A publication of the California Pharmacists Association

californiapharmacistsassociation Academy of Managed Care

NEWSLETTER

September 14, 2012

Mission Statement

The mission of the Academy of Managed Care is to promote managed care principles that help to foster pharmacist involvement as a critical component of health care policy decision-making and implementation.

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Upcoming Events & CE

CPhA Calendar of Events

AMCP's 2012 Educational Conference October 3-5, 2012
Duke Energy Convention Center
Cincinnati, OH

Local Association

Dear AMC Members,

With the end of summer comes the beginning of another academic school year. I want to welcome and congratulate all of the new PharmD students that will be starting classes at each of the schools of pharmacy across California. I hope that each of you will find the California Pharmacists Association a valuable resource as your start your pharmacy career.

One of the Academy of Managed Care's goals has been to reach out to our pharmacy students and to get them more involved. As many students and recent graduates look for alternative career paths or just to understand managed care, we hope that our Academy can provide the tools they need. One of the ways to continue to stay informed is by joining the California Pharmacists Association LinkedIn group and then also joining the Academy of Managed Care subgroup. This subgroup is currently in development as we encourage members to join and share managed care information. The goal of the subgroup is to create a sense of community among California managed care pharmacists to generate discussion around managed care topics, address managed care issues, and showcase various managed care projects.

The AMC Board and I hope that you will get involved with the CPhA Academy of Managed Care and we welcome any feedback or questions from all CPhA members and prospective members.

AMCP California Reception
We will be hosting a meeting at the upcoming Academy of Managed Care Pharmacy Educational Meeting at the Duke Energer Convention Center (Room 250) and hope that you will join us there if you are attending the meeting. Register now.

Vinson C. Lee, PharmD, MS
Chair, Academy of Managed Care

U.S. Healthcare Reform: Summary of Key Points

By Brian Chou, PharmD Candidate 2014, Chrissie Chew, PharmD Candidate 2013 and Craig Stern, PharmD, MBA

The US healthcare system has been continually criticized for its

Events Calendar

Important Links

Academy of Managed Care Pharmacy

CPhA Legislative Bill Tracking

FDA Recalls

California State Board of Pharmacy

Board of Pharmacy Law Book

many shortcomings: unaffordable health insurance, skyrocketing healthcare costs, and a system that is riddled with holes, such as denials for pre-existing conditions and limits on lifetime benefits. As a result, those who need coverage the most are usually the ones who fall through the holes. On March 23, 2010, the Patient Protection and Affordable Care Act (PPACA), commonly called "Obamacare," was passed into law to address these fundamental issues. The following is a summary of PPACA's key points to further inform pharmacists on the healthcare reform.

FOR INDIVIDUALS & FAMILIES

- Starting in 2014, U.S. citizens and legal residents will be required to have health coverage. Citizens without qualified health coverage will have to pay the greater of a tax penalty of $695-$2,085 per family or 2.5% of household income.
- Premium assistance credits to purchase insurance through the Exchanges (a state-based program where individuals and families can compare and select insurance plans) will be provided to individuals and families with yearly incomes between 100-400% of the Federal Poverty Level (FPL) - equivalent to yearly incomes of approximately $11,000-$45,000 for an individual and $23,000-$92,000 for a family of four.

FOR EMPLOYERS

- Employers with 50+ full-time employees will be required to offer health coverage. If no coverage is offered, a penalty of $2,000 per employee will be assessed, excluding the first 30 employees from the assessment.
- For small employers (25 employees or less and average annual wages of less than $50,000), a tax credit of 35% (for years 2010-2013) and 50% (for years 2014 and beyond) of the employer's total contribution toward their employee's premiums will be provided if the employer contributes at least 50% of the total premium cost.
- In 2013, employers who currently receive a federal subsidy for providing retiree prescription drug coverage (Retiree Drug Subsidy) will no longer be able to take an income tax deduction for those retiree drug expenses with respect to the subsidy.

FOR PRIVATE INSURERS

- Annual and lifetime coverage limits will be prohibited.
- Dependent coverage will be provided for children up to age 26.
- Pre-existing condition exclusions will now be prohibited for children. However, adults can still be turned down for pre-existing conditions until 2014.
    - To cover this high-risk group through 2014, a "Pre-existing Condition Insurance Plan" will be subsidized by the government at a standard premium for those who have been without insurance for the past six months.

- Private health plans must provide coverage for preventative services, such as evidence-based screenings, routine immunizations, childhood preventative services, and preventative services for women, without any cost-sharing requirements. A list of covered services can be found here: Edit Me
- In 2018, health plans whose coverage exceeds thresholds of $10,200 for individuals and $27,500 for families will be considered high-cost plans ("Cadillac plans") and will be charged a 40% tax on the surplus amount over the threshold.

FOR THE PUBLIC

- A state-based American Health Benefit Exchange and Small Business Health Options Program (SHOP) will be created so that individuals and small businesses with up to 100 employees can purchase qualified coverage.
  - Out-of-pocket limits for those with incomes up to 400% FPL will be reduced to the following:
    - 100-200% FPL: $1,983/individual and $3,967/family
    - 200-300% FPL: $2,975/individual and $5,950/family
    - 300-400% FPL: $3,987/individual and $7,963/family
    - Medicaid programs will be expanded to all non-Medicare eligible individuals under age 65 with incomes up to 133% FPL - equivalent to incomes of $14,856 for individuals and $30,657 for a family of four.
    - By 2020, out-of-pocket payments for Medicare Part D enrollees in the coverage gap will gradually decrease from 100% to 25% for both brand and generic drugs - essentially closing the coverage gap by 2020.
    - Government will establish the Federal Coordinated Health Care Office to more effectively integrate Medicare and Medicaid benefits and improve coordination of care for dual eligibles.
    - Government will establish a non-profit Patient-Centered Outcomes Research Institute to conduct comparative effectiveness research on medical treatments.

COST CONTAINMENT STRATEGIES

- Fee-for-service (FFS) payments to Medicare Advantage plans will be restructured with higher payments (up to 115% of FFS) for areas with low FFS rates (e.g., Santa Barbara county) and lower payments (95% of FFS) for areas with high FFS rates (e.g., Los Angeles county).
- Beginning 2014, MA plans will be required to have at least an 85 percent medical loss ratio. A plan that does not meet this requirement must provide a rebate of the difference to

the government.

- The Medicaid drug rebate percentage will be increased to 23.1% of Average Manufacturer Price (AMP) for brand name drugs and 13% of AMP for generic drugs.
- Providers who participate in a physician value-based purchasing program between 2011 to 2014 will be eligible for incentive payments. Starting in 2014, providers who do not participate in the program will be penalized.
- A hospital value-based purchasing program will be established to incentivize enhanced quality outcomes for acute care hospitals.
- Costs for non-prescribed, over-the-counter (OTC) drugs will be excluded from being reimbursed through a health reimbursement account (HRA) or health flexible savings account (FSA). If a prescription for an OTC item is issued, patients will need to retain a receipt for reimbursement.

For more information on PPACA, please visit:
Kaiser Family Foundation - click here
HealthCare.gov - click here

For a short, informative video on PPACA by the Kaiser Family Foundation, please click here.

References:
Kaiser Family Foundation
HealthCare.gov