

VIEWPOINTS

Impending Federal Budget Cuts and Dramatic Impacts Upon Pharmacy and Pharmacy Education

Jack E. Fincham, PhD

Associate Editor, *American Journal of Pharmaceutical Education*

As we all begin a new academic year and welcome new and returning students back into our colleges and schools, look to new faculty members as welcome additions to the academy, and defer to new leaders in varying academic positions for leadership and guidance. However, we must temper our enthusiasm with some restraint by recognizing the climate in which we will be working. There was a lot of disgust expressed when the looming budget impasse and debt ceiling debate continued to drag on, and relief when it was finally ended. What was not discussed to any meaningful extent was how these budget cuts will affect many who are dependent upon the continuation of some funding.

The health professions collectively and health professions' educational programs have survived difficult budgetary crises at the state and federal levels many times before, but we may be facing our greatest challenges in the near and foreseeable future. The looming budget cuts that may impact pharmacy and pharmacy education may be significant. The recently appointed 12-member deficit reduction committee made up of US House of Representatives and US Senators will be charged with reducing the US budget by trillions of dollars in cuts that are yet to be identified. If the super committee is unable to reach a consensus or if their recommendations are not passed in both Houses of Congress, automatic cuts will ensue after December 23, 2011. Certainly no one has an idea at this point as to what the budget cuts may entail. However, the major advocacy groups have begun to address what should or should not happen with the budget that impacts their interests the most. Despite the heroic efforts of those within the academy and beyond that have been expended to promote the many positive things that we collectively accomplish, advocacy is not a capability of the academy in comparison to other groups with deep pockets and a literal army of lobbyists promoting their interests.

Corresponding Author: Jack E. Fincham, PhD, Professor, The University of Missouri Kansas City School of Pharmacy, 4246 Health Sciences Building, 2464 Charlotte Street, Kansas City, Missouri 64108. Tel: 816-235-5909. Fax: 816-235-6008. E-mail: finchamj@umkc.edu

Medicare and Medicaid

Medicare advocacy on the part of seniors will come face-to-face with calls for a revamping of the Medicare program, its funding, and its recipients. Whether a call for Medicare reform that includes a "means testing" approach to benefits, whereby recipients receive benefits on a sliding scale depending on individual income and resources, will be enacted is debatable, but will certainly be a focus of discussion. Medicaid reform will be discussed to a significant degree and the outcomes of these deliberations are anyone's best guess at this point.

Pfizer Pharmaceuticals CEO Ian Read was the first to defend the pharmaceutical industry as a major contributor to the financing of the Patient Protection and Affordable Care Act, specifically the Medicare Part D Drug Benefit with contributions over a period of time to reduce the "donut hole" segment of Medicare Part D.¹ Read asserts that the pharmaceutical industry should not be considered as a source of further funding of programs or a recipient of cuts that may emerge.¹ The global pharmaceutical industry has been under increasing pressure to allow pharmaceuticals to be more affordable for more and more individuals, especially in the emerging health care systems of developing countries.^{2,3}

The blueprint for reorganization and revamping of the Medicare budget that was proposed by US Congressman Paul Ryan (R-WI) and then passed in the US House of Representatives but was defeated in the US Senate, has received widespread acclaim or criticism based on individual views of the program and this proposal to remake the Medicare program.⁴ One of the significant features of the Ryan plan was a focus on fraud within Medicare and Medicaid, to which a significant amount of funding is illegally diverted within these programs.⁴ Estimates place improper payments within Medicare at 10.5% during 2009, and Medicaid at 8.4% during the same year.⁴ As the constructed budget super committee begins deliberations, Medicare and Medicaid will receive a major amount of attention and focus. The Ryan plan proposed the elimination of traditional Medicare funding, and replacing it with a voucher system to purchase private health insurance. It may be useful to examine foreign approaches to health care system

reform. The recent experience of the Netherlands with a managed competition approach to health insurance has not been positive at all.⁵ The Dutch experience has been that health care spending has not slowed and has outpaced inflation by 5% since 2006.⁵ Health insurance premiums for Dutch families have increased by 41% during this same period.⁵ High administrative costs also have plagued the Dutch system since reform.⁵ Nevertheless, Medicare spending now accounts for 15% of total federal spending in the US, and makes up 3.6% of the US gross domestic product (GDP).⁵

Regarding Medicaid, pharmacy groups have filed a brief with the US Supreme Court asserting the right of pharmacies to challenge Medicaid cuts.⁶ This unified approach to protecting the reimbursement for Medicaid pharmacy benefits will be a significant factor in the pharmacy profession's ability to weather potential challenges to Medicaid drug program funding levels.⁷

Pharmacy Research

Stagnant funding of the US federal granting agencies, National Institutes of Health (NIH), National Science Foundation (NSF), and the Agency for Healthcare Research and Quality (AHRQ) are projected to become even lower within the budget discussions that will occur between now and the end of 2011. It is not a surprise to any researchers that grants and contracts from these federal agencies have been sparse and subject to incredible competition. These funding agencies, although worthy as anything for receipt of funding, may simply not have the advocacy to surmount future budget challenges.

Scholarship Support for Students

Many of our pharmacy students are dependent upon federal Pell grants for aid in financing a pharmacy education. When compared with other advocacy points regarding federal funding, Pell grants and other federal means of support for students may lack the support necessary to protect levels of funding.

Public Health

There are concerns that public health efforts to improve the health status of the most vulnerable among us

will be left off the table when the difficult process of cutting begins. Community Health Centers, local Public Health Agencies, and Free Clinics that receive federal funding and that provide basic, needed services to those without means or insurance for health care needs may lack the advocacy power that major corporations or affinity groups may possess. As such, other voices may be heard in the cacophony that will surely arise in these discussions.

Nothing written here should imply that there are not budgetary excesses that need to be addressed; however, there is a bias in a view that pharmacy education, pharmacy research, and pharmacy student support from the federal government may be seen as an easy target for budget cuts in comparison with other options for trimming the US budget. We all must remain vigilant and supportive of the academy and our constituencies during the challenging period that lies ahead.

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