates. These projections support the rate-setting methodology and help states identify additional clinical management and cost-savings opportunities.

## HOW WE ACCELERATE QUALITY AND EFFICIENCY

### Pharmacy Program Diagnostic

Determining where to focus resources and efforts is often an important first step for governmental clients. Mercer can provide a pharmacy program diagnostic review to identify opportunities for financial and clinical enhancements. By isolating key cost and utilization drivers of prescription drug trends, Mercer can help agencies and plan sponsors design programs and management alternatives. Agencies can opt to have Mercer conduct an annual diagnostic review or to provide perpetual program oversight and strategic direction through its pharmacy directorship program.

### Pharmacy Directorship Program

Mercer assigns a licensed pharmacist and a supporting consultant team, experienced with governmental clients, to assist agency leadership with maximizing pharmacy program effectiveness within the confines of budget, public policy, and perception. Client-specific quarterly dashboards are one of the tools used for the pharmacy directorship program to identify early trends, spot vendor-compliance issues, and identify clinical utilization program opportunities to accelerate the quality and efficiency of the prescription drug program.

### Program Re-engineering

Reform, driven by Medicaid waivers and policy changes, requires action steps that are time-sensitive, intricate in nature, and must be executed with

limited resources. Mercer collaborates with states to design and implement necessary reform that is in compliance with state and federal regulations. For example, Mercer has worked with state agencies to retool and build efficiencies with physician-administered drug programs, including routine reviews of reimbursement rates and review of submitted billing units for products administered and billed through physicians' offices. Monthly updates for new biological and specialty products approved by the FDA, including clinical summaries and product-cost information, are used by states to proactively determine coverage criteria and reimbursement for the state's potential new-drug spend drivers.

### Audits and Onsite Reviews

States require validation that managed care vendor-reported financial data are accurate and consistent with contractual requirements and that pharmacy programs used by a state are managed as efficiently as possible. Mercer conducts audits and onsite reviews of managed care vendors (such as managed care organizations or health maintenance organizations), validating performance in key areas, such as utilization management, provider profiling, coordination of health management programs, and pharmacy reimbursement methodologies. Process improvements are designed by Mercer and provided to states for appropriate action.

Public plan sponsors choose Mercer because of our demonstrated thought leadership in pharmacy consulting coupled with our proven ability to provide measurable, practical solutions, including:

- Pharmacy policy development.
- Program assessment and savings

projections.

- Specialty drug management.
- Outpatient and physician-administered drug reimbursement strategy.
- Generic utilization and promotional programs, including State Maximum Allowable Cost program design and implementation.
- Average actual acquisition cost development and implementation.
- 340B policy and program management.
- Collaborative purchasing.
- Pharmacy trend evaluation.
- Health plan efficiency evaluations.
- Pharmacy benefit manager/administrator vendor selection.
- Audits and onsite reviews.
- State plan amendment (SPA) updates.

We help ready our clients for what's next: the next policy, the next budget, the next administration, the next opportunity.

We deliver an individualized focus, powered by industry-leading experience, integrated capabilities and passionate people. We help clients achieve better outcomes, develop and deploy defensible strategies, and reshape the delivery of health care.

Offices in Atlanta, Minneapolis, Phoenix and Washington, DC  
Contact us at (612) 642 8889  
[mercergovernment.mercer.com](http://mercergovernment.mercer.com)

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