

# Louisiana Independent Pharmacies Association

## What's New and What to Watch

### LIPA Newsletter:

Bringing you the latest news concerning independent pharmacies and the profession at-large....



Members,

Our latest round of checks from Prescription Solutions went out this week and we are asking our pharmacies to check to verify that the amounts recouped from you by Aetna, CVS/Caremark, Walgreens, or Prescription Solutions have been refunded. If you are finding recoupments made or monies removed from your remittances in an amount greater than that which you have been reimbursed, please call it to our attention immediately so that we can work to have these funds returned to you.

The great outlier here is Argus, and we hope to have those matters addressed within the next few weeks. With all entities (except Argus) now refunding the monies recouped, we expect that we will have some answers sooner rather than later.

In two weeks, we hope to see many of you at the LPA convention in Shreveport where LIPA will host breakfasts for the attendees on Friday morning and a breakfast for the membership followed by a board meeting on Saturday morning. We'll talk about some of the goings-on we've had in the pharmacy world, as it relates to the PBM activity. We'll discuss some of the successes that we and other states have seen, and work toward planning future activities. One thing that that you will see, particularly, is the legislation dealing with the audit requirements and regulations that some states have implemented. While we have an audit law in Louisiana which was at one time one of the strongest in the nation, we are seeing some successes in other states that we will be focusing on and seeking to replicate. Elsewhere in this newsletter you'll see a reprint of a news story from the Washington Post which portrays what many of you will recognize as the PBM heavy-handedness that is impacting your stores.

We've met with Commissioner Jim Donelon and his staff, at the Department of Insurance, to discuss these laws rules, and regulations, and likewise we are discussing them with the Board of Pharmacy.

The MAC pricing adjustments continue to be a significant focus of LIPA and we're engaging in those discussions with state Medicaid as well as with the interim management at Group Benefits, to encourage negotiations with Catalyst. State Medicaid has finished their impact inquiry and are telling us that they are ready to move forward on an adjustment to our MACs there. It had been part of our discussion that we be allowed to resubmit and re-bill at the new, appropriately adjusted prices. We'll keep you posted on those things.

Our major wholesalers and their PSAOs are also working with us to gather information to share with State Medicaid as well as to share with Group Benefits, CMS and our national partner, NCPA.

We anticipate seeing Sen. Mills and Rep. LeBas at the LPA convention, and expect that they will take part in the discussions for the meetings. We hope that you too will find time to express your views on the problems we are facing. As always, please be in touch with us here at LIPA with your comments, questions, and concerns.

## Dates to Know

- July 14-16 **LPA Annual Convention & Tradeshow— Marksville, LA**
- Aug. 9 **Pharmacy-based Immunization Delivery**
- Oct. 23-27 **NCPA Annual Convention— Philadelphia, PA**



## Local Company Develops, Sells Prescription Refill App

Skip the phone calls and visits to local pharmacies — now there's an app for that.

A Shreveport technology development company has created an iPhone application that allows customers of smaller, independent pharmacies to refill their prescriptions and those pharmacies to compete with larger chains.

Pocket Rx, developed by information management company Praeses, launched with Causey's Pharmacy in Natchitoches at the end of 2010, according to Praeses Creative Director Tom Serio. More than 250 customers have downloaded the app since then, he said.

Praeses is already planning updates for the app and looking to cross over into the Android and Windows smartphone.

Users will soon be able to develop a customer profile displaying all their information on past prescriptions on a single screen, Serio said. The upgraded app will also allow users to use photos to scan bar codes on the pill bottles, he said.

Causey's contacted Praeses as the small town pharmacy tried to rebrand itself by entering the world of direct-to-consumer technology, said Causey's pharmacist Steven T. Boyd. He said the mobile app and Facebook page have helped attract younger customers outside their normal geriatric clientele.

"It really makes it easy for us and them to have it all at the touch of a button," Boyd said. "Now, we've got something that's state-of-the-art. It's almost like a gift to our customers."

Boyd said customers are usually shocked that the small pharmacy has its own app, but it's gotten popular and Causey's uses it to fill between five and 10 prescriptions a day.

Praeses also does business with Kelly Pharmacy in Plain Dealing, Ted's Pharmacy in Haynesville, Bordelon's Pharmacy in Baton Rouge and Many Professional Pharmacy in Many, Serio said. They don't do business with any Shreveport or Bossier City pharmacies yet.

Praeses licenses the app directly to the pharmacy, packaged with the pharmacy's logo and information, according to product manager Robert Terrell. The pharmacies can then offer the service to customers in their system, he said.

Subscription fees for the pharmacies can be as low as \$99 a month with a one-time \$99 set up fee, Terrell

said. Multiple pharmacies, marketing packages and additional online services can increase the costs of the services, he said.

"It's a fast, reliable way to refill prescriptions anytime, anywhere," Terrell said.

For the pharmacies, the app is an off-the-shelf product they don't have to invest time and money into developing themselves, Serio said. Investing in the pre-built app allows smaller pharmacies to compete with the services offered by larger pharmacy chains, he said.

"The more services they offer, the more business they'll be able to keep," Serio said. "Even my mother and father, who are in their 80s, will be able to use this from their phones. It's just that simple."

Serio said their intended market, however, is Baby Boomers — older Americans who are generally pretty tech savvy.

## Appeals Court Says Health Law Is Constitutional

A federal appeals court in Cincinnati upheld the 2010 health-care law Wednesday, handing the Obama administration its biggest victory yet as challenges to the president's signature initiative advance toward the Supreme Court.

The decision, from the Sixth U.S. Circuit Court of Appeals, marked the first time a Republican-appointed judge has found the Patient Protection and Affordable Care Act constitutional, after federal district courts hearing separate challenges divided along partisan lines.

The court ruled that the law's requirement that most Americans maintain health insurance fell within Congress's constitutional authority over interstate commerce.

## Fraud, Waste, Abuse Crackdown Bill Introduced in U.S. Senate

Sens. Tom Carper (D-De1.) and Tom Coburn (R-Okla.) are chief sponsors of the Medicare and Medicaid Fighting Fraud and Abuse to Save Taxpayers' Dollars Act (or the Medicare and Medicaid FAST Act), which is aimed at eliminating waste, fraud, and abuse in the twin entitlement programs.

One provision would require a prescriber's NPI number to be included on all Part D prescription claims beginning in 2013. While NCPA is still reviewing this legislation, we applaud the efforts and the intent of

Senators Carper and Coburn in trying to eliminate unneeded spending in Medicare and Medicaid. We have been working with the two offices, and we look forward to continuing to work with the Senate in implementing any new laws and ensuring that their approach is practical for patients and the independent community pharmacists who serve them.

## Washington, D.C. Pharmacy at Risk of Closing Because of Audit Findings

Two weeks ago, many of Cathedral Pharmacy's customers began receiving letters from CVS Caremark, one of the nation's largest pharmacy benefit managers, informing them that they would no longer be able to fill prescriptions at Cathedral Pharmacy. The letters directed them to nearby pharmacies, including CVS stores.

Cathedral's owner of 38 years, Michael Madden, said the business won't survive without CVS Caremark, which manages prescriptions for many major employers, including the federal government. Madden, 62, said a quarter of his customers are on the prescription program.

CVS Caremark said it is terminating Cathedral's contract Friday because a recent audit found that the pharmacy was not complying with the terms of their agreement. Madden said an error led to the audit's findings, but he said it was an honest — and ultimately harmless — mistake. He said CVS Caremark is canceling his contract because the company, which also operates a giant retail pharmacy chain, is trying to drive him out of business.

"It's the death knell," said Madden, who sought an injunction against CVS on Tuesday in D.C. Superior Court. "My customers are so hurt — it's a crime what [CVS is] doing to them, as well as to us."

In a statement, CVS Caremark Corp. said the company provided Cathedral with "every opportunity" to challenge the findings but that the pharmacy didn't produce additional information to resolve the problem. CVS Caremark said that it cancels less than 1 percent of the contracts in its network in a year and that terminations are based on concerns over fraud or patient safety, not business interests.

Since CVS and Caremark merged in 2007, consumer advocates and independent pharmacists have raised concerns that CVS could have access to sensitive information from rival pharmacies. The pharmacy benefit

management part of CVS Caremark's business, which processes and pays prescription drug claims, involves collecting customers' personal data, as well as the drugs prescribed and the pricing.

The company said information obtained through its pharmacy benefit management services is not shared with its retail operations.

But the National Community Pharmacists Association said it has identified examples of CVS Caremark pushing patients toward its retail and mail-order pharmacies by using information from its pharmacy benefit manager.

The association also said CVS Caremark has used audits — conducted regularly to make sure claims and reimbursements are filed accurately — to bully competing pharmacies. CVS denies the association's claim.

"These audits are focusing a lot of attention on technical violations, the low-hanging fruit, when they should be looking at true fraud," said John Coster, the association's senior vice president for government affairs.

The Federal Trade Commission is reviewing CVS Caremark's competition and consumer protection practices. Similar inquiries are underway in more than 20 states and the District. Spokesmen for the FTC and the D.C. attorney general declined to comment.

CVS Caremark said it is complying with the FTC investigation, and remains "confident that our business practices and service offerings . . . are being conducted in compliance with antitrust laws."

Bills that would change how pharmacy benefit managers work, including audit practices, have been introduced this year in Congress.

Madden said Cathedral has undergone at least six audits in the past two years. There were a few infractions, he said, but the pharmacy passed all of the audits — except CVS Caremark's.

Isaac Arnsdorf, THE WASHINGTON POST



## **DHH Announces Proposers Coordinated Care Networks for Medicaid Managed Care (Pharmacy Carved Out)**

The Louisiana Department of Health and Hospitals today announced that 12 entities have submitted proposals to become Coordinated Care Networks (CCN) in the state's Making Medicaid Better initiative. Of those 12, three have proposed to be a shared savings network and nine have proposed to be a pre-paid network.

"It is exciting to see so many entities interested in helping us improve health outcomes in Louisiana," said DHH Secretary Bruce D. Greenstein. "This competitive process will ensure that our evaluation teams can select those networks that have the best competencies to meaningfully impact our residents and transform our health system."

The CCNs chosen will be responsible for coordinating health care services for nearly 900,000 Medicaid recipients, including 80,000 adults with disabilities who do not receive Medicare. Prepaid CCNs will be risk-based and paid on a per month per member basis and will each be responsible for establishing a robust provider network of primary care physicians, specialists, hospitals and other providers, coordinating care for its members and for paying health care providers for services provided to its members.

Shared savings CCNs will have many of the same responsibilities for care coordination and improving clinical outcomes, but providers will continue to be paid on a fee-for-service basis by the state. These networks have the opportunity to share in the savings they generate by enhancing preventive care and disease management and reducing costs through better coordination of care and improved health outcomes.

For the purpose of implementing CCNs, the Department has divided the state into three geographical service areas (see [map](#)). Each GSA can have no more than three of each model of CCN operating in the area. Entities may operate in multiple GSAs.

**The following entities submitted proposals to be a Prepaid CCN:**

Aetna Better Health Inc.  
Amerigroup Louisiana Inc.  
AmeriHealth Mercy of Louisiana Inc.  
Children's Hospital Health Plan Inc.  
Coventry Cares of Louisiana Inc.

Louisiana Cares Health Plan LLC  
Louisiana Healthcare Connections Inc.  
United Healthcare of Louisiana Inc.  
Wellcare Health Plans Inc.

**The following entities submitted proposals to be a Shared Savings CCN:**

Community Health Solutions of America LLC  
LA Physicians Connections LLC  
United Healthcare of Louisiana Inc.

## **NCPA Update**

Walgreens announced this week that contract talks with Express Scripts had broken down, and that it was planning to not be part of the PBM's provider network after January 1. This may be a negotiating tactic, but it still should give any fair minded observer of the retail pharmacy marketplace reason to consider—or reconsider—the position of independent community pharmacies.

If a Walgreens with 7,700 pharmacies has problems negotiating what it feels is a fair contract with a giant PBM, what chance does a lone independent stand? Sure there are some 23,000 independents, but even two cross town owners can't compare notes on contracts offered, much less jointly negotiate, without violating federal antitrust laws. The PBMs' view of negotiations with independents is "take-it-or-leave-it; we don't really care."

NCPA has been seeking a legislative remedy to this inequity for years, and we're hopeful that a bill recently introduced in the House will get a fair hearing and move on to the Senate. Introduced by Rep. Tom Marino (R-Pa.), H.R. 1946 has a great title: *The Preserving Our Hometown Independent Pharmacies Act*. It would allow independent community pharmacies to collectively negotiate the terms and conditions of contracts with PBMs to produce plan designs that better protect the patient's access to their pharmacy of choice and are fairer to pharmacy providers. Co-sponsors include Reps. Lou Barletta (R-Pa.), Howard Coble (R-N.C.), Renee Ellmers (R-N.C.), Jeff Fortenberry (R-Neb.), Louie Gohmert (R-Texas), Walter Jones (R-N.C.), and Ron Paul (R-Texas).

We are not naïve, and don't see enactment of this measure as a panacea. It would not end all our problems. But at least it's a fair fight when 7,700 pharmacies and a major PBM go head-to-head. That's all we're asking for—a fairer fight—and that's what H.R. 1946 would do. The bill also would support local jobs, tax revenue, and small businesses by keeping within the community the health care dollars that could otherwise be siphoned out-of-state by large corporations—no small consideration in today's economy. That's why we endorse this bill and are working towards its enactment.