



SOCIAL SECURITY BOARD

NHI- BELIZE EFFICIENCY GAINS IN PHARMACY SERVICES

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National Health Insurance



BACKGROUND

- NHI applies the Contracting Module for the purchasing of Pharmacy Services
- Initially NHI formulary was established at the Primary Health Care Level with emphasis on the management of NCD's
- The contract defines the payment mechanism for these services based on the following principles :
 - Purchasing of medications must be aligned with the MOH procurement process and within the National Formulary
 - Medications must be prescribed based on established protocols
 - And must follow contractual business rules

BUSINESS RULES

- Initially the NHI negotiated and purchased from Private and Public Pharmacy Providers the approved list of Medications
- The payment process applied a fixed fee per item
- At the patient's level, a co-payment of 10% was levied excluding the exempted population
- In spite of this negotiated fee and co-payment the utilization and expenditure escalated
- In addition in 2016, a Geriatric PHC Clinic was established

BUSINESS RULES

- Control Measures were implemented contain the budget
 1. Annual Caps were introduced at the PHC level to prevent over referrals by GP's
 2. A Rationalization Policy was introduced to mitigate utilization of these services and to ensure that prescription compliance to protocols
 3. Further negotiated a 10% reduction in purchase cost of the most utilized and costly 24 Meds for Management of NCDs

In spite of the above measures, the cost continued to escalate

INITIATIVE OF 2017

- NHI identified the top most prescribed and costly medications and entered into a New Negotiation Strategy with Pharmacy Providers
- Through this strategy NHI assumed the responsibility of purchasing directly from Pharmacy Suppliers the top #38 medications (#33 NCD's, #5 ATB's)
- Implemented a dispensing fee

LIST OF GENERIC MEDICATIONS COVERED BY NHI

- Approximately 200 medications addressing most acute and NCD's at PHC level
- Of which #38 medications are now being purchased applying the Dispensing Model

CRITERIA FOR SELECTION OF SUPPLIERS PER MEDICATION



- The product is compliant with all MOH certifications
- Company is in good standing
- Company is duly registered and licensed in Belize
- Company has an established address and warehouse
- Quality of the products by manufacturer
- Price and reliability of Supplier

APPROVED BY MOF FOR PURCHASE

- Contracts signed with 5 Tender Suppliers
- Orders were placed with Pharmaceutical Suppliers
- Delivery to Pharmacies April 1st, 2018
- MERCY (Geriatric PCP Pharmacy acquired by NHI and additional medications were purchase on their behalf from Pharmacy Suppliers at same negotiated cost (no import duties, gst)

HOW ARE PROVIDERS REIMBURSED

- #38 Medications are reimbursed through a Dispensing Fee to 4 major pharmacy providers
- For the remaining items, the previous business rules apply (caps, fee per item and rationalization policy)

HOW ARE SERVICES AUDITED

- All referrals are reflected and processed applying the Planning and Purchasing Software Tool (RAWA)
- Such encounters are tracked by the key variables
 - Referring PCP, Physician, Patient, Diagnosis, Pharmacy
 - Established caps (PCP level) are monitored monthly and penalties levied
 - Monthly Discrepancies Reports are reviewed and validated

EFFICIENCY GAINS 2017

- Pharmacy Provider Contracts reflected the agreed negotiated 10% reduction on 24 Medications which resulted in an efficiency gain of \$100,000 US

DISPENSING FEE MODEL PROPOSED TO PHARMACIES AND ACCEPTED



NHI Dispensing Fee Model 2018

	Monthly	Yearly
Pharmacy	Dispensing Fee	Dispensing Fee
Ist Choice	\$ 8,500.00	\$ 102,000.00
James Brodie	\$ 6,000.00	\$ 72,000.00
BMA	\$ 8,500.00	\$ 102,000.00
BHP	\$ 6,000.00	\$ 72,000.00
	<u>\$ 29,000.00</u>	<u>\$ 348,000.00</u>

EFFICIENCY GAINS FISCAL YEAR 2018-2019



Catalog	Tender Pharmacy	Dispensing	Efficiency
Price 2017	Procurement 2018	Fee 2018	Gains
<u>\$ 2405,567.07</u>	<u>\$ 389,001.40</u>	<u>\$ 348,000.00</u>	<u>\$ 1668,565.67</u>

FURTHER DEVELOPMENTS

APRIL 1ST- SEPTEMBER 30TH , 2018

6 MONTHS

- RAWA- Pharmacy Inventory Model has been developed
- Presently Testing and Training
- Implementation no later end of year

REPORT ON EFFICIENCY GAINS 4 DISPENSING MODELS PHARMACIES

- 4 DISPENSING FEE PHARMACY MODEL
Period: **Period April 1st-September 30th**
- 2017 Cost of Purchase \$834,024.89
- 2018 Cost of Purchase \$119,165.91
- Difference of \$714,858.98
- Minus Dispensing Fee \$174,000.00
- Efficiency Gain \$550,858.98

REPORT ON EFFICIENCY GAINS GERATRIC PCP-MERCY

Mercy Period April 1st-September 30th

- 2017 Cost of Purchase \$117,674.63
- 2018 with an increase in registered members Cost of Purchase \$36,449.46
- Efficiency Gain of \$81,190.06

WAY FORWARD

- NHI will explore adapting the dispensing model as the way forward for procurement of all medications
- Applied to all Pharmacy Providers within Urban Model
- NHI will build in-house capacity to manage this new purchasing model through a robust procuring and inventory system at the IT and Pharmacy Level
- NHI will advocate for revision of formulary to include Mental Health and Oncology



GRACIAS

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TANGI

Thank you!