

Development and Implementation of a Managed Care Rotation in Medical Necessity Review: Exposing Students to New Opportunities

Natalie A. Tate, Stephanie B. Clayton, D. Todd Bess, Greta K. Gourley, and Dick R. Gourley

College of Pharmacy, University of Tennessee Health Science Center, 847 Monroe Avenue, Suite 226, Memphis, TN 38163

Judy R. Regan and Bryce Coatney

Department of Health, State of Tennessee, 425 5th Avenue North, Nashville, TN 37247

The purpose of this project was to design a rotation for fourth-year PharmD students in managed care through medical necessity review. There are few rotations currently offered in this area, and with the domination of managed care in our healthcare system it is important to show students its opportunities and challenges. The rotation involved working with the Tennessee Department of Health's TennCare Appeals Unit. Throughout the development process and implementation, the students were exposed to the various aspects of the appeal process, and to the complexity of managed care. This rotation exposes students to the impact pharmacists can have on patients' lives within the managed care realm that didactic lectures cannot adequately explain. As a model for professional development, the experience showed the advantage of utilizing pharmacists as drug therapy experts in an area where physicians have dominated the practice, and the potential to expand the pharmacy practice environment.

INTRODUCTION

In the arena of healthcare, the words "managed care" have become commonplace during the last decade. No longer does the healthcare provider solely determine prices for health services and products. During this time pharmaceutical care has also become familiar, and pharmacy students now gain education experiences in areas of practice that were considered novel in the 1970s (1,2). Today, students are participating in clinical pharmacy from the beginning of their pharmacy careers at many practice sites(3). With the expansion of managed care, it is now time to further broaden the spectrum of both didactic and rotation experiences for pharmacy students to include this area. Managed care is discussed in classroom lectures in most pharmacy curriculums, but there are relatively few instances with pharmacists working specifically in this environment(4). There are many opportunities emerging for pharmacists in managed care today, including medical necessity review(5,6). This area of managed care allows pharmacists the ability to use the skills and knowledge they possess as "drug therapy experts". Another opportunity associated with involvement in managed care and medical necessity review is the collaboration with other health care professionals, especially physicians and nurses. Due to the formulary limitations that most managed care organizations employ, many physicians claim they cannot effectively treat their patients(7). Pharmacists can work with physicians and other providers to overcome prescribing limitations by suggesting suitable alternatives that are currently on formulary or by assessing medical records provided by the physician to document that the medication is a medical necessity for a particular patient. This process can only strengthen the relationship between two professions that are

part of the healthcare system.

In order to introduce pharmacy students to the pharmacists' role in the medical necessity review process and its benefits, a managed care rotation was developed in collaboration with the University of Tennessee - College of Pharmacy and the State of Tennessee Department of Health, Office of Policy, Planning and Assurance. During the summer of 1999, two PharmD students developed the rotation as part of a nine-week internship. The independent medical necessity review process involved appeals concerning denial of benefits for certain medications filed by enrollees of the TennCare program. TennCare is a managed care program that replaced Tennessee's fee-for-service Medicaid system in 1994. The program provides healthcare benefits not only for Medicaid eligible persons in Tennessee, but also, through a waiver granted by the U.S. Department of Health and Human Services Healthcare Finance Administrations, for certain Tennesseans who have no access to private health insurance. Various managed care organizations contract with the TennCare program to deliver covered services, assuming full risk for management of costs(7).

BACKGROUND

During the early years of TennCare, one of the program's goals was to develop standards of care for disease and illness that are commonly seen in the community, and a strong emphasis was placed on collecting accurate data to determine if this goal was being attained(8). Since then, there is a stronger emphasis on determining the health of the enrollees of this program, which shows strong signs of maturity. Due to this shift in primary

Am. J. Pharm. Educ., 65, 261-263(2001); received 3/29/01, accepted 8/1/01.

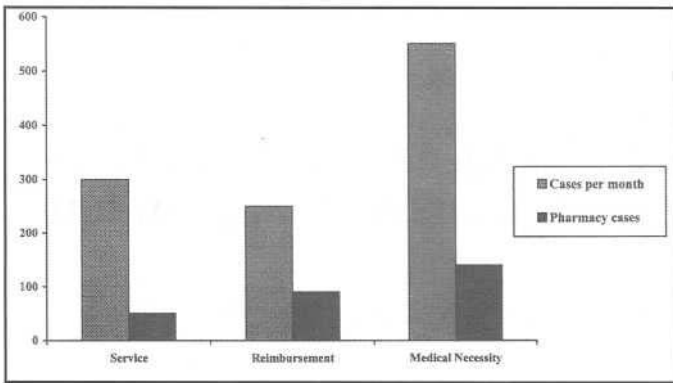


Fig. 1 Breakdown of appeal cases in the TennCare appeals unit. (Statistics from 1998 Quarterly report provided by the State of Tennessee Statistics Department).

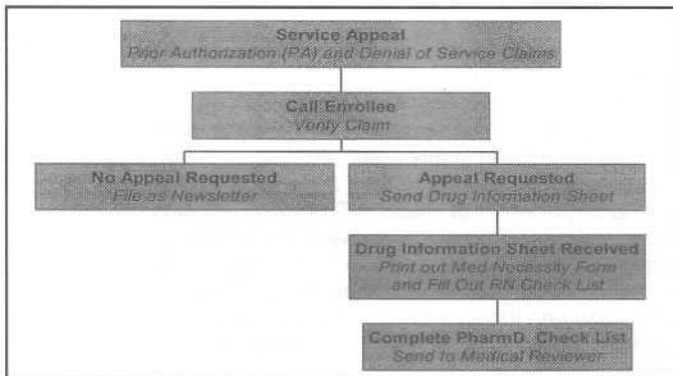


Fig. 2. Decision process for service appeals.

intent, a system of checks and balances has been established, allowing enrollees to maximize their care from the system.

Members of the TennCare system, as with many health-care organizations, are allowed to appeal their plan's denial of services or the denial of medications that are not covered on formulary. As part of this process, the managed care organization (MCO) with which the patient is enrolled will conduct a medical review and make a decision either to grant the patient's request or affirm its earlier denial. If the MCO continues to deny the enrollee the service or medication, the case is subjected to further independent review in the State's informal appeal system for the TennCare program. During this review, a decision will be made either to uphold the MCO's decision and deny the request, or to overturn the MCO and grant the request. If the enrollee is dissatisfied with the result of the State appeal program's decision, the enrollee can have the appeal decided through an evidentiary hearing before an administrative law judge.

The appeals process for the TennCare system consists of two tiers of analyses: determination of the request for service or reimbursement, and medical necessity review. Service appeals are those filed by enrollees seeking prior authorization for a medication or service, and reimbursement appeals are those seeking compensation for a medication or service already rendered, for which the enrollee has paid or may be held liable by the provider. The final process for both service and reimbursement appeals is review of the treatment proposed or actually delivered to determine whether the medication or service is medically necessary.

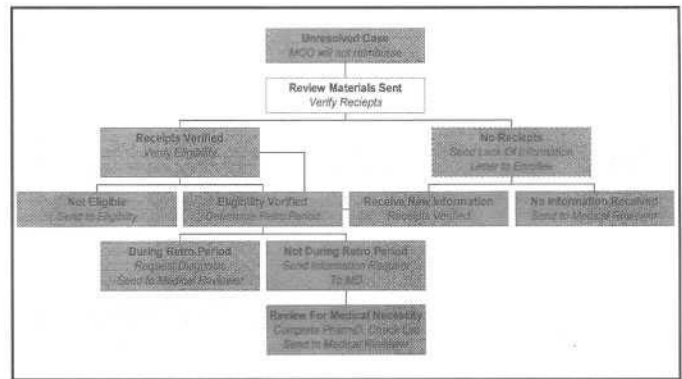


Fig. 3. Decision process for reimbursement appeals that are resolved.

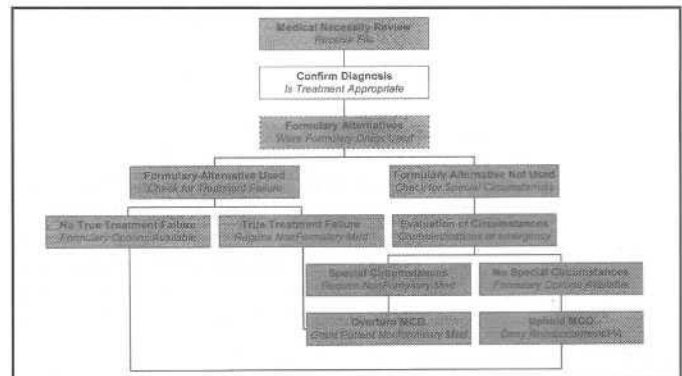


Fig. 4. Decision process for medical necessity review.

DEVELOPMENT

The rotation development involved working directly in the TennCare system, which is staffed by healthcare professionals from many disciplines. A team of twenty such individuals investigated and processed service and reimbursement appeals submitted by or on behalf of TennCare enrollees. The panel responsible for medical necessity review consisted of three MDs and one board certified PharmD. The executive leader of the unit was a physician with an MBA. This relatively small group of people was responsible for all TennCare appeals undergoing independent medical review. The average numbers of monthly cases for the Appeals Unit are shown in Figure 1.

The daily activities of the rotation included several aspects of the medical necessity review process. The pharmacy students would verify service claims, research possible formulary alternatives to the medication(s) in the appeal, obtain medical information, and attend administrative hearings on appeals involving pharmacy services. Frequent contact with physicians, nurses, managed care organizations, and enrollees was vital to complete the review. During conversations with these different groups, the students learned the importance of proper communication and the necessity of relevant information retrieval. To aid in the review process, the pharmacy students created flow charts illustrating the procedures applicable to the independent review (Figures 2-4). These charts were used by not only the PharmD students, but also by the regular employees who processed the appeals filed by TennCare enrollees. A PharmD Checklist was also developed to aid in the process (see Appendix), and to ensure that the medical necessity reviewer would have as much information as possible.

IMPACT

During the nine-week rotation development period, the two PharmD students developed a handbook used by both students and state employees working in the appeal system. The information in the reference included forms, protocols, and flowcharts to enhance the efficacy of the appeals process. Over two hundred appeals were investigated and brought to conclusion by the students during the rotation development, impacting both financial outcomes and quality of care for TennCare patients and their managed care organizations. A direct result of the rotation was an extended partnership between the College of Pharmacy and the Department of Health through the development of a Satellite Appeals Environment on the College of Pharmacy's campus. This provided the pharmacy students who were instrumental in the development of the rotation the opportunity to continue their involvement with the medical necessity review process and to promote managed care to fellow pharmacy students.

EVALUATION

Due to the newness of this rotation, the students met on a frequent basis with the preceptor, exchanging suggestions, adapting projects, and restructuring roles. Upon completion of the rotation development, the students shared their body of work with the Policy, Planning, and Assurance Department in a presentation, displaying their flow charts, templates, and statistical impact on the medical necessity review process. At this time, feedback was also shared. It has since been implemented that students keep a journal describing daily activities, problems solved, and knowledge acquired. In addition, students and preceptors alike will submit evaluation forms at the rotation's end. This information will be used to adapt the rotation to the ever-changing animal that is managed care.

CONCLUSION

From the onset of their training, PharmD students are instructed to base drug therapy recommendations on the patient, not the lab values. Managed care has modified that invaluable counsel into a broader spectrum: decisions regarding drug therapy must be made for populations, not just individual patients(9). This unique experience in medical necessity review, however, combines these thought processes into a holistic approach to quality of care, teaching students how best to adapt and address the sometimes dissonant issues that arise in managed care.

Managed care has been a career path that many pharmacy students have avoided due to the negative publicity that these organizations receive(10). Also, little job potential has been shown to PharmD students in the past, and few rotations have focused on the opportunities that exist in this field of practice. Academia has also not provided students with quality rotations or first-hand experiences in this field. However, educational institutions are beginning to recognize the need to provide students experiences in managed care, as pharmacy transitions from a product-oriented and distribution role to an information-oriented and pharmaceutical care model(5). This is evident in new accreditation standards for residency training in managed care that allow for a comprehensive picture of the emerging face of pharmacy in this area(11).

Introducing pharmacy students to an area of pharmacy in its primary stages of development creates the opportunity to expand the definition of pharmacy practice. Also, placing pharmacists in the forefront of medical necessity review potentiates the utilization and credibility of pharmacists as drug experts in the physician-dominated managed care environment.

Acknowledgements. The authors thank the Policy, Planning, and Assurance staff for their advice and support throughout the rotation development process and are also indebted to the University of Tennessee - College of Pharmacy and State of Tennessee Department of Health for their financial contributions to this project.

References

- (1) Hepler C.D., "The future of pharmacy: pharmaceutical care," *Am. Pharm.*, **NS30**(10), 23-29(1990).
- (2) Greene, S.A. and Powell, C.W., "Expansion of clinical pharmacy services through staff development," *Am. J. Hosp. Pharm.*, **48**, 1704-1708(1991).
- (3) Stohs, S.J. and Muhi-Eldeen, Z., "The transition to more clinically orientated pharmacy education and the clinical practice of pharmacy," *J. Clin. Pharm. Ther.*, **15**, 435-454(1990).
- (4) Dudinak, J.A., "Academia's role in managed care education," *Am. J. Health Syst. Pharm.*, **53**, 565(1996).
- (5) Stewart, R.B., "The future of pharmacy: Armageddon or Pollyanna?" *Ann. Pharmacother.*, **29**, 1292-1296(1995).
- (6) Foster, S.L. and Smith, E.B., "Patient consultation in a managed care setting: guiding pharmacy into the future," *Am. J. Manag. Care*, **4**, 1039-1046(1998).
- (7) Mirvis, D.M., Chang, C.F., Hall, C.J., Zaar, G.T., and Applegate, W.B., "TennCare—health system reform for Tennessee," *JAMA*, **274**, 1235-1241(1995).
- (8) Meyer, A. and Pulle, M., "Finally! The TennCare bureau releases new data on program," *Tenn. Med.*, **91**, 91-93(1998).
- (9) O'Malley, C., "Training pharmacists for careers in managed care," *Am. J. Health Syst. Pharm.*, **54**, 2055(1997).
- (10) Dudinak, J.A., "Academia's role in managed care education," *ibid.*, **53**, 565(1996).
- (11) "ASHP accreditation standard for residency in managed care pharmacy systems," *ibid.*, **54**, 2099-2109(1997).

APPENDIX. MEDICAL NECESSITY CHECKLIST DEVELOPED BY PHARM D STUDENTS

MEDICATION

IS THE FOLLOWING INFORMATION DOCUMENTED IN THE APPEAL:

1. Diagnosis
Yes _____
No. If no, call MD for diagnosis.
2. Documentation of prior treatment with formulary medications
Yes _____
No If no, see question 3.
3. Explanation of why formulary alternatives were not an option for the enrollee
Yes _____
No If no, call MD for reasoning.
4. Denial of prior approval request
Yes _____
No If no, call MD to submit form.

MISCELLANEOUS INFORMATION: