



LONG TERM CARE (LTC) PHARMACIES' UNIQUE, GROWING VALUE TO SENIORS AND U.S. HEALTH SYSTEM

In Skilled Nursing Facilities (SNFs), Assisted Living Facilities (ALFs), and other emerging residential and community-based health settings across America, medically compromised seniors and patients facing rehabilitation and/or extended custodial care significantly benefit from the specialized services and clinical oversight only long term care pharmacies (LTCPs), and the consulting pharmacists they employ, can provide. In addition to sound clinical practice standards, the Medicare and Medicaid programs impose extensive compliance responsibilities on LTCPs.

The advisory and care management services LTC pharmacies offer are crucial to continuity of care and the ongoing quality of care patients receive. The average LTC facility resident takes 8-9 prescription medications each day, and 12-13 different prescription medications over the course of a month. Medications for residents change frequently, particularly within 30 days of admission to a facility, and any time a resident undergoes a significant change in condition.

With a growing, dynamic healthcare marketplace rightly placing a premium on quality care, positive outcomes, reduced hospital readmissions and more efficient use of taxpayer dollars, LTC pharmacies provide an increasingly significant 'value-added' component in the broader post-acute care and LTC continuum.

Avalere Health's overview report, "[Long-Term Care Pharmacy: The Evolving Marketplace and Emerging Policy Issues](#)," includes these key findings:

LTC pharmacies serve a crucial clinical care role for a growing population of older Americans

- LTC pharmacies manage the medication and clinical needs of seniors with increasingly complex medical conditions and greater needs for effective medication management.
- The typical patient has multiple chronic conditions and relies heavily on multiple prescription medications.
- The LTC patient population is on the rise: In 2017, approximately 50 million U.S. adults are aged 65 and older; by 2035, that number is expected to rise to 79.2 million -- an increase of 66 percent.

LTC pharmacies are distinctly different than traditional retail pharmacies

- LTC pharmacies are typically closed-door facilities that do not have public-facing operations. Their sole revenue source is prescription medications, unlike retail pharmacies -- which often rely on the sale of convenience items to attract customers as prescription medications increasingly become "loss leaders."
- LTC pharmacies engage directly with SNFs and ALFs to fill and deliver prescriptions, and provide other clinical, medication-related, patient-facing services within institutional settings on a 24/7/365 basis.
- While retail pharmacies mainly focus on dispensing medications, LTC pharmacies are more engaged in specialized pharmacy services, medication delivery, and ongoing monitoring.
- Currently 1,282 LTC pharmacies and 62,300 retail pharmacies operate in the U.S., according to the most recent data.

LTC pharmacies must comply with more stringent regulations than their retail pharmacy counterparts -- increasing costs and making care delivery more challenging

- Estimates suggest the cost to dispense for LTC pharmacies is 25 percent more than retail pharmacies due to compliance with existing regulatory mandates and provision of additional services, including:
 - Responsibility for complying with federal regulations as part of the “Conditions of Participation for LTC facilities to receive Medicare and Medicaid funding.”
 - Satisfying Medicare Part D standards to qualify LTCPs to participate in Part D networks.
 - Responsibility for complying with separate state regulations related to specific services provided within the LTC facility.
 - Responsibility for active participation in each patient’s clinical care -- particularly the role of prescription medications in treating patients, and reducing the risk of unnecessary adverse drug interactions, which undermine patient care and increase costs to the Medicare program.

LTC pharmacies are threatened by Medicare payment reductions and opaque Pharmacy Benefit Manager (PBM) pricing practices

- The rapidly rising costs of generic drugs adds significant financial pressure to LTC pharmacies. More than 90% of medications LTCPs dispense to elderly LTC patients are generics. LTCPs receive reimbursement lower than their actual costs for 62% of generics, or 55% of all prescriptions, they dispense to LTC patients.
- PBM pricing practices and abusive behaviors to reduce payments after the point-of-sale, particularly under Medicare Part D , are secretive, opaque and afford no recourse to address the inappropriate shift in Medicare dollars from providers to PBM intermediaries.
- As Congress tackles issues concerning escalating drug prices, close scrutiny of PBMs and appropriate reform should be part of the effort.
- An [*Avalere Health MAC Pricing*](#) analysis alone demonstrate that PBMs’ MAC pricing methodology for generic drugs for LTCPs leads to arbitrary and capricious reimbursement, warranting greater congressional scrutiny.