DECISION PAPER
ON
IMPLEMENTING ESI COMMERCIAL REJECT LIST AND PRIOR AUTHORIZATION FOR ALL COMPOUND MEDICATION PRESCRIPTIONS

BACKGROUND: On 01 May 2015, the Department implemented an automated screening and Prior Authorization Process through Express Scripts, Inc. (ESI), the TRICARE pharmacy contractor, to address safety and cost concerns associated with compounded prescriptions. Based on preliminary data (5 days), the new measures decreased compound prescriptions related costs by approximately 74%. However, even at that reduced level, the Department's compound prescription expenditures will still average approximately $145 M per month ($1.7B annually). Additionally, some compound pharmacies appear to be adjusting their activities and claims to elude the newly implemented controls. The initial evidence strongly suggests compounds with dubious clinical evidence and excessive cost continue to impact the system and warrants the implementation of additional administrative controls at the point of service (i.e., interaction with the pharmacy).

DISCUSSION:

In order to further address ongoing compound prescription safety, efficacy and cost-related concerns, a number of options merit consideration (see attached table). Some of the considered options are not feasible because of technical limitations impeding ESI's ability to implement (i.e. generate a comprehensive "good" compound medication list) or could disproportionately negatively impact access to legitimate compound medications (i.e. immediate suspension of all compound claims for all pharmacies). The current situation argues for a balanced approach based on commercial best practices currently in use by ESI. Adopting the ESI "commercial reject list" would protect access to legitimate compound medications while further restricting those attempting to exploit the system. Recommend implementation of the ESI commercial reject list as soon as operationally possible. This recommendation is consistent with the Determination Paper signed by Lt Gen Robb implementing the current automated screening process and would not require additional staffing through the pharmacy governance processes.

Adopt ESI's commercial reject list:

- In use for almost one year and continually adjusted to ensure appropriate coverage of compound claims. This approach is sustainable through dynamic updates of the commercial reject list.
- Pharmacies and providers may still reformulate or request Prior Authorization review for rejected ingredients/claims.
- Protects items with strong clinical evidence of safety and effectiveness such as chemotherapy agents or usual pediatric agents.
- Based on ESI's historical experience, adopting this screening process resulted in a 95% decrease in compound costs for their commercial clients.
- ESI can implement within approximately one week of receiving direction from DHA.

RECOMMENDATION: Approve implementation of the ESI commercial reject list as soon as operationally possible.

DIRECTOR, DHA DECISION:

Approve: _____ Date: _____

Disapprove: _____ Date: _____

Other: _____ Date: _____

RECOMMENDATION: Approve implementation of the ESI commercial reject list as soon as operationally possible.

DIRECTOR, DHA DECISION:

Approve: _____ Date: 8 May 2015

Disapprove: _____ Date: _____

Other: _____ Date: _____