Proceed with caution: The possible impact of preferred-provider networks

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What are PPNs?

Preferred-provider networks (PPNs) are contractual arrangements between a drug plan sponsor (typically an employer) and a pharmacy operator (typically a pharmacy chain). The employer generally negotiates with the pharmacy chain for prescription costs below their regular benefits package. Employees must therefore pay a higher copay or deductible for prescriptions filled at pharmacies outside the network. This is the typical open-style PPN commonly being used today.¹ However, closed PPNs—where patients are required to obtain their prescription products only from the designated pharmacies or else pay the entire cost out-of-pocket—have been used for high-priced specialty drug products and biologics. For these medications, the cost of paying out-of-pocket would be prohibitive and so patients almost always elect to switch pharmacies. There are ongoing discussions to expand the use of closed PPNs for all medications.²

Why are PPNs being considered?

The contracting parties each seek separate outcomes from the PPN arrangement. Prescription drug costs are a major driver of benefit costs for employers.³ Sixty percent of Canadians rely on private drug insurance to help pay for \$15.4 billion of drug expenditures annually,³ and prescription drug spending continues to rise in Canada, growing 3.2% annually in 2012.⁴ An aging population, impending patent extensions under the Canada-European Trade Agreement (CETA) and increased utilization mean that private drug spending is likely to continue to increase for the foreseeable future. Studies in the United States suggest that PPNs can reduce prescription drug costs for employers by as much as 18%.⁵ It is important to note that the savings accrue almost exclusively to the employer. Patients are therefore left to decide whether they wish to pay higher out-of-pocket costs to maintain their current patient-pharmacist relationship or else switch to a provider inside their employer's PPN. We know that insurance coverage is a major driver of pharmacy switching.^{6,7} For those who elect to remain

at their pharmacy-of-choice, the increased out-of-pocket costs could lead to poorer medication adherence and suboptimal outcomes.^{8,9}

What is the impact of PPNs on patient health?

There is a lack of research examining the increased rate of pharmacy switching caused by PPNs and any effect on patient health and the patient-pharmacist relationship. The lack of research on the possible impact of PPNs is a cause for concern. We know that medication errors are observed in the absence of structured medication reconciliation programs.¹⁰ We also know that consistent and long-term relationships with pharmacists and other health care providers have been shown to improve health outcomes and reduce errors. For example, there is a high level of evidence on the impact of pharmacists in locating drug-related problems, from possible interactions to issues with adherence.¹¹ Evidence has shown that having a single pharmacy increases the likelihood for observed adherence,¹² with less chance of experiencing serious drug-related adverse events.¹³ Similar research demonstrates that outcomes are directly correlated to the strength of relationship with health care providers in a variety of clinical areas. Increasing the probability of a patient moving between health providers means weakening the health provider relationship and having to forge new relationships with each transfer. Because PPN agreements with pharmacies may change as frequently as yearly, there is potential for pharmacy hopping, further straining the patient-pharmacist relationship.

The current focus on PPNs comes at a time when pharmacy advocacy bodies are looking to increase the list of professional services reimbursed by private payers. A recent study commissioned by the Ontario Pharmacists Association jointly with Green Shield Canada concludes that, from an employer perspective, incorporating a pharmacist-led hypertension management program in their benefit plans can improve drug therapy costs and lead to healthier, more productive employees.¹⁴ Similar remarks have been made with respect to diabetic

management and medication adherence.^{15,16} The concern is that if employers do begin to adopt benefits packages that include the remuneration of professional pharmacist services, they may do so only within the context of existing PPN agreements, meaning that patients would only be able to select pharmacists associated with their corresponding drug distribution network. Nevertheless, the risk of pharmacy hopping aside, the incorporation of remunerated pharmacist services could provide a direct benefit to patient care and further advance pharmacists into an expanded scope of practice.

Conclusion

More research is needed to determine the extent of these potential health impacts. As more PPN agreements move

beyond specialty preparations into more widespread chronic use medications, patients aged 50 to 60 years who are beginning such therapy and rely on private drug insurance will likely feel the impact of these agreements most. Since political enthusiasm for a universal pharmacare program remains tepid and progress on initiatives such as electronic health records is slow, there is enough concern to monitor the impact of PPNs on patient health closely. The financial pressure to change pharmacies is akin to the awarding of loyalty points and other inducements that have been prohibited by most provincial regulatory bodies. If additional research establishes a strong detriment to patient care, there may be a need to limit the ability of pharmacies to enter into these types of agreements. ■

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