

# Objectives

- **Overview of long-term care pharmacy (LTCP)**
- **Services LTC pharmacies provide to residents of long-term care facilities**
- **Current prescription payment systems for LTCP**
- **History of LTCP's work with Congress and regulatory agencies**

# Objectives

- Implications of the discount card program and transitional assistance for residents of nursing facilities
- Implications under the Medicare prescription drug benefit
- Implications in other long-term care settings including assisted living facilities

**What is long-term care  
pharmacy (LTCP)?**

# Brief History of LTCP

1960s

- **Community pharmacies begin to service seniors who reside in nursing homes**
  - **Pharmacies develop organized distribution systems to aid in medication administration**
  - **“Consultant” pharmacists review medication regimens for appropriateness**
  - **Many pharmacies begin to specialize in providing services to LTC facilities**
- **American Society of Consultant Pharmacists founded in 1969**

# Brief History of LTCP

## 1974

- Federal nursing home standards require Medicare and Medicaid certified nursing homes to provide distribution systems to control acquisition and disposition of medications
- Federal nursing home standards require consultant pharmacists to review medications on a monthly basis

## 1995

- Federal nursing home standards revised and require more aggressive monitoring of appropriate medications by consultant pharmacists

42 CFR §483 *et seq.*

# **Services Provided by LTCPPs to Residents of LTC Facilities**

# **Today's focus Nursing Facilities**

**Services can and should also  
apply to other settings based on  
beneficiary needs**

# **Profile of Typical Nursing Facility Resident**

- **Generally admitted to a facility for multiple chronic disease states requiring around-the-clock nursing care**
- **Usually more frail and older than average Medicare beneficiary**
- **Average age and gender, 83 year old female**

# **Profile of Typical Nursing Facility Resident**

- **Takes 8 -10 medications daily and often takes other medications as needed for pain or other transient symptoms which might arise**
- **Combination of multiple disease states and chronic conditions require vigilant monitoring by pharmacists and medical team**

# Services Provided

- **Medication distribution systems and clinical services tailored to the unique needs of individual LTC facility**
  - **Multiple daily deliveries of medications to facility**
  - **Around-the-clock (stat) delivery of emergency medications**
  - **Consultant pharmacists interventions to optimize medication therapy and reduce medication related problems**

# Services Provided

- Pharmacists available 24 hours a day, 7 days a week providing
  - Emergency medications, and
  - Checking for medication errors
- Special packaging systems
- More organized record-keeping
- Minimize dispensing errors
- Improvement in overall compliance

# Specially Packaged Medications



# Systems to Package Medications in LTCP

- Fully-automated packaging machines meet demands for multiple prescriptions and large LTCFs



# Systems to Package Medications in LTCP

- Partially-automated systems help meet needs for LTCPs servicing smaller LTCF
- Allows pharmacy to package lower quantities of medications



# How do LTCPs contract with nursing facilities?

- LTCPs selected by nursing facilities based on the services necessary for its residents
- Generally nursing facility selects one LTCP based on the needs of the residents
- Multiple pharmacies in nursing facilities would disrupt establish quality procedures established for delivery, administration, and clinical services

# How does this relationship comply with Medicare/Medicaid beneficiaries' freedom of choice?

- Centers for Medicare & Medicaid Services (CMS) supports the use of a single LTCP selected by the nursing facility
  - Federal nursing home standards require facilities to establish a safe medication distribution system
  - Safe medication distribution system means facilities can restrict pharmacies

42 CFR Part 403  
Medicare Program;  
Medicare Drug Card Assistance Initiative  
Final Rule  
September 2, 2003

# LTCP Market Today

- **Approximately 3.5 million of the 40 million Medicare beneficiaries will reside in a LTC facility**
- **Long-term care facilities where Medicare-eligible seniors reside**
  - **Medicaid certified nursing facilities**
  - **Medicare certified skilled nursing facilities**
  - **Assisted living facilities**
  - **Adult board and care homes**
  - **Group homes**
  - **Facilities for the developmentally disabled**

# LTCP Market Today

- **Four publicly-held LTCP-only pharmacies cover 2 million + lives in LTC facilities**
  - Omnicare, NeighborCare, Pharmerica, Kindred
  - Provide medication distribution, dispensing, and consulting services
- **Independent long-term pharmacies cover remainder**
  - 43% of independent community pharmacies provide service to LTC facilities
  - Some provide medication distribution, dispensing, and consulting services
  - Independent consultant pharmacists only provide medication reviews and clinical services

# **Current Payment Systems for LTCP**

# Current Payment Systems for LTCP

- **Medicare Part A post-hospital skilled nursing facility care for up to 100 days**
  - 10-20% of SNF/NF residents at any time
  - Pharmacy included under prospective payment per diem rate
- **Medicaid for patients who have spent down assets and otherwise indigent**
  - 60-70% of residents of nursing facilities
- **Remainder private pay**
  - Some have private prescription plans but most plans do not cover additional services

# **LTC and the Medicare Modernization Act (MMA)**

# Distinction

## “Long-Term Care Facility” & NF

- Medicare Modernization Act (MMA) interchanges terms long-term care facility and NF throughout
- CMS can only regulate Medicare and Medicare skilled nursing facilities and Medicaid NFs
  - These facilities must meet the federal nursing home standards
- LTC settings such as assisted living facilities not required to meet federal standards and cannot be covered

# **A Square Peg in a Round Hole:**

**How Residents of NFs Were  
Folded into Medicare  
Outpatient Drug Benefit?**

# Overview of LTCP's Work with Congress

- Ten years of work by LTCP associations and other organizations
- Issues considered
  - Should residents of LTCFs be “carved-out” of the outpatient Medicare prescription drug benefit?
  - Should residents of LTCFs be designated in a different manner from community-dwelling seniors?
  - Should Medicaid remain the primary payer?

# Congress' Efforts to Consider LTCF Population

- Congress listened to concerns of LTCP but remained divided and perplexed on how to handle the population
- House bill passed in 2003 folded in the “dual-eligible” Medicare/Medicaid beneficiaries into the Medicare outpatient prescription drug benefit program
- Senate bill passed on 2003 carved out dual-eligible beneficiaries of the Medicare program and Medicaid remained primary payer

# Implications of House Bill for Residents of NFs

- Beginning in 2006, Medicaid beneficiaries lose prescription drug coverage unless they enroll in a Medicare Advantage program or a stand-alone prescription drug program
- Managed care has not proven to be efficient or effective in NFs
- LTCPs established processes and procedures to work with state Medicaid agencies to improve efficiencies
- Folding dual-eligible NF beneficiaries may prove disastrous to quality-of-care and cost

# Implications of Senate Bill for Residents of NFs

- **Dual-eligible beneficiaries remain under the Medicaid program**
- **Advantage of having established systems and processes by LTCFs**
- **Complicated billing and claims for LTCFs administered by one state entity rather than multiple plans**
- **More assurances of access to needed and appropriate medications because of less-restrictive formularies**

# **Final MMA Compromise Folds in Dual-Eligibles to Medicare Program**

## **Implications to Residents of LTCFs**

# Effect of MMA

- Medicare Part A post-hospital benefit remains the same
- Medicaid residents of nursing facilities and other long-term care settings eligible for prescription drug coverage Medicare prescription benefit
- Medicaid benefit remains unchanged during implementation of discount card 2004-2005

# Effect of MMA

- Private pay residents eligible for Medicare prescription benefit
- Nursing facilities not required to accept discount card during 2004-2005
- Low-income residents of nursing facilities whose income falls below 135% of federal poverty level but do not qualify for Medicaid eligible for \$600 transitional assistance

# **Medicare-Endorsed Discount Cards and LTC**

# Discount Cards and LTC

- Residents of nursing facilities exempt from the provisions of the “regular” discount card program
  - CMS required to provide transitional assistance to NF residents
- Inclusion would disrupt established processes and procedures developed by the LTCP and facility
- CMS found that administration and implementation difficult

# Discount Cards and LTC

- **What about assisted living facilities (ALF) and LTC other settings?**
- **Typical resident of ALF similar to NF residents and require similar pharmacy care and services**
  - **Many ALFs designate a single pharmacy to provide services in the same manner as NFs**
  - **Pharmacies serving ALFs provide similar services as in NFs**
- **These settings not explicitly exempt from discount card rule and residents may choose to use discount card in ALF**
- **How will this impact pharmacy services in ALFs?**

# Discount Cards and LTC

- **Community-dwelling Medicare beneficiaries who enroll in the discount card program may change or drop coverage upon admission to a nursing facility**
- **One of the limited exceptions to change coverage outside of open-enrollment period**

# **Transitional Assistance & LTC**

# Transitional Assistance (TA) & LTC

**“The Secretary shall establish procedures and may waive requirements of this section as necessary to negotiate arrangements with sponsors... with pharmacies that support long-term care facilities...to ensure access...for transitional assistance eligible individuals who reside in long-term care facilities.”**

**MMA §1860-D31(5)(A)**

# How will TA be provided to residents of NFs?

- CMS will grant “special endorsements” to certain card sponsor applicants
- Special endorsements given to those sponsors with a proven ability to provide for the special needs of residents of NFs
- Card sponsors that apply for the discount card program submit a supplement to the general application

# Special Endorsement Application Process

- **Card sponsors meet all requirements for general endorsement AND:**
  - **Submit a plan and background information regarding experience in LTC pharmacy**
  - **Agree to contract with any willing long-term care pharmacy**
  - **Agrees to process claims from in-network and out-of-network long-term care pharmacies**
  - **Agree to meet standards for claims processing and billing**

# Special Endorsement Application Process

- CMS might consider appropriately qualified applicants that choose only a special endorsement
- CMS will select at least two card sponsors to provide special endorsements
- Number of card sponsors selected will depend on the quality of applications received

# Exceptions from General Discount Card Provisions for LTC Special Endorsement

- Need not meet requirements for passing on discounts, including rebate reporting
- Need not establish or follow a formulary as it pertains to other card sponsors
- Residents exempt from co-pay provisions applicable to others receiving transitional assistance

# Implications of LTC TA Special Endorsement

- **LTCs not likely to process many claims for TA because**
  - **Residents of NFs have typically spent down assets and qualify for Medicaid upon admission**
  - **Residents who qualify for special assistance likely to have spent \$600 before admission**
  - **Residents likely to use up funds quickly in a NF**
- **BUT, experience with TA in NFs provides potential basis for inclusion or exclusion under full Medicare benefit**

**Discussion of current  
status of applications  
for LTC Special  
Endorsement**

# **Medicare Outpatient Prescription Drug Benefit and LTC**

# **No Congressional Guidance on How to Implement Medicare Program for Residents of LTCFs**

- **Requires studies to examine the impact of the Medicare prescription drug benefit for residents of LTCFs**
  - **Assessment of the need for additional payment and services for residents of LTCFs-- due 12/04**
  - **Assessment of whether “special populations”, including residents of LTCFs should be excluded or receive other special consideration under the Medicare program-- due mid-2005**

**Success or failure of  
transitional assistance  
special endorsement critical  
to status under drug benefit**

# Medication Therapy Management Services (MTMS)

- MMA requires MTMS to improve medication therapy outcomes by proper management of medications
- Pharmacists have a role in developing MTMS programs and may participate

# Medication Therapy Management Services (MTMS)

- Programs targeted to beneficiaries who take multiple medications for chronic illnesses such as diabetes or hypertension
- Services may include provision of special packaging
- Plan sponsors may distinguish between ambulatory services and “institutional” settings

# **Role of MTMS for Residents of LTCFs**

- **These residents represent the most frail of the senior population and require careful monitoring of medication therapy**
- **Consultant pharmacists and LTCPs already provide services and interventions to ensure responsible medication therapy management**
- **MTMS programs that pay pharmacists for the clinical interventions they perform have a positive impact on health outcomes and costs**

# **Ohio LTC Management Incentive Program (LTC-MIP)**

**Improving Medication Therapy in  
NFs and Achieving Cost Savings**

# Overview of LTC-MIP

- In 2002, Ohio Medicaid faced a budget deficit
- Medicaid sought to implement Medicaid pharmacy reimbursement reductions
- SCPA developed a **CMS approved** program designed to save the state money and ensure appropriate medication utilization

# Key Components of LTC-MIP

- Individualized medication therapy regimen assessment by consultant pharmacists
  - Federal nursing home standards require monthly review
  - Consultant pharmacists perform intensive review of medication orders in the pharmacy and in the nursing facility
  - Consultant pharmacists recommend appropriate medications for the individual patient
- Return, credit, and reuse of medications when deemed appropriate by a pharmacist
  - Certain unit-dose and blister packed medications are appropriate for return because integrity remains intact

# Ohio Medicaid Long Term Care Management Incentive Program (LTC-MIP)

## **CMS-Approved**

### Specialized Long Term Care Pharmacies lower costs

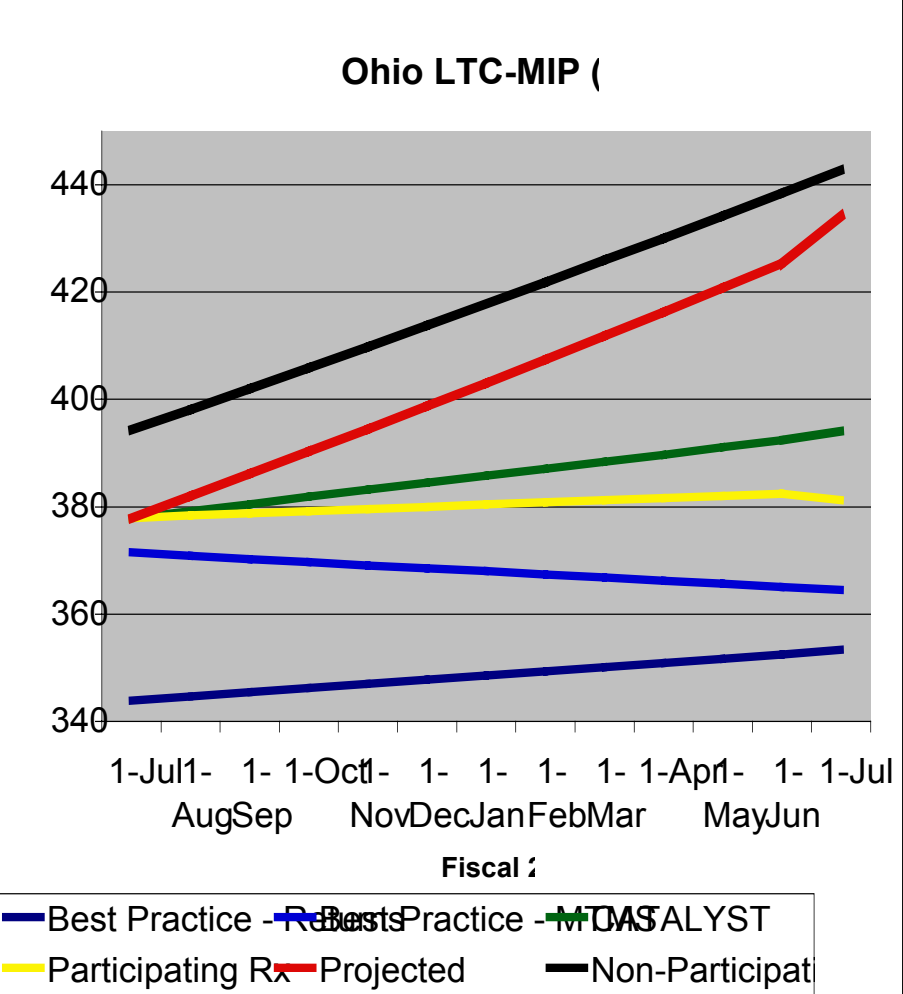
*Medication Therapy Management Services* result in reduced utilization of unnecessary medications and efficient use of needed medications – the result is lower costs.

*Unit Dose Packaging* results in better compliance and safety – reducing harmful medication errors AND it allows for pharmacies to accept returned unused medications for re-use saving the system millions.

*Access to Services* – Long Term Care Pharmacies have pharmacists available 24 hours a day, 7 days a week and provide emergency service for nursing facilities including daily and emergency delivery.

# Ohio Medicaid Long Term Care Management Incentive Program (LTC-MIP) **CMS-Approved**

**\*\*\* Participating and Best Practice Pharmacies return medications and provide Medication Therapy Management Services to drive costs down for the State – saving >\$60 per patient per month.**



# **Key to Achieving Similar Results under Federal Drug Benefit Programs**

- **Promote use of open networks for LTC pharmacies**
- **Ensure payment for the most appropriate pharmaceutical product based on an individual senior's need**
- **Establish appropriate payment for crediting of returned, unused pharmaceuticals**
- **Develop payment systems for consultant pharmacist's clinical interventions**

# Ensuring Provision of Clinical and Packaging Services for All Medicare Beneficiaries

- ALF residents today are often as frail as NF residents
- As health care procedures evolve and improve, many Medicare beneficiaries will remain at home for a longer period of time
- Medicare and other payers must begin to recognize that pharmacist and pharmacy services must be provided based on the health status of the patient, not the place of residence

# **What's Next & What Does the Future Hold?**

# Thank you!

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