

**Remarks by Mark B. McClellan  
PQA Press event  
April 19, 2006**

I'd like to thank Karen Ignagni, Bruce Roberts and Bob Hannan, and their association members, for the important and unprecedented achievement they are announcing today. I would also like to thank Larry Kocot, my pharmacy point man, for his outstanding efforts. We are going to see an unprecedented degree of consistency in the messages related to filling prescriptions that pharmacists get through their computers. Pharmacists and pharmacies have demonstrated how important they are to the implementation of the Medicare drug benefit. They have been tremendous and we're please to support this critical collaborative effort.

This may sound a bit technical, but it's an unprecedented step that can add up to a significant reduction in the cost and time and effort for pharmacists across the country to fill physicians. This is how you make our health care system work better, faster, cheaper and easier. This consensus agreement on new message coding protocols will make transaction processing more streamlined and efficient which will save time and prevent phone calls and delays between plans and pharmacists. This is important for the Medicare drug plans, but the benefits potentially extend throughout our health care system, in which pharmacists have long been dealing with many public and private plans every day as they help their patients get the drugs they need.

I want to be clear that Medicare now views these consistent messages as best practices for the drug benefit, and we expect the entire industry to adopt and implement these practices as soon as possible. CMS will be looking at these and other best practices as measurements of plan

performance, we expect broad adoption in the weeks ahead, we expect these messages to become requirements with the adoption of these standards by NCPDP, and we will be monitoring whether we need to take further steps to make sure that happens.

This is a great precedent that will likely lead to additional standards and messaging, adding further to the benefits of the electronic health care systems in pharmacies that are already reducing costs and improving quality and now have the potential to do even more. This will yield even greater efficiencies for pharmacies, plans, physicians and others, which will ultimately result in a higher level of satisfaction for Medicare beneficiaries.

But we are not stopping with this step. This collaboration has gone so well, that the groups with us today... all of which are key players in the delivery of health care benefits to both Medicare and Medicaid patients, as well as all Americans... have decided to take another unprecedented step, really a historic step, in their partnership for greater quality in the delivery of health benefits.

I am very pleased to announce the establishment of the Pharmacy Quality Alliance. Similar to the Ambulatory Care Quality Alliance that we worked with health plans and health professionals and other stakeholders to establish, the mission of the Pharmacy Quality Alliance will be to improve health care quality and patient safety, and to reduce overall health care costs. The PQA will use a collaborative process in which key stakeholders agree on a strategy for measuring performance at the pharmacy level; collecting data in the least burdensome way; and reporting meaningful information to consumers, plans, providers and other stakeholders to inform choices and improve health outcomes. While the

primary goal of the Pharmacy Quality Alliance will be to develop strategies for defining and measuring pharmacy performance, we also expect that this could lead to new pharmacy payment models for optimizing patient health outcomes. And at Medicare, we are very interested in supporting the testing and development of those models.

Thanks to the Ambulatory Care Quality Alliance and the leadership and hard work of the health plans and many physician organizations, we've made considerable progress creating consensus around meaningful measures of the quality of physician care. We believe that through the Pharmacy Quality Alliance, we can make similar breakthrough progress in the development of pharmacy care quality measures, and in the development of better support for high-quality pharmacy care.

Paying more for higher quality and less costly care is a critical priority for CMS: just as providing high quality care and avoiding preventable complications and costs is a high priority for the nation's health professionals. Pharmacists and other health professionals want to do everything in their power to get the best care to their patients. When we provide consumers with better information about quality, and when we provide more financial support for better quality and lower costs, we enable health professionals to get the resources to do what they do best.

This is part of a key, fundamental strategy in Medicare and Medicaid. For 40 years, Medicare and Medicaid have focused on paying the bills, without really taking into account whether what we are buying makes beneficiaries' health care better. The result is that too often we focus on controlling costs only by reducing payment rates – rather than paying more for the best care. Focusing on spending health care

dollars better, rather than just on reducing payment rates to reduce health care costs, deserves strong support from Medicare and we are going to make it happen.

Pharmacists and pharmacies have already demonstrated the great value they provide in the implementation of the Medicare drug benefit. They have also shown they can add much more – helping people find lower cost drugs like generics, helping people with multiple illnesses understand how to use their medications, improving compliance... All of these things can improve quality of care and reduce overall health care costs. This helps us get to a health care system that provides the right care for every person every time.

Pharmacists have more to offer to improve quality and reduce costs in our overall health care system, but that may require changes in the way pharmacy care is financed and delivered. The establishment of the PQA is an important step toward a pharmacy business model that rewards real value delivered rather than just volume of prescriptions dispensed.

I am confident that through the collaborative efforts of stakeholders in the health care enterprise and initiatives such as the Pharmacy Quality Alliance, we can promote pharmacy quality as an essential element of a health care system that delivers high value benefits while avoiding costly errors, and one that helps our health care system innovate and stay affordable.