Health Plans For Specialty Services

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Agenda

- **Objectives**
- **Topics**
- **Concepts**

Objectives

- **After completing this module, you will be able to :**
  - **Explain how a health plan might carve out the delivery of specialty services.**
  - **Define specialty *HMOs.***
  - **Describe three types of managed dental plans.**
  - **Describe the four basic strategies that managed behavioral health organizations (MBHOs) use to manage the delivery of behavioral healthcare services.**
  - **List four activities that a typical pharmacy benefit management (PBM) plan uses to manage pharmaceutical utilization.**

Topics

E	Health Plans For Specialty Services
1	Carving out delivery of specialty services by Health Plan
2	Specialty HMOs & Types of Managed Dental Plans
3	Four Basic Strategies of MBHO
4	Directing Patients to Appropriate Care
5	PBMs – Pharmacy Benefit Management Plan

Carving out delivery of specialty services by Health Plan

- **Comprehensive carve-out arrangement – In this, health plan transfers to the carve-out organization the authority to conduct all the activities necessary to deliver and manage the specialty service.**
- **This activities may include - network management, quality management, utilization review, case management, and claims administration.**
- **Partial carve-out arrangement - In this, a health plan retains the management of selected activities.**
- **Health plans often carve out specialty services that have one or more of the following characteristics:**
- **• An easily defined benefit • A defined patient population**
- **• High or rising costs • Inappropriate utilization**

Specialty HMOs & Types of Managed Dental Plans

- ***Specialty HMO*** **- *It is an organization that* uses an HMO model to provide healthcare services to a subset or single specialty of medical care.**

- **Typical specialty HMOs include –**
  - **Dental HMOs**
  - **Vision HMOs**
  - **Behavioral health HMOs**

- **Three Types of Managed Dental Plans –**
  1. **Dental HMO (DHMO)**
  2. **Dental PPO (DPPO)**
  3. **Dental POS (DPOS)**

Four Basic Strategies of MBHO

- **MBHO – Managed Behavioral Health Organization –**
- **Four Basic Strategies of MBHO to manage behavioral health services –**
  1. **Alternative Treatment Levels**
  2. **Alternative Treatment Settings**
  3. **Alternative Treatment Methods**
  4. **Crisis Intervention**
- **Alternative Treatment Levels –**

  Varied needs of patients – accordingly benefit packages –

  Levels of Care typically includes –

  acute care, post-acute care, partial hospitalization, intensive outpatient care, and outpatient care.

Four Basic Strategies of MBHO - Continue

- **Alternative Treatment Settings -**

- **These type of patients do not require round-the-clock nursing care and supervision.**

- **Variety of settings-**

  Examples –

  Acute care – psychiatric hospitals, psychiatric units in general hospitals, or hospital observation units.

  Post-acute Care - subacute care facilities or SNFs (skilled nursing facilities)

  Partial hospitalization programs - psychiatric hospitals, rehabilitation hospitals, or halfway houses.

Four Basic Strategies of MBHO - Continue

- **Alternative Treatment Methods – involve a wide range of treatment approaches and are delivered by a wide variety of healthcare professionals. E.g. drug therapy, psychotherapy, and counseling.**
- **Crisis Intervention - intensive treatment of acute episodes of a behavioral health disorder. The purpose of intervention during crises is to keep the patients safe and to stabilize them so that they can begin psychotherapy or other treatment.**
- **Psychotherapy refers to the use of verbal and nonverbal communications techniques to treat behavioral disorders to improve coping patterns, relieve emotional disturbance, and encourage personality growth.**
- **Counseling , refers to guidance, advice, and encouragement given to individuals with personal or social problems through information exchange with behavioral healthcare professionals.**

Directing Patients to Appropriate Care

- **Three common means of performing assessment and referral functions –**

  1. PCP as Gatekeeper – using Clinical Practice Guidelines

  2. Centralized Referral System – using telephone referral line by case managers

  3. Employee Assistance Programs – through EAP professionals

  Assessing patient's behavioral healthcare needs and providing quality services to meet those needs are important aspects of managed behavioral care. Developing mechanisms to direct individuals to the most appropriate services and treatment options in order to manage costs and utilization is also important.

PBMs – Pharmacy Benefit Management Plan

- **PBM Plan - A type of specialty service organization that seeks to contain the costs of prescription drugs or pharmaceuticals while promoting more efficient and safer drug use. Also known as a *prescription benefit management plan*.**
- **Increased medicine costs prompted to focus on proper pharmaceutical utilization and quality.**
- **It is estimated that at least 25% of hospital admissions for people over age 65 are due to inappropriate use of prescription drugs or inappropriate drug therapy.**
- **Inappropriate drug therapy is often attributed to the use of multiple providers who are unaware of the drug therapies their colleagues have prescribed for the same patient. In response to the need for management of such situations, pharmacy benefit management plans emerged.**

PBMs – Continue

- **Four activities that a typical PBM uses to manage Pharmaceutical Utilization –**

  1. *Physician Profiling* **2. *Drug utilization review (DUR)***

  3. Formulary Management 4. Prior Authorization (Medical Necessity Review)

- ***Physician Profiling* - involves compiling data on physician prescribing patterns and comparing physicians actual prescribing patterns to expected patterns within select drug categories. Peer comparison is typically specialty-specific and regionalized.**
- **The PBM then targets aberrant prescribers for educational intervention. During prescriber education, the PBM reviews with physicians the appropriateness and cost of their prescribing patterns. These educational sessions typically occur through mailings, telephone calls, and face-to-face visits.**

PBMs – Continue

- ***Drug utilization review (DUR)*** **– is a review program that evaluates whether drugs are being used safely, effectively, and appropriately.**
- **It supports patient safety by identifying potential and actual problems related to the ordering, dispensing, administration, and use of drugs.**
- **Drug utilization review programs identify problems with:**
  - **Inappropriate dosage**
  - **Overuse identified from early refills**
  - **Underuse identified through late refills**
  - **Length of time the medication is take**
  - **Duplication**
  - **Side-effects**
  - **Drug interactions**

PBMs – Continue

- **Patient-specific DUR is typically used to identify the following potential problems:**

  - **Drug/disease conflicts**
  - **Drug-drug interactions**
  - **Chronic overutilization**
  - **Underutilization (noncompliance)**
  - **Drug/sex and drug/age conflicts**
  - **Drug/pregnancy contraindications**

PBMs – Continue

- ***Formulary Management*** **- A *formulary is a listing of drugs, classified by therapeutic category or* disease class, that are considered preferred therapy for a given managed population and that are to be used by a health plan's providers in prescribing medications . The formulary is usually developed by an independent panel comprised of physicians, pharmacists, and other clinical experts.**
  - **Closed formulary - The provision that only those drugs on a preferred list will be covered by a PBM or health plan.**
  - **Open formulary - The provision that drugs on the preferred list and those not on the preferred list will both be covered by a PBM or health plan.**

PBMs – Continue

- **Therapeutic substitution - The dispensing of a different chemical entity within the same drug class of a drug listed on a pharmacy benefit management plan's formulary. Therapeutic substitution always requires physician approval.**

- **Generic substitution is the dispensing of a generic equivalent; *Generic substitution can be performed without physician approval in most cases.***

- **A *rebate is a reduction in the price of a particular* pharmaceutical obtained from the pharmaceutical manufacturer. Most PBMs enter into discount rebate agreements with pharmaceutical manufacturers that allow the PBM to receive a rebate on the price of a drug, and the manufacturer to receive fewer restrictions on getting their drug into the PBM's formulary than those without such an agreement.**

PBMs – Continue

- ***Prior authorization*** **- *sometimes known as a medical-necessity review, is a program that* requires physicians to obtain certification of medical necessity prior to drug dispensing.**
- **Additional Services Offered by PBMs –**
- **1. *Mail-order pharmacy programs* -offer drugs ordered and delivered through the mail to plan members at a reduced cost.**
- **2. *Pharmaceutical cards, also known as drug cards or* prescription cards, are identification cards issued by the PBM to plan members.**
- **A *two-tier copayment structure* one copayment amount for a generic drug and a higher copayment amount for a brand name drug. A *three-tier copayment structure* *one* copayment amount for a generic drug, a higher copayment amount for a brand-name drug included on the health plan's formulary, and an even higher copayment amount for a non-formulary drug.**

PBMs – Continue

- **Reimbursement methods for Pharmacy Claims-**
- **FFS -Under fee-for-service arrangements, the PBM creates a retail pharmacy network that offers discounts on prescription drugs and can perform online claims adjudication. The PBM receives a claims administration fee for each prescription it fills.**

- **Risk Sharing - Under a risk-sharing contract, the PBM and employer agree on a target cost per employee per month. If the actual cost per employee per month is greater than the target cost, then the PBM will share in the overrun. Similarly, if the cost per employee per month is less than the target, the PBM shares in the savings.**

PBMs – Continue

- **The PBM establishes the target cost per employee per month based on a combination of price discounts (i.e., percent reduction in average wholesale price (AWP)), rebates for formulary products, and savings from clinical services. The target cost per employee per month may be disease-specific or related to therapeutic drug class.**

- **Capitation Contracts - Under a capitation contract, the PBM agrees to provide all pharmaceutical care for a fixed dollar amount per employee per month.**

Questions?

Thank You!