Survey on Preferred Pharmacy Networks

CMS currently permits Medicare Part D plans to establish networks of “preferred pharmacies” within their broader pharmacy networks. While the plans have to meet access standards for the broader pharmacy network, there are no access standards for preferred pharmacies within the network. These preferred networks generally are limited to a smaller number of select pharmacies and/or pharmacy chains.

RESULTS

This survey provides important information to policymakers regarding the challenges that over 400 small independent community pharmacies say that they and their customers have experienced when dealing with preferred network plans. This survey was conducted in January 2013.

- 91% of independent community pharmacies state that they are not offered the opportunity to participate as a preferred pharmacy
- 62% of independent community pharmacies state that CMS provides “somewhat unclear” or “very unclear” clarity between participating as a preferred pharmacy vs. a network pharmacy
- 98% of independent community pharmacies state that their patients experienced confusion about the difference between preferred and non-preferred pharmacies
- 76% of independent community pharmacies state that the source of their patients confusion was the plan’s marketing activities.
Are you generally offered the opportunity to participate as a preferred pharmacy?

As a pharmacy provider, what was your level of clarity between participating as a preferred pharmacy vs. a network pharmacy?
Have your patients experienced confusion about the difference between preferred and non-preferred pharmacies?

What was the nature of their confusion?

Nature of Confusion

- 294 patients were unsure if they could still have their prescriptions filled at a non-preferred pharmacy.
- 284 patients were surprised that the cost of their prescription was higher at a non-preferred pharmacy.
- 323 patients were unaware they had enrolled in a plan with a preferred pharmacy network and that there was a difference in price between preferred and non-preferred pharmacies.
What was the source of their confusion?

To the extent possible, please estimate the number of Part D patients you were serving who have had their prescriptions transferred to another pharmacy that is a preferred pharmacy.
Sample Responses to Open Ended Question

Please provide any additional examples of how preferred network pharmacies have negatively affected your patients and your business.

Deceptive marketing from plans and misleading information:

Patients were unaware of this policy and those that were did not understand it. Several clients thought from the letter they received that they had to transfer their prescriptions.

Several plans are sending letters and calling patients with misleading information that makes many clients believe they are required to fill their scripts with a preferred provider.

Many of our people are low income and thus not affected but we have had to fight to keep some of them because the correspondence from the company makes them think they cannot use our pharmacy. Several others have just bitten the bullet and paid it because the two chain pharmacies in town have little to NO customer service AND multi-hour wait times.

Patients had NO idea when they chose the [redacted] plan that they would be unable to use our pharmacy since we were ONLY a network pharmacy and the preferred pharmacy was cheaper. They received notice in a letter dated 12-8-2012 after enrollment. The pharmacy called the plan and was told we could not enroll was only available to larger pharmacies, independents are not allowed.

Most patients were mailed letters after the deadline to make Part D plan changes passed. The letters were postmarked about one week prior to the deadline, not even allowing members to understand changes or make changes.

At least two patients that signed up for one of these plans have repeatedly emailed and called their customer service at the insurance company because they were so upset to have to change pharmacies and they were blindsided by the insurance company. They were given little explanation other than they could still use us, but would pay more. Also, a few of my patients live on a nearby island and they depend on us to send their scripts to the airport to have them delivered. We are the only pharmacy that does this and they are incurring more costs because they have to fly over to the mainland to pick up meds.

Most confusion came from customers of [redacted] who told us we could not fill their prescriptions anymore and presented us with a flier they received showing all the chains that participated.

We are a rural pharmacy and there are no chains within 15 miles. The [redacted] plan has no preferred pharmacy within 20-plus miles. Patients do not want to drive that far or use mail order, it's that simple. Patients are also continually bombarded with misleading information. One patient could not find us in their book and we are a provider and they were told by the representative that they could no longer use us because we were not a preferred provider. Fortunately, the patient checked with us and the information was incorrect. We are fortunate to know our patients well, but cannot measure the ones that we don't and have been duped into going somewhere else.
Even when we are “preferred” pharmacies, the PBM’s website and call center agents will not tell the patient that we are “preferred”. Most patients tell us they had no idea that they would have to pay more at our store, or they would not have signed up for that plan.

Patients don't even consider independents. They believe the letters and the cards with the logos they receive advertising a chain pharmacy as their only pharmacy option. The majority we don't hear from because they don't even know to ask questions. They receive letters from the insurance plans with a chains name on the letterhead and automatically patronize that chain.

**Cause for great confusion, and some of the most vulnerable patients are greatly impacted:**

Patients are confused. In this case, they must travel 20-30 miles to the nearest preferred pharmacy as we reside in a rural area. We aren’t given the opportunity to be a preferred pharmacy. Patients are frustrated and don’t understand why they have to pay a higher co-pay to come to their local pharmacy and have their prescriptions filled by people they know and trust. Another issue of concern is that Medicare Part D Plans are formulary driven, and patients frequently must choose one plan over another if they are on costly brand name medications they aren’t covered by other plans.

Especially my [redacted] patients were not explained about different copay structures. However they also are finding that individual drugs are in different tiers which doubles the punishment. They found out in January, do not want to change pharmacies and cannot switch plans until next year! This change was done very discretely so as to resist opposition!!!!

Some elderly have to arrange transportation because of fear of driving freeways. Also wait times are in excess of an hour at some preferred pharmacies, therefore people providing the transportation are also unwilling to service the elderly.

We are the only pharmacy in the county and patients then have to drive 70 miles round trip to get to a preferred pharmacy.

Some come here just for their diabetic test supplies because the preferred store does not bill Medicare Part B for them.

Preferred pharmacy did not have a drug in stock and could not get it. However if the patient tries to fill that prescription with us (a non-preferred pharmacy) their copay went up by $20.

We live in a rural area with only two independent pharmacies. The nearest chain pharmacies are over 40 miles away. We have several patients who can now no longer afford to get their medication filled at my pharmacy (a non-preferred pharmacy) but do not have transportation to get to a preferred pharmacy.

Elderly and disabled patients who depend on us for delivery of medications, DME necessities, pharmacist consultation (with someone familiar with their needs) are especially compromised. We provide for a high number of Med Part D beneficiaries who are home bound and need prescription delivery. In addition these patients have a decreased understanding of the preferred networks limitations.
**Effects on business and pharmacy’s bottom line:**

These 25 patients that we lost each averaged 4 prescriptions/month, so our total volume is expected to be reduced by 1,200 prescriptions this year, with a loss gross income that could result in a reduction in clerk hours.

Just since Jan. 2013 we have had 10 customers transfer because of the preferred pricing. They don’t want to leave but money is tight for everyone. Some have even gone mail order for discounts. I don’t mind the competition, just wish it was a level playing field.

As of today, we have lost 16 families due to preferred networks. The pricing is very different in some cases. We have long, established relationships with these people, but when they can get their medicine for free or pay $7 at my store and they have 8 prescriptions, they have no choice.

[redacted] and several others signed exclusive deals with [redacted] without our customers’ knowledge. Now the elderly have to drive 20 miles not knowing their pharmacist. This has cost us both in sales and customers.

We have lost customers that have been with us for 20 years because the co-pay was free at a preferred pharmacy and had to pay 7 to 15 dollars more per script at our pharmacy. When you have 10 scripts a month that ends up being 70 to 150 dollars more cost to them when they fill it with us.

Our patients felt they lost their freedom to choose a pharmacy of their choice. They sympathize for independent pharmacies like us not able to compete on the same plain field.

When we lose our patients, we are also left with all of the difficult, non-profitable and emergency prescriptions that the preferred pharmacy can’t provide. We spend our time answering questions about medications that the preferred pharmacy chose not address, but got paid to address. The nearest preferred pharmacy in the new [redacted] network is either 20 miles north, in a different state, or 20 miles south, in a different county.

Affected the customer’s perception of my integrity as a healthcare professional (i.e. they felt as if I was trying to "rip them off" or that I lacked a willingness to participate in a particular plan because of greed or personal reasons.

One lady that is a valuable customer and friend had to transfer because of the multiple prescriptions and increased cost on her retirement income. She has been a friend and customer for 40 plus years. She nominated me for community award for service which I received. Her transfer was reluctant on both our parts.

Patients became aware after January 1st that there was significant savings if they were to use a preferred network pharmacy, however, we are a rural community and the preferred network pharmacies are 20-30 miles away. Although patients would like to shop local, the cost savings offered at those pharmacies makes it worth it for patients with multiple prescriptions to drive out of town. In small communities, this is a much more extensive problem, because when a patient leaves town for one service, such as prescriptions, they are going to leave town for other things, such as groceries, dining, and entertainment.
Patients are frustrated and upset that they are coerced to use another pharmacy due to cost only. They enjoy our service and trust us to get their medication filled correctly and safely. People have experienced bad service wait times and errors elsewhere, and they don't like it. They would prefer to do business with a locally owned business.

We are a Long Term Care pharmacy that bubble packs (blister/bingo cards), provides consulting, Medical Records, Electronic Medical Records, 24 hour services, delivery service and much more to our cliental in a Nursing Home setting. We have lost patients to preferred retail pharmacies because they were given opportunity to be a preferred pharmacy and we are not, thus reducing their copays but not we are still servicing all of their other needs. The preferred status of the other pharmacies has also negatively affected us due to the time we have spent explaining to our customers the difference between a Network Pharmacy and a Preferred Pharmacy. It is very difficult for members as well as family members to see the benefits in staying with our pharmacy when they are looking for any way to cut costs, which is completely out of our control.