Understanding Specialty Pharmacy Management and Cost Control

Mona H. Hamood
Director, Pharmacy Administration
Employee Health Insurance Management, Inc.

June 5, 2012
EHIM Introduction

• Founded in 1987 by Mindi Fynke, CEO
  – Certified Woman-Owned (WBENC)
  – Headquartered in Southfield, Michigan

• EHIM is full service benefit company
  – National Pharmacy Benefit Manager
  – Third Party Administrator

• Approaching 3 million people nationwide
  – Privately Held Companies
  – Public Corporations
  – Union & Non Union
  – State, Local & Federal Government
  – 95% Retention rate
Presentation Objectives

• Why It is Important to focus on Specialty Pharmacy
• Employer / Plan Sponsor Goals
• Methods to Manage Specialty Pharmacy
• Cost Containment
• Utilization Management Strategies
Importance of Specialty Pharmacy

- Specialty drugs have increased between 15 – 20% for the past several years
  - Medications are only used by a small percentage of the population (1 to 5%)
- Expected to account for 40% of U.S. drug spending by 2014
- Annual drug cost ranges from $20,000 - $250,000+ per patient
- Flourishing pipeline of new medications
  - New indications for existing drugs
Specialty Medication Pipeline

**NUMBER OF PREFERRED PRODUCTS BY THERAPEUTIC CATEGORY**
Indicates the number of preferred products for each of the following therapeutic classes/products.

- Cancer / Related Conditions
- Infectious Diseases
- Autoimmune Disorders
- Other
- HIV / AIDS Infection
- Respiratory Disorders
- Cardiovascular Disorders
- Blood Disorders
- Skin Disorders
- Diabetes / Related Conditions
- Neurologic Disorders
- Digestive Disorders
- Genetic Disorders
- Transplantation
- Eye Conditions
- Growth Disorders

Drugs may appear in more than one category. PhRMA 2008 Report: Medicines In Development.
Available at www.phrma.org/medicines_in_development_for_biotechnology
Definition of Specialty Drugs

• The term “Specialty Pharmaceuticals” is used interchangeably with “Biologics” - drug made from a living organism
  – Insulin is not considered Specialty medication

• Also include non-biologic products with high costs or those that require special handling
  – Oncology; HIV; Infectious Disease

• Targets underlying disease pathology rather than just treating symptoms (the root cause of the disease)

• Typically administered via injection or infusion, also oral and inhaled agents

• High need for therapy management by health professionals
  – Increased incidence of adverse effects and compliance issues
  – Requires monitoring and possible dosing adjustments
Route of Administration

• Self-Administrated Agents (SAA)
  – Patient can administer the medication
    • Enbrel; Humira; Copaxone; Tarceva
  – Typically billed as a pharmacy benefit

• Office Administered Agents (OAA)
  – Injected or infused in the physician’s office, outpatient clinic etc.
    • Remicade; Chemotherapy agents; Lupron
  – Billed as a medical benefit, however can be billed under pharmacy benefit

• Home Infused Agents
  – Home Health Nurse administers the medication
  – Billed as a medical benefit
Employer / Plan Sponsor Goals

- Optimize cost management
  - Receive the lowest cost from dispensing pharmacies
- Ensure appropriate use with clinical guidelines
  - Prior authorization; formulary programs
- Improve clinical management
  - Monitor adherence and persistency
  - Patient care services
  - Improved clinical outcomes
Figure 1: Employers: Top Two Goals for Management of Specialty Medications in 2012 (N=122)

- Reduce Drug Acquisition Cost: 59.0%
- Reduce Inappropriate Utilization: 58.2%
- Improve Adherence and Persistency: 47.5%
- Reduce Variability Between Pharmacy and Medical Benefit Design: 18.9%
- Improve Patient Satisfaction: 9.8%
- Reduce Variations in Physician Prescribing Patterns: 6.6%
Methods to Manage Specialty Pharmacy

• Pharmacy Benefit vs Medical Benefit?
  – Currently 50/50 split with more shifting to pharmacy
  – Tighter control resides on the pharmacy side
    • Clinical criteria to control costs and reduce waste
    • Utilization management and reporting capabilities
  – Can be more costly on medical side with administration fees

• Cost Sharing Designs
  – 49% of Employers use flat copays under pharmacy benefit
Optimize Cost Containment

• Maximize Distribution Channels
  – Retail vs. Specialty vs. Mail vs. Provider Office
  – Pricing lists should be updated quarterly

• Exclusive vs Preferred Specialty Pharmacy Network

• Requirements of Specialty Providers:
  – Competitive discounts
  – Mailing & tracking services;
  – 24 hour access to Pharmacists for members
  – Support for Patient Assistance Programs
  – Member education concerning injection technique, adverse effects etc
  – Solid clinical programs with evidence-based guidelines that report outcomes
  – High touch member services – refill calls; prescription transfer services
Cost Containment cont.

• Specialty agents billed through medical benefit (OAA; Home Infused) should be reviewed to determine if most cost effective route.
  – Self funded Medical
• Rebates are not available for most Specialty drugs
  – Plan Assistance Programs
• Specialty Providers should not charge dispensing fees or shipping fees.
Helping Employers Reduce Specialty Pharmacy Costs: Net Savings to the Employers Bottom Line – **EHIM CARES**

- **EHIM Cares** identifies opportunities to help employers reduce their bottom line Specialty Rx costs by identifying and enrolling members (and dependents) in programs offered by pharmaceutical manufacturers that shift some or all of the cost from the employer to the manufacturer. We will support the members in the registration process, as well as offer help to ensure ease of use for members and reporting back to the group on what they saved through this program.

- If **EHIM Cares** cannot identify an available program or the assistance is not ideal for a particular candidate, then it will not be utilized.

- The EHIM difference? Employers receive significant savings – and the employee copay never increases and in some cases decreases. For example:

  - **Temodar (treatment for certain brain tumors):** we were able to obtain full coverage for this patient saving the plan $9,650/m ($115,800 annualized). The member also had no copay.

  - **Avonex (to treat MS):** with a plan design of 75% copay on specialty medications this group is saving $2,755/m ($33,060 annualized). Member copay is $10.

  - **Enbrel (used to treat long term inflammatory diseases such as rheumatoid arthritis):** EHIM Cares saves plans $660/m of $8,000/y. $10 member copay.

  - **Incivek (to treat chronic hepatitis C):** standard 3 month therapy costs $52,500. We have successfully deferred this to manufacturer programs 3 times this year – each employer saves $52,500.
Utilization Management Programs

- Prior Authorization and Step Therapy
  - Implement evidence-based clinical criteria
  - First line therapy requirements

- Quantity Restrictions and Dose Consolidation
  - Certain medications can be dispensed in partial supplies (e.g., Oncology meds = 2 week therapy)
  - Specialty medications should be limited to 30-day supplies
  - Duration of therapy edits

- Formularies should be managed purely on clinical efficacy and cost effectiveness
Improve Clinical Management

- Adherence Reports
  - Patient level compliance and outcome data is necessary to determine the value of Specialty Pharmacy.

- Education Program Guidelines
  - Side effect treatment options
  - Focus on co-morbid conditions
    - Depressioncommonly occurs in Multiple Sclerosis
      - Depression screening should be placed in the monthly call schedule
    - Quality of life evaluation to determine therapy effectiveness

- Coordination with Disease Management
  - Data integration with DM vendors
Final Considerations

- Employers must develop effective methods to ensure patients who need the therapies are able to access them at an affordable cost.
- Pharmaceutical manufacturers must maintain and guarantee the quality and accessibility of the product.
- Providers must develop a relationship with the patient:
  - Patient education
  - Appropriate therapy plan
- Specialty pharmacies must ensure appropriate patient education and knowledge in side effect management.
- Patients must be motivated to adhere to therapy and actively participate in their own care.