



Introduction to Managed Care



Objectives

- ▶ The learner will be able to define what is managed care.
- ▶ The learner will understand the different types of insurance.
- ▶ The learner will understand the different pricing strategies for medications.
- ▶ The learner will be able to understand pharmacy network arrangements.
- ▶ The learner will understand what Pharmacy Benefit Managers (PBMs) provide.
- ▶ The learner will understand how PhRMA, pharmacies, and PBMs generate revenue.
- ▶ The learner will be familiar with the different parts of a PBM contract.

What is managed care?

- ▶ Health care delivery system organized to manage cost, utilization, and quality
- ▶ Insurance is financing of covered services

Delivery + Financing

Insurance History—Blue Cross Blue Shield

▶ Blue Cross

- Started in 1929
- Partnership between local hospital and financially struggling patients (Baylor University and mainly Dallas public school teachers)
- Baylor Plan: members prepay \$0.50 a month for up to 21 days of hospitalization annually; soon spread to other professions

▶ Blue Shield

- Early 1900's
- Pacific Northwest loggers and miners
- Employers developed partnerships with individual providers or physician groups to provide medical services for a monthly fee

Blue Cross and Blue Shield began to come together as one in the 1940s
24 million covered lives

Medicare & Medicaid History

Authorized by Title XIX of Social Security Act and both signed into law in 1965

► Medicare

- Part A (Hospital) and Part B (Medical) Insurance
- Expanded eligibility to disabled, people with end-stage renal disease (ESRD), kidney transplant
- Medicare Modernization Act of 2003 (MMA) established Part C or Medicare Advantage plans
- 2006 MMA expanded to include Part D, prescription drug coverage

► Medicaid

- Administered by each individual state; some federal parameters in place
- Children's Health Insurance Program (CHIP) est. 1997
- Basic Health Program (BHP) est. 2014
- Low-income individuals and families, children, pregnant women, seniors, persons with disabilities

Insurance History—Affordable Care Act

- Affordable Care Act (ACA)
 - AKA “Obamacare” “Patient Protection and Affordable Care Act (PPACA)” and “Marketplace”
 - Provides subsidies known as “premium tax credits” to individuals withing a certain federal poverty level (FPL) range
 - Expanded Medicaid but not all states expanded Medicaid