

The Competitive Marketplace

The Academy of Managed Care Pharmacy (AMCP) believes that a health care delivery system that is based upon a competitive marketplace will provide greater value to patients and payers than a system that is one-size-fits-all that relies on centralized governmental controls and regulatory mandates. Operating within a competitive marketplace environment, managed care organizations have been able to design effective health benefits programs that meet the needs of their patient populations. Through innovative and integrated strategies that focus on provider/patient education, quality assurance and drug utilization management, managed care pharmacy has been able to deliver a comprehensive pharmacy benefit that is clinically sound, accessible and affordable.

The private health care marketplace delivers many valuable options to patients and payers that we believe would not otherwise be available under a more heavily-regulated system. The establishment of vibrant state insurance purchasing exchanges under the Affordable Care Act has further sharpened competition as consumers and employers can more readily compare plan's services and costs to find coverage that best fits their needs. For example, a patient may choose to become a member of a health maintenance organization (HMO) with a designated provider network offering a lower monthly premium and cost-sharing structure than a preferred provider organization (PPO) with a larger provider network, but a more expensive monthly premium and cost-sharing structure. Similar to individuals, small business owners would likely be able to find appropriate and affordable health plan coverage options.

In the competitive health care marketplace, purchasers (e.g. employers and individuals) naturally demand the highest quality health care at the most affordable price. This demand has led to continued improved quality standards as well as innovation in health care delivery. Quality improvement measures provide added incentives for health plans to invest in programs designed to improve patient outcomes. The Healthcare Effectiveness Data & Information Set (HEDIS®) measures developed by the National Committee for Quality Assurance (NCQA) allow purchasers and patients to directly compare participating health plans' performance ratings on patient care.¹ Because a health plan's performance ratings are publicly available, the plan must constantly review and improve the quality of their care in order to remain competitive with other plans. This often leads to a higher quality of care across all health plans. For example, initiation of beta-blocker medications for patients who have suffered a heart attack is considered a standard practice of care. Since this HEDIS® measure was introduced, health plans have been so successful at improving their beta-blocker initiation rates that this standard has recently been enhanced by one measuring the success of health plans in promoting continued beta-blocker therapy six months after a heart attack.

Competition has also resulted in health plans and pharmacy benefit managers (PBMs) developing new utilization management and clinical evaluation tools and strategies, such as tiered co-payments, prior authorization and step therapy programs and mail order services which promote appropriate use of medications, reduce overall prescription drug spending making the benefit more affordable. The development and use of evidence-based “best practices” by health plans and PBMs have improved the quality and safety of drug prescribing while preserving the clinician’s ability to make individual patient decisions.

Government, of course, has a fundamental responsibility to advance the common good and protect the health and welfare of its citizenry. Both federal and state law must support the nation’s health care system through appropriate regulatory oversight, which assures equal access, non-discrimination, due process and a standard of care while limiting fraud, waste and abuse. The government also has a critical role in preserving the competitiveness in the marketplace by monitoring and enforcing against anticompetitive conduct, and by establishing market rules to promote, rather than deter, competition. All of this requires a balance between a marketplace that allows for choice, flexibility, responsiveness and innovation through competition and appropriate governmental regulation and oversight to protect consumers. An appropriate balance will ensure that patients and payers have access to a range of coverage options and can select the option they prefer.

When government regulation stymies rather than reinforces competitive forces, the results include unintended consequences that can jeopardize patient safety, lead to higher costs and reduce access to necessary care. For example, government-mandated formulary content is an over-zealous one-size-fits-all approach that may overlook concerns in safety profiles for certain therapeutic classes of drugs. There are FDA-approved drugs that, while offering an increased therapeutic benefit for some patients, can expose others to unnecessary increased risk of side effects and complications with no equivalent increased therapeutic benefit. In a competitive marketplace model, health plans use several tools to manage access to certain drugs which have raised safety concerns among the health plan’s pharmacy and therapeutics committee. There are examples of managed care organizations that determined not to provide coverage of drugs based on clinical factors due to safety long before these drugs were removed from the marketplace for safety concerns by the U.S. Food and Drug Administration. The ability of managed care organizations to make these determinations has prevented unnecessary exposure of patients to drugs with a high-risk safety profile.

The Academy believes the health care competitive marketplace works by providing choice, access and service to patients and payers, while also challenging the status-quo of limited programs and inflexible options provided to others. This system has, and will continue to result in improvements in the quality of health care and restraining the escalating costs of health care. AMCP will continue to work closely with government officials, agencies and other payers to constantly refine the services and products sought through pharmacy benefits.

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Please see AMCP's website for revisions and updates to our *Where We Stand* series:
www.amcp.org/positionstatements.

¹ National Committee for Quality Assurance. "HEDIS® and Quality Compass®"
<http://www.ncqa.org/tabid/187/Default.aspx>. Accessed 11 February 2009.