

The Transactions You Don't See in Pharmacy Spend for Workers' Compensation

Strategies for In-Network Penetration

These are trying times for many organizations. As companies continue to look for new and innovative ways to reduce costs, they are often unable to see some significant cost drivers. In the workers' compensation arena, pharmaceutical costs continue to rise at an alarming pace. At the same time, there are fewer injured workers and shorter claim times. So, where's the discrepancy and what can be done to reduce pharmaceutical spend among injured workers?

IDENTIFYING THE BLIND SPOTS

Monitoring of the ever-increasing pharmacy spend tends to focus on the holistic, or all-encompassing number—the overall pharmacy spend for any given period. However, the field of vision is fragmented and not always well understood.

For example, Pharmaceutical Benefit Management (PBM) providers generally offer reporting programs that manage what is considered “in-network” spend. However, in many instances the voluminous amount of data detailing specific transactions considered in-network are not fully in-network transactions. In fact, low-end pharmacy programs can reach as little as 30 percent network penetration. Therefore, the data is misleading as it does not fully analyze total pharmaceutical spend and missed cost savings.

Other important sources of data to be considered when reviewing pharmacy costs include bill review organizations. However, these organizations' ability to report detailed pharmacy spend varies as they may only be capturing those elements of detail required to recommend an allowance or denial of payment. Bill review companies are not pharmaceutical experts and may not always flag pharmacy line items from other medical costs, as is often the case with institutional or doctor dispensation of prescriptions in

workers' compensation. Frequently, it is left to the payor to piece together these various reporting elements, which are often misaligned and not well captured in the first place.

To compensate for these blind spots and adopt a more comprehensive approach, organizations should consider migrating to a total network conversion solution. The conversion of out-of-network to in-network transactions results in reliable data, clinical oversight and intervention, and the ability to better manage injured worker care.

OBTAINING THE FULL VIEW

Strategies to drive optimal in-network penetration include well-established relationships with retail networks, pharmacies and clinics; detailed reporting mechanisms; advanced technology and clinical programs, customer service and education; and demonstrated expertise in pharmaceutical utilization, intervention and care management. Key strategies employed by leading providers include:

Direct Contracts: Direct contracts with national retail pharmacy networks drive down costs and achieve maximum network penetration. Network control is proven to achieve between 15-25 percent savings from fee schedule or Usual and Customary (U&C) rates.

To best manage pharmacy spend, companies should work with a provider that not only addresses utilization, but also has innovative programs to handle network conversion.

Partnerships with Retail Pharmacies

and Clinics: Partnerships with major pharmacy chains ensure compliance and in-network penetration. Plus, partnerships with clinics across the country allow for the capture of prescriptions traditionally lost due to the lack of doctor clinics' online adjudication capabilities.

First Fill Programs: These proactive programs help to reduce the incidence of first fill claims "slipping" to third-party billers for reimbursement, including premium charges.

Pharmacy-Centric Bill Review:

Bill review programs identify duplicate bills or alterations, reduce cycle time and provide the ability to identify transactions falling outside of medication formularies. These programs can further drive significant savings from state fee schedules and U&C practices.

Online Conversion: These programs convert out-of-network transactions at the point of sale to in-network electronic transactions.

Mail Order Conversion Programs:

These programs focus retail to mail order conversion efforts on chronically injured claimants to ensure maximum savings and program benefits.

Re-Indexing Claims: These programs are designed to provide the dispensing pharmacy with the proper information to process the next transaction electronically.

Paper Bill Processing: By seeking out paper bills and using conversion programs to steer current or future transactions back into online and in-network opportunities, out-of-network transactions are reined in.

TAKE ACTION

If your organization is not involved or exploring the above programs, it is time to take action. Your PBM can help you proactively address your blind spots and put together innovative strategies to drive in-network penetration.