North Dakota Legislative Council

Prepared for the Health Care Committee
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MEDICATION OPTIMIZATION STUDY - BACKGROUND MEMORANDUM

Section 8 of House Bill No. 1010 (2021) directs the Legislative Management to study medication optimization. The study must include a review of the implementation of clinical pharmacist-led medication optimization programs in individual, large group, and small group plans, including provider credentialing, billing standards and procedures, providing standards of care, patient monitoring, consistent documentation of outcomes and efforts related to de-prescribing, and structuring an outcome reporting system for medication optimization programs. The study also must include a review of changes necessary to state laws and administrative rules to implement effective medication optimization. The study requires the Insurance Commissioner to assist the Legislative Management with the study and identify and request the participation of stakeholders needed to complete this study. The Insurance Commissioner also is required to collect and provide to the Legislative Management the data needed to complete the study. The data provided by stakeholders, not otherwise publicly disclosed, must be considered confidential pursuant to North Dakota Century Code Section 44-04-18.4.

BACKGROUND

The Center for Medication Optimization through Practice and Policy at the Eshelman School of Pharmacy at the University of North Carolina at Chapel Hill defines medication optimization as a patient-centered, collaborative approach to managing medication therapy which is applied consistently and holistically across care settings to improve patient care and reduce overall health care costs. According to research conducted at the Eshelman School of Pharmacy, when compared to other industrialized countries, the health care system in the United States consistently ranks at the bottom with respect to quality and cost and consumes 18 percent of the United States' gross domestic product, yet that consumption does not lead to better care for the population. It has been estimated 55 percent of Americans regularly take an average of four prescription medications and in 2008, it was estimated more than one-half of Americans take chronic medications. According to the *National Health Expenditure Projections 2015-2025*, health care spending is projected to be 20 percent of the United States' gross domestic product by 2025, meaning $1 out of every $5 the United States economy produces will be spent on health care.

Increased health care spending puts financial pressure on businesses, comprises larger shares of state and federal budgets, and consumes more of family budgets. A 2017 article in the North Carolina Medical Journal indicates in addition to managing spending increases, there is data to suggest the need to evolve the health care system to focus on both cost and quality which partially can be achieved through the alignment of payments to value-based outcomes. The article suggests value-driven payment models must reward more than cost containment and balance quality and cost from a patient-centric perspective with an emphasis on health-related outcomes. Creating a value-based system depends on outcome-based payment models, optimal use of health care information, population health management, care coordination, clinical integration across care settings, and team-based care.

In 2020, the Centers for Medicare and Medicaid Services estimated prescription drug expenditures in the United States were about $335 billion, not including nonretail expenditures on medications. According to a 2020 editorial in the Expert Review of Pharmacoeconomics & Outcomes Research, as the population of the Unites States ages, the importance of optimizing medication usage to realize the maximum potential of medicines to improve patient-centered and cost-sensitive care increases. As a result of the shift from inpatient and hospital-based care to less expensive outpatient and community-based care without a reduction in outcome increases, the expansion of pharmacists-delivered care and improved utilization of clinical evidence will be critical to achieve the full benefit of medications.

2019-20 Interim Study

During the 2019-20 interim, the Legislative Management's Health Care Committee studied the health care system in the state and received a report from the Insurance Department indicating on a per-capita basis, hospital

expenses in the state were the highest in the nation in 2017, and the growth rate of about 8 percent each year since 2010 was among the fastest in the United States. The report (appendix) also indicated although the state has higher-than-average hospital expenses, the state's health insurance premium levels compare favorably with those of other states. The comparable premium levels likely are attributed to moderate prescription drug claims, lower-than-average administrative costs, favorable individual market demographics, and health plans with relatively high average deductibles.

One of the suggestions for policy alternatives from the 2019-20 report was the use of care management to deliver better care and health outcomes at a lower cost. Medication optimization is a potential benefit of provider consolidation, hospital system-owned health plans, electronic health records, and other health care changes used to better manage care. The report estimated medication nonadherence costs the health care system in the United States approximately $300 billion each year with the potential impact of medication optimization to be more than $500 billion. The report provided four avenues to implement medication optimization in the state payer populations listed below.

Affordable Care Act Benchmark Plan Revisions - Optimized Medication Plans

The continued release of academic studies regarding medication nonadherence, drug-drug interactions, and non-optimized medication plans highlight the need to focus on medication optimization as the greatest cost driver to utilization. Although the report indicated adherence to medications for most chronic conditions remains suboptimal, if addressed appropriately, the state could expect to see lower hospital-related utilization and substantial cost-savings.

Private Insurance (Group) Mandate - Optimized Medication Plans

The report recommended the state could pass legislation requiring large group plans, including non-Affordable Care Act plans, to offer an optimization program.

Integrated Health Homes

The report recommended the Medicaid population needs to be engaged in their health care and creating integrated health homes that would work systematically with the chronically ill Medicaid population to develop a medication regimen that is error and contradiction free while working to support the patients to adherence. The most effective model includes a clinical pharmacist team. Illinois and Oklahoma have integrated health homes models of engagement and adherence to behavioral and physical health and medication regimens while setting quality metrics to ensure Medicaid recipients are filling needed prescriptions and taking prescriptions appropriately, and to provide a review of all medications for the most chronically ill is completed to ensure prescriptions are in the right amount without any negative interactions.

Strict Managed Care/Value-Based Benefit Design

The report recommended the state encourage the use of value-based design in state employee health plans and consider providing incentives for adherence while also hiring a vendor to assist state workers in managing their prescriptions and helping with adherence.

SUGGESTED STUDY APPROACH

The committee may wish to proceed with the study of medication optimization by seeking input from the Insurance Commissioner and the Insurance Department's consultant, the State Board of Pharmacy, the North Dakota Pharmacists Association, health insurance carriers, the Department of Human Services, the Public Employees Retirement System, and any other interested stakeholders. The committee also may wish to complete a thorough review of the information and data compiled by the Insurance Commissioner.

ATTACH:1