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Safety Net Provider Leverages 340B Program for Healthier Patients and Revenues

By Peter Bancroft and Andrea Marcotte

The 340B program accounts for 20 percent of WellOne's operating revenues.

When managed effectively, the 340B Drug Pricing Program provides qualified covered entities with access to significantly discounted prices for outpatient drugs, allowing them to stretch their pharmacy budgets as far as possible. The 340B program requires drug manufacturers to provide outpatient drugs to eligible healthcare organizations at significantly reduced prices.

WellOne Primary Medical and Dental Care, a federally qualified health center (FQHC) in Pascoag, R.I., first entered the 340B program in 2007 through a

collaborative relationship with another health center using a telepharmacy model, in which a remote pharmacist dispensed medications out of a machine at WellOne. In 2007, the clinic decided to move the program to a single local community pharmacy that was later acquired by a major pharmacy retail chain. Today, WellOne contracts with 10 stores affiliated with the retail chain in the three geographic locations it serves. The clinic also has contracted with two additional retail chains and added six pharmacy locations to its 340B program. Nearly 60 percent of prescriptions written by

WellOne providers flow through its 340B program.

Today, the 340B program represents a significant portion of WellOne's financial support, accounting for an estimated 20 percent of its operating revenues.

Determine Patient Eligibility

In general, WellOne defines a 340B-eligible patient as one who has visited his or her primary care provider at the health center during the past 12 months. There are no income restrictions.

However, determining which prescriptions are eligible for 340B replenishment pricing can be a challenge—especially as patients migrate between various health

coverage options. A single prescription may not be claimed under both Medicaid and 340B, as the manufacturer cannot be expected to provide discounted 340B pricing *and* a Medicaid rebate.

WellOne has witnessed a decline in the number of uninsured patients it sees, many of whom now have Medicaid due to Rhode Island's expansion under the Affordable Care Act (ACA). Medicaid patients comprise 35 percent of the caseload; 10 percent are uninsured; and the remaining 55 percent have private insurance or Medicare.

To ensure accurate eligibility determinations, WellOne continuously updates information provided to its 340B vendor to reflect current insurance and Medicaid information, and details of each patient encounter. This eligibility information determines which patients' prescriptions may be replenished at 340B pricing and which patients are eligible to receive prescription assistance based on financial need. Eligibility data are automatically transmitted to the 340B management software vendor nightly—or WellOne can add manual entries that are reflected in real time. The process is monitored by an IT consultant directed by WellOne's chief medical officer and COO.

In addition to performing eligibility checks, the 340B software tracks and allocates 340B virtual inventory; manages financial reconciliation with the pharmacies; and creates an audit trail linking each pill to the purchase, provider, and patient.

Provide Prescription Assistance

Like many FQHCs, WellOne has chosen to incorporate a pharmacy discount card program into its 340B program to help eliminate financial barriers to care.

Uninsured patients receive a pharmacy discount card and welcome packet during a brief WellOne 340B patient orientation and are enrolled in the program—often, moments after being seen by a provider. When the patient presents this card at a contracted pharmacy, the prescription is adjudicated through WellOne's 340B program to determine the price to charge the patient. The pharmacy receives a dispensing fee as payment, as well as the replacement drug from WellOne. The dispensation is accounted for in WellOne's 340B virtual inventory and replenished at 340B pricing, at WellOne's expense, as soon as the drug's full package size has been reached. The uninsured patient's cost for the medication is equal to WellOne's discounted acquisition price plus the pharmacy's dispensing fee.

It is important to note that there are instances when it may be cheaper for an uninsured patient to fill a prescription without using WellOne's pharmacy discount card. This typically happens when a generic drug is available at a low cost. In these situations, if the pharmacy can dispense the drug for a lower standard cost outside of the card program, it does.

Put a Program in Action

Although all WellOne patients are eligible for the 340B program, not all patients will meet the financial requirements to qualify for WellOne's pharmacy discount card program.

In these cases, the patient (or his or her third-party insurer) pays a standard price for the prescription, and the pharmacy pays WellOne the prescription price collected. WellOne purchases a replacement drug at 340B pricing to replenish the drug into the pharmacy's inventory, thereby capturing as margin the difference between the 340B and retail price—typically a 20 to 50 percent savings.

Per the 340B program's original intent, WellOne uses this additional margin to stretch scarce resources to reach more patients and provide more comprehensive services. Specifically, the revenue provides support to perform quality measuring and reporting, subsidize the cost of care, offer a sliding fee scale for services, hire support positions such as case managers and family resource counselors, and render other services that sustain its ongoing mission.

Support Specialist Relationships

Correct documentation of specialist referrals is another component of effective 340B program compliance. WellOne's patients are geographically widespread, and many patients see specialists based on word-of-mouth referrals, rather than a referral from a WellOne physician. These patients are not eligible for the 340B program because they were not referred by a WellOne clinician.

However, if a WellOne clinician refers the patient to a specialist for consultation, then the 340B program permits the capture of eligible prescriptions written by specialists. It should be noted that the 340B program criteria for defining these circumstances are vague.

Thus, WellOne developed its own internal guidelines. Prescriptions written by specialists are eligible if they adhere to the following criteria:

- >The patient's health record includes evidence of a referral.
- >The primary care provider at WellOne receives a summary report of the specialist encounter, including diagnoses, tests ordered, treatment recommendations, and medications prescribed.
- >The patient remains an active patient of WellOne.
- >The patient's medication list includes the drug prescribed by the specialist.

Ensuring compliance requires ongoing communication with specialists. WellOne vets specialists before choosing to work with them as part of the 340B program. Specialists should be willing to communicate medication changes and provide follow-up information.

Navigate Medicaid Requirements

Historically, Medicaid prescriptions have been excluded from the 340B program because drug companies cannot be obligated to provide Medicaid rebates as well as discounted 340B pricing. However, when the ACA took effect, many newly eligible Medicaid patients became enrolled in Medicaid managed care plans. Providers in the 340B program may leverage 340B pricing for eligible patients if they can provide information to the state Medicaid agency stating they are doing so. When the state agency receives this information, it is prohibited from claiming those same rebates.

To ensure compliance and safeguard against “double-dipping,” WellOne submits 2,000-3,000 claim files to the state

Medicaid agency on a monthly basis. These files include all Medicaid managed care prescriptions filled through the 340B program. This process requires significant oversight, monitoring, and technology integration.

Reap the Benefits

Patient outcomes improve when drugs are more accessible and affordable through 340B—and cost becomes less of a barrier to medication adherence.

WellOne’s rates of control for various chronic disease measures are at, or exceed, national and state benchmarks. Since enrolling in the 340B program, its quality measures have improved. WellOne’s clinical quality outcome measures, as defined by the Health Resources and Services Administration and the Bureau of Primary Health Care, were in the top quartile of FQHCs for 2013. They also have seen improvements for specific patient populations. During 2014, 82.9 percent of WellOne patients with a diagnosis of hypertension had their hypertension under control.

Hospital readmissions also have decreased. For 2014, the emergency department utilization rate for WellOne patients insured by Neighborhood Health Plan of Rhode Island was 14 percent lower than the rate for FQHCs statewide and 7 percent lower than the rate for all medical practices statewide.

The prescription assistance program also helps self-pay patients reduce their costs. Self-pay patients using the WellOne 340B program prescription assistance card realized savings of more than \$100,000 annually for the past three years.

The 340B program has been a valuable initiative for WellOne as it faces pressure to find innovative ways to deliver cost-effective care. ☞

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