



Rx: Health Care FYI #10

Subject: *Stop Wasting Prescription Drugs*
From: *Rep. Tim Murphy (PA-18)*

Millions of federal and state dollars could be saved by restocking unused prescription drugs that are often discarded by long term care facilities. Restocking prescription drugs means returning unused prescription drugs to pharmacists for a refund or reuse.

The problem: When a long term care patient switches prescriptions, is discharged from a health care facility or passes away, their unused medications are often simply thrown away.

- One study estimates that unused medications may account for as much as \$1 billion in wasted drug costs among elderly Americans each year.¹
- Another study suggests the value of unused drugs in *long term care facilities* may be as high as \$378 million.²
- One nursing home in Alabama estimates that prescription drugs in blister packs and sealed bottles retailing for \$4,000 are flushed or emptied down drains every month.³
- Costs associated with unused medications at long term care facilities is between 4 percent and 10 percent of the total dispensed costs. More than 90 percent of the wasted medication is due to change in prescription, death, or transfer of the resident.⁴
- Studies of savings in the states have placed the savings of unused prescription drugs from long term care facilities:
 - Between \$3-\$10 million annually in Oklahoma;⁵
 - Between \$6-20 million annually in the State of Texas;⁶ and
 - Between \$2-5 million annually in Louisiana.⁷

Current federal policy:

- The Food and Drug Administration (FDA) Compliance Policy Guide states that pharmacists should not return drug products to stock once they have been out of their possession.⁸
- Regulations in many states and by the FDA require that unused drugs be destroyed after a period of time. For example, in Alabama, leftover medications must be destroyed within 30 days. A majority of states have a separate pharmacy practice act, which states that once the drug leaves a pharmacy, it can not be redispensed or resold.⁹

¹ Morgan, Thomas. "The Economic Impact of Wasted Prescription Medication in an Outpatient Population of Older Adults," *Journal of Family Practice*, September 2001.

² OSU. Prescription Medicines and Nursing Homes: A Problem . . . A Solution. Health and Medicine Issue Paper. Tulsa, OK:Oklahoma State University College of Osteopathic Medicine. 2000.

³ Wang, Joseph. Unopened, Unused Prescription Drugs Destroyed at Taxpayer Expense. Health Law and Policy Institute. University of Houston Law Center. 2004.

⁴ AMA. Report 2 of the Council on Scientific Affairs (I-97) Full Text: Recycling of Nursing Home Drugs. Chicago:American Medical Association. March 2001.

⁵ Wang, Joseph. Unopened, Unused Prescription Drugs Destroyed at Taxpayer Expense. Health Law and Policy Institute. University of Houston Law Center. 2004.

⁶ Medicaid Office, State of Texas. Study Report: Recycling of Prescription Drugs Long Term Care Facilities. 2000.

⁷ OSU. Prescription Medicines and Nursing Homes: A Problem . . . A Solution. Health and Medicine Issue Paper. Tulsa, OK:Oklahoma State University College of Osteopathic Medicine. 2000.

⁸ Food and Drug Administration. Sec. 460.300 Return of Unused Prescription Drugs to Pharmacy Stock (CPG 7132.09). October 1, 1980.

⁹ Wang, Joseph. Unopened, Unused Prescription Drugs Destroyed at Taxpayer Expense. Health Law and Policy Institute. University of Houston Law Center. 2004.

Restocking prescription drugs at long term care facilities saves money:

- Approximately 12 states have proposed laws for the restocking of pharmaceuticals.¹⁰ A number of states already have prescription drug restocking programs in place.
- In Connecticut, the state's drug restocking program has produced overall cost savings of \$1.4 million.¹¹
- A Florida law establishing a restocking program in long term care facilities, estimates \$14.1 million in cost savings.¹²
- Pennsylvania estimates that the restocking of prescription drugs would result in estimated annual savings of over \$15 million (state savings of \$7 million and federal savings of \$8.2 million).¹³

Safety is the key to successfully restocking prescription drugs:

- The American Medical Association (AMA), consistent with the policy of the American Society of Consultant Pharmacists (ASCP), supports the return and reuse of medications to the dispensing pharmacy in long-term care facilities provided the following conditions are satisfied:
 - Controlled substances can not be returned.
 - Medications are dispensed in tamper-evident packaging and returned with packaging intact.
 - Medications meet all federal and state standards for product integrity in the professional judgement of the pharmacist.
 - Policies and procedures are followed for the appropriate storage and handling of medications at the long-term-care facility and for the transfer, receipt and security of medications returned to the dispensing pharmacy.
 - A system is in place to track restocking and reuse to allow medications to be recalled if required.
 - A mechanism is in place for billing only the number of doses used or crediting the number of doses returned.¹⁴
- Some states such as Oklahoma, have added other restrictions, including:
 - The county pharmacy will only take medications that are in individual units (for example, blister wrapped), not loose in bottles; and
 - It also will only accept a list of 25 medications (narcotics are not included on the list).

The federal government's role:

- The Food and Drug Administration (FDA) issued an informal opinion allowing the restocking of pharmaceuticals, however, there is still a wide disparity between what the states are doing. This confusion is costing the states and the federal government substantial savings from unused prescription drugs.¹⁵

Recommendations:

- Work with the states to establish a uniform standard to maximize the cost savings of unused prescription drugs.
- Allow Medicare and Medicaid reimbursement fees to pharmacists to reprocess returned prescriptions. Fees would be offset by savings from reducing wasted drugs.
- Create flexibility for physicians to prescribe drug supplies under 90 days to reduce the amount of wasted drugs when patients change prescriptions.
- Limit restocking of medications to those items that have been dispensed in blister packs, the original manufacturers' packaging or similar high safety standards.

¹⁰ National Conference of State Legislatures. 2004 Prescription Drug Legislation.

¹¹ Connecticut General Assembly. Pharmacy Benefits and Regulations. December 2003.

¹² National Conference of State Legislatures. Recent Medicaid Prescription Drug Laws and Strategies, 2001-2004

¹³ Pennsylvania House Committee on Appropriations. Fiscal Note HB. 770. 2004.

¹⁴ AMA. Report 2 of the Council on Scientific Affairs (I-97) Full Text: Recycling of Nursing Home Drugs. Chicago:American Medical Association. March 2001.

¹⁵ FDA Response to AMA. Letter to E. Ratcliffe Anderson, Jr., M.D. Executive Vice President, CEO, AMA from Janet Woodcock, M.D., Director FDA Center for Drug Evaluation and Research February 25, 2000.

Congressman Tim Murphy, a member of the Energy and Commerce Committee, is a psychologist, and holds two Adjunct Associate Professor positions at the University of Pittsburgh (Pediatrics, and Public Health). He is Co-chair of both the Congressional 21st Century Healthcare Caucus and the Congressional Mental Health Caucus.