

## Creating Better-Informed Pharmacy Consumers

by Mike Medel

©2007 International Foundation of Employee Benefit Plans

*Employee health plan sponsors that include a pharmacy benefit component face an increasing challenge with effectively educating beneficiaries due to emerging trends in consumer-focused plan designs. These plans are meant to help control rising costs, better inform beneficiaries and improve the quality of care. The most successful plans are those that provide sufficient member decision support tools that empower their members while aligning their health care choices with program goals. Recent surveys, however, suggest that plan sponsors are not taking adequate measures to do this.*

In the last five years, there has been a dramatic rise in consumers' level of involvement with their employer-provided pharmacy benefit program. At least three factors have led to this increase: the proliferation of consumer-directed health care plans (CDHPs), the increasing prevalence of three-tier copay designs that prefer generic drugs and the frequent use of front-end deductible plans that put more financial responsibility on the beneficiary.

Consumer-directed pharmacy plans have shown to be particularly strong in driving higher use of generic medications. According to a recent report by the Strategy and Analytics Practice, pharmacy payers can see "pharmacy spending drop by as much as 15% in the first year." This is attributed "entirely to a switch to generic medication. On a large scale, this can result in a large cost savings for health plans—with important and potentially negative implications for the manufacturers of branded products."<sup>1</sup> Front-end deductible plans have the potential to produce similar results.

The fundamental principle behind the CDHP trend is that educating consumers about the actual costs of health care and equipping and encouraging them to make more informed health care decisions will result in an overall decrease in

health care costs while increasing the quality and customization of care. Through the elimination of wasteful practices—including unnecessary doctor visits, unneeded medications or the use of high-cost drugs when alternatives are available—greater balance will be introduced to the health care marketplace and the rising costs of health care will begin to be peeled back. Three-tier copay and front-end deductible plan designs essentially operate on the same principle.

While few doubt that these trends are positive steps toward combating the ever-rising costs of pharmaceuticals, the provision of member education tools that empower better, more informed consumers has not kept up with the consumer-focused pharmacy benefit design revolution. Many employers, and the pharmacy benefit managers (PBMs) they work with, have concentrated their efforts on simply redesigning their plans and then making sure that the systems' capability is in place to ensure that new CDHP, copay and deductible designs are ready to be supported. Meanwhile, an equal focus on consumer education and empowerment is lost amid administrative plan and system concerns. In other words, the employer and the PBM are ready to support consumer-directed

pharmacy (and medical) care, but the beneficiaries are not.

The proper tools to help beneficiaries make informed decisions are not always there. Or, if such tools are available, they are often confusing, or overly time-consuming. In part, the PBM industry has been playing catch-up in this area while more effective education programs have emerged on the medical side. The primary reason for this is that the CDHP model does not always sit as well with PBMs as it does with medical plans. PBMs typically focus on *employer* cost-saving goals rather than on individual consumers. Consumer-focused plan designs, then, are an almost complete reversal of the usual cost-saving methods that PBMs traditionally have deployed.

Where pharmacy benefits are concerned, a national survey of employers offering CDHPs last year conducted by Pharmaceutical Strategies Group (PSG) indicated that there is an overall 46% deficiency in the availability of member empowerment/education resources. The table indicates each of these deficiencies in 17 different areas.

This current state of affairs has led to two unwanted outcomes for numerous plan sponsors on the pharmacy side. First, it ultimately hurts cost-saving goals

## Deficiency in Availability of Member Empowerment/Education Resources

Table

Functionality	Available Through PBM	Available Through CDH Vendor	Not Offered
Real-time drug pricing	43%	14%	43%
Price comparison of alternative drugs	43	29	29
Alternative brands with generics when prescribed brand has no generic	43	29	29
Pricing of over-the-counter (OTC) alternatives	14	14	71
With pass-through retail pricing real-time pricing by pharmacy	0	14	86
Targeted messages for cost-effective alternative generics/brands	33	33	33
Comparison of member costs between mail order and retail	33	33	33
Real-time status of integrated deductible OTC maximum, etc.	17	17	67
Real-time claim adjudication with flexible spending account (FSA), health reimbursement account (HRA) and/or health savings account (HSA) benefit	0	0	100
Real-time status of FSA, HRA and/or HSA benefit	0	17	83
Education on generics	57	14	29
Disease-specific information	50	33	17
Preferred drug list	50	0	50
Compliance monitoring alerts for members	33	17	50
Drug indications, contraindications, side effects, interactions	67	17	17
Education of members on use of support	50	33	17
Adequate member support other than online	43	29	29

for both the plan sponsor and the patient because consumers may not always be getting the best cost-saving information. Second, it leads to consumer dissatisfaction. Plan beneficiaries feel as though their plan sponsor is ignoring them while simply trying to save on their own plan administration costs. This can contribute to a culture of discontent marked by a mistrust of human resource oversight.

A recent article in the *Pharmacy Benefit Insider* indicates that while employees had voiced concerns over the lack of choice in traditional plan designs, they nevertheless appreciated the system's simplicity.

"Now, they are suddenly being plunked down in front of a myriad of health care purchasing decisions and some are ill-equipped to deal with this responsibility. Without proper guidance, education, communication and support, the choices can be overwhelming. The concern expressed by critics of CDH is that employees who are discouraged by the process will neglect

their medical needs or discontinue their medications, resulting in the need for more expensive medical care down the road."<sup>2</sup>

Yet, the same article also reports that recent CDHP studies have indicated that many employees are, in fact, willing to shoulder greater levels of responsibility for health costs if only they receive more choices in terms of providers and treatments and, obviously, are made well aware of these choices. There also are those employees whose financial burdens are significant. For these employees, the article reports that "the increased responsibility can result in a number of unintended consequences, ranging from increased employee complaints among coworkers to decreases in coverage to leaving the company for better benefits. At its most extreme, the backlash manifests itself in dropping insurance coverage altogether." The article goes on to cite a survey conducted by Pareto Health Group that indicated as

many as 32% of employees would actually quit their jobs in search of another one with better coverage when faced with a CDHP, while 3% even said they would drop insurance coverage completely. And, the article said, "of equal concern to employers is that employees on a budget may opt to simply not purchase needed drugs or will become non-compliant, skipping doses or splitting pills in an effort to save money."

A recent report indicates the following chief concerns for both beneficiaries and plans facing the emerging consumer-directed health care environment. For patients, key CDHP challenges will be understanding how:

- The plan is administered.
- The use of their accounts can be maximized.
- Their out-of-pocket expenditures can be controlled.

For plan sponsors, considerations include how to develop plan designs that:

- Encourage consumerism.

- Avoid creating financial hardship for patients.
- Communicate new designs and their associated rules to patients.
- Manage the vendors who administer the plans and associated accounts.
- Monitor and evaluate the financial results.<sup>3</sup>

The newer consumer-directed focus requires that consumers be equipped with the tools they need to effectively choose more cost-effective therapies and to feel that they are being well attended to, not just that pharmacy benefit plan changes are being made that they sense are substandard to benefits provided in the past. The goal, then, is for employers, PBMs and CDHP vendors to begin providing member empowerment tools that:

- Empower, incentivize and cater to the plan beneficiary
- Drive appropriate, more cost-effective drug therapies
- Are designed in a highly user-friendly way that immediately mirrors the adopted plan design and overall health/pharmacy plan goals
- Measure impact over time and make adjustments as needed.

Effective employee health programs need to focus on the development of a strong pharmacy component for member education. What follows are seven consumer-directed solutions that plan sponsors should consider implementing to achieve the three-pronged goal of cost savings, member empowerment and quality care improvement. These include Web-based tools, explanations of benefits (EOBs) that include drug information, health assessments, sufficient customer service outlets, preenrollment benefit calculators, employee coaching and postenrollment followup.

### Web-Based Tools

Web-based tools should be designed to ensure that plan participants have adequate access to plan information, along with tools that offer customized information and recommendations. These tools need to foster informed decisions, provide education on clinical concerns and address financial considerations. Numerous PBMs and plan sponsors are effectively implementing Web-based solutions that offer beneficiaries a simple way of comparing the prices of medi-

cations they are currently taking against their pharmacy plan design and then specifically noting cost-saving alternatives along with associated clinical information. For example, a patient being treated for depression who has recently been prescribed Prozac should be equipped with access to a Web tool that allows the patient to enter the prescription name into the system and receive a summary of drug information, along with cost-saving alternatives. The best Web sites offer a message customized with specific plan cost calculations. For example, "By checking with your doctor to see if you can change your prescription to generic Prozac (fluoxetine), you can save up to \$800 a year."

One example of such a Web site is the new [lowermydrugbill.com](http://lowermydrugbill.com). The Web site is an independent resource for patients to get detailed information about alternative prescription medication options. The Pharmacy Benefit Management Institute (PBMI) recently reported that big pharmaceutical companies collectively spend around \$22 billion a year in marketing campaigns to influence which drugs doctors prescribe along with the medications that consumers seek out. Customers often feel as though they are not receiving the best care unless they are receiving better-known brand names. Pharmaceutical marketing is effective and can lead to prescribing patterns that favor higher cost medications when less expensive, clinically-equivalent medications would be more appropriate.

The Web site provides users not only with information that helps them understand the pharmaceutical landscape better, but offers a "Start Saving" section that provides specific drug savings opportunities to patients for roughly three dozen highly prescribed drugs. Users locate their drug from a drop-down box and indicate their dosage and frequency of use. A custom report is then issued indicating where savings can be made. The report lists the best savings opportunities including estimated monthly savings based on continual price updates from major retail pharmacies. Also included is supporting information on drug alternatives. Patients are encouraged to print the report and present it to their health care provider. The report even includes references to medical literature for doctors to review, corroborating the sensibleness of

the drug alternative. Though the Web site caters mainly to patients without insurance, it nevertheless provides a good example of how information can be effectively collected and then represented in a meaningful, user-friendly format with concrete, usable information.

Other Web sites simply alert consumers to effective drug alternatives. An excellent real-life example of such a resource is currently provided on the American Association of Retired Persons (AARP's) Web site. In the "Health" section, a clear indication of information resources on prescription drugs is available. Once users access the site, there is an area titled, "Using Meds Wisely" and "Know Your Rx Options." Here, patients can perform an easy lookup of current medications they have been prescribed, learn more about them and have cost-saving alternatives clearly indicated. For example, a patient using Prilosec (a high-volume drug used to treat ulcers and/or gastroesophageal reflux disease) is immediately informed that, "omeprazole, the active ingredient in Prilosec, is available as a generic drug and . . . as an over-the-counter medication." AARP is setting a great example for how plan sponsors can better inform consumers.

Finally, many plan-specific Web sites are now offering cost-checking features that allow their beneficiaries to view not only specific cost-saving alternatives against their current drug therapies, but also indicate *actual* medication costs paid by the plan. This is a wise addition to Web sites providing drug and plan cost information because it helps to educate consumers about the true, baseline cost of health care and the important part their plan coverage plays. This helps to mitigate the impression in consumer-focused plans that the plan sponsor is not actively involved in coverage, while making the beneficiary more aware about the ever-growing problem of rising health care costs.

### Explanation of Benefits (EOBs) That Include Drug Information

Too often, EOBs merely provide data concerning recent drug purchasing activity indicating member responsibility and/or plan coverage. The best EOBs, however, will be aligned with program goals, thus providing additional informa-

tion that helps drive better choices. Whenever possible, EOBs should include information on alternative drug therapy that provides cost savings. EOBs should provide specific cost-saving information, along with clinical information about recommended alternatives.

### Health Assessment Tools

Another effective avenue for empowering consumers while controlling costs and improving health outcomes is the use of initial health assessment tools that survey current health conditions, therapies and practices of beneficiaries prior to, or at the start, of coverage. Information collected is then used to generate a specific health care profile for the plan beneficiary that includes a *risk assessment*, information regarding existing conditions and recommendations for therapies and behaviors that are cost-effective and beneficial to overall health outcomes. Higher-level conditions or dangerous practices can also be referred to case management for further review and monitoring. Some plans have also included interactive tools along with health assessment services including links to additional information, quizzes, online tutorials, slide shows, videos and other resources. An excellent example of such resources is provided by the Mayo Clinic (see [www.mayoclinic.com/health/HealthToolsIndex/HealthToolsIndex](http://www.mayoclinic.com/health/HealthToolsIndex/HealthToolsIndex)). Such tools help both to inform beneficiaries about current cost-saving opportunities, while helping to guide them into better behaviors that increase health outcomes and reduce the risk of more costly treatments down the road.

### Sufficient Customer Service Outlets

Customer service resources have tended not to keep up with the consumer-focused health care revolution. Many plans merely provide customer service centers that offer basic plan design information, pharmacy location services and eligibility information. Effective customer service, however, includes a more proactive approach that informs beneficiaries about imminent cost-saving opportunities along with where to find additional information concerning their condition and therapy. Whatever the initial investment, adding these resources to

the customer service option is worth it in the long run, both for cost savings and member satisfaction.

### Preenrollment Benefit Calculators

Savvy plans include benefit calculators that employees can access during the health/pharmacy benefit plan preenrollment phase. Such calculators help employees to determine which coverage plan is the best for them, both clinically and financially. They also make plan decisions easier to make by providing a simple way to determine which option best fits their needs. Calculators should provide a way for employees to enter in basic current condition and health cost information that can then be measured against health care plan option recommendations. The best benefit calculators include cost-estimation tools that indicate projected out-of-pocket care costs with each plan option offered.

Many employees are often unwilling to take the time to wade through complex amounts of plan design information, leading to a reluctance to choose a more consumer-focused option that can save both the plan sponsor and the beneficiary money. By showing plan service and cost-saving opportunities up front in an easy-to-understand manner, plan sponsors can help align beneficiary choices with plan goals—the *ideal* situation.

For plans offering a health savings account (HSA), calculators should be provided that indicate the potential savings and tax advantages associated with the option. By providing some basic information such as the beneficiary's age, annual contribution and interest rate, the best calculators provide a projection of HSA balances with a comparison against other options. Along with health reimbursement accounts (HRAs), it is also prudent to include online tutorials of HSA/HRA options that concisely summarize and simplify the service to foster consumer involvement and knowledge (and less calls to customer service).

### Employee Coaching

Many plans are beginning to implement one-on-one coaching opportunities for employees to learn more about their

health conditions and to find out more about therapy alternatives. Some plan sponsors have used “brown bag” or “lunch and learn” sessions where health professionals are available to educate beneficiaries and answer questions over a lunch break. These health professionals are equipped on-site with ready access to the specifics of each employee's health plan. Other plan sponsors offer health hotlines that include information about alternative therapy options. Still others have made use of outbound call services from nurses or other health professionals based upon quarterly drug utilization reviews that indicate outlier practices. When cost-saving opportunities are available, most plan beneficiaries welcome the call rather than considering it invasive or meddling. Each of these coaching avenues is an excellent way to increase plan compliance while improving quality and satisfaction.

### Postenrollment Followup

It is vitally important to continue supporting beneficiaries after enrollment. Efforts should be concentrated in reinforcing information communicated during the enrollment phase. Opportunities for updating health information, e-mail messages and custom communications based on initial health assessment should be provided. An emphasis also should be placed on reminding beneficiaries of existing empowerment tools.

The PBM industry is still coming to terms with the emergence of consumer-focused health care and the fact that pharmacy benefits are a key part of them. The most successful plans, however, are those that provide sufficient member decision support tools to empower their member populations. **B&C**

### Endnotes

1. “The Consumer-Directed Health Market: Implications of New Benefit Designs,” John Sheehan, research associate, January 2006, p. 7.
2. Sheela Andrews, Pharm. D., “Integrating Pharmacy and Consumer-Directed Healthcare Benefits: Is Now the Right Time?” May 2004, [www.rxsolutions.com/c/pbi/pbi\\_view.asp?docid=445](http://www.rxsolutions.com/c/pbi/pbi_view.asp?docid=445).
3. *Drug Trend Report*, June 2006, p. 202.



**Mike Medel, Pharm.D.**, is a pharmacy benefit consultant with Pharmaceutical Strategies Group. He has executive-level clinical pharmacy experience and ran the pharmacy program for a million-member managed care organization. In addition, Medel has provided consulting services to a variety of large national employers and public sector programs. He holds a doctor of pharmacy degree from the University of Illinois College of Pharmacy and an M.B.A. degree from Loyola University in Chicago.