

Reimbursement Methods for Community Pharmacy Practices

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Objectives

- Explain the differences between key reimbursement models (fee-for-service, value-based care) in community pharmacy with no errors.
- Apply reimbursement rates for Medication Therapy Management (MTM) services using provided case scenarios with 90% accuracy.
- Analyze the financial and operational impacts of various reimbursement models on community pharmacy practices and effectively present their findings in a group discussion.



Introduction to Reimbursement in Community Pharmacy

- **Supports Financial Sustainability**
 - Essential for community pharmacies to cover costs, remain profitable, and continue providing essential services
- **Enhances Patient Access**
 - Offer and expand access to services, like Medication Therapy Management, especially for underserved
- **Empowers Pharmacists' Role in Healthcare**
 - Enables advocacy for fair compensation, which supports their role in improving patient outcomes and managing chronic diseases.



Why Understanding Reimbursement Matters



As of 2020, gross profit per prescription is less than \$12



Dispensing prescriptions alone is no longer a profitable business model



Through 2022, pharmacies could earn \$40 for administering a Covid-19 vaccination

Key Terms and Definitions

- **Medication Therapy Management (MTM)**
 - A service in which pharmacists provide personalized medication advice to optimize drug therapy, improve patient outcomes, and address medication-related problems.
- **Direct and Indirect Remuneration (DIR) Fees**
 - Post-point-of-sale fees charged to pharmacies by pharmacy benefit managers (PBMs), often impacting the final reimbursement received for prescriptions and challenging profitability.
- **Fee-for-Service (FFS)**
 - A traditional reimbursement model where healthcare providers, including pharmacies, are paid a set fee for each service provided, regardless of patient outcomes.
- **Value-Based Reimbursement**
 - A model that rewards healthcare providers for meeting specific quality and outcome measures, linking payment to patient health results rather than volume of services.
- **Comprehensive Medication Review (CMR)**
 - A thorough review of a patient's medications by a pharmacist, aimed at identifying and resolving potential medication-related issues to enhance therapy outcomes.
- **Targeted Medication Review (TMR)**
 - A focused review of specific medication-related issues, such as adherence or therapy adjustments, conducted as part of ongoing MTM services.



Overview of Reimbursement Models

Reimbursement Type	Description	Pros	Cons
Fee-for-Service (FFS)	Fixed payment per prescription/service, regardless of outcomes	Predictable revenue per transaction	No incentive for improved outcomes
Value-Based Reimbursement	Payment linked to quality metrics, incentivizing improved outcomes	Encourages high-quality care and cost savings	Complex to track and meet quality metrics
Direct and Indirect Remuneration (DIR) Fees	Retroactive fees affecting net reimbursement, often by PBMs	May lower upfront costs, albeit unpredictable	Creates financial unpredictability
Medication Therapy Management (MTM)	Reimbursement for MTM services like CMR and TMR under Medicare Part D	Supports comprehensive patient care and medication adherence	Generally limited to eligible Medicare Part D patients
Capitation Payment Model	Fixed monthly payment per patient for covered services, incentivizing efficiency	Promotes preventive care and cost efficiency	Not widely used in pharmacy, risks of underfunding
Pay-for-Performance (P4P)	Additional payments based on performance metrics like adherence rates	Rewards pharmacies for achieving health outcomes	Pressure to meet performance targets, possible inconsistency

Fee-for-Service Model



Straightforward Billing Process

Allows pharmacies to bill per transaction without needing to track complex quality metrics or patient outcomes



Volume-Driven Revenue

Incentivizes high prescription volume, potentially increasing accessibility to medications, but not necessarily focusing on patient outcomes



Limited Support for Preventive Care

No reward for long-term care management, which can hinder the adoption of services like medication adherence programs or chronic care interventions



Value-Based Reimbursement Model

Outcome-Driven Incentives

- Value-based reimbursement shifts the focus from quantity to quality, rewarding pharmacies for achieving specific patient health outcomes, like improved medication adherence

Integration of Quality Metrics

- Pharmacies participating in value-based models must monitor and report on metrics such as patient satisfaction, chronic disease management, and adherence rates

Collaborative Care Opportunities

- This model encourages pharmacies to work closely with other healthcare providers, supporting coordinated care efforts to improve patient health

Potential for Enhanced Patient Trust

- By prioritizing patient outcomes, value-based models can help pharmacies build stronger, trust-based relationships with patients, aligning financial goals with health improvements

Long-Term Cost Savings

- Emphasizing preventive care and outcome improvements can reduce overall healthcare costs, benefiting both patients and the healthcare system

Medication Therapy Management and Reimbursement

MTM

Chronic
Disease
Management

CMR

TMR
MAP

Personalized
Care

Improved
Patient
Outcomes

Reimbursable
Services

Medication
Adherence

Patient Safety

Risk
Reduction

Cost Savings

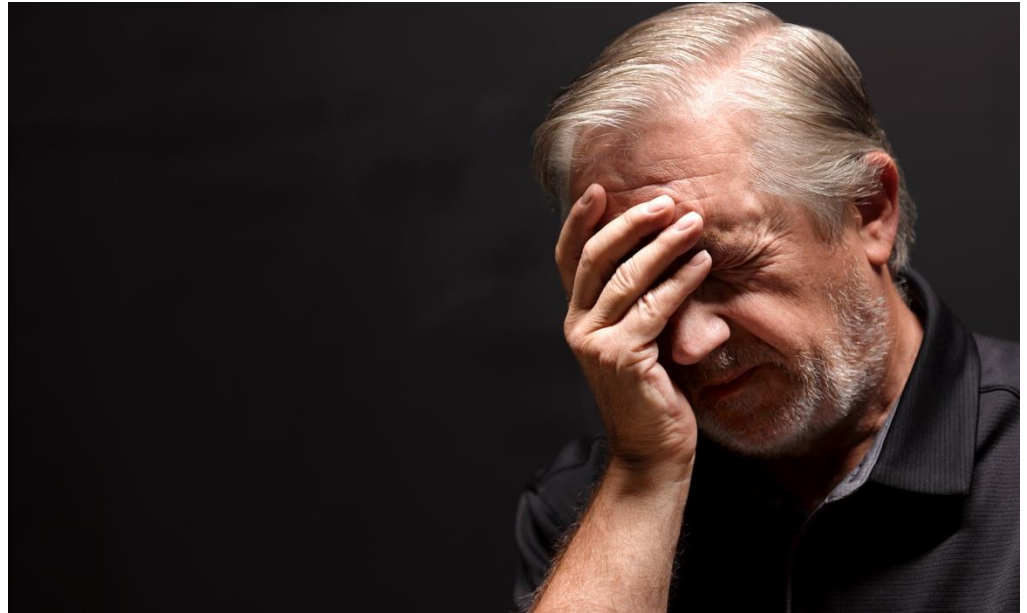
Polypharmacy

Pharmacist-
Led Care



Case: "Equitable Access and Reimbursement for Pharmacy-Based Services" (UWash)

- Pharmacy Deserts
 - Areas with limited access to pharmacies, affecting 15.8 million people in the U.S.
- Impact on Vaccination Rates
 - Lower pharmacy access correlates with reduced shingles vaccination completion rates
- Reimbursement Challenges
 - Despite legal authority, few pharmacy claims are submitted for vaccination services, indicating barriers in implementation



Discussion

- Based on the Case, how do reimbursement policies influence the availability and quality of healthcare services provided by community pharmacies, particularly in underserved areas?
- Compare fee-for-service and value-based reimbursement models. Which model you think best supports community pharmacy goals, like improving patient adherence, managing chronic diseases, and maintaining financial stability? Consider the potential challenges and benefits of each model for both patients and pharmacies. Which model would you advocate for in your own future practice, and why?



Role of Pharmacists in Navigating Reimbursement



ADVOCATING FOR
FAIR
REIMBURSEMENT



EFFECTIVE
COMMUNICATION
WITH PAYERS



EDUCATING
PATIENTS ON
COVERAGE
OPTIONS



TRACKING AND
DOCUMENTING
OUTCOMES



ADAPTING
SERVICES TO MEET
REIMBURSEMENT
POLICIES



Key Takeaways

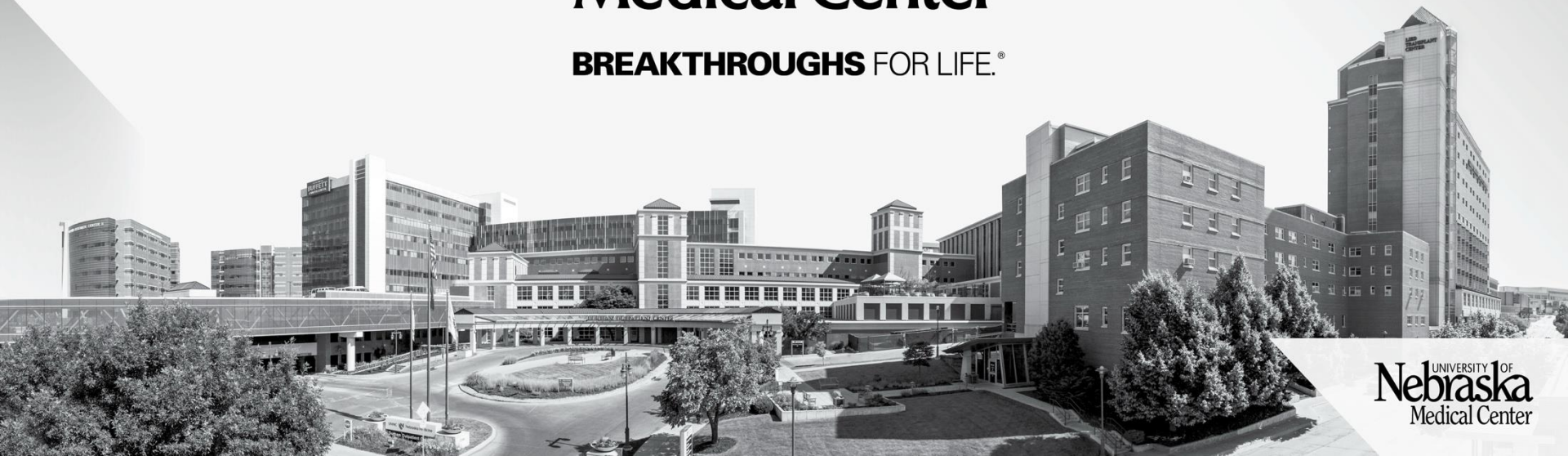
- **Reimbursement Models**
 - FFS vs. VBC models impact pharmacy operations and patient outcomes differently. Recognizing these differences is essential for informed decision-making in practice
- **MTM and Services**
 - MTM services, including CMRs and TMRs, are reimbursable and play a key role in managing chronic diseases and improving adherence
- **Role of Pharmacists**
 - Pharmacists are advocates in the reimbursement landscape, navigating challenges, educating patients on coverage options, and collaborating with payers to optimize patient care
- **Impact on Care and Viability**
 - Knowledge of reimbursement methods supports financial sustainability and ensures patients receive accessible, equitable, quality care





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