The Transparency Mandate:
Widen the Lens to Look at Total Pharmacy Experience

By: Michael Halbach, VP Pharmacy Benefit Management, Coventry Workers' Comp Services

When it comes to getting a handle on its total pharmacy experience, the workers' compensation industry has been looking down the wrong end of the telescope. By focusing primarily on transactions that pass through their pharmacy benefit management (PBM) network channels — the current norm — employers and their payors are missing out on material opportunities to identify at risk claims and control transactional costs, as well as opportunities to apply appropriate clinical controls and otherwise influence injured worker outcomes for the better. Just as important, employers and their payors are unable to effectively gauge their existing program's performance or to identify the right areas for focus and improvement. This narrow lens also compromises a buyer's ability to compare product offerings when available PBMs define and measure their penetration and impact in proprietary ways.

Instead, because significant numbers of injured workers are now receiving their medications outside the retail pharmacy setting, buyers should mandate that their PBM manage 100% of an injured worker's drug utilization, regardless of the dispensing or billing channel. Transparency into total drug utilization provides a concrete means for measuring true program performance and offers the potential for greater control of clinical and cost outcomes — more effective management overall.

Extending the pharmacy view

The traditional view of pharmacy utilization and spend has encompassed in-network retail and mail order pharmacy prescriptions. These transactions are impacted by cost and clinical controls at the point-of-sale. This is the right foundation for effective drug management, but in-network retail prescriptions only represent about two-thirds of the total pharmacy spend in workers' compensation. This approach overlooks prescriptions from multiple non-retail channels, such as third-party billers, clinics, physicians, hospitals, and specialty or compounding pharmacies.

A growing number of PBMs now offer extended networks where they have entered into contractual arrangements with some of the non-retail channels. Though the cost and clinical controls through these contracts do not achieve the levels associated with the traditional retail network, it is a step in the right direction toward managing a larger portion of the total pharmacy experience. However, even the most robust extended networks in workers' comp only account for an additional 5-10% of experience penetration, meaning that they still exclude around 25% of a client's drug utilization. Therefore PBMs that only manage the pharmacy transactions that run through their own networks are only taking into account 75% of injured worker drug utilization when identifying at risk claims and trying to monitoring for emerging trends. Patient safety can be compromised when clinical protocols are blind to 25% of the medications being taken by injured workers.

A PBM must offer its clients full transparency into their total pharmacy experience. True transparency is only possible when the PBM incorporates data on all managed (in-network) and unmanaged (out-of-network) prescriptions. To this end, most PBMs are dependent upon the client's medical bill review vendor or manual mail room processes to route pharmaceutical bills as they attempt to expand their view of the pharmacy experience. Unfortunately, those processes are prone to significant leakage due to diverse billing forms and rules that govern the dispensing channels as well as drug types that make identification much more complicated than simply asking a vendor to "please send all of my client's pharmacy data." In fact, a request for a feed from the bill review vendor of all "pharmacy bill types" may only

yield half of the non-network data. In order to drive meaningful impact on claim and program outcomes, it is critical for the PBM to have familiarity with bill review classifications and data capture processes to recognize the complete pharmacy data set and to have the expertise to analyze it at the claim level as well as part of the overall pharmacy picture.

Why unmanaged data matters

Why is full transparency important if the PBM can't manage out-of-network prescriptions? A line of sight into pharmacy utilization outside contracted entities provides a more accurate gauge of total pharmacy experience and emerging drug trends such as what we have recently seen in compounds and what we are starting to see within Specialty and Biologic medications. Such trends are more likely to emerge out-of-network, and just as early detection and intervention are important to claim outcomes, it is also key to pharmacy cost and utilization controls.

You can't manage what you don't know exists, and many organizations don't give any thought to the material portion of their pharmacy experience outside of what is provided by their PBM. The difference can be dramatic, often as much as 25-30% and sometimes much more, a gap which can be damaging to an organization's pharmacy management strategy and to claim outcomes overall.

Tracking and measuring unmanaged prescription transactions represents the first step toward managing them. Although it is more difficult to manage appropriateness of care without controls at the point-of-sale before they are dispensed, incorporating ALL prescription data from a client's claim population makes it possible to keep an eye on emerging clinical risks for claims and total programs.

Call to action

It is time for employers and their payors to step back and look at the big picture. To adjust your sights, you will need to collaborate with your PBM which will work with your bill review organization or any other related resources to aggregate a view into 100% of your pharmacy spend. Ensure that this view is used to identify and manage any risks to your injured workers. Monitor the unmanaged space for emerging drug trends and discuss strategies for program enhancements. Expect your PBM partner to control the cost of this unmanaged prescription activity by continuously converting the unmanaged population through new network opportunities.

Now is the time to flip the telescope. Despite data challenges, there is a very real opportunity to drive real results. Looking through the lens of a claim, it is our duty to ensure that we are looking at the whole picture to promote patient safety and recovery. Looking through the lens of the industry, it is our opportunity to create strategies that will allow us to proactively influence regulation, cost savings, and emerging drug trends.

About Michael Halbach
Michael Halbach has over 16 years of transactional processing experience in the software industry with the last nine being with Coventry's First Script Pharmacy Benefit program. Key areas of focus have included management of technical and customer service teams, the development of sales and client related projects, and management of Coventry's First Script Pharmacy Benefit program. Michael is currently responsible for setting strategy and vision for First Script Operations. He comes to us from First Data Corp, and previously worked for Intuit. Michael has a BA from Syracuse University.

About Coventry Workers' Comp Services
Coventry offers workers' compensation cost and care management solutions for employers, insurance carriers and third-party administrators. With roots in both clinical and network services, Coventry leverages more than 30 years of industry experience, knowledge, and data analytics. The company offers an integrated suite of solutions, powered by technology to enhance network development, clinical integration and operational efficiencies at the client desktop, with a focus on total claims cost.