

Vaccine Shift From Part B to D Results in Variety of Approaches

The “buy-and-bill” method by which physicians purchase drugs themselves and are reimbursed for them took another blow earlier this year. On Jan. 1, CMS shifted coverage and administration of the majority of vaccines from Medicare Part B to Part D. The move, contend industry experts, caught many physicians off guard and sent Part D plan sponsors scrambling for a way to have these vaccine claims adjudicated. And the burden has shifted in some instances to beneficiaries, who are paying out-of-pocket for vaccines and submitting claims themselves to their Part D plans.

All Part D formularies for contract year 2008 and later must contain all commercially available vaccines, unless they are available for reimbursement under Medicare Part B. Now, only a few vaccines fall under Medicare Part B, while the majority are covered under Part D.

Prior to the shift, physicians had these vaccines in their offices and would bill for them under Part B. But since physicians do not bill under Part D, the recent move caused some problems.

Judi A. Grupp, president and CEO of ActiveCare Network LLC, a company that aims to improve access to affordable chronic biological services (*SPN 5/07, p. 1*), tells *SPN* that most physician practice management sys-

tems do not accommodate Part D billing, and most physicians are not able to administer these vaccines in their offices. Physicians can no longer bill for vaccines unless they have specialized systems. And doctors are willing to take an additional adjudication system only if they know they will get use out of it, she contends.

“Without access to a pharmacy billing system, physicians cannot validate benefit coverage, determine patient out-of-pocket responsibilities or electronically submit claims for reimbursement,” thus forcing beneficiaries to pay for their vaccinations in advance and then submit a claim for reimbursement, she says.

Moving the vaccine coverage to Part D “didn’t fit very well with the way the industry adjudicates claims,” agrees Britt Pim, senior director of Medicare product management for Express Scripts, Inc. This shift prompted PBMs and drugstores, working through industry associations, to come together and discuss how they were going to address the situation, he says.

Change Was Surprise to Many Physicians

Compounding the problem was the fact that few physicians knew of the impending shift.

This change “probably could have been communicated to [physicians] more effectively,” says Pim. Feedback from some of Express Scripts’ health plans and from some of the PBM’s employees themselves was that as of late last year and early this year, the shift “was a surprise” to many physicians.

When it made the change, CMS offered sponsors multiple options to provide adequate vaccine access to beneficiaries. Grupp recommends a “turnkey solution” that would simplify the vaccination process for physicians. Under this solution, physicians unable to provide vaccines in their offices could fax prescriptions to a “national vaccination network” consisting of clinics that will administer the vaccine, validate beneficiary coverage, determine a beneficiary’s out-of-pocket responsibilities and electronically submit claims to Part D plans for reimbursements.

ActiveCare Network teams with NuFactor Specialty Pharmacy to provide its turnkey product, VaxAmerica, to Part D plans. These Part D plans do not have to contract with the individual clinics in the network, just with VaxAmerica.

Other organizations also are offering vaccine-related systems. For example, Merck & Co, Inc. has developed a Web-based product that processes in-office Part D vaccines electronically. It provides patient-specific vaccine coverage information and allows for online claims processing. However, it allows only Part D plans already participating in Merck’s eDispensing network to participate. Express Scripts, says Pim, has contracted with pharmacies to make these vaccinations available to beneficiaries. It is then

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the pharmacies' responsibility to make sure that there is someone available to provide the vaccine. Some plans are informing beneficiaries where they can get vaccines and helping physicians adjudicate claims.

Contact Grupp through Chempetitive Group at (312) 997-2436 and Pim through Steve Littlejohn at (314) 996-0981. ✧

Express Scripts Exits Infusion Again

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Express Scripts tells *SPN* that it has no comment on the deals beyond the press releases it has issued on them. A Walgreens spokesperson tells *SPN* that the company was focused on its recently made quarterly earnings announcement and was not able to respond to questions on the acquisition by *SPN* press time.

Been There, Done That

In selling its infusion pharmacy, Express Scripts "has been down this path before," notes Dexter Braff, president of The Braff Group, a health care mergers and acquisitions company. In 2001, the PBM sold Express Scripts Infusion Services to OptionCare, discontinuing its acute home infusion business.

Then in early 2004, Express Scripts acquired CuraScript (*SPN* 3/04, p. 5). That same year, Priority Healthcare Corp. acquired Integrity Healthcare Services (*SPN* 7/04, p. 1). And in 2005, Express Scripts purchased Priority and combined it with the CuraScript business (*SPN* 8/05, p. 1). Headquartered in Louisville, KY, with 12 infusion pharmacies across six states, Integrity became CuraScript Infusion Pharmacy after the Priority deal, bringing another infusion unit to Express Scripts.

That Express Scripts sold its infusion division, which had revenues of \$104.2 million in 2007, was certainly no surprise. After determining that "the infusion business was not a strategic fit with our core PBM and specialty pharmacy operations," according to President, CEO and Chairman George Paz, the PBM classified that business as a discontinued operation during the fourth quarter of 2007. In its Form 10-Q filed with the Securities and Exchange Commission (SEC) for first-quarter 2008, the company reported a net loss of \$1.1 million for the division.

"While we are not insiders to the transaction, it is our understanding that the company was experiencing some financial challenges, which would be consistent with the notion that they designated it as a discontinued operation earlier this year," says Braff. At the end of the day, he says, the firm "has played in the infusion therapy arena

before. They didn't like it before, and they don't like it now."

Braff points to an industry continuum by which PBMs can move into the specialty pharmacy arena, and then from there can move into the home infusion arena. But they can't move from being a PBM to being a home infusion pharmacy. "We've seen providers successfully move one degree of separation," he says, as in when Express Scripts moved into specialty pharmacy or when a specialty pharmacy provider expands into home infusion. But "there are two degrees of separation" between PBMs and home infusion companies, he says. So while such a move "is not impossible, it is not an area where people find a great deal of success," he says.

Express Scripts "is clearly bucking the tide in their decision to divest their remaining infusion locations around the country," says Bill Sullivan, founder and principal consultant with Specialty Pharmacy Solutions LLC. "They must see something that the rest of the specialty pharmacy market doesn't."

Still, he tells *SPN*, "unlike Walgreens, which has been strategically building a specialty infusion core for more than four years, Express Scripts appears ready to run with a classic specialty pharmacy model — *sans* infusion."

The PBM is "extraordinarily efficient in distributing specialty drugs with its big call centers," says Braff. Home infusion care is "not their business. They are much more transactional, process people, not clinical caregivers." High-touch care is "inefficient for them," he says. "It involves things that don't come easy. But this is also the reason why people are interested in infusion therapy. There are real margins here, but you need a human component, a high-touch approach." And according to data from consulting firm BioMedical Insights, Inc., of the 101 unique biopharmaceuticals in late-stage development in the U.S., about 70% will require administration by a health care provider.

"Express Scripts is unique and can run a sustainable specialty pharmacy-only model for a couple of important reasons," maintains Sullivan. "First, the CuraScript specialty pharmacy hopper is replenished regularly due to the millions of lives that the PBM generates, and second, they continue to win limited-distribution deals for big-ticket specialty drugs. [This is] a smart way to control both supply and demand."

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