



HEALTH POLICY BULLETIN

FOCUS: MAIL ORDER PRESCRIPTION SERVICES

Senate Concurrent Resolution 179 established a special legislative committee chaired by Senator Harmon Cropsey to "review the health and safety impact of mail order prescription plans." The report published in November 1988 found that mail order prescription services (MOPS) have wide consumer acceptance, that third-party payers and companies believe they offer cost savings, that most of the arguments against MOPS appear to rest upon anecdotes rather than on scientific data, and that further research needs to be done to pin down

the health and safety issues. Matthew Hare, aide to Senator Cropsey, said, "Initially, Senator Cropsey was skeptical about mail order prescriptions, but he found out it is a safe practice. Hare added that Senator Cropsey still has some reservations about MOPS and "feels that the mail order prescription delivery system is in the research stage."

Four questions about MOPS were before Senator Cropsey's special committee: Do MOPS save money? Are there any hazards to consumers or other handlers? How does the state achieve jurisdiction without impeding interstate commerce? Is the ability to avoid state and local regulation an unfair competitive advantage over local pharmacies?

A study done by Prescription Card Services concludes cost savings may be illusory. Although the unit cost saving was 4 percent, utilization rose 9 percent, and overall costs were 5 percent higher. General Motors, however, doesn't see it that way—it saved 16 percent using MOPS over its conventional program in 1986. GM attributes these savings to fewer dispensing fees, the use of more generics, and lower prices from volume purchasing.

Hazards to consumers and handlers, such as drug diversion, lack of communication between the patient and the pharmacist, and delays in getting prescriptions, are usually cited as reasons for opposing MOPS. In two separate surveys, however, the Drug Enforcement Administration has concluded drug diversion is more of a problem in walk-in pharmacies than in mail order settings. A 1987 Schering Laboratories survey indicated that pharmacists dealt with patients only 56 percent of the time, 92 percent of the 2,000 patients surveyed remembered getting their instructions from the physician, and only 43 percent recalled getting them from the pharmacist. Mail order delivery appears to be timely, with a 2-3 day turnaround time for most prescriptions. Most complaints are undocumented (most state pharmacy boards do not keep records of complaints generated in their state by pharmacies from another state), and the identified complaints are a tiny proportion of the 50 million prescriptions delivered each year.

The report thoroughly explored regulation. Michigan Attorney General Frank Kelley has ruled that the state doesn't have the right to regulate out-of-state mail order pharmacies, but three states—Alabama, Arkansas, and Louisiana—have passed laws regulating them. The report endorses the Louisiana approach, which requires out-of-state pharmacies doing mail order business in the state to have a Louisiana license in order to be able to dispense within the state. The report suggests that repealing Michigan's law against delivering prescription drugs by mail would improve the competitive position of local pharmacies and enable the legislature to make rules for pharmacies engaged in mail order delivery; such rules could then be applied evenhandedly to companies both in and out of the state.

What effect have MOPS had on the prescription business? Not much, says the American Association of Retired Persons. Their estimate is that MOPS account for less than 3 percent of the total number of prescriptions dispensed in the United States annually, but some industry analysts think that MOPS could account for 10 percent of prescriptions by the early 1990s.

Larry Wagenknecht, executive director, Michigan Pharmacists Association, said, "We are extremely upset with the report because it doesn't reflect the serious health problems patients have actually experienced with mail order prescriptions. We provided the committee with information, but they refused to accept it because it was not from a licensing agency or other regulatory body." Wagenknecht went on to note that the association is compiling a report that includes all of their documentation and will be made available to all interested persons sometime in February. In his view, the

committee's report is flawed by its focus on Baxter's prescription service and by the assumption that all companies have the same safeguards in place.

**FOCUS:
HEALTH CARE
POLICY**

In this month's issue, we will share with you the responses of several health policy experts to the question, "Could you offer one suggestion for containing health care costs in Michigan?" The responses range from the very specific to the very general; some reflect particular organizational priorities, while others do not.

Senators William Sederburg and Vernon Ehlers, the chair and vice-chair, respectively, of the Senate Committee on Health Policy, view the prevention of illness as the best cost containment measure. Sederburg is particularly interested in implementing the worksite health prevention portion of the Michigan Health Initiative. Ehlers favors a "far greater emphasis on preventing illness, rather than on correcting illness resulting from poor diet, bad health care practices, and lack of individual knowledge regarding preventive health care."

House Speaker Lewis Dodak expects to base his strategies on the action plan being developed by the Governor's Health Care Cost Management Team. He added that "we also need to deal with the access to health care issue, so that people get the health care they need at the earliest and most appropriate time and probably when it is least expensive." Representative Michael Bennane, chair of the House Committee on Public Health, also wants to see access to care for all Michigan residents and implementation of policies adopted by the Governor's Task Force on Access to Health Care.

Jack Shelton, manager, Employee Insurance Department, Ford Motor Company, favors raising the awareness of consumers, providers, and payers of health care about the appropriateness of care. "For the consumer, this means understanding provider and treatment options available so he or she makes a wise choice. For the provider, it means ensuring that the care he or she provides meets the standards of the profession. For the buyer, it means agreeing only to pay for care that is medically necessary and provided in the appropriate setting." Richard E. Augenstein, vice-president, Michigan Manufacturers' Association, specified that purchasers and providers needed to work cooperatively to develop quality and efficiency measurements for health care. He also emphasized that "purchasers should reward the best providers by sending patients!"

Joseph E. Johnson III, M.D., dean, University of Michigan Medical School, recommends continuing to shift the costs of health care from government and industry directly to health care consumers so that they bear more of the costs.

Spencer Johnson, president, Michigan Hospital Association, puts the adoption of meaningful medical malpractice liability reform at the top of his list. In agreement, William Madigan, executive director, Michigan State Medical Society says, "Michigan health care costs could start to be contained by reducing one of the most expensive physician and hospital cost-of-doing-business expenses, extremely high liability insurance rates, through the development of an alternative method of settling malpractice claims." John G. Nolen, D.D.S., executive director, Michigan Dental Association, believes that liability insurance rates, requirements of the federal Occupational Safety and Health Administration, and waste disposal costs are all increasing health care costs without improving health care. He sees these as "panic costs."

Thomas Watkins, director, Michigan Department of Mental Health, noted that the "mental health needs of Michigan residents can be most efficiently met through the expansion of community-based ambulatory services."

Other suggestions for cost containment include: Require second opinions on all Caesarean sections except emergencies (Senate Majority Leader John Engler), encourage the teaching and development of self-esteem as part of the K-12 curriculum (House Republican Minority Leader Paul Hillemonds), institute a national health insurance program (Representative David Hollister), increase public efforts in alcohol, drug, and gun control (Robert Sokol, M.D., dean, Wayne State University School of Medicine), maximize the use of the Medicare system to help relieve pressures on the Medicaid and other insurance programs (Charles E. Harmon, executive vice-president, Health Care Association of Michigan), and implement a state universal health insurance system (Senator John Kelly—for a discussion of the Kelly proposals, see the December 1988 *Health Policy Bulletin*).

— Frances L. Faverman, Editor

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PUBLIC HEALTH COMMITTEES

The House Committee on Public Health has been changed slightly from the previous session and now has 19 members. Representative Bennane will appoint subcommittees on Nursing Licensure and Rural Health within the next 30 days. The Senate Committee on Health Policy is unchanged. Both committees probably will be organized and begin work by the end of February.

HOUSE

DEMOCRATS			REPUBLICANS		
Member	Number	Office	Member	Number	Office
Bennane (Chair)	373-1705	117 1/2 CB	Bandstra	373-2668	O CB
Barns	373-2576	10B CB	Dunaskiss	373-1798	104 1/2 CB
Gire	373-0159	436 RB	Gnodtke	373-1796	220 CB
Gubow	373-0478	506 RB	Krause	373-0218	319 1/2 CB
Hertel	373-1983	J CB	Law	373-3816	220 CB
Hunter	373-0587	112A CB	Muxlow	373-0835	220 1/2 CB
Leland	373-6990	510 CB	O'Connor	373-1792	220 1/2 CB
Palamara	373-0140	117 1/2 CB	Pridnia	373-0833	220 1/2 CB
Rocca	373-7768	320G CB			
Stabenow	373-1770	200 RB			
Stallworth	373-2276	114 CB			

SENATE

REPUBLICANS			DEMOCRATS		
Member	Number	Office	Member	Number	Office
Sederburg (Chair)	373-1734	120 CB	Hart, J.	373-1760	28 CB
Ehlers	373-1801	806 BSF	Kelly	373-7346	30 CB
Schwarz	373-3447	720 BSF			

NOTE: Office abbreviations refer to the following:

- CB = Capitol Building
- RB = Roosevelt Building
- BSF = Billie S. Farnum Building