

Pharmacy management consulting

Mercer Government
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Balancing cost containment and access to medication

The current Medicaid pharmacy benefit is shaped by a combination of federal regulations and state-specific policies. Under federal law, all state Medicaid programs are required to cover basic prescription drug benefits. However, the provision of the pharmacy benefit varies from state to state. Some states have more comprehensive coverage, while others limit coverage or require additional cost-sharing from beneficiaries. Additionally, states have the flexibility to implement various strategies to manage pharmacy costs, such as single preferred drug lists, prior authorization requirements, and pharmacy reimbursement rates. These strategies aim to balance cost containment with ensuring access to necessary medications for Medicaid beneficiaries.

Overall, the Medicaid pharmacy landscape is a complex and evolving system that seeks to provide affordable and accessible prescription drugs to eligible individuals while managing program costs effectively.

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 team members focused on pharmacy program consulting, actuarial forecasting, fee-for-service and encounter data programming and analytics, public health care consulting, clinical quality and metrics, project management and administrative support. These team members include:

 23 Policy professionals	 12 Licensed RNs	 9 Licensed BH professionals	 6 Medicaid systems/encounter professionals	 6 Pharmacists
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Our six pharmacists have active licenses in 17 states, includes one Board Certified in Pharmacotherapy, in addition to certified pharmacy technicians.

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, ceiling price and program management.
- Collaborative and value-based payment (VBP) purchasing.
- Pharmacy trend evaluation.
- Health plan efficiency evaluations.
- Pharmacy benefit manager/administrator vendor selection.
- Audits and onsite reviews.
- State plan amendment (SPA) updates.

Cost containment

Drug reimbursement

Budgetary pressures and increasing debate about pharmacy reimbursement methodologies proposed in health care reform legislation are pushing states to review their payment options. Mercer works with many 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 partners with our clients to build a drug reimbursement policy aligned with states' specific goals.

Pharmacy trend evaluations

Mercer helps states see into the future by projecting 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, intel on drugs pending patent loss and over-the-counter status, clinical practice guidelines, and population demographics, Mercer's professionals forecast 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.

Accelerating quality and efficiency

Pharmacy program diagnostic

Determining where to focus limited resources and efforts is an important first step for governmental clients. Mercer provides pharmacy program diagnostic reviews to identify opportunities for financial and clinical enhancements. By isolating key cost and utilization drivers of prescription drug trends, Mercer helps agencies and plan sponsors design efficient programs and clinical 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

Though tailored support Mercer gives agency leadership the knowledge and tools to optimize the effectiveness of their pharmacy programs. In the directorship program, Mercer assigns a pharmacist and experienced consultant team to navigate the challenges posed by budgetary constraints, public policy considerations, and public perception. Mercer utilizes client-specific quarterly dashboards to serve as valuable tools for identifying emerging trends, detecting vendor compliance issues, and uncovering opportunities to enhance the quality and efficiency of the prescription drug program.

Program re-engineering

Reform, driven by Medicaid waivers and policy changes, requires time-sensitive, intricate in nature action steps that must be executed with limited resources. Mercer collaborates with states to design and implement necessary reform compliant with state and federal regulations.

For example, Mercer has worked with state agencies to retool and build efficiencies for physician-administered drug programs, including routine reviews of reimbursement rates and of submitted billing units for products administered and billed through physicians' offices. Monthly updates for new biological, gene therapy and specialty products approved by the FDA, including clinical summaries and product-cost information, are used by states to proactively determine coverage criteria and appropriate reimbursement for the state's potential new-drug spend drivers.

Audits and on-site reviews

States require validation that managed care vendor-reported financial data are accurate and consistent with contractual requirements state pharmacy programs are managed as efficiently as possible. Mercer conducts audits and onsite reviews of managed care vendors (e.g., 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 needed to improve efficiency.

For more information

Visit our website at www.mercer-government.mercer.com to view our experience, services, and client feedback.

