

Long Term Care International Forum  
April 2002

# Prescription Drug Database Test

“Picking a Pilot Partner”

CAM COOK

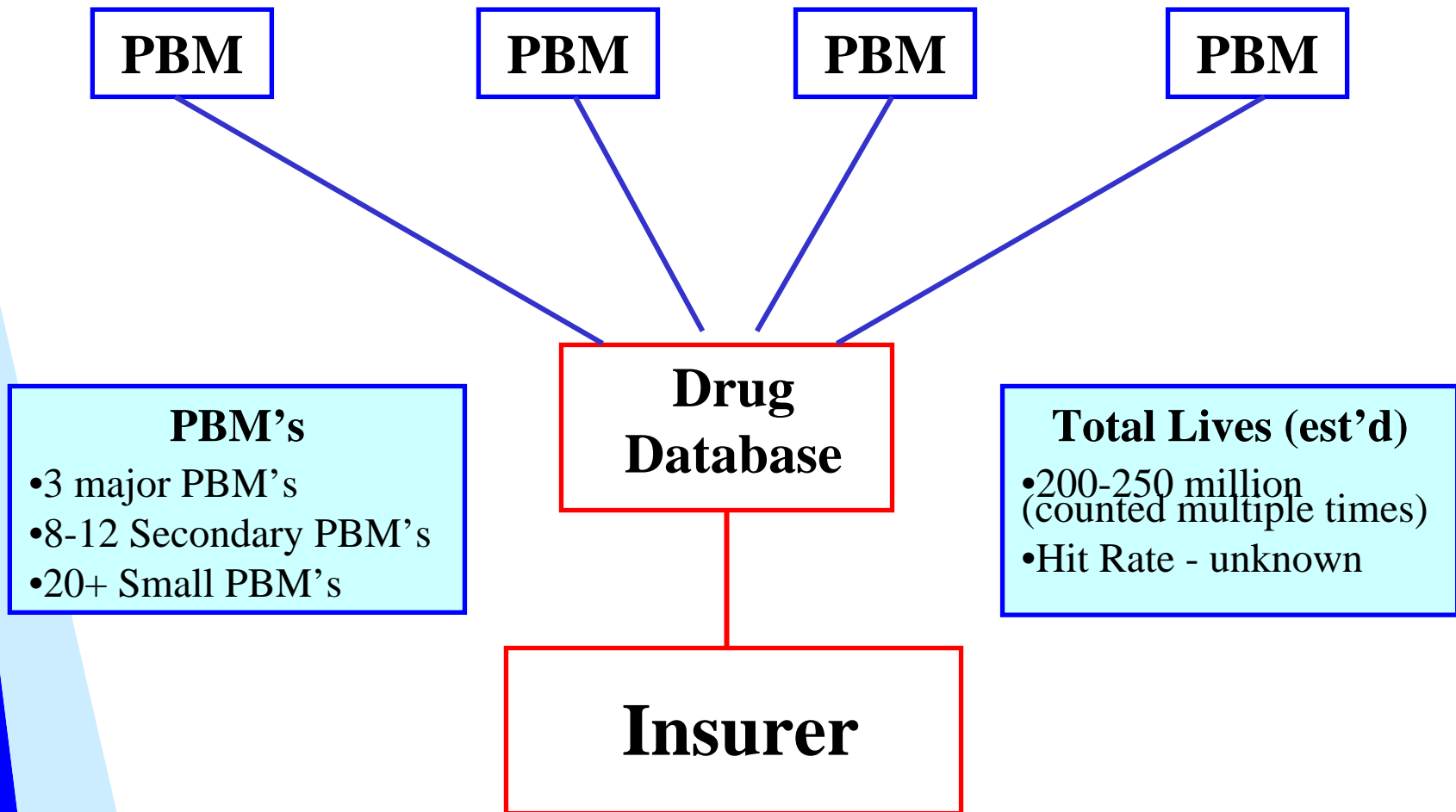
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# AGENDA

- What is a Prescription Drug Database?
- Why might you be interested?
- Picking a company for a Trial/Pilot Program

- What is a Prescription Drug Database?
- What is a Prescription Benefit Manager (PBM)?

- How do the Databases work?
- By accessing information from PBM's
- Two methods exist now
  - direct link to PBM production systems
  - access servers linked to production systems



## **Basic Information Available:**

- Medications (Rx) used
- Dosage
- Date prescription filled
- Doctor prescribing Rx
- 6 month to 5 year History

## Uses of Rx Information:

- Detect misrepresentation
- Resolve information conflicts/holes
- Substitute for APS
  - Reduce costs?
  - Speed underwriting?
- Encourage good Field Underwriting (sentinal effect)

## Questions About Databases:

- Do they work?
- Which one is best?
- What does best mean?

**“I don’t know, that’s why you do a pilot!”**

# **Factors to Consider in Choosing a Partner for a Pilot:**

## **1) Database Issues**

- Functional Status
- Reliability
- “Hit Rate”
- Coverage Period

## **Additional Factors:**

- 2) Risk Mgmt/Research Support**
- 3) Data Cost (for Pilot)**
- 4) Financial Stability/Risk**
- 5) Connectivity**
- 6) Expert System**
- 7) Intangibles**

1 = Best in Category 2 = Second best in category 3 = Third, etc.

TOPIC	COMPANY OPTIONS				WEIGHT
	COMPANY A (Database 1)	COMPANY B (Database 2)	COMPANY C (Database 2)	COMPANY D (Database 3)	
<b>Database</b> -Functional Status -Reliability -"Hit Rate" -Coverage Length	<b>1</b> Running (best rpt.)  Need Trial	<b>1</b> Running  Need Trial	<b>1</b> Running  Need Trial	<b>2</b> Early development (6+ months away) Need Trial	x 6
<b>Risk Mgmt/ Research Support</b>  Traditional Medicine  New Risk Profiling	<b>1</b> Good "In House" (Medical Insurance Knowledge)  <b>2</b> Close Actuarial + Relationship with M & R	<b>2</b> In House Actuarial (already does Industry Studies)  <b>2</b> Experience; medical connections	<b>3</b> Y Y Inc. (Good pharmacy knowledge)  <b>2</b> Little insurance + non-traditional knowledge	<b>1</b> X X Reins + Primary Knowledge (good Medical Ins)  <b>1</b> Primary Knowledge, Inc. (good non- traditional risk management tools)	x 2   x 1
<b>Data Cost</b>	<b>2</b> Es.t \$5,000	<b>1</b> No Cost ("Fast Start") Trial	<b>3</b> \$15,000	<b>1</b> N/A	x 1
<b>Financial Stability/Risk</b>  Depending on hit rate	<b>1</b> Strong *Financials good *Own Database  *Extensive Investment *Strong Market Access	<b>2</b> Medium *Strong Co *Does not have own database *Limited investment *Strong Market Access	<b>3</b> High Risk *? Low Capital  *Short timeline with D 2  *Low Market Access	<b>1</b> Strong *Financial - good database ownership unknown; probably will own *Extensive investment *Strong Market Access	x 2
<b>Connectivity</b>	<b>1</b> In place,. Has all vendor services "In house"	<b>1</b> In place. Connected with most vendors	<b>3</b> None at this time	<b>3</b> None at this time	x 1
<b>Expert System</b>	<b>2</b> Manual reflex decision; developing system	<b>1</b> Basic system in place	<b>3</b> None at this time; to be developed	<b>4</b> N/A	x
<b>Intangibles</b>	<b>1</b> Short Term <b>2</b> possible long term *Good Industry connection *PBM experience "In House" *Bundling + Connectivity of services *IS Support "In House"	<b>2</b> No Cost Trial  Providing support staff at no cost to us  Relies on D 2 (negative)  No PBM "In House"	<b>3</b> No PBM experience "In House"  Rely on Y Y Inc. (but Y Y Inc. is strong)  Relies on D 2 (negative)	<b>2</b> Now  <b>1</b> possible in 12 mos.  *Far behind competitors *PBM experience "In House" *Able to get info without PBM at lower cost *Part of X X family	x 1
<b>TOTAL 1's</b>	<b>5</b>	<b>4</b>	<b>1</b>	<b>4</b>	

# HANDOUT

# **How to Decide Which Rx Database to Pilot**

- Set up spreadsheet of factors
- Weight importance of factors
- Pick winners to best of your knowledge from databases, reinsurers & colleges

## **I suggest, before starting the Pilot:**

- 1) Do a contact covering cost, privacy and service Issues.**
- 2) Make sure your authorizations are acceptable**
- 3) Begin addressing “cultural issues” with Actuarial, Legal, Marketing etc.**

## **How to determine value or Feasibility:**

- 1) Set up spreadsheets to collect test data by age, sex, market type, region, product, benefits etc.**
  
- 2) a. First underwrite with application and Rx Database (no APS)**
  - b. Then re-underwrite with APS (no Rx)**
  - c. Compare and record U/W decisions**

## Analyze Results to Decide:

- 1) To use as a screening tool on all applications or some segment
- 2) Use only as a reactive tool to solve underwriting problems
- 3) Not to use it at all