

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

Through the last four years particularly, we've had successes in the Louisiana legislative arena. Decisions that have been made in Washington have focused significantly on healthcare and have in some manners hurt as much as they've helped. When we saw PhARMA publically report that they had stepped up to the plate to help, by rolling back some \$10 billion in savings to the Medicaid program over the next 10 years, it sounded favorable to bystanders around the nation. But, many failed to put the connection to big pharmaceuticals companies increasing the price so substantially throughout this nation at a time when pharmacists are working to offer savings to patients and payers.

Much of our success in the legislature, and even a bit of that in Congress, falls on the ability of our Louisiana pharmacists to communicate with their elected officials. This is not a fight that's over or a struggle that we've completed. We'll have to continue to use every method we can to raise the awareness of the plight you suffer in trying to provide for the pharmacy healthcare of your patient.

In just a few days, the Tuesday, Wednesday and Thursday after Labor Day, we'll see folks qualify to stand for election for positions throughout the state of Louisiana. Our legislature and our state is pretty well majority Republican. And while the legislature has moved that way through party affiliation, our state has move that way through practice. Louisiana is made up of diverse groups, but those which we have in Louisiana are always focused majorly on what we think is best for our state as a whole.

Someone from out of state this week as me if I think Louisiana had become more partisan. I almost answered yes, and then I thought a bit more about what my response should be. In Louisiana, we've typically been a one party state for some length of time, that probably numbers a hundred years or more, and that party was Democrat. Now, we see a lot of the same people who used to be Democrats are now Republicans. Last year, we had a conversion where folks wanted to talk about how things were done in North Carolina or Virginia or Texas or any other area, and I tried to encourage them to focus on what's good for Louisiana. One thing that I think is good for Louisiana, pharmacy and the healthcare that you offer, is that you're concerned about your fellow man, your state, and where your children live. Its always been something that we've looked to as a foundation of who we are.

We've been fortunate of having two elected members of our legislature who are highly educated, trained and licensed Louisiana pharmacists. Now I think that we stand a chance to have them joined by another trained Louisiana pharmacist in the elections this Fall. It's important that we keep these gentlemen and encourage others to add to the population of pharmacists in leadership roles. Senator Fred Mills and Representative Bernard LeBas have been called on time and time again to offer expert advice to members of the legislature. They offer a unique perspective from the most trusted and accessible healthcare provider. We don't have the marketing dollars to put those ads on TV about how wonderful this drug or that drug is. We don't have a pharmacist sitting on Oprah commenting on healthcare. What we got are drug stores keeping their doors open each day to talk with patients.

Dates to Know

- Sept 5-7 **Qualifying for Fall Elections**
- Oct. 8-12 **NCPA Annual Convention Nashville, TN**
- Oct. 22 **Statewide Primary Election**
- Nov. 19 **General Election**



This week we're going to continue our conversations with Blue Cross Blue Shield. There is a national battle going on with Walgreens and Express Scripts and while we don't know all the details of the disagreement, what we do know is that the independent pharmacists throughout the state will make sure that the Express Scripts patient is able to get competent pharmacy care without delay, regardless of the outcome of their dispute. We'll be calling on you to help us make some discussion on how to deliver that message on the benefits of having a pharmacist who knows you, who will talk to you, and who will talk to your doctor and will help plan for your best healthcare. We're calling on you to help in your conversations with your patients, with your elected leaders, and we'll call on your help to reelect these leaders who are on the point when decisions effecting your future are made.

Recent Report Finds Medicaid Bests Medicare Part D Managed Care in Prescription Drug Rebate Revenue

Does a recent report by the U.S. Department of Health and Human Services' Office of the Inspector General (OIG) raise questions about privately managed pharmacy benefits?

The OIG compared prescription drug rebates negotiated by private companies in the privately managed Medicare Part D program and those rebates resulting from the statutorily mandated formula in the federal-state Medicaid program. The discrepancies were significant.

Medicare Part D is a privately run system that purchases far more brand-name prescription drugs than Medicaid (\$24 billion vs. \$6.4 billion in 2009) and in which managed care companies, or their contracted entities such as pharmacy benefit managers (PBMs), have a profit incentive to negotiate and maximize manufacturer rebates. Given that far greater purchasing power/leverage and the profit motive of negotiators, one would think that these managed care companies would produce rebate revenue for Medicare Part D well in excess of a passive federal statute governing Medicaid, right?

Not exactly.

By contrast, the OIG found that, for the same 100 brand-name drugs examined, rebates reduced Part D expenditures by 19% and Medicaid expenditures by 45%. Put another way, Medicaid collected nearly two-thirds as much in rebates as Part D (\$2.9 billion vs. \$4.5 billion) for brand-name drugs, despite having only about one-fourth of the expenditures (\$6.4 billion vs. \$24 billion).

Further, this discrepancy appears to be on the rise. Between 2007 and 2009, Medicaid rebates as a percentage of all prescription drug expenditures (not just the 100 brand-name drugs sampled) went from 29% to 35%, largely because Medicaid does a better job keeping pace with rising drug costs than Medicare Part D.

While not in the OIG report, it's also true that privately managed care comes with administrative costs and executive compensation that far exceed those in a government-administered program like Medicaid.

The OIG report also reminds us that Medicare Part D premiums are higher than they would otherwise be if plan sponsors, including PBMs, didn't consistently underestimate their rebate revenue. It's true that some of that revenue is recouped by Medicare in a year-end reconciliation, but not for patients paying the premiums.

Of course, the largest source of pharmacy savings for Medicaid is by increasing the appropriate use of generic drugs. In Massachusetts' Medicaid system they have achieved a 79.3% generic dispensing rate, and did so under a fee-for-service model (not managed care). If all other states could match the Massachusetts rate, the Medicaid program could save \$5.14 billion. Community pharmacists can help, as they dispense generic drugs **10-13% more often** than PBM-owned mail order pharmacies.

Google to pay \$500 million over online drug ads

WASHINGTON (Reuters) - Google Inc has agreed to pay \$500 million to settle a criminal probe into ads it accepted for online Canadian pharmacies selling drugs in the United States, the U.S. Justice Department said on Wednesday.

The advertisements led to illegal imports of prescription drugs into the country, the Justice Department said.

The forfeiture is one of the largest ever in the United States, according to the department. It represents Google's revenue from Canadian pharmacy advertisements to U.S. customers through Google's AdWords program and Canadian pharmacies' revenue from U.S. sales.

One Justice Department concern was that some Canadian online drugstores failed to require a prescription but accepted an "online consultation" to dispense pharmaceuticals, the department said.

"Google was also on notice that many pharmacies accepting an online consultation rather than a prescription charged a premium for doing so because individuals seeking to obtain prescription drugs without a valid prescription were willing to pay higher prices for the drugs," the department said.

Another question was ensuring the drugs' safety, the department said.

"While Canada has its own regulatory rules for prescription drugs, Canadian pharmacies that ship prescription drugs to U.S. residents are not subject to Canadian regulatory authority, and many sell drugs obtained from countries other than Canada which lack adequate pharmacy regulations," the Justice Department said.

Google at one time accepted advertising from overseas online pharmacies but later confined such ads to those from the United States and Canada.

Google announced in a February 2010 blog post that it would no longer allow Canadian pharmacies to advertise to U.S. customers.

"We banned the advertising of prescription drugs in the U.S. by Canadian pharmacies some time ago. However, it's obvious with hindsight that we shouldn't have allowed these ads on Google in the first place," the company said in a brief statement.

CVS Names Former Macy's Exec As President

CVS Caremark Corp. (CVS) named the former president of stores at Macy's Inc. as the new president of CVS/pharmacy, a role that was previously held by Chief Executive Larry Merlo.

In his new role, Mark S. Cosby will be responsible for all aspects of the company's retail business including its more than 7,200 retail stores, 19 distribution centers as well as retail merchandising, supply chain, marketing, real estate, front store and pharmacy operations. The appointment is effective Oct. 1.

Earlier this month, CVS reported pharmacy same store sales rose 2.6% in the second quarter but were hurt by about 1.7 points due to recent generic introductions.

Medical-device users worry they could face cyber-attack

MINNEAPOLIS — Hundreds of cyber-security geeks watched recently as Jay Radcliffe stood on a Las Vegas stage and hacked into his own insulin pump, disabling its life-saving therapy.

The 33-year-old cyber-security researcher said the pump had "pretty much no security on it" — a vulnerability it shares with pacemakers, implantable heart defibrillators and other medical devices.

His presentation at the annual Black Hat computer security conference this month highlighted a risk the medical-device industry has downplayed, arguing that only someone with advanced skills could hack the devices.

But Radcliffe said even the possibility of an attack should trouble leading medical technology companies as well as the Food and Drug Administration, which regulates the industry.

"It's not like someone stealing your credit card and you're out a couple hundred dollars," Radcliffe said. "In this case, if there's one failure in the system, we're talking about someone's life."

Two members of Congress last week asked the Government Accountability Office to investigate whether medical devices employing wireless technology are safe.

Many of the devices have grown sophisticated enough that health care professionals can program and

control them remotely, via tiny embedded computers that transmit patients' health information. But that could also create risk.

Radcliffe is not the first to raise the issue. Three years ago, a group of academics published a groundbreaking study that showed implantable heart defibrillators could be hacked remotely.

They conducted their research in a lab by placing a device in a slab of bacon and ground beef to simulate the human body. A real attack could cause the device's battery to drain, rendering it useless, or cause it to administer an inappropriate electric shock to a patient's heart.

Device companies, regulators, doctors and others say the prospect of devices being hacked is infinitesimal. So far, they say, devices have only been hacked in controlled settings by highly skilled individuals like Radcliffe.

They argue it's far more dangerous for patients suffering from chronic diseases to eschew device therapy altogether.

While Radcliffe won't reveal the manufacturer of his pump, Medtronic Inc. is by far the leader in the field.

John Mastrototaro, vice president of research and development for the company's \$1.3 billion diabetes business, said any claim about potential risks to patient safety is "really something we pay strong attention to." Medtronic experts are now reviewing Radcliffe's research; several were in the audience for his Vegas presentation.

"It's a shame that, in today's world, we have to guard against malicious intent," Mastrototaro said. As the company develops next-generation insulin pumps, "we're always looking into what we can do to stay one step ahead of (hackers)."

University of Minnesota computer science professor Mats Heimdahl said that while the current threat is tiny, "it might be something in the future that could be a real serious problem."

Radcliffe's research caught fire in the blogosphere. Some fellow diabetics, worried about the repercussions of his research, vilified him online.

Radcliffe says his intentions are honorable: "As a researcher, you try to do things to help your community and make things safer and more secure."

Radcliffe's curiosity was piqued two years ago, when the Idaho resident attended a presentation at the same convention on how smart-card parking meters in San Francisco could be hacked to provide free parking in the notoriously parking-challenged metropolis.

He found it "inspirational" — he's no parking scofflaw, just fascinated in what vulnerabilities exist in

devices with embedded computers.

Radcliffe needed only to look at the cell phone-sized device affixed externally to his own waist for a test case. He was diagnosed with Type 1 diabetes on his 22nd birthday and has been using an insulin pump to manage the disease pretty much ever since.

These pumps deliver insulin to the bloodstream around the clock, and patients can also start or stop insulin delivery to maintain normal glucose levels. To that end, many diabetics also use a second device called a continuous glucose monitor to more effectively monitor blood sugar levels. If levels are too high or too low the reaction can be dangerous.

Radcliffe said his brand of pump could be reprogrammed remotely by a stranger, with the wearer being none the wiser.

He used a USB device that could be purchased at a medical supply company or bought used on eBay. The USB device helped him track the data being transmitted from the computer to the insulin pump.

He wrote a software program instructing the USB device. He just needed the serial number of the insulin pump, though a hacker would have to be in relatively close proximity of his mark to successfully hack the device.

Dr. Aaron Kowalski, assistant vice president for Treatment Therapies Research at the Juvenile Diabetes Research Foundation, said he isn't aware of a pump being hacked outside of a test demonstration.

The diabetes patient and caregiver community is wired and highly engaged. Top blogger Kerri Sparling, whose blog www.sixuntilme.com registers about 100,000 hits a month, said news of Radcliffe's research "made it sound like there's this guy lurking out there ready to hack into your pump, that it was a ticking time bomb."

She and others worry that the hacking publicity could slow the FDA from approving innovative new technologies to treat diabetes. "It already takes a very long time to get something new approved here," she said.

FDA spokeswoman Erica Jefferson wouldn't comment on Radcliffe's research, but said the agency has not seen a widespread problem of breaches in device security. The FDA also "expects manufacturers to employ an appropriate level of risk management that address patient safety" that includes security and privacy breaches. But as the University of Minnesota's Heimdahl points out, "You have to ask yourself, 'What's the motivation to hack into a medical device?' If you want to hurt someone there are far easier ways to do it."

Medicare Part B Recoupments?

The Centers for Medicare & Medicaid Services has provided notification that Medicare Part B claims processed after April 1, 2011, for which the beneficiary has a Medicare deductible remaining and Medicare is the secondary payer, are erroneously issuing payment despite the beneficiary's deductible not being satisfied or despite the total Medicare Allowed Amount being applied towards the deductible.

It appears that Part B will be systematically seeking recoupment for these overpayments. This will force pharmacists to obtain the lost deductibles from the patients. CMS anticipates that the issue will be resolved in November 2011. Until that time, we recommend that members obtain signed Advanced Beneficiary Notice forms from their patients on Part B claims.

Employers consider ending health coverage, survey says

INDIANAPOLIS — Nearly one of every 10 mid-sized or big employers expects to stop offering health coverage to workers once federal insurance exchanges start in 2014, according to a new survey from a large benefits consultant.

Towers Watson also found in a survey completed last month that an additional 20 percent of the companies are unsure about what they will do.

Another big benefits consultant, Mercer, found in a June survey of large and smaller employers that 8 percent are either "likely" or "very likely" to end health benefits once the exchanges start.

Employer-sponsored health insurance has long been the backbone of the nation's health insurance system. But the studies suggest that some employers, especially retailers or those offering low wages, feel they will be better off paying fines and taxes than continuing to provide benefits that eat up a growing portion of their budget every year.

The exchanges, which were devised under the health care overhaul, may offer an alternative for their workers. These exchanges aim to provide a marketplace for people to buy insurance that can be subsidized by the government based on income levels.

A large majority of employers in both studies said they expect to continue offering benefits once the

exchanges start. But former insurance executive Bob Laszewski said he was surprised that as many as 8 or 9 percent of companies already expect to drop coverage a couple of years before the exchanges start.

Such a move comes with potential payroll-tax headaches and could subject firms to fines. It also would give their employees a steep compensation cut if companies don't raise pay in exchange for ending coverage.

"Dropping coverage is going to be very difficult for these (companies) to do," said Laszewski, a consultant who was not involved with the studies.

Towers Watson's Randall Abbott said the survey results should be seen as a snapshot of how companies are thinking now. They can't be viewed as a final decision because there are still many unresolved variables. No one knows what the exchanges will be like or whether consumers will accept them, and companies may change their thinking once they learn more about the overhaul.

The health care overhaul also faces court challenges, and President Obama is up for re-election next year, two more variables that could shape what happens in 2014.

We are always here for you.

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Blue Cross and Blue Shield of LA Vaccination Program ALERT

Blue Cross and Blue Shield of Louisiana's pharmacy benefit includes vaccination coverage. Covered members include all fully-insured members and portions of the self-insured membership, together constituting over 90% of all covered members.

In order to provide this benefit, your pharmacy must have a signed Vaccine Administration Network exhibit on file with Express Scripts.

Please submit all Blue Cross and Blue Shield of Louisiana vaccination claims online through Express Scripts. These claims should be submitted in one transaction as follows:

Field #	NCPDP Field Name	Submission Criteria
455-EM	Prescription/Service Reference Number Qualifier	1 = Rx Billing
473-7E	DUR/PPS Code Counter	1=Rx Billing
440-E5	Professional Service Code	MA : If dispensing and administering the vaccine to the patient
440-E5	Professional Service Code	Blank : If dispensing vaccine without administration
438-E3	Incentive Fee Submitted	Provider's Vaccine Administration Fee to include administration and all supplies necessary for injection and administration
409-D9	Ingredient Cost Submitted	Vaccine drug ingredient cost
426-DQ	Usual and Customary Charge	Amount submitted should include the cost for the vaccine PLUS provider's vaccine administration fee

- Blue Cross and Blue Shield of Louisiana does cover the administration fee/professional service fee. When vaccination claims are processed the following response will be returned: **REIMBURSEMENT DOES INCLUDE PAYMENT OF PROFESSIONAL SERVICE FEE**. When you receive this response, please collect only the copay amount Express Scripts returns in the billing response.
- If you have questions please contact your account manager.