

Defense Health Agency Pharmacy Operations Division

*RADM Thomas J McGinnis, USPHS
Monday, November 18, 2013
Defense Health Board Briefing*

Defense Health Agency (DHA) Pharmacy Program

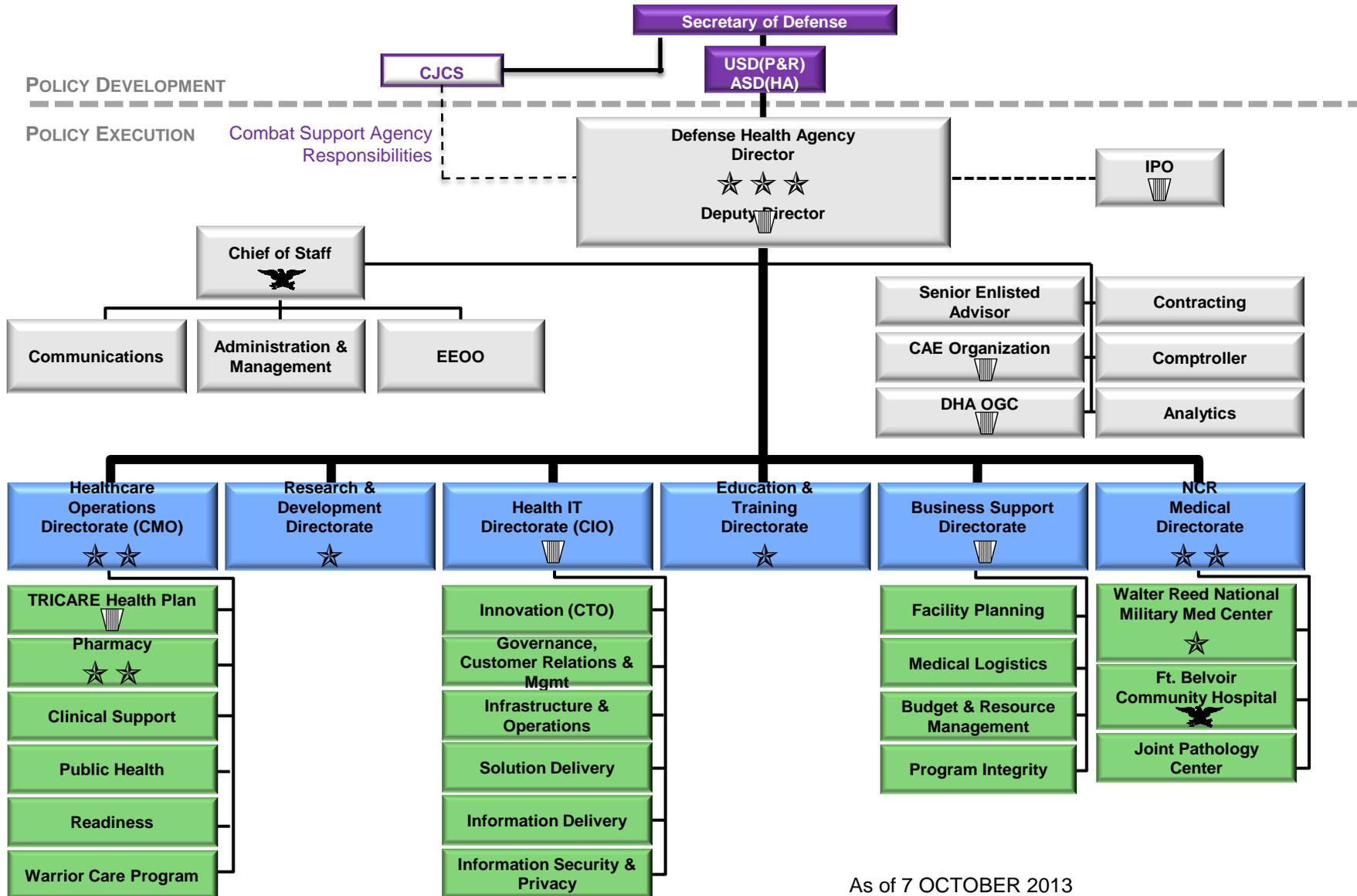
Mission

To direct the DoD Pharmacy benefit in support of the MHS' mission through effective planning, programming, budgeting, and execution of the DoD Pharmacy operations.

Goal

To improve patient outcomes while reducing overall healthcare costs through the delivery of optimal pharmaceutical care.

DHA Structure



Pharmacy Operations Division (POD)

FTEs	
At IOC	76
By 30 September 2014	79

**Pharmacy Operations
Division Chief**
CIV, 1 FTE

Deputy Chief
MIL, 1 FTE

**Service Consultants/
Board of Advisors**

Service SGs

**Chief of Staff /
Personnel Operations**

CIV, 1 FTE

**Informatics &
Operations
Branch Chief**

CIV, 1 FTE

**TPharm Operations
Branch Chief**

CIV, 1 FTE

**Integrated Utilization
Branch Chief**

CIV, 1 FTE

**Pharmacoeconomic
Branch Chief**

MIL, 1 FTE

**Informatics &
Operations
Deputy Chief**
MIL, 1 FTE

**TPharm Operations
Deputy Chief**
MIL, 1 FTE

**Integrated
Utilization
Deputy Chief**
MIL, 1 FTE

Overview of Roles and Responsibilities: To manage and support execution of ongoing and future enterprise-wide pharmacy activities

DHA POD Staff

MIL, CIV, & CTR, 69 FTEs

Army

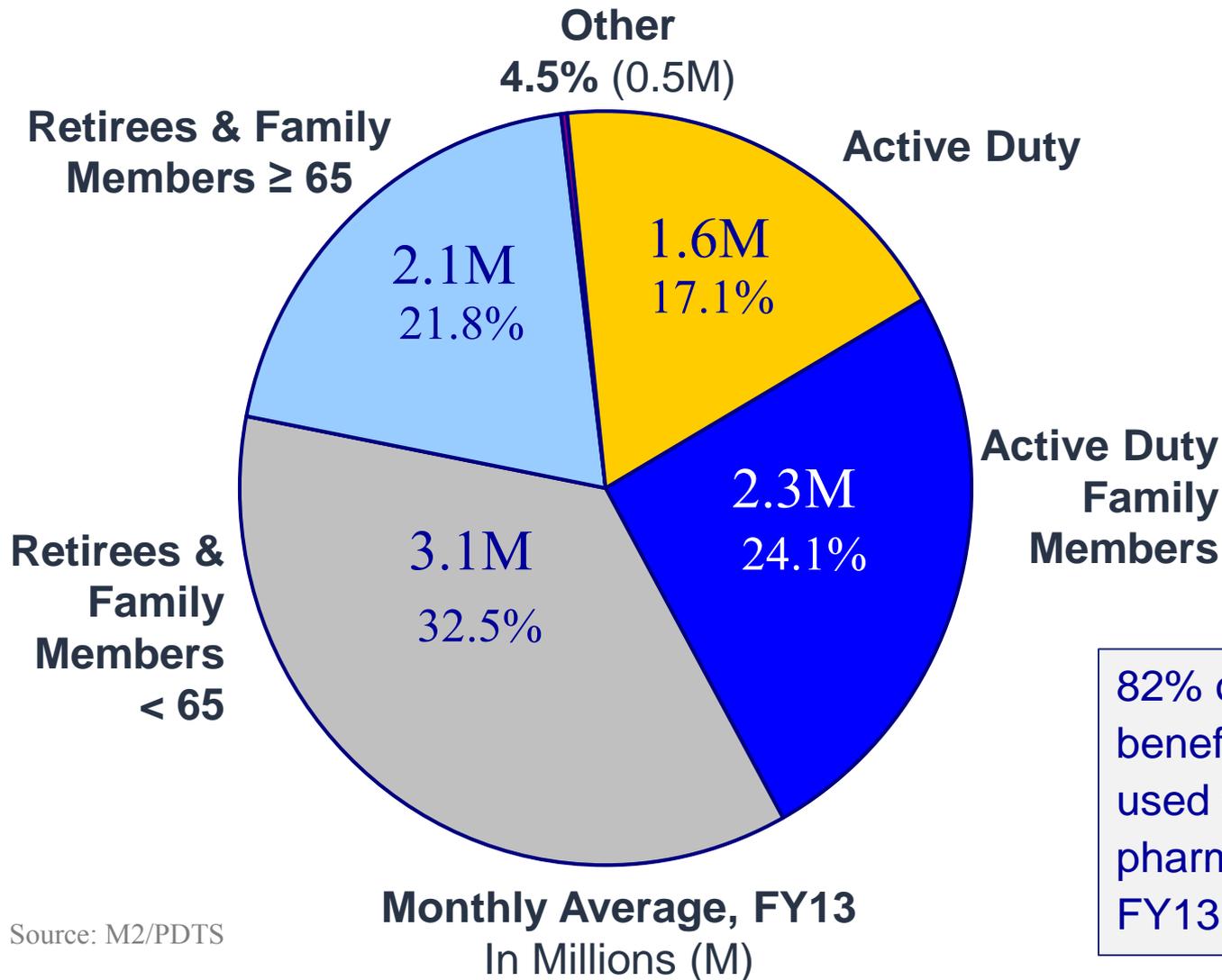
Navy

Air Force

New position to be filled by a nominated Service billet

Two-way communication between DHA and Services

TRICARE Eligible Beneficiaries



FY02	8.6 M
FY03	8.9 M
FY04	9.1 M
FY05	9.2 M
FY06	9.2 M
FY07	9.2 M
FY08	9.3 M
FY09	9.5 M
FY10	9.6 M
FY11	9.7 M
FY12	9.7 M
FY13	9.6 M

82% of all eligible beneficiaries (7.8M) used the TRICARE pharmacy benefit in FY13

DHA Pharmacy Division Focus

- Advise DoD Health Affairs (HA) on policy development and priorities setting related to Pharmacy operations
- Create and implement a unified set of business rules to guide and execute DoD policies for Pharmacy, with consideration for:
 - Beneficiary Satisfaction
 - Cost-effectiveness
 - Evidence-based best practices
 - Retail recapture
 - Data-driven performance measures
- Align incentives across the enterprise to drive behaviors
- Provide clinical pharmacists credentialed to participate in direct medical care (i.e., Patient Centered Medical Home (PCMH))

Scope and Key Elements

- Managing global pharmacy benefit – 3 points of service (POS) for 9.6M beneficiaries located around the globe
 - 546 military pharmacies
 - ~56,000 retail pharmacy network
 - 1 mail order pharmacy contract
- Uniform Formulary (UF) process
- Coordinate pharmacy efforts among Services and Veteran's Health Administration (VHA)
- Coordinate patient care with Managed Care Support contractors (MCSC) and other stakeholders

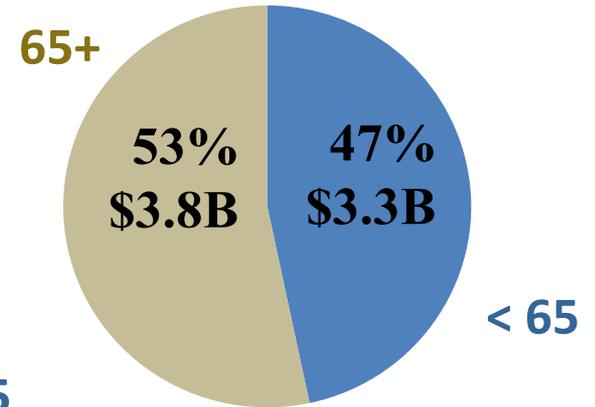
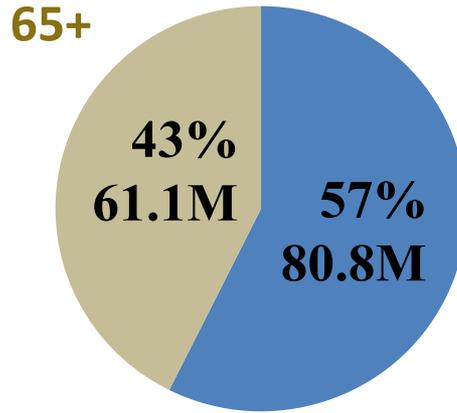
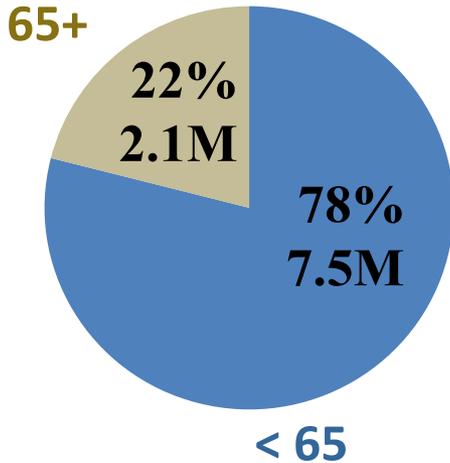
Pharmacy Costs

Mean cost per Beneficiary per Year

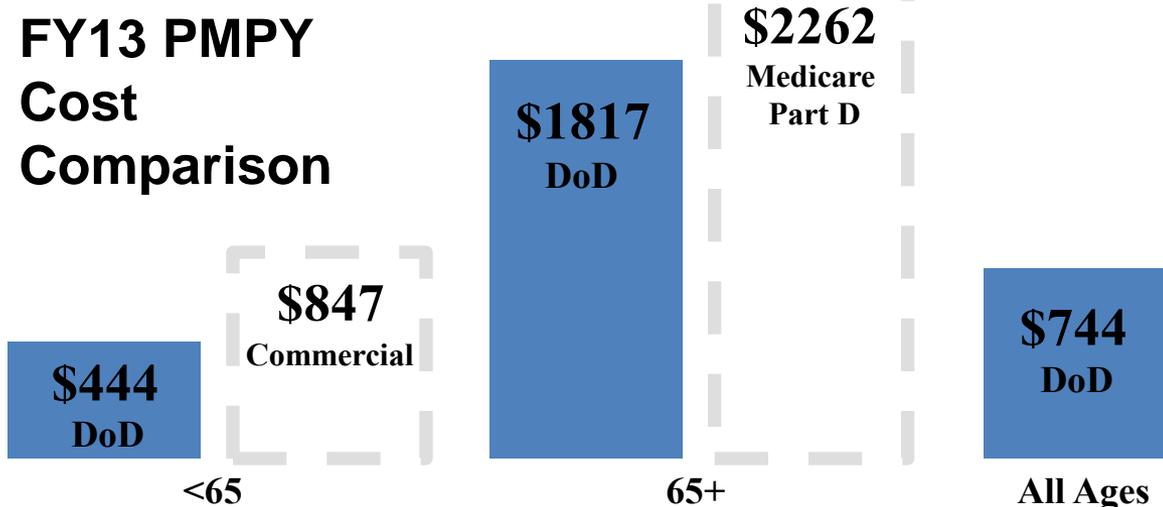
Eligible Beneficiaries

Rxs

Cost



FY13 PMPY Cost Comparison



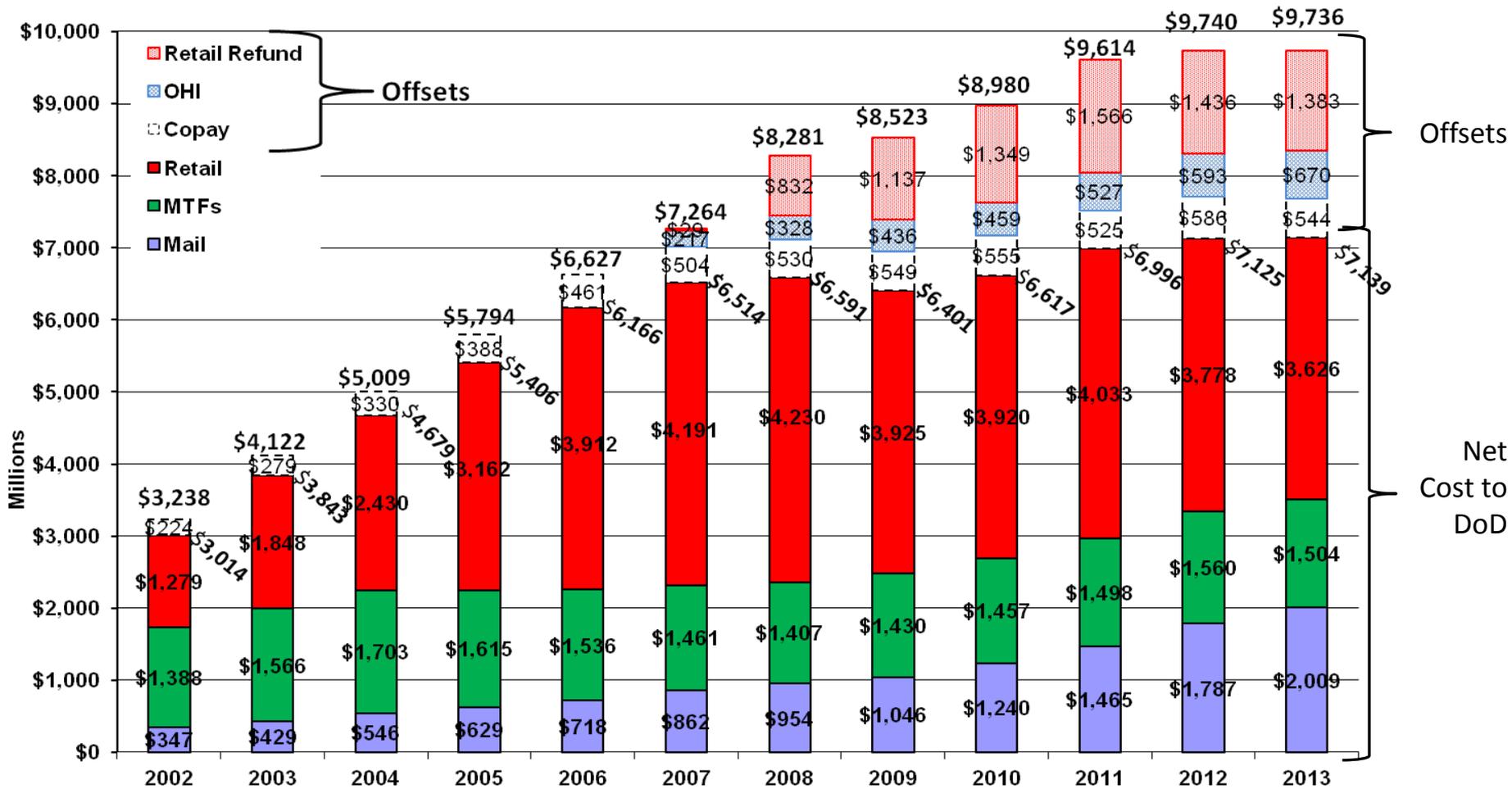
Data source: M2 & PDTs Data, FY13

*Notes: MTF costs do not include dispensing costs; retail costs are net of refund/rebates from manufacturers, copays, dispensing fee, tax and other payer costs; but do not include contract costs; mail order costs do not include contract costs.

Refunds/rebates applied to DHP & MERHCF programs for FY13 attributed to <65 and 65+ groups, respectively

**2012 Commercial and Medicare Part D costs from ESI Drug Trend Report

MHS Drug Spend (FY 02-13)



Source: Pharmacy Data Transaction Service (PDTs) Data Warehouse; DHA Pharmacy Operations Division (POD) (refunds).

- Note: 1. Net Cost to DoD represents total prescription expenditures minus copays; coverage by other health insurance (OHI), and retail refunds invoiced.
 2. Mail Order dispensing fees are included; however, other retail/mail contract costs and MTF cost of dispensing are not included.
 3. Retail Refunds are reported on an accrual rather than a cash basis, corresponding to the original prescription claim data.

Cost Comparison Across POS

3QFY13 Mean Cost to DoD

Non-Specialty Maintenance Meds, 90-day supply

- Time period = 3rd quarter FY13 (Apr 13 – Jun 13)
- Overall, mean cost per 90-day supply **14-16%** lower at Military Treatment Facility (MTF)/Mail vs. Retail
- Similar costs seen at MTFs vs. Mail
- Brand-only products drove overall lower costs at MTF/Mail
 - Brand-only products **25 to 28%** lower at MTF/Mail vs. Retail
 - Generically available meds slightly higher (**3 to 5%**) at MTF/Mail vs. Retail

	Retail	Mail / MTFs	% Difference
All medications	\$104	\$88 – \$90	-14/-16%
Brand-only	\$313	\$225 – \$234	-25/-28%
Generically-available	\$48	\$50	+3/+5%

- Analysis adjusts for differences in drug mix across points of service; applies POS-specific weighted average unit costs to a standardized market basket (retail utilization 3QFY13); includes retail refunds, taxes, dispensing fees/admin fees/overhead costs, and contract costs (incurred during 3QFY13), applicable to each POS (MTFs, mail order, retail)
- Unit costs for mail and MTFs obtained from prime vendor purchase data; retail costs obtained from PDTs Data Warehouse prescription data; included all non-specialty maintenance medications used at all 3 POS 3QFY13
- Costs calculated on a product-by-product basis (at the generic class [GCN] level) to account for differences in use of specific NDCs across POS (e.g., 1000-count bottles vs. unit-of-use bottles of 30); based on 1687 GCNs (602 brand-only, 1073 generically-available)

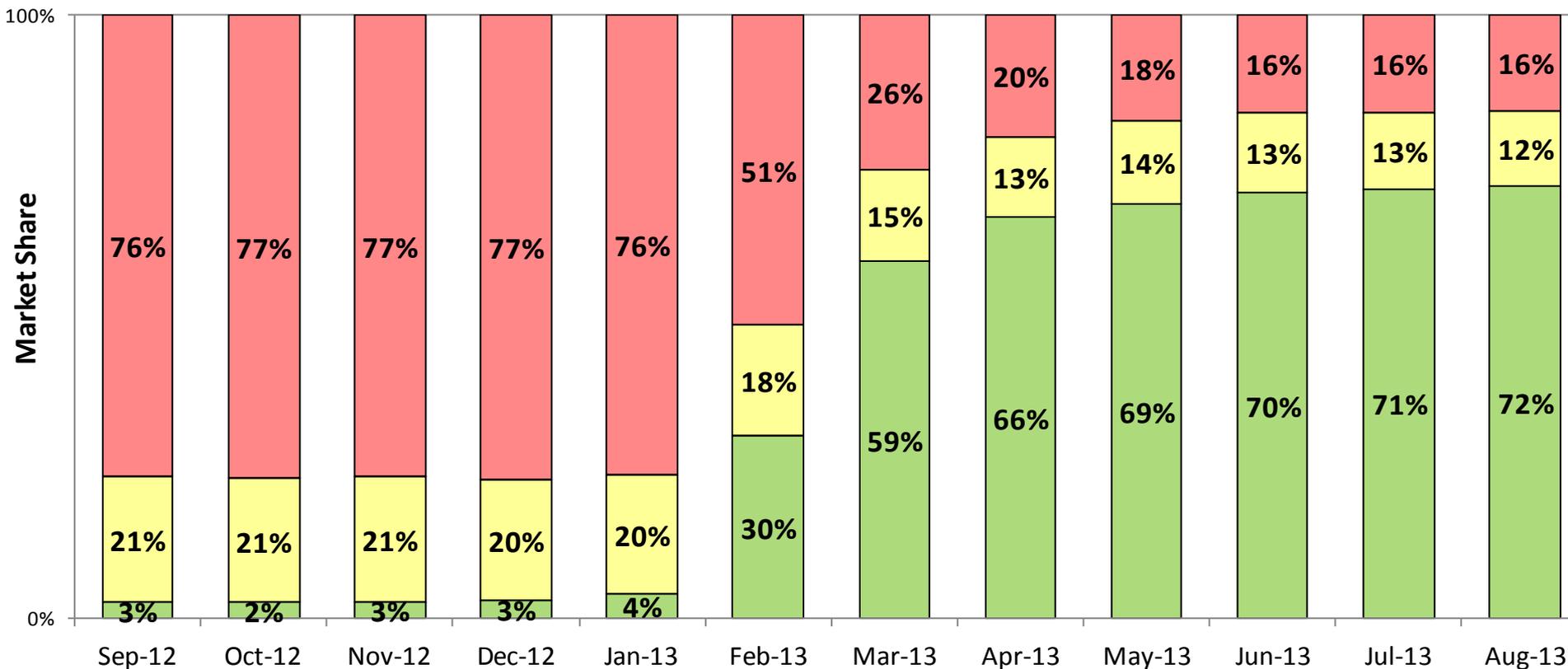
Managing Utilization and Costs

- Retail Refund Program
 - \$7.0 B in total refunds (FY09-OCT13)
 - \$1.4 B average annually since 2009
- Formulary management plays a key role in negotiating with manufacturers
 - \$1.3 B cost avoidance in FY12
- Formulary Management Tools
 - Medical necessity, prior authorizations, quantity limits, step therapy
 - Maximize use of Home Delivery
- Cost Share/Co-Pay considerations

Managing Utilization and Costs

**Testosterone Replacement Therapy
Percentage of 30 Day Equivalents, All POS
UF Implementation Date: 6 Feb 2013**

■ UF, Step-Preferred (Single Agent)
 ■ UF, Non-Preferred (Three Agents)
 ■ NF, Non-Preferred (Three Agents)



TPharm Vaccine Program

- Administered 1.61 M vaccines from JAN10- OCT13
- Access to vaccines at 45,413 retail network pharmacies at \$0 copay (preventative services)
 - Interim Final Rule in 2009 covered: H1N1, Season Flu, Pneumococcal
 - Final Rule in Aug 2011 expanded covered list of vaccines, to Centers for Disease Control and Prevention (CDC) guidelines and State Regulations
- Retail vaccinations visible on Pharmacy Data Transaction Service (PDTs) and Armed Forces Health Longitudinal Technology Application (ALPHA) med list
- Received American Pharmacists Association (APhA) Vaccination Award – 2012

TPharm Vaccine Program

Vaccine Type	Total Since Implementation
Influenza, H1N1	1,335,914
Zoster	197,663
Pneumococcal	33,583
Tetanus, Diphtheria, Pertussis & Combinations	29,947
Meningococcal	5,110
Hepatitis A & B, A & B Combo	4,249
Human Papillomavirus	2,275
Others	1,144
Measles, Mumps, Rubella & Combinations	546
Polio	38
Total	1,610,469

*current as of October 31, 2013

FY 13 National Defense Authorization Act (NDAA) Language

- Cost-Sharing Rates for Pharmacy Benefits Program under TRICARE (effective February 2013)
 - Retail Pharmacies
 - Generic \$5, Formulary \$17, Non-Formulary \$44
 - TRICARE Mail Order
 - Generic \$0, Formulary \$13, Non-Formulary \$43
 - Limits annual increase in cost-sharing rates to the amount equal to the percentage increase in retiree pay
- Inclusion of certain Over-The-Counter (OTC) drugs in TRICARE uniform formulary (rule pending)
- Includes mandatory refills of maintenance medication for TRICARE for life beneficiaries through the TRICARE mail-order pharmacy program or MTF (rule pending)

Mandatory Refill Program

- Section 716 of the NDAA for Fiscal Year 2013
- TRICARE for Life Beneficiaries
 - Program will launch upon publication of an interim final regulation
 - Pilot runs through December 31, 2017
 - Requires use of Mail Order/MTFs for recurring Rx's for chronic conditions
 - Does not include Rx's to treat acute conditions
 - Can opt out of pilot program after 1 year
 - Includes procedures to assist in the transfer of covered prescriptions to the mail order pharmacy program

OTC Drugs Demo

- Section 705 of the NDAA for Fiscal Year (FY) 2007
 - Coverage of certain OTC medications as part of the uniform formulary under section 1074g of Title 10, United States Code
 - From 2007 through Nov 2012, est. \$63M cost avoidance
 - Demo extended until November 2014 while waiting for permanent authority
- Section 702 of the NDAA for FY 2013 permanent authority (rule pending)

OTC Demo and Plan B

- Changes to current OTC Demo Project
 - Inclusion of Plan B One-Step (levonorgestrel)
 - Will not require a prescription
 - Eligibility- active duty service women and female beneficiaries of child-bearing potential, without age restrictions
 - Availability and Cost
 - Retail- Zero co-pay
 - MTF- Zero co-pay
 - Mail Order- Not Available*
- The demonstration project will continue until November 30, 2016

Pharmacy Outcomes Research Team (PORT)

- Integrated with UF decision-making process
 - Cost effectiveness analysis and DoD P&T support
 - Impact of formulary decisions (“closing the loop”)
- Other analyses (Congressional Budget Office (CBO), Government Accountability Office (GAO), congressional inquiries)
- Perform and support research into outcomes of drug therapy
- Recent focus on medication adherence
 - Medication adherence measures (feed-back for providers, metrics)
 - Copay adherence study (completed; with MHS Scientific Advisory Panel)
 - Adherence to lipid-lowering therapy and LDL goal attainment in a MTF secondary prevention population
- *“Automated Profile Review for Transdermal Fentanyl to Verify Opioid Tolerance in the Military Health System”* – pending publication in Military Medicine

Controlled Drugs Take Back

- Drug Take Back Study
 - Final report, "Recommendations for DoD to Reduce Pharmaceutical Related Suicide Behaviors in Member of the Armed Forces"
 - Delivered June 7, 2013
 - Analyzed issues, costs and policies needed to implement such program in the Military Health System (MHS)
- DoD is working closely with the Drug Enforcement Agency to develop a Memorandum of Agreement (MOA) for future drug take-back programs.

E-Prescribing

- Allow electronic prescribing from all points of order entry to all points of dispensing
- Electronically share information
 - Military & Civilian Providers, Pharmacies, Beneficiaries
 - MTF Focus: Implement electronic prescribing from Civilian providers to MTF pharmacies
- Impact of not implementing e-prescribing at MTFs
 - Decrease in MTF filled prescriptions and increase in retail pharmacy filled prescriptions
 - i.e., 1% shift in non-specialty maintenance medications (270,000 Rxs) from MTF to retail pharmacies could cost the MHS an additional ~\$7.4 M annually
- Site Acceptance Test (SAT)/Pilot: February 2014 at NH Bremerton, tentative Roll-Out date April/May 2014

E-Prescribing

- Potential Benefits
 - Improves patient safety
 - Reduce translation and transcription related errors
 - Improves MTF pharmacy workflow efficiency and business processes
 - Reduce the number of callbacks and rework of prescriptions
 - Possibly resolve issues prior to patient arrival
 - Manage costs
 - 1% shift in non-specialty maintenance medications (~420,000 prescriptions) from retail pharmacies to MTF pharmacy
 - \$5.8 million in potential annual savings for MHS
 - Increase utilization of preferred drugs
 - Formulary readily available

TRICARE Home Delivery

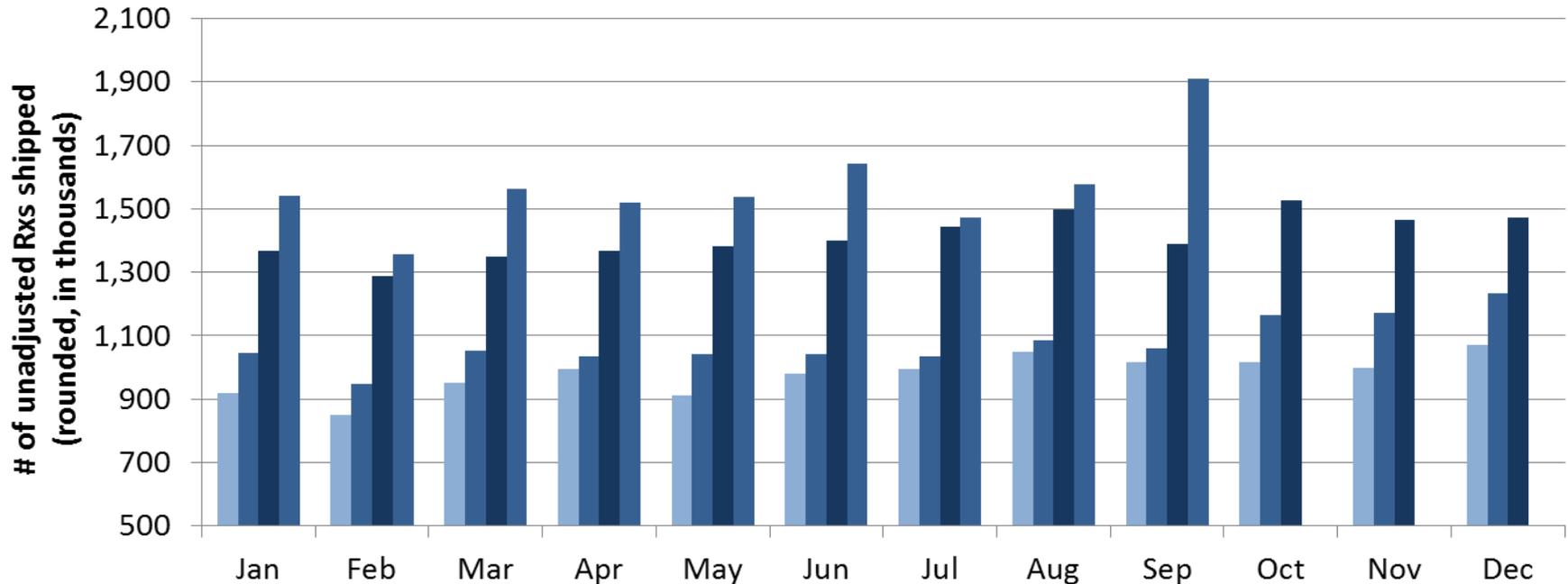
- Part of the Secretary of Defense initiative to reduce costs
- Massive education campaign began July 2011
 - DHA, Express Scripts, Tricare Regional Offices, Managed Care Support Contractors, MTFs
 - Focused on beneficiaries receiving maintenance medications and those using both mail and retail
- Encourages use of Home Delivery over retail for maintenance medications due to price differential

TRICARE Home Delivery

- The Inspector General's Report
 - Compared prescription drug costs at Home Delivery and what the cost would have been at retail pharmacies
- Findings
 - Home Delivery saved nearly \$67 million in 3rd quarter FY12
 - Over the course of a year, shifting from retail to mail order saved DoD ~\$104 million, and beneficiaries approximately ~\$34 million in reduced co-payments.
 - Low prescription error rates (0.003 percent), a low rate of returned pharmaceuticals (0.08 percent returned as undeliverable), and high beneficiary satisfaction (96 percent satisfied).

Communications Plan Success

■ 2010 ■ 2011 ■ 2012 ■ 2013

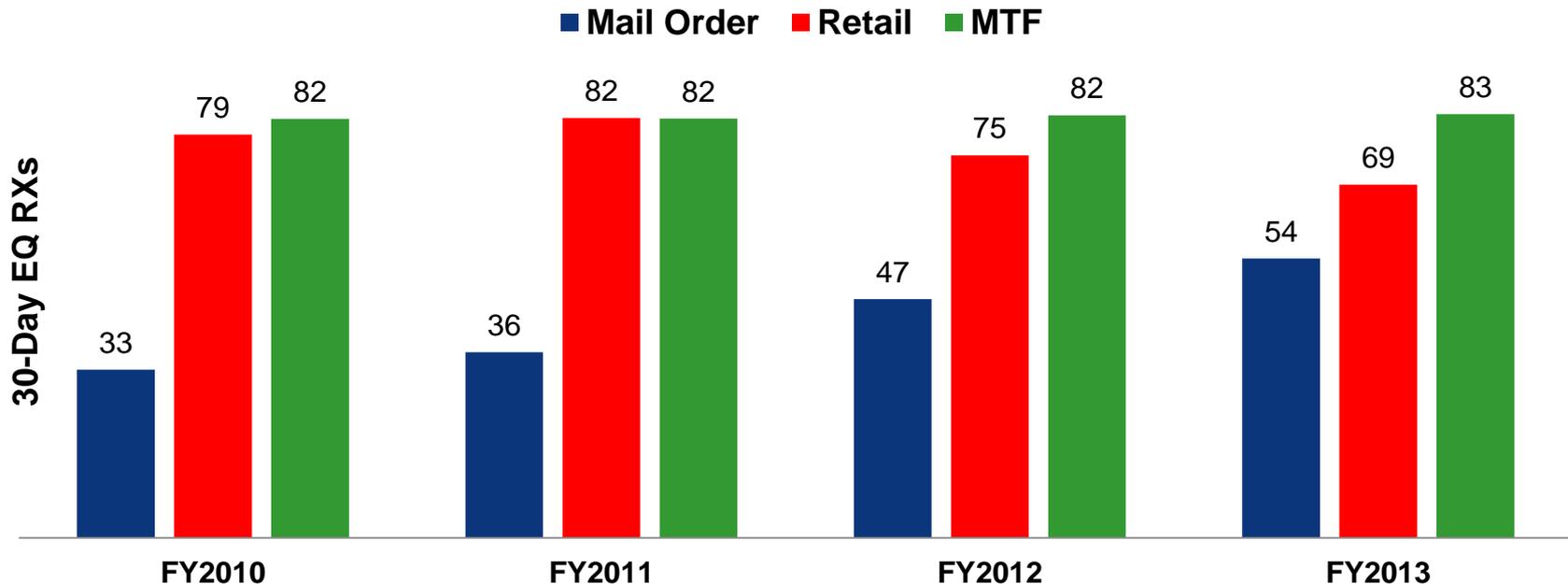


Volume Growth From Prior Year			
	2011	2012	2013 YTD
Home Delivery	9.9%	31.2%	13.0%
Retail	-0.2%	-10.0%	-6.5%

Volume Down 2.5% in 2011;
Down 14.6% in 2012;
Down 12.6% in 2013 YTD

TRICARE Home Delivery Growth

30-Day EQ Rx Workload by Point of Service (in millions)



Change in 30-Day EQ RX Volume				Change in Maintenance 30-Day EQ RX Volume			
	FY2011	FY2012	FY2013		FY2011	FY2012	FY2013
Mail Order	10.5%	28.5%	17.0%	Mail Order	10.7%	28.2%	17.6%
Retail	4.1%	-8.9%	-7.7%	Retail	3.9%	-9.7%	-8.8%
MTF	0.0%	0.8%	0.3%	MTF	-0.7%	0.1%	0.2%

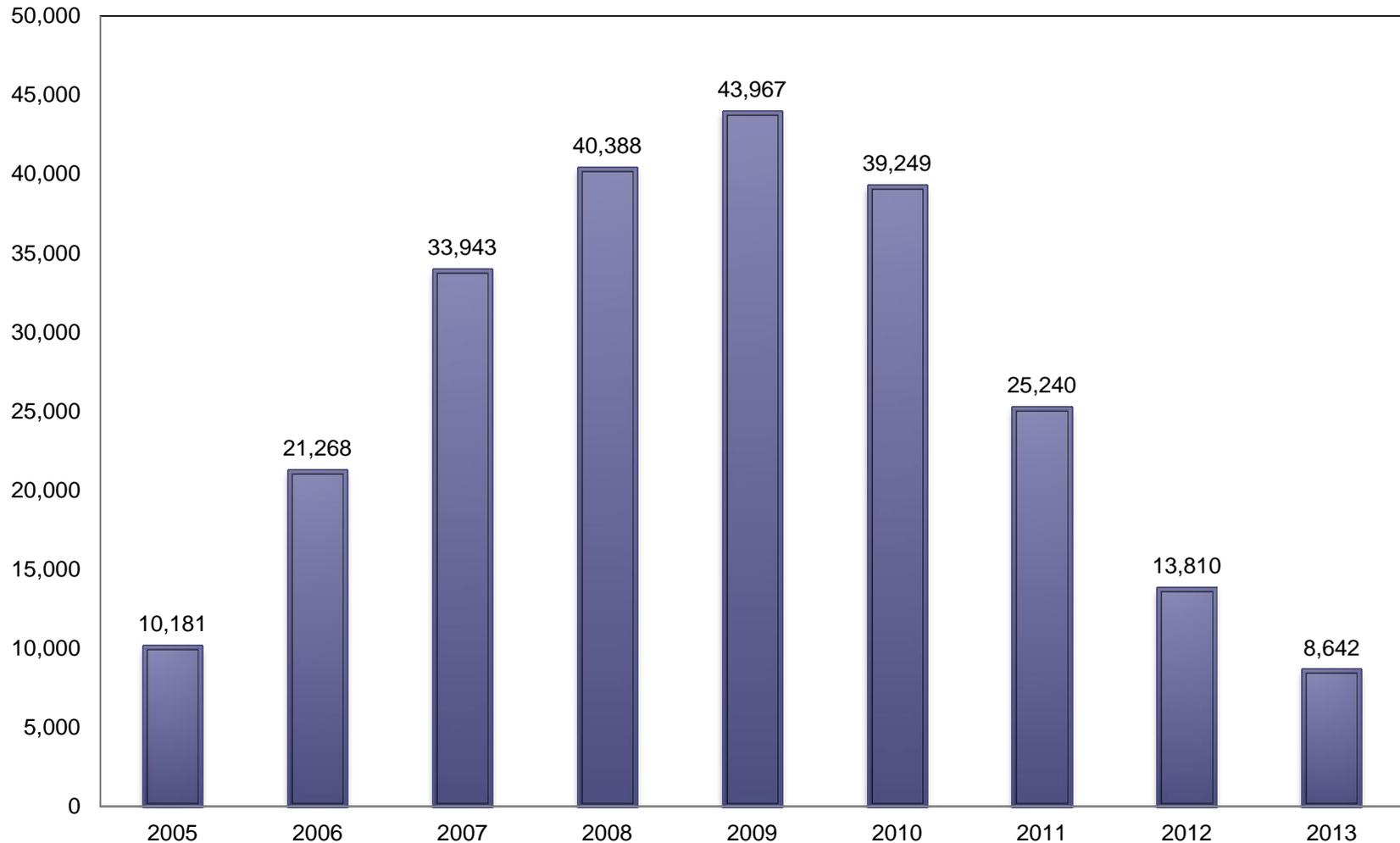
Managing the Benefit: Clinical

- PCMH
 - Promote expanded inclusion of Pharmacists as either embedded or supporting PCMH teams
 - Medication therapy management/adherence
 - Tri-Service workflow Clinical Pharmacy AIM page
 - Promote standardization of practice
- Smoking Cessation
- Polypharmacy and Warrior Transition Unit (WTU) medication use monitoring
- Coordination of infusion services with MCSCs
- Specialty Pharmacy Services at Mail Order

War Fighter Support

- Prescription Medication Analysis & Reporting Tool
 - Pre-deployment screening tool identifies high-risk Members
- Deployment Prescription Program (DPP)
 - Facilitates mail order support to deployed members
 - Peaked in 2009 at 42K, currently 10K in 2013
- WTU/Medication Analysis & Reporting Tool
 - Weekly Rx report/tool sent to all WTUs concentrated on psychotropics, narcotics, and several high risk combinations of medications at all Points of Service
- Sole Provider/1-1-1/MTF Rx restriction Program
 - PPTS leveraged as data source for restrictions
 - MCSCs/MTF providers currently restrict over 2,000 beneficiaries
- Controlled Drug MART (CD-MART)
 - Automated tool to assist providers in analyzing controlled prescription usage within MTF 40 mile catchment area
 - Includes utilization from all points of service
 - 244 reports requested in FY13

Deployment Prescription Forms by Calendar Year February 2005 - September 2013



Top 3 Priorities for 2014

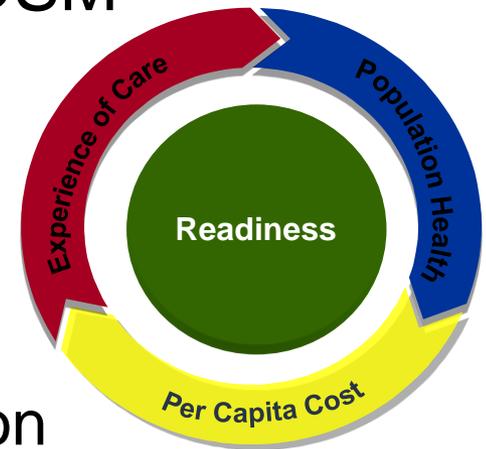
- **Emphasis on Improved Outcomes & Quality**
 - Expand Pharmacist delivery of care in PCMH
 - Optimal medication selection through Medication Therapy Management (MTM) and provider interaction
 - Promote and measure medication adherence
- **Managing Overall Costs**
 - Retail Refund Program
 - Formulary Management
 - Move to Mail / MTF
 - Contract compliance and generic transitions
- **Informatics**
 - Implementation of TPharm4 and PDTS4
 - E-Prescribing
 - Automated MTF to Mail

Strategic Needs

- A centralized pharmacy budget including all pharmacy points of service (Mail, Retail, and all MTFs)
- A new EHR/Pharmacy information system that includes an inventory management component
- “Pharmacist as provider” designation to maximize use of credentialed pharmacists in purchase care
- MTF- Central refill program

The Way Ahead

- Goals
 - Continued emphasis on deployed ADSM
 - Maximize value of therapy
 - Increase adherence; MTM
 - Maximize use of technology
 - Implement e-prescribing
 - Better beneficiary access to information
 - Increase use of lowest-cost POS
 - Encourage cost-effective use of medications



Resources

- <http://www.tricare.mil/tma/>
 - Pharmacy program information for beneficiaries
- www.pec.ha.osd.mil
 - Uniform Formulary Search Tool
 - DoD P&T Committee review schedule, minutes
 - MTF formulary resources (handouts, webcast)