

Transparency Within Health Care

The Academy of Managed Care Pharmacy (AMCP) supports efforts to encourage transparency within health care. Access to information on treatment, quality and cost is crucial for patients and providers in order to use health care resources wisely. Patients and providers should have access to information explaining the reasons behind health care coverage decisions made by providers, payers and/or managed care organizations acting on their behalf. Transparency enables payers, providers, and patients to make informed decisions regarding health care choices, including decisions regarding the use of prescription drugs. AMCP recognizes that certain proprietary information, such as negotiated drug prices and rebates, needs to remain confidential in order to maintain a competitive marketplace. This statement focuses on how transparency applies to two different segments of health care: the use of prescription information and pricing. Each section discusses the role of transparency between managed care organizations and payers, providers, and patients. It also addresses the need for transparency in communication with patients to assure they clearly understand their pharmacy benefits.

The Use of Prescription Information¹

The sharing of prescription information is a powerful tool that can help protect patient safety and lower both prescription drug spending and overall health costs for patients and payers. AMCP supports the ability of managed care organizations to responsibly use and share prescription information, whether it is identifiable by patient or prescriber or aggregated. The availability of patient-identifiable prescription information enables a managed care organization to work with individual patients to protect against inappropriate medication uses, evaluate a patient's drug therapy needs, identify and prevent adverse drug reactions and medication errors, manage chronic disease and drug therapy, and ensure continuous follow-up. Prescriber-identifiable information is used by managed care organizations to monitor for fraud, waste and abuse and to coordinate care. Additionally, the ability of managed care organizations to use de-identified prescription utilization information can also encourage the use of health promotion and wellness programs and can lower overall health care spending.

Pricing²

Patients and providers often have difficulty discerning the actual costs of medications. For example, total medication treatment costs may vary by several fold when administered by health care providers in a hospital facility or office setting. Because treatments administered by a physician or other health care provider may be billed under a patient's medical benefit

¹ For more information, see AMCP's *Where We Stand on Appropriate Uses of Prescription Information by Managed Care Organizations*, available online at www.amcp.org/positionstatements.

² See also AMCP's *Where We Stand* position statements on the *Competitive Marketplace*, *Government Regulation of Prescription Drug Prices* and *Regulation of the Prescription Drug Benefit*, available at www.amcp.org/positionstatements.

rather than a patient's pharmacy benefit, cost-sharing requirements may differ depending on how medication is administered. Also, pharmacy and medical benefits may be administered by different entities. In addition to patient costs, costs to health plans also vary if the medication is dispensed by the pharmacy and administered by a health care provider or self-administered by the patient. Managed care organizations should work with providers and patients to make sure all costs associated with the dispensing and administration of a particular treatment option are available for patients and their doctors to consider when selecting treatment options.

The Academy supports efforts to ensure that providers and patients know estimated prices and cost-sharing associated with drugs in order to make the best health care decisions and prescribe treatments that are affordable for patients. Providers may use pricing data along with effectiveness data to inform treatment recommendations. Empowering patients with pricing information can encourage discussions with health care providers on the total cost of care when developing treatment plans and help reduce wasteful health care spending. Health plans and PBMs offer multiple communication tools and online programs to help educate consumers on the price they will pay for prescription drugs, and a potential area of opportunity is to ensure that consumers without coverage for prescription drugs have access to similar pricing resources.

While AMCP supports making transparency tools available to the consumer, in a competitive marketplace where managed care organizations are negotiating discounts on behalf of membership, it is necessary that certain discounts on pricing remain confidential. In instances where there are multiple, clinically comparable therapeutic options available for a certain disease state, rebates and discounts are important tools used by payers, including managed care organizations, to help prevent additional care costs from being passed on to the consumer. Rebates can be contingent on overall utilization by a plan's members or placement of a manufacturer's product on a specific formulary tier. Because rebates, purchase discounts and other price concessions are negotiated with a manufacturer on an individual basis, it is essential that they remain confidential in order to preserve the competitive nature of the negotiation process.

Facilitating Open Communications with Manufacturers about Emerging Therapies

AMCP supports the participation of manufacturers in providing pricing, safety, and efficacy information about medications in development to managed care organizations and other stakeholders. Having this information prior to FDA approval can help improve predictability for managed care organizations in setting premiums which are often set many months in advance. Moreover, AMCP believes that flexibility is needed to support manufacturers to make available pharmacoeconomic analyses and epidemiologic information that describe the risks and benefits of drug, future cost offsets for the patient, payer, and health care system and price considerations of similar medications. AMCP supports flexibility needed for innovative medication pricing methods, such as outcome-based contracting or indication-based contracting. Such innovative methods are currently being tested, but may be useful in restoring principles of free-market pricing if implemented appropriately. Regulations such as Medicaid best pricing currently prevents some of these strategies from being fully implemented.

Communications with Patients and Prescribers

AMCP supports efforts by managed care organizations to improve health literacy of patients so they can understand their medication coverage including formularies, utilization management requirements, and pricing. AMCP also supports efforts by managed care organizations to identify best practices in communications between all parties involved in the health care delivery system. Managed care organizations use formularies and implement a variety of utilization management tools such as step therapy and prior authorization requirements to promote affordable, quality options, to protect patient safety and also to maintain the affordability of the prescription drug benefit itself. Greater awareness regarding plan formularies and utilization management procedures can better inform patients and providers about their pharmacy benefit. Patients and providers should have ready access to formularies and receive communications regarding utilization management programs in an easily understandable format and timely manner (e.g., pharmacy point of sale messages). Ideally, these communications, which could be communicated to the patient by a prescriber, a pharmacist working in either a community or managed care setting, or through a variety of internet-based tools available from managed care organizations, will help educate patients about how pharmacy benefits are designed as well as the impact individual decisions can have on affordability of the benefit as a whole.

Managed care organizations and providers should also work together to provide price information that is consumer-friendly. More specifically, information regarding quality and cost comparisons should be simple for patients to understand and use for making informed decisions. All too often, it is assumed that a higher-priced treatment option is superior to a comparable, lower- cost option, even if the two treatments have similar expected outcomes. Providing patients with access to information showing similar expected clinical outcomes can help guide making a decision that is based on more factors than price alone. Shared decision support tools (e.g., National Comprehensive Cancer Network Scale) enable assessment of medication value compared to alternatives. Additionally, ensuring that patients are aware of the characteristics of the prescription drug marketplace (e.g., that generics are therapeutically equivalent to their brand-name counterparts) can help guide their purchasing decisions.³

Conclusion

Appropriate transparency throughout the health care delivery system can help all parties involved – managed care organizations, payers, providers, and patients – make informed decisions regarding the use of valuable health care resources. These decisions can help promote positive health outcomes, protect patient safety, and ensure the affordability of a prescription drug benefit. While certain information should remain confidential in order to ensure a competitive marketplace, AMCP supports efforts to promote transparency throughout the entire health care system.

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AMCP *Where We Stand* series: www.amcp.org/positionstatements.

³ For further discussion, see Sinaiko AD, Rosenthal MD. Increased price transparency in health care – challenges and potential effects. *New England Journal of Medicine*. 2011; 364: 891-3