



PRACTICE MANAGEMENT

FRUSTRATIONS OF MEDICATION PRICING

By Jules and Tana Rivalland

Medication pricing structures should be urgently addressed. It seems that at any time, a price can change or a medication be discontinued without the necessary notification being relayed to service providers, resulting in avoidable loss of income.

Dispensing the best medicines of different medical aids to sustain a profitable general practice is becoming increasingly difficult. This is in part due to the numerous pricing structures such as MMAP, Ethical Price, MPL and MEL, and other assorted formularies as well as medical aids that pay only formulary-compliant medications. Although increasingly difficult, it is not an impossible task. With a supply of the necessary and correct data, all claims can be correctly priced and GPs can be informed of medication changes.

A recent investigation into one discontinued medicine for which a medical aid would not pay, revealed that there was not a single entry on any given price list that highlighted its discontinuance since 1999. During the following three years the service provider was never informed of this decision. The lack of information regarding this medication alone resulted in a loss of income to the GP, the cost of six telephone calls to establish the manufacturer and the details surrounding this medication, numerous telephone calls by the embarrassed supplier, not to mention the expensive paperwork of the medical aid to inform of non-payment.

Another regular problem occurs when the necessary data supplied are not correct. When checking pricing structures against all supplied data, it becomes clear that some parties act inefficiently. Changes made to a particular price list on the 1st of the month are not implemented on others by the 22nd, and overdue MPL information can create numerous price discrepancies.

Although these may seem like fairly small and insignificant issues to the suppliers of pricing data, they can affect a GP's turnover considerably – particularly over a period of three years. The question then arises: how many other 'small' discrepancies continue to go unnoticed. The problem is created and exacerbated by the fact that price lists can change as often as ten times a month, resulting in a continuous process of updating, deleting and correcting data.

Information is currently received from the following sources:

- updated price lists from Pharmaceutical Publishers once a

week, which should include all NAPPI code changes, price changes, discontinuations and pack-size changes;

- updated MMAP changes are supposed to occur once every six months, but changes, deletions and/or updates occur via email on numerous occasions in those six months;
- MPL price updates and/or changes once a month;
- MEL updates which are supposed to be implemented from the 1st of the month, which is when notification is often only received;
- numerous other exclusions, deletions and discontinuation data received randomly throughout any given month.

Dealing with four parties regarding drug pricing results in the left hand often not knowing what the right hand is doing. All parties need to join forces to implement a source of information that is fair, reliable and efficient. Systems need to be implemented to consistently convey accurate information.

In the case of discontinuation of medications, one solution could be to agree upon a shelf-life after discontinuation and to then stipulate this shelf-life with a code. Discontinued medications are currently indicated by a 'D'. A system might be implemented whereby the shelf-life is indicated with a time period attached, e.g. D12 would indicate that the medication is discontinued but still has a claiming and usage period of 12 months, the following month that medication would be highlighted as D11 and then D10 etc. This would keep all parties informed of how long they still have to finish stock and how long this medication can be dispensed and claimed from medical aid, resulting in fewer losses due to dispensing medications for which medical aids will no longer pay.

Perhaps all parties could agree that price changes, deletions, discontinuations and pack-size changes occur only once a month and be conveyed via one information source. There should be an agreed date every month when any changes should be supplied to a central information source. It would then be up to all parties to check with this source and the responsibility of that source to convey the necessary information once a month to relevant participants.

A central core of responsibility answerable for any discrepancies would certainly benefit everyone, result in fewer losses, less paperwork, fewer telephone calls and, more importantly, would be unbiased, fair and impartial.

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