

The University of Texas Medical Branch
Cost of Medication Report
Fiscal 2000

The University of Texas Medical Branch at Galveston Pharmacy Department provides over \$21 million in medication annually, representing over 2.8 million inpatient doses and over 300,000 outpatient prescriptions. Medical inflation has been growing at a rate of 3-4% while pharmaceutical inflation is increasing at 15%. However, UTMB has maintained a 4% inflation rate due to aggressive cost initiatives. UTMB has developed cost containment initiatives to ensure our ability to continue to provide the newest drugs available to our patients. It has been estimated that the new drugs will result in an increased cost of over \$1 million in Fiscal 2001. The cost containment initiatives developed include cost savings, cost avoidance and revenue enhancements. UTMB expects to maintain its current pharmaceutical budget while providing high-quality patient care with the latest drugs available. The following initiatives are examples of the ways we continue to search for low-cost delivery of drugs while still providing high-quality care.

Cost Savings

Outpatient

- Antidepressants
 - Sertraline – Break 100 mg tablets in half for the 50 mg dose, delete the 50 mg tablet from Primary Outpatient Formulary (POF), and add the 25 mg tablet for the 5% of the patients requiring a low dose.
 - Citalopram – Break 40 mg tablets in half for the 20 mg dose and delete the 20 mg tablet.
- Cardiovascular Agents
 - ACE Inhibitors - Switch from benazepril (\$0.32/tablet) to quinapril (\$0.10/tablet) at 6 months into fiscal year.
 - Candasartan – Add angiotensin II receptor antagonist (ARB) to the Primary Outpatient Formulary, as the company will provide the drug free for the 80% of these prescriptions which are for unsponsored patients.
 - Statins – Atorvastatin won competitive bidding among HMG-CoA reductase inhibitors (simvastatin, pravastatin, atorvastatin, lovastatin and cerivastatin). 20 mg tablets are broken in half to get a 10 mg dose (the common starting dose), which reduces the cost of the 10 mg dose by \$0.30.
- Transplant Drugs
 - Cyclosporine, modified – A generic product (Gengraf®) was added to the Primary Outpatient Formulary in July, allowing new transplant patients to have therapy initiated with an FDA therapeutically equivalent drug, which is 40% less expensive than the brand-name drug (Neoral®). The financial impact will be seen more in Fiscal 2001.

Inpatient

- Sedatives/Pain
 - Midazolam - Switch from brand (Versed®) to generic, resulting in a cost savings of approximately 40% effective late June 2000.

The University of Texas Medical Branch
Cost of Medication Report
Fiscal 2000

- Ketorolac – Switch from brand (Toradol®) to generic product by Bedford for a 33% price reduction.
- Neonatal Intensive Care Agents
 - Lung surfactant – A new therapeutically equivalent drug, calfactant, came to market, at a less expensive price, allowing for an algorithm based on weight and cost.
- Cardiovascular Agents
 - II b/III a inhibitors – Competitively bid, eptifabotide was retained on formulary and tirofiban was deleted from the Formulary
 - Thrombolytic Agents – Urokinase was backordered, so alternative thrombolytic agents were assessed for use in catheter clearance and treatment of peripheral arterial occlusion (PAO). Alteplase is used for peripheral arterial occlusion. Alteplase or reteplase is used for PAO at a reduced cost from urokinase.
- Antiinfectives
 - Infectious Disease Restriction/Consult Policy – High cost, short supply, high risk for antimicrobial resistance agents were restricted to Infectious Disease restriction/consult – Linezolid IV/PO, Synercid®, Itraconazole IV, Lipid amphotericin B, Trovafloxacin IV/PO, Penicillin G IV (short supply), Ganciclovir IV (short supply).

Cost Avoidance

Outpatient

- Texas Department of Health (TDH) HIV program – This program used a replacement drug, saving UTMB over \$1.5 million for Fiscal 2000.

Inpatient

- IV to PO fluoroquinolone policy – This policy allows for a patient to be switched from IV to oral medication after 24 hours of IV therapy as long as the patient has no contraindications to oral therapy, saving \$12.66 per day. Without this ongoing program, costs would increase.
- Recycling IV medications prepared in the Sterile Processing Area (SPA) – this program allows for products with good stability data to be reused. Patients are credited when the IV product is used for another patient. This decreases the cost of good sold, and without this ongoing program, costs would increase.

Cost Reduction/Revenue Enhancement

Outpatient

- Tier payment system – Implemented in May 1999, affecting Fiscal 2000. Applies to unsponsored patients (80% of outpatient volume).

Prior to the tier payment system, unsponsored patients paid \$10 per prescription. The tier payment system includes the following categories and corresponding fees:

The University of Texas Medical Branch
Cost of Medication Report
Fiscal 2000

Payment Class A – \$10, generic drugs, first line therapy

Payment Class B – \$15, brand drugs, first line therapy

Payment Class C – \$45, second- and third-line agents for which there is an A or B drug

Payment Class D – full pay (at a reduced charge that covers drug cost and personnel/indirects)

From Fiscal 1999 to Fiscal 2000 unsponsored prescription volume decreased by 26% as a result of the DAMP program, but unsponsored collections decreased by only 5.6%. Unsponsored collections increased from \$8.99 per prescription in FY99 to \$11.41 per prescription in Fiscal 2000.