

# Managed Care Impact on Pharmacy<sup>1</sup>

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Without question a revolution is occurring today in America's health care delivery system. The first impact was felt approximately a decade ago when the Business/Labor coalitions were formed and demands were first made by corporate America to lower health care costs. This was the first wake-up call which the health care industry chose to ignore. Insurance carriers responsible for administering or underwriting health benefit plans began to pressure health care providers for lower cost. This effort took on a life of its own and today is referred to as Managed Care. The impact was first felt by hospitals soon to be followed by physicians. Their combined cost in total health care expenditures is approximately 70 percent. While prescription drugs represent only about eight percent of the health care dollar they became a target of Benefit Managers in the late 1980s as pharmaceutical manufacturers were raising prices at two to three times inflation.

Clearly managed care has had a significant economic impact on all health care providers. Hospital occupancy rates have declined significantly and, in fact, many hospitals have closed. A result of this closure or down-sizing has been a reduction in nursing and pharmacy staffs. The clinical pharmacy movement in the 1980s which resulted in an explosion of hospital pharmacy positions has now given way to lay-offs and in some institutions clinical pharmacy is a dream of the past.

The economic impact on community pharmacy is equally dramatic. Reimbursement for prescriptions has been reduced by 25-30 percent since 1990 and continues to decline. Both chain and independent pharmacy is experiencing economic setbacks, the greatest toll to date being on independent pharmacy which is declining in number by approximately 2000 per year. Chains too are a victim of this economic erosion resulting in mergers and closings.

It is quite obvious the pharmaceutical industry is also feeling the impact of Managed Care. They are experiencing declining profits, layoffs and mergers are occurring at an unbelievable rate. Research and development has declined in several companies leaving very little in their pipeline.

It is important to observe that Managed Care not only has had a significant and unfavorable impact on the economics of health care providers but, it has also influenced the manner in which pharmacists and physicians practice. Physician specialists as re finding their services are less in demand with the emphasis now being on primary care. Physicians are also finding that they are no longer in charge of patient care that role having been usurped by HMOs or other forms of managed care organizations. Pharmacy practice has also

been effected. Pharmacists are now confronted with a variety of formularies—one for each Pharmacy Benefit Management Company (PBM). Drug utilization review is being undertaken by PBMs to influence selection of preferred drug therapy. And now disease management protocols are being written that may impinge further on the physicians and pharmacists authority.

Faced with these overwhelming changes in the American health care system pharmacists are confronted with two choices, either give up their practice as many have and enter new careers or, accept that in periods of significant change new opportunities are presented. These will be realized however, only if pharmacists accept the willingness to transition from drug distributor to patient care manager. The traditional role of the pharmacist for the past four of five decades has focused primarily on dispensing. Now there is an opportunity to shift emphasis from distribution of pharmaceuticals to care management. In order to do so it is critically important that pharmacists are trained in and fully comprehend the basic elements of a managed care system and its inherent demands for risk acceptance. Second, it is essential that pharmacists have a solid clinical base in order to influence therapy selection and manage outcomes. Third, communication skills are necessary. Pharmacists must assume the responsibility for managing patient compliance which requires pharmacists to develop skills necessary to elicit patient understanding and response.

It is important to recognize the trends that will influence pharmaceutical care in the future:

<b>Away from</b>	<b>Toward</b>
fee for service	risk sharing
product orientation	disease orientation
product management	patient management
drug distribution	health outcomes
independent practice	networks/group practice
proprietary database	integrated systems

Pharmacists will increasingly find themselves facing requirements to participate in networks that are focused on patient care management. They must understand the dynamics of these networks and accept that they will be performance based. Simply stated, if the pharmacist is unable to demonstrate clinical, communicative and pharmacoeconomic skills to assure the achievement of desired outcomes HMOs and the like will bypass the pharmacist and turn to others in the health delivery system (e.g., nurses and physicians).

In a recent issue of the *Wall Street Journal* (Feb. 15, 1995) an article appeared announcing the American Medical Association's new program to assist doctors in develop-

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ing the skills as well as the financial assistance to battle for survival in the health care market place. The AMA stated that they must provide support "to put physicians back in the decision making process." The same understanding is necessary in pharmacy but, it will not happen unless pharmacy educators and the pharmacy profession determine to unify and commit the resources necessary to reengineer pharmacy practice.

Little time remains for the profession to grasp the situation and talk the steps necessary to re-establish it's role in the nations health delivery system. Pharmacy educators must examine curriculums and determine the necessary changes to better pre pare pharmacists for an emerging role. Likewise leaders in the professional associations must mo

tivate pharmacists to accept a changing role and take the necessary steps to reposition themselves, this will include education requirements as well as an understanding in performance standards that must be met. Pharmacy students, in addition to being subjected to curriculum changes must also be informed as to the changing health care environment. If this does not occur soon student enrollments will decline, pharmacy colleges will close, associations will find themselves without members and the role that could have been filled by pharmacists will be assumed by other health care professionals who are eagerly waiting the opportunity.

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