

**VIRGINIA COMMONWEALTH UNIVERSITY**  
**School of Pharmacy**  
**Department of Pharmacy**

**PHAR 638 Pharmaceutical Benefit Management**  
**Spring Semester - 2006**  
**Time – Monday 3 to 5 p.m., Tuesday 4 to 5 p.m.**  
**Smith 224**

**Course Faculty:**

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**Course Description:**

Pharmacy benefit management is a set of techniques and practices that have evolved to manage the costs and quality of prescription drug use. This course will address the need for pharmacy benefit management, the types of organizations that use pharmacy benefit management, and the primary tools, techniques and practices used to manage the pharmacy benefit. Material will be presented through lectures, readings, class discussions, and a research paper.

**Course Objectives:**

At the completion of the course, the student will be able to:

1. Describe and discuss the origins and development of managed care and managed care pharmacy in the United States.
2. Describe the principles of health insurance and discuss their application to drug benefit design.
3. List and describe the major tools used to control the cost and quality of drug use, discuss the effects of each of these on patient access to drug therapy, and discuss the effect of each on the overall costs and quality of a prescription drug benefit.
4. Differentiate between pharmacy benefit management as a set of tools or techniques and the organizations that are known as pharmacy benefit managers (PBMs).
5. Understand and explain PBM pricing practices and sources of profit.

6. Describe how Medicare beneficiaries paid for prescription drugs before the enactment of the Medicare prescription drug benefit and discuss issues associated with the new Medicare prescription drug benefit.
7. List various methods for influencing physician prescribing behavior, discuss the advantages and disadvantages of each method, and select the most appropriate method for a given situation.
8. Compare and contrast the features and process of Quality Assurance programs with Quality Improvement programs.
9. Describe the differences, advantages, and disadvantages of Drug Utilization Review (DUR) and Drug Usage Evaluation (DUE).
10. Describe the use of retail networks and mail order pharmacies in managed care plans. Explain the relative advantages and disadvantages of each to beneficiaries, the plan sponsor, and the PBM. Discuss how the electronic prescribing and specialty pharmaceuticals affect the distribution network.
11. Define Disease Management, list its five primary characteristics, and explain how it differs from traditional component-based health care.
12. List common measures of PBM effectiveness, explain the major research findings about PBM effectiveness, and explain why there is not more information on PBM effectiveness.
13. Explain the competitive reactions of retail pharmacy and the pharmaceutical industry to the growth of PBMs and managed care pharmacy. Describe both how these entities have reacted and the reasons behind their reactions.
14. Critically appraise studies that analyze pharmaceutical benefit management practices.
15. Identify the arguments for and against drug importation as a cost saving method.
16. Discuss the arguments for and against additional regulation of PBMs.

### **Relevance of Course:**

Pharmaceutical costs have increased dramatically over the last two decades. They are currently the fastest growing component of medical care. As a result, payers, such as employers and government, have become increasingly concerned with the amounts they pay for drugs. Pharmacy benefit management is a set of techniques and practices that have evolved to meet the need to control the costs and quality of prescription drug use. A pharmacy benefit manager (PBM) is a type of organization that offers pharmacy benefit management services to organizations, such as HMOs, large employers, and government agencies, that provide prescription benefits to their members.

It is critically important for students to know the principles of pharmaceutical benefit design, be able to design programs that can maximize the benefits of pharmaceuticals on patient outcomes, and analyze the impact of pharmacy benefit management tools and techniques on the quality and care of patients. The vast majority of prescriptions dispensed in outpatient settings are administered through PBMs. Consequently, practicing pharmacists need to know about PBM practices and about the PBM industry.

### **Texts and Other Materials**

A number of readings are **required**. These are listed on the course Blackboard site as Appendix 1.

## **Course Structure**

The three credit hour course will consist of three hours of class per week. Class time will include lectures, participatory discussions, and speakers from pharmaceutical companies, managed care, long-term care, and acute care sites. An important part of the course will be the completion of a research paper on a topic relating to pharmacy benefit management. The topic of the paper will be selected by the student and must be approved by one of the course faculty members.

Independent and collaborative learning methods will be used as teaching methods in this class. Lectures will be used sparingly as a method of teaching. Independent learning will be facilitated through reading assignments and preparation for class discussions. Collaborative learning will be achieved through class discussion.

**Class participation is absolutely essential.** Each student will be expected to be prepared and to provide significant contributions to class discussions. Students will learn much of the content independently by reading assignments prior to class. Recall and comprehension will be checked through class discussion and tests. **The amount and quality of each student's class participation will be assessed and used in calculating the final course credit. The method used to assess class participation is shown in Appendix 2.**

## **Attendance Policy**

Class attendance is required. A student will be allowed 3 class hours of **unexcused** absence. Each absence in excess of three class hours will reduce the student's grade by one letter grade.

## **Assignments:**

Students are expected to read all assigned material before coming to the class in which the material will be discussed. Readings will be indicated on the course schedule. Students are also expected to take an active part in class discussions. (Because the schedule is somewhat "fluid", make sure you know what the readings for the next class period are. The instructors should announce this at the end of each class. If they do not, ask them.)

## **Review paper:**

A comprehensive review paper exploring a topic of interest relating to pharmaceutical benefit management is required in this class. Topics need to be approved by one of the class instructors. Papers should reflect a critical analysis and synthesis of the primary and secondary literature. They should be based on information that you find in the literature; this is not the type of paper in which you are asked to write about your own opinions. The purpose of the paper is for you to explore some topic in greater depth than is possible in

lectures and discussions. The paper also permits us to know more about your ability to conduct thoughtful analysis and communicate ideas to others. This will help us should you ask for a recommendation for an internship, residency, job, etc.

Guidelines for writing the review paper are shown on the blackboard site, under "Course Information", as Appendix 3. The few examples of good research review papers are posted on the Blackboard site in the "Course Information" as Appendix 4. None of these is perfect, but they should give you a good idea of what a well written and researched review paper looks like. All of them were either published in refereed journals or received high A grades in the course. A list of suggested topics for the paper is posted on the Blackboard site as Appendix 5. This is not an all-inclusive list, you are free to choose other topics subject to the approval of one of the course instructors.

### **Evaluation**

Grades will be based on performance in class participation, a mid-term and final exam, and a research paper.

Mid-term exam	30%
Final exam	30%
Class Participation	15%
Research Paper	25%

### **Grading Scale:**

Grades will be assigned as A,B,C,D, or F based on the following scale:

A	90 - 100
B	80 - 89.9
C	70 - 79.9
D	65 - 69.9
F	0 - 64.9

### **Reasonable Accommodations and Academic Adjustments**

Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990 requires Virginia Commonwealth University to provide an "academic adjustment" and/or "a reasonable accommodation" to any individual who advises us of a physical or mental disability. If you have a physical or mental limitation that requires an accommodation or an academic adjustment, please arrange a meeting with the Course Coordinator at your earliest convenience. Additionally, if your course work requires you to work in a lab environment, you should advise the instructor or department chairperson of any concerns you may have regarding safety issues related to your limitation(s).

**Sources of Managed Care information** - posted on the course Blackboard site, under Course Information, as Appendix 6

### **Course Schedule**

The course schedule is posted on the Blackboard site for the course in the Course Information section. The course schedule may change as the semester progresses. The primary reason for this is that the course uses a number of guest speakers who may have to change the dates on which they have agreed to speak because of changes in their work responsibilities or schedules.

The following important dates are **not** likely to change: a

February 28    Review paper topic due

March 6        Midterm Exam

April 7        Review paper due

## **Course Topics (in general order)**

Organization of course

Background

- Overview of managed care
- Rising cost of drugs
- Pharmacy benefit management

Insurance

- Health Insurance and Drug Benefit Design (2)
- Consumer directed health plans

Medicare drug benefit (3)

Controlling Drug Costs

- The Basic Tools - Formularies, Prior Approval, Interchange, Step Therapy
- Problems with influencing choice in outpatient settings
- Tiered and value based formularies
- OBRA '90 rebates and Medicaid formularies
- Influencing Physicians
- State initiatives for controlling drug costs
- Drug importation (2)

Improving Drug Therapy

- Quality improvement
- Drug Utilization Review
- Disease Management

Pharmaceutical Distribution Systems

- Mail order and retail pharmacies
- Electronic prescribing
- Specialty Pharmaceuticals

What's Left

- Measuring PBM Performance and Effectiveness
- Regulation of PBMs
- Effect of PBMs on retail pharmacies and the pharmaceutical industry