

Effects of the Iowa Medicaid Managed Care Program on Independent Community Pharmacies: An In-Depth Case Study

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Background:

- On April 1, 2016 Iowa transitioned from a state-run Medicaid program to a Medicaid managed care program.
- Medicaid enrollees were allowed to choose between three private managed care companies.
- The transition affected the majority of Medicaid enrollees, including people who were dually eligible for Medicare and Medicaid.
- The formulary and pharmacy payment formula were not supposed to change.

Objective:

- To conduct an in-depth case study of the effect of the Iowa Medicaid managed care program on selected Iowa community pharmacies.

Methods:

- Judgment sample of 3 independent community pharmacies located in different regions of Iowa.
- Semi-structured interviews were conducted with selected staff at each pharmacy.
- Interviews were transcribed and content analysis was used to identify themes.
- Dispensing records were collected from the pharmacies to determine the effect of the transition on prescription gross margin (GM).
- GMs were compared for the state-run Medicaid program, the three Medicaid managed care plans and the major private third party payers.

Results: Selected Themes and Supporting Quotes

Patient eligibility & coverage

- *"Of course, there's more steps in finding out which plan they're under. Some are still under the traditional Medicaid, and that throws another thing into there. You try all the other three and they don't work, so, oh. They come in, "Well, I'm still under the traditional." Or, they don't even know what they're under, so we have to make phone calls to find that out."*

Formulary Management

- *"I'll give you an example; a rejection for ranitidine. We call them and spend a half hour on the phone with the representative, struggling to find the reason why it's rejecting. After a half hour, she ended up having to do an override for just the one that we had on hand. The next day it happened again, and because she didn't give us the right answer, we had to call back and go through the same thing."*
- *"I had a patient that they gave approval letter, she had the physical letter that said, "This medication has been approved." Well it was still rejecting on our end....They said, "You're submitting the wrong NDC." I said, "Well which one do you want, because the PDL doesn't say anything?" And they're like, "Well we don't have a list of those."*
- *"Well, just having more experience, it seems to be easier, and they've worked out the bugs and things like that, but like I said, it's a battle to figure out what's covered, what's not. I mean, I speak with doctors daily that are frustrated. They have to make phone calls to them to try to find out what exactly needs to be prescribed."*

Durable Medical Equipment

- *"DME is hard to get a feel for on payment time because so much depends upon the claim being claimed going through in the first place. Unlike a prescription claim where you know immediately if it's a clean claim and it's coming back, you may have to wait a couple of months and a couple of submissions to get that back."*

Reimbursement

- *"On the plus side of the dispensing side and reimbursement side, the MCO's have been instructed and have followed Iowa Medicaid's pricing schedules for the most part. We don't see a lot of problems with reimbursements with them."*

Communication with Managed Care Organizations

- *"Sometimes it's 30, 40 minutes. You spend a lot of time that you can't do anything but wait for them to come back to you. "Can I put you on a brief hold?" It might be 10 minutes."*

Results: Interviews

- A total of 8 interviews were conducted with staff at the pharmacies; 2 pharmacy owners, 2 pharmacists, and 4 support staff.
- Most interviews took place 16 to 20 months post-transition.
- Five major themes were identified.

Results: Gross Margin

- Initial results suggest that the Medicaid managed care transition had minimal effect on prescription GMs.
- Post-transition GMs were similar across the three Medicaid managed care plans.
- Medicaid managed care plans had higher GMs than private payers.

Conclusions and Funding Acknowledgment:

- Pharmacies faced many challenges with the Iowa Medicaid managed care plans.
- Challenges were worse during the transition period, but significant problems still existed 18 month post-transition.
- The Medicaid managed care transition had minimal effects on prescription GM due to legislative requirements.
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