Bending the Healthcare Cost Curve through Better Medication Adherence for People Suffering from Chronic Disease

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Executive Summary

Although the Affordable Care Act (ACA) makes healthcare coverage more affordable and accessible for more Americans, it is only part of what is needed to truly improve health outcomes for the population suffering from chronic disease and for states to better control healthcare spending. That’s because an individual’s health is ultimately determined by the decisions made outside the healthcare system even with access to the best medical care. Simply put, a treatment plan only works if followed and medications are not effective unless people take them as prescribed by their doctors.

Research shows that 69 percent of the $3 trillion spent annually on healthcare in the U.S. is “heavily influenced” by personal behaviors. For example, people with diabetes have medical expenditures 2.3 times higher than medical expenditures in the absence of diabetes. For example, someone managing type 2 diabetes must regularly test their blood sugar, change eating habits, lose weight, one or more medications, follow up with a healthcare provider for routine tests and know, both warning signs of a problem and what to do about it. This added care is part of what drives up the cost of managing chronic disease, however, costs dramatically rise when an individual fails to manage their disease properly. It’s this latter part that states could positively influence with the right action.

This paper summarizes the financial impact that people suffering from chronic diseases have on state healthcare spending, especially when they do not follow a prescribed medication regimen or receive the right treatment, and provides four categories of policy recommendations for Democratic Governors to consider as options to improve health outcomes and control healthcare costs. A brief summary of policy recommendations include:

1. Building self-management skills by adopting the Stanford Chronic Disease Self-Management Model that equips people with essential skills and information to effectively manage their chronic conditions. Results include better health outcomes, more appropriate utilization of healthcare services and cost savings from reductions in emergency care, hospitalizations and other avoidable medical care that covers program costs within a year.

2. Adopting comprehensive medication therapy management (MTM) programs to promote the safe and effective use of medications to achieve treatment goals through better medication adherence, which reduces hospital and emergency department visits. At least 20 states have adopted these programs for Medicaid and at least three states offer services for state employees. Results include achieving treatment goals and lowering healthcare costs.

3. Deploying medication synchronization services to facilitate one trip to the pharmacy for all refills and to provide people an opportunity to check-in with the pharmacist about their medication regime. More than 1,600 community pharmacists provide the service to more than 70,000 people in communities nationwide.

4. Allowing 90-day refills for chronic care medicines. Longer-term refills reduce dispensing costs for the state and are proven to improve adherence. Results from California’s Medi-Cal efforts show greater medication adherence sustained by people over longer time periods with 90-day refills.