BY DENISE MYSHKO

# Shifting the Long-Term Care Dynamic

**MEDICARE PART D HAS MADE THE REIMBURSEMENT OF PRESCRIPTION DRUGS MORE COMPLICATED IN THE LONG-TERM CARE SETTING. THIS PRESENTS AN OPPORTUNITY FOR PHARMA COMPANIES AND THEIR REPS TO PROVIDE VALUE TO THIS MARKET.**

Big payer changes have been taking place in the long-term care arena as a result of the introduction of Medicare Part D. Before 2006, the primary payers in long-term care were the state Medicaid plans. Now, multiple payers are covering patients, and insurance companies in particular are taking a lead role through Medicare Part D's prescription drug plans. This is having a significant impact on the market because insurance companies are more sophisticated buyers of drugs.

But the long-term care community is also a highly complex and fragmented one. It has more resource constraints; it has more challenges in terms of the patients and employees; and it has the widest range of care intervention requirements.

The majority of long-term care patients are seniors, and the dynamics in this population are shifting. The senior population — people 65 years old or older — numbered 37.3 million in 2006, according to the Administration on Aging, Department of Health and Human Services. This represents 12.4% of the U.S. population, about one in every eight Americans. By 2030, there will be about 71.5 million older people, more than twice the number in 2000.

Overall demand for long-term care is expected to expand over the next 50 years, as the number of U.S. residents older than age 85 — those most likely to need long-term care — is projected to rise from 5.3 million in 2006 to 20.9 million in 2050, according to Knowledge Source's 2007 Long-Term Care Market Overview.

"One of the things that differentiates long-term care from community-based care is the much larger number of prescriptions that a resident is taking," says Alan Bronfein, senior VP of Remedi SeniorCare (formerly Woodhaven Health Services). "Our patients have a much higher acuity level with several comorbidities than do community-based seniors."

## THE PAYERS

In the long-term care setting, reimbursement for prescription drugs depends on who the payer is at any given time.

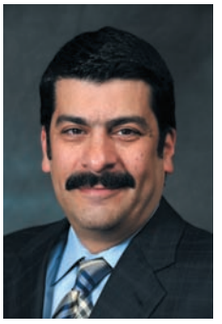
"The reality is that a single resident in a 30-day period can fall into several different classes of payer," Mr. Bronfein says.

The largest group of patients, accounting for more than two-thirds (67%), is nursing home residents who are dually eligible for Medicaid and Medicare, according to a recent report by the Long Term Care Pharmacy Alliance (LTCPA). These dual-eligibles are, under the provisions of the Medicare Modernization Act of 2003 (MMA), randomly assigned to prescription drug plans with premiums at or below the regional benchmark.

The next major payer is Medicare Part A, which is the Medicare reimbursement for an in-patient stay. Part A typically covers a nursing home resident for 100 days a year, during which time the facility does an assessment of that resident to determine what skill level of care is required. This determines the per-day reimbursement rate to the nursing facility through what are called RUGS, resource utilization groupings. This is an all-inclusive rate — room and board, nursing care, all medications, therapy, and anything else that is required during that stay — and experts say this segment represents about 25% of patients.

"When patients are covered by Part A, the flow of reimbursement goes from Medicare to the nursing home; the nursing home takes a piece of the payment and reimburses the pharmacy," says Michael Mahon, CEO of Remedi SeniorCare. "When patients convert to Part D, we no longer bill the facility."

**MICHAEL MAHON**
**REMEDI SENIORCARE**
*As pharma companies evaluate their role in this spectrum of care, their ability to succeed in our sector is going to be directly proportionate to their ability to understand the regulatory requirements.*



**ALAN BRONFEIN**
**REMEDI SENIORCARE**
*Not all pharma companies have a senior care group. The problem is that sales reps know their drugs, but sometimes they don't know our market.*

The impact of Part D has been profound, Mr. Bronfein says.

"The nursing home pharmacy directly bills the Part D plan for those prescriptions," Mr. Bronfein says. "The caveat is that there are prescriptions that, for a variety of reasons, are not covered and then the burden falls on the facility. With the Part D plan, there has been a considerable amount of cost shifting."

## TRENDS IN LONG-TERM CARE

Residents of nursing facilities have, on average, six to 10 active medical problems and take nine or more prescription drugs, according to a survey by the American Medical Directors Association (AMDA).

"In our space, clearly the big demand is for hematopoietic drugs, anemia-type drugs, beta blockers, proton pump inhibitors, statins, and high blood pressure drugs," Mr. Bronfein says.

There is a significant amount of time and resources put toward working with facilities to procure prior authorization to receive reimbursement, Mr. Mahon says.

The use of prior authorization is a significant issue in the long-term care setting, says Ross Martin, M.D., director of health information convergence in the Global Healthcare and Life Sciences practice of BearingPoint.

**10 MOST COMMONLY PRESCRIBED DRUGS IN NURSING HOMES**

| PRODUCT | INDICATION |
|---|---|
| Aricept | Alzheimer's disease |
| Enbrel | Rheumatoid arthritis |
| Forteo | Osteoporosis |
| Lantus | Diabetes |
| Levaquin | Infections |
| Lovenox | Prevention of blood clots |
| Procrit | Erythropoietin stimulation |
| Pulmicort | Obstructive pulmonary disease |
| Zyprexa | Psychosis |
| Zyvox | Resistant infections |

Source: Long Term Care Pharmacy Alliance, Washington, D.C.
For more information, visit ltcpa.org.

**DR. ROSS MARTIN**
**BEARING POINT**
*Prior authorization is not going to go away. We have to transform the process into a decision support function whereby the clinical rules for deciding who gets what drug are not made independently by the payers.*

**AMY SMITH**
**HC&B HEALTHCARE**
*It's important for sales reps have to have a basic understanding of the reimbursement structure within long-term care. But to ensure success, companies should have a core group of people who can engage in this specific selling dialogue.*

"Just like in the retail space, it's important to get prior authorization for approval of a drug if the drug is in a certain category," he says. "The category might be one that is dominated by high-cost drugs or one that is prone to abuse, such as pain medications, or one for which some of the drugs' indications are covered and some are not."

Dr. Martin says prior authorization is a form of decision support that focuses on benefit coverage.

"Long-term care facilities want to make sure that the doctors who are prescribing the medications are checking the boxes, so to speak," he says. "But prior authorization is an administrative burden for physicians. Because of this barrier, physicians will sometimes prescribe a medication that is less than optimal in order to avoid the hassle of prior authorization."

According to the 2006 AMDA survey, almost two-thirds (64%) of physicians indicated that they had trouble obtaining drugs for long-term care patients because of requirements for prior authorization of drugs. The area of dementia poses the largest difficulty in obtaining certain drugs; 28% of physicians reported problems primarily because of requirements for prior authorization. Other drugs that have proven challenging to obtain for nursing facility residents are proton pump inhibitors, which prevent and treat ulcers; pain medications; and erythropoietin, which treats anemia. There have also been reports of difficulty obtaining drugs to treat high cholesterol and high blood pressure, as well as infections.

Dr. Martin says electronic prescribing can be a vehicle for remedying the issues related to prior authorization in the long-term care setting.

"E-prescribing is very much aligned with the flow of long-term care," he says. "In essence in the nursing home, the physician is operating in a hospital setting. There is generally one pharmacy connected to the long-term care facility that provides the stock for that patient population. Those orders are managed at the facility rather than at the physician's office. The process can be more efficient and more fluid, but improvements can't be made without proper information flow enabled by information technology."

Mr. Bronfein agrees that technology can play an important role in simplifying processes. He says Remedi SeniorCare created a product called Automatic Claims Management.

"When we receive an order, we can automatically fill in the authorization form as much as we are allowed to and send it out to the appropriate individuals with instructions," he says

Dr. Martin says because there is a central point of order entry and order processing in the long-term care facility, pharma companies have an opportunity to promote adherence, which can be facilitated by technology solutions.

"Compliance and adherence are incredibly important parts of reducing the total cost of care for the long-term care facility," he says.

## ROLE OF PHARMA

Given the obstacles reimbursement presents, pharma companies could play a role in providing long-term care facilities and the pharmacies with the support they need to manage the system more efficiently, Mr. Mahon says.

"The ability of pharma companies to succeed in our sector is going to be directly proportionate to their ability to understand what the regulatory requirements are, particularly as more and more of the population shifts into these campus-type facilities," he says.

Mr. Mahon agrees that both clinically and economically it would be in the facilities' and the manufacturers' best interest to make the flow as easy and as seamless as possible.

"We're suggesting that pharma companies think through the different reimbursement steps," he says. "Educating long-term care facilities and physicians is probably a more difficult process than in acute care."

Additionally, experts say pharmaceutical companies need to do more to educate their sales reps about the long-term care market.

"Not all the companies have a senior-care group," Mr. Bronfein says. "The problem is that while reps know their drugs, they don't know our market. They need to be better educated about the reimbursement process associated with long-term care facilities."

Being acquainted with and understanding the basics of reimbursement in long-term care are important, agrees Amy Smith, account director at HC&B Healthcare Communications.

"It's important for sales reps to think about who they are selling to; their audiences are not just prescribers and patients, but also influencers such as case managers and consultative pharmacists who are involved in patient clinical planning within these facilities," she says. "Most large pharmaceutical companies train their field reps on the clinical aspects, but it's critical for reps to be capable of having an economic value or reimbursement dialogue with organizations.

"What's important for pharmaceutical reps to remember is to use the selling opportunity to talk about reimbursement-related issues: the financial opportunity as well as the clinical opportunity of the drug," Ms. Smith adds. ✦

PharmaVOICE welcomes comments about this article. E-mail us at feedback@pharmavoice.com.

## Experts on this topic

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