

Specialty Drug Management: What Employers Need To Know

Agenda

1. The Challenge
2. Quantifying The Waste
3. Employer Solutions

The Specialty Challenge

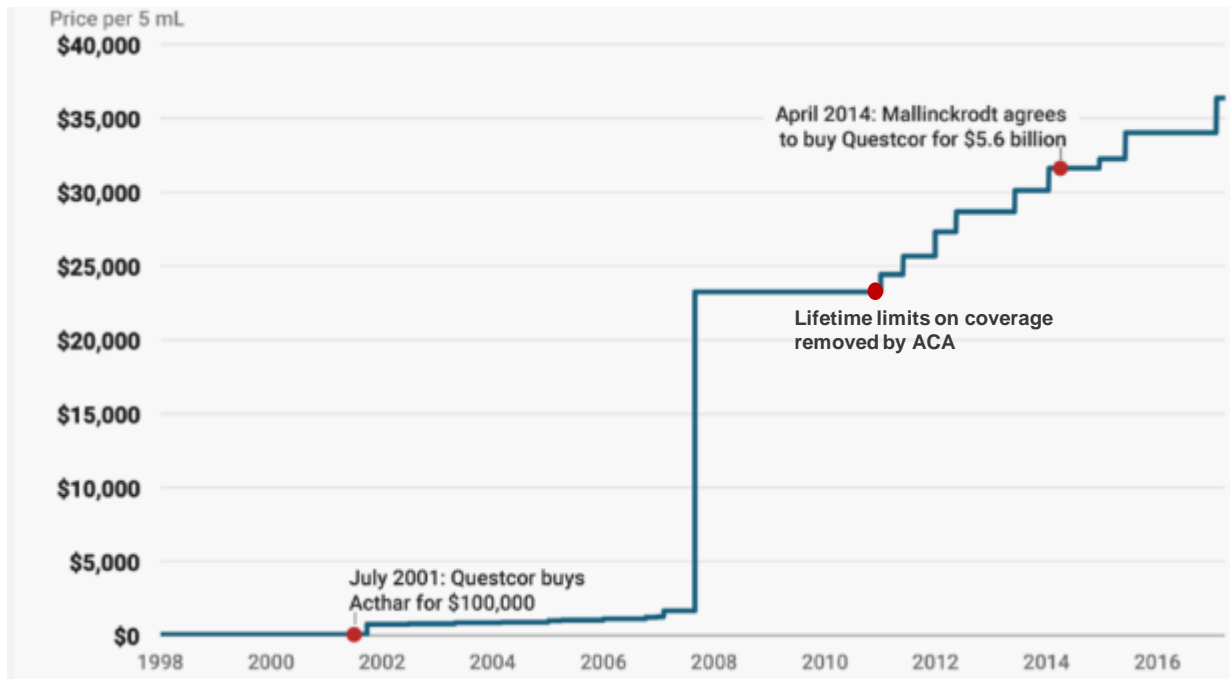
- **Price, Price, Price**
- **Vendor conflicts of interest**
- **Siloed vendors**
- **Lack of cost transparency**
- **Overprescribing and questions of value**



Drug Pricing Is Receiving Scrutiny



H.P. Acthar Pricing



Source: Truven. Accessed at https://amp.businessinsider.com/drug-price-gouging-explained-on-baml-conference-call-2017-12?utm_source=hearst&utm_medium=referral&utm_content=allverticals&_twitter_impression=true

PBM Conflicts of Interest

Formularies are Rebate-Driven



PA Programs are Ineffective



Stockpiling



Challenges with Prior Authorization

- PBM conflicts of interest
- Physician office attestations
- Lack of best practices (e.g., documentation)
- Use of non-clinical PBM staff
- Lack of technology for decision support
- Lack of transparency

Examples of Inappropriate Use from One Employer





Drug	Type of Use	Annual Savings
Drug A	Off-label for sleep apnea	
Drug B	First-line use for asthma although it is a second-line agent	
Drug C	Inappropriate use for MS	
Drug D	Too high a dose for weight	
Drug E	Off-label for growth	

Stockpiling

- \$64,000 of unused specialty drugs in the patient's garage refrigerator
- PBM pressured patient to continue to refill despite stockpiles

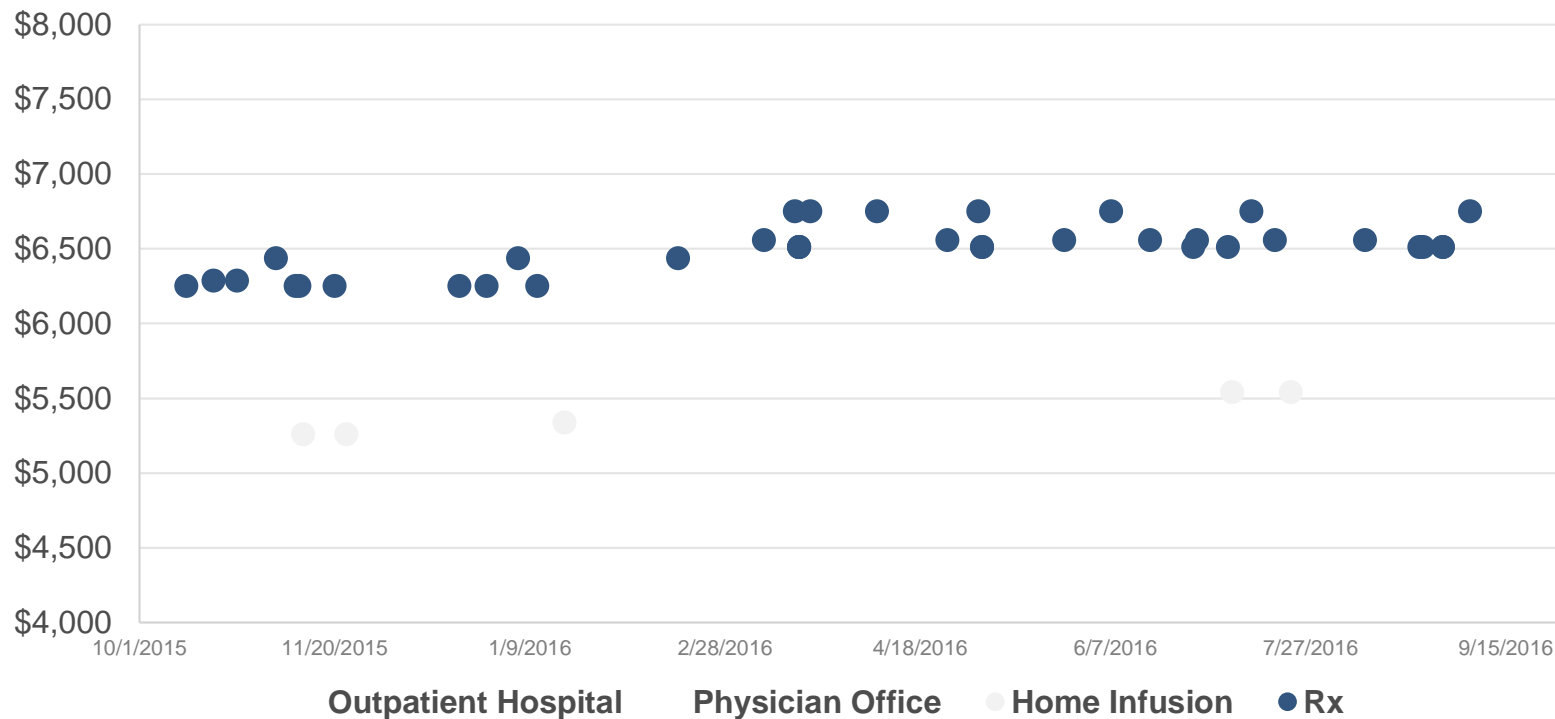


The Coverage Conundrum

Drug Types	Manager	Administration	Results
Orals  <p>Xeljanz Cosentyx Otezla</p>	Pharmacy	<div>NDC Codes Real-time adjudication Formulary / Rebates Prior Authorization Network Management</div>	Wasteful spending 
Self-Injectables  <p>Enbrel Humira Entyvio</p>	Pharmacy	<div>Benefit Shopping Duplicate Claims Inappropriate Use Site of Care</div>	
Infusibles  <p>Remicade Inflectra Actemra Rituxan</p>	Medical	<div>HCPCS Codes Delayed adjudication Prior Authorization Network Management</div>	

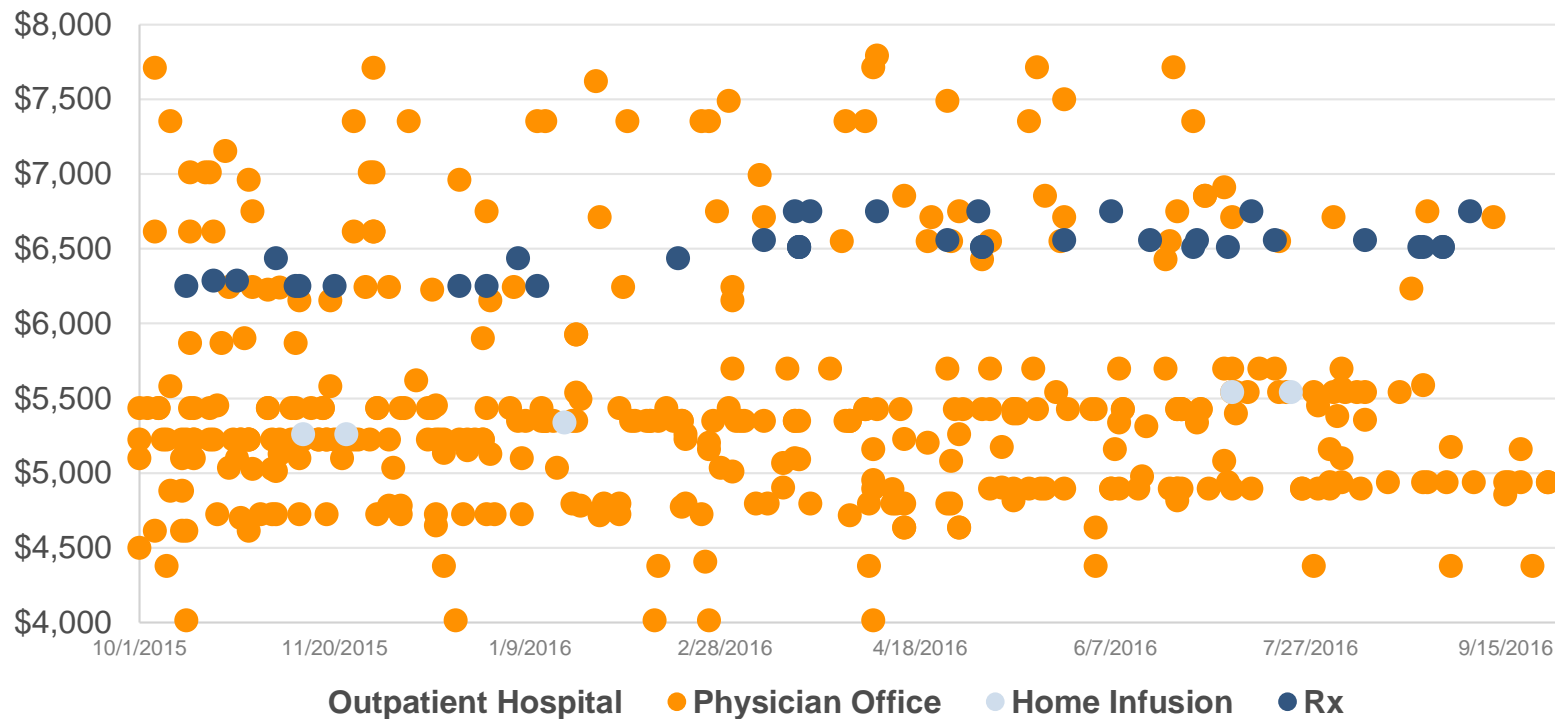
Remicade Cost by Channel

(600 mg Infusion)



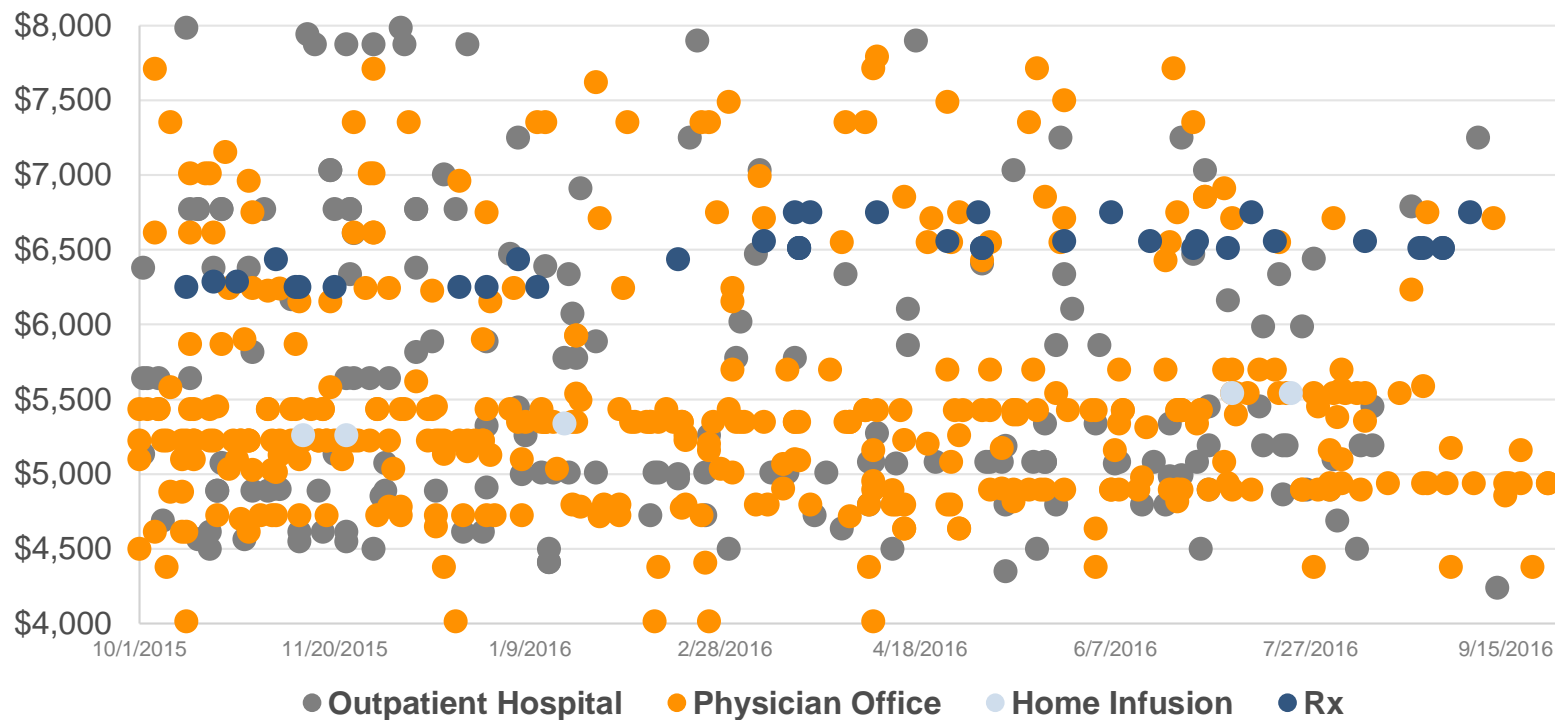
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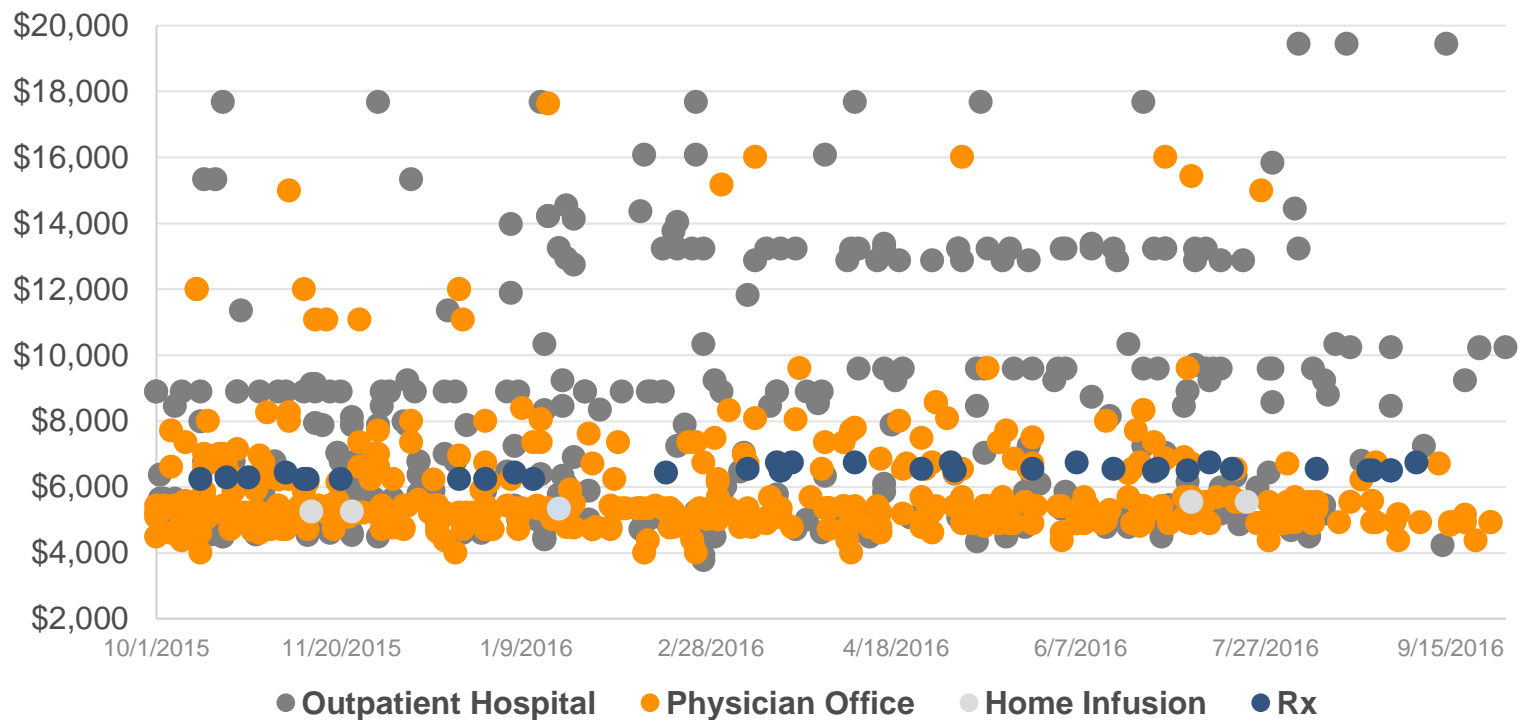
Remicade Cost by Channel

(600 mg Infusion)



Remicade Cost by Channel (600 mg Infusion)

Note new scale



Physician Challenges

Clinical practice is
17 years behind the
science of medicine



Physician
reimbursement
influences their
prescribing



Physicians do not
know the price of
drugs...



...And there is no
magical savings
when they do know
the price



Sources: Morris et al, 2011, etc.

Physician Reimbursement Matters

Study found that physicians receiving more generous drug reimbursement prescribed more costly chemotherapy agents

Increase MD payment
\$1 and you increase
drug cost by...



Genetic Testing Not Performed

- More than 200 FDA-approved drugs have pharmacogenomic information in their labeling.
- The majority of drugs are in the oncology and other specialty
- The pharmacogenetic testing can serve various purposes, including efficacy, ability to metabolize, and likelihood of adverse events

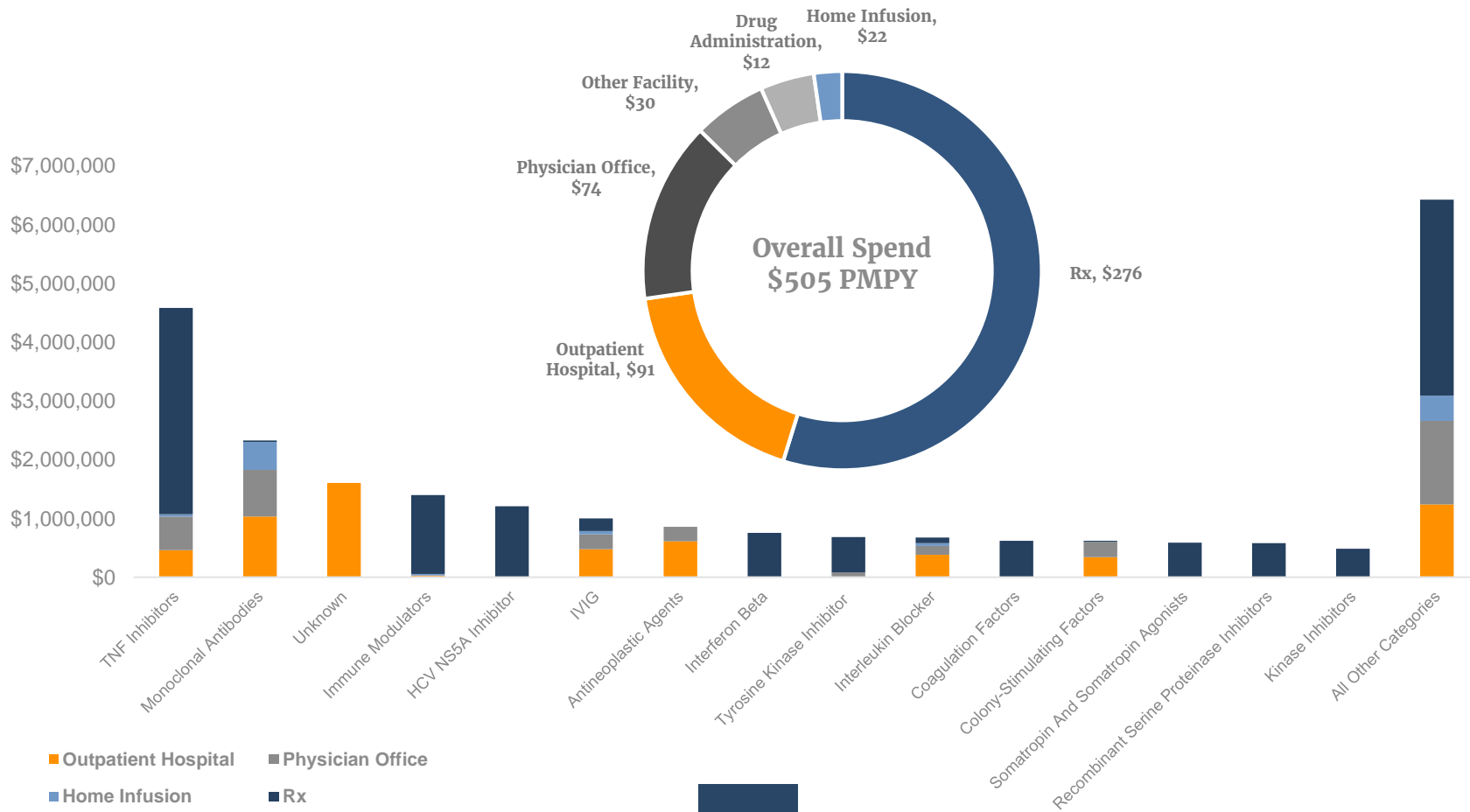
Physician reimbursement can affect quality, not just costs

Drug	Members	Claims	Cost	Percent of Spend on Members with Missing Tests
Rituxan	32	97	\$540,383	45%
Revlimid	5	32	\$444,208	56%
Herceptin	5	50	\$326,659	23%
Perjeta	2	15	\$227,339	45%
Kalydeco	1	9	\$221,663	100%
Xenazine	1	12	\$181,625	100%
Gleevec	2	12	\$74,302	36%
Faslodex	3	20	\$58,264	35%

Note: Findings are a sample of the full results



Quantifying the Waste



Specialty Drug Savings Opportunities

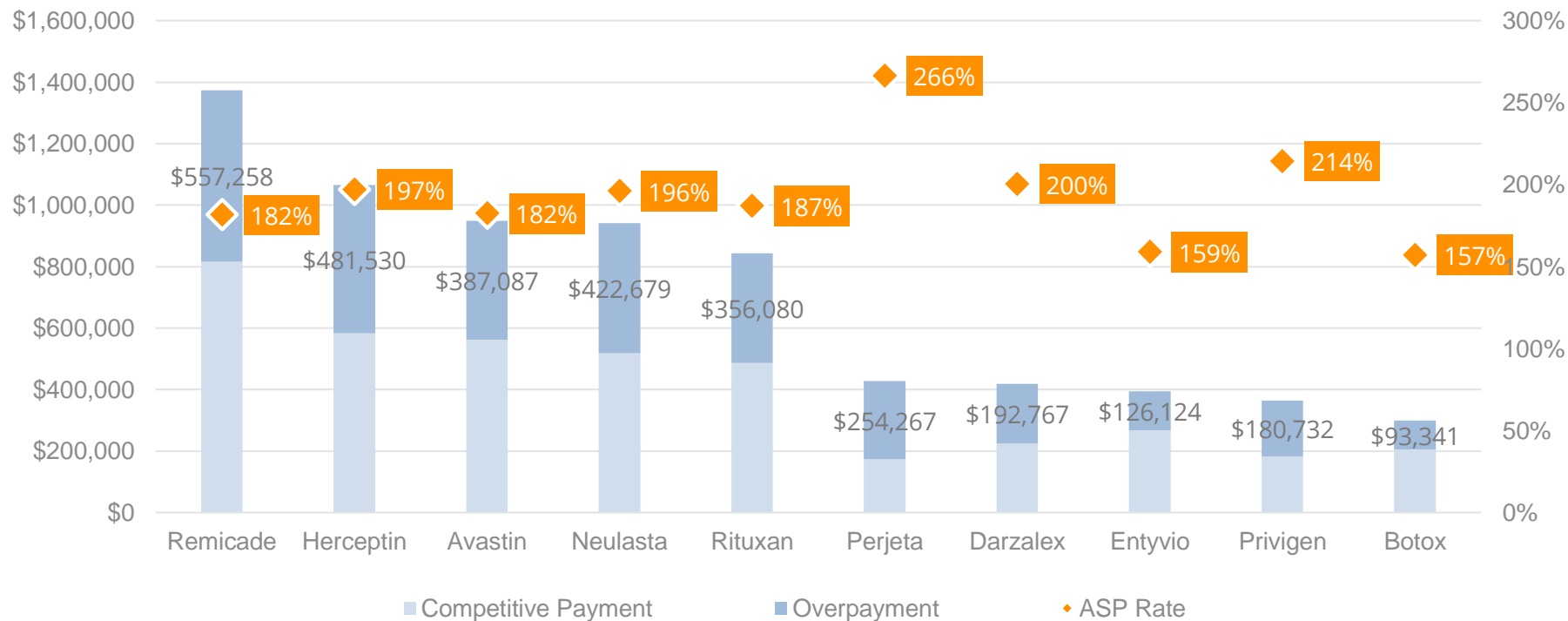
~50,000 lives

\$40 million in specialty drug spend

Plan Sponsor Example

Savings Type	Medical Savings	Rx Savings	Total Savings
Site of Care	\$2,120,509		\$ 2,120,509
Clinical: Off-Label Use	\$ 159,257	\$1,911,751	\$ 2,071,008
Provider Reimbursement	\$ 579,723		\$ 579,723
Quantity Management		\$ 468,164	\$ 468,164
Dose Management		\$ 284,296	\$ 284,296
Cancer Supportive Care	\$ 65,423	\$ 721	\$ 66,144
Weight-Based Dosing	\$ 3,308	\$ 32,791	\$ 36,099
Hepatitis C Overuse		\$ 30,146	\$ 30,146
Duplicate Therapy	\$ 5,909	\$ 10,921	\$ 16,830
Other Inappropriate Use	\$ 744,338	\$ 229,413	\$ 973,751
Total	\$3,687,467	\$2,968,203	\$6,646,670

Pricing Relative to ASP, Outpatient Hospital



ARCHIMEDES

Billing Errors

▪Keytruda payments to one Provider appear to be excessive or in error.

▪Provider billed plan \$98,647 on 10 dates of service for one patient.

▪Billing for Keytruda is usually between \$9,000-\$15,000

Date	Channel	Drug	Oncology Status	Therapy Class	Primary Diagnosis	Provider ID	Qty	Days Supply	Plan Paid	Member Paid	ASP/AWP
01/09/2017	FAC	Keyt...	ONC	Anti...	Mali...	9414...	4		\$98,647	\$0	
01/31/2017	FAC	Keyt...	ONC	Anti...	Mali...	9414...	2		\$98,647	\$0	
02/23/2017	FAC	Keyt...	ONC	Anti...	Mali...	9414...	2		\$98,647	\$0	
03/16/2017	FAC	Keyt...	ONC	Anti...	Mali...	9414...	2		\$98,647	\$0	
04/06/2017	FAC	Keyt...	ONC	Anti...	Mali...	9414...	2		\$98,647	\$0	
05/03/2017	FAC	Keyt...	ONC	Anti...	Mali...	9414...	2		\$98,647	\$0	
05/26/2017	FAC	Keyt...	ONC	Anti...	Mali...	9414...	2		\$98,647	\$0	
06/16/2017	FAC	Keyt...	ONC	Anti...	Mali...	9414...	200		\$98,647	\$0	
07/28/2017	FAC	Keyt...	ONC	Anti...	Mali...	9414...	20		\$98,647	\$0	
08/18/2017	FAC	Keyt...	ONC	Anti...	Mali...	9414...	200		\$98,647	\$0	
07/07/2017	FAC	Keyt...	ONC	Anti...	Mali...	9414...	20		\$94,896	\$3,751	
05/25/2017	FAC	Keyt...	ONC	Anti...	Mali...	5212...	200		\$20,458	\$0	226%
07/20/2017	FAC	Keyt...	ONC	Anti...	Seco...	5212...	200		\$20,042	\$116	226%
10/14/2016	FAC	Keyt...	ONC	Anti...	Mali...	9311...	200		\$14,973	\$0	171%
11/25/2016	FAC	Keyt...	ONC	Anti...	Mali...	9311...	200		\$14,973	\$0	171%
11/04/2016	FAC	Keyt...	ONC	Anti...	Seco...	9311...	200		\$14,968	\$0	171%
09/22/2016	FAC	Keyt...	ONC	Anti...	Mali...	9311...	200		\$14,962	\$0	173%
11/29/2016	OFF	Keyt...	ONC	Anti...	Mali...	2080...	200		\$9,150	\$0	104%
01/12/2017	OFF	Keyt...	ONC	Anti...	Mali...	2080...	200		\$9,150	\$0	104%
11/07/2016	OFF	Keyt...	ONC	Anti...	Mali...	2080...	200		\$9,020	\$130	104%

Prior Authorization

Prospective utilization management reviews for specialty drugs to ensure clinically appropriate use

Examples of Inappropriate Use from One Employer

Drug	Type of Use	Annual Savings
Drug A	Off-label for sleep apnea	\$73,092
Drug B	First-line use for asthma although it is a second-line agent	\$12,120
Drug C	Off-label use for MS	\$169,293
Drug D	Too high a dose for weight	\$48,058
Drug E	Off-label for growth	\$49,333

Prior Authorization – Acthar

Patient Profile

- 61 year old patient
- Claims data indicated diagnosis of multiple sclerosis
- Previous history of Acthar Gel use two years prior
- No other MS drugs
- Patient Prescribed Acthar Gel

Actions Taken

- MDO attested that patient had tried-and-failed lower-cost steroids
- Documentation provided did not support MS diagnosis or prior use of IV steroids (1st line)
- Peer-to-Peer conducted with 3 previous and current physicians

Results Achieved

- ✓ Patient recommended for re-evaluation
- ✓ IV steroid required before 2nd line drugs
- ✓ Savings of: **\$72,472/dose**



Employer Solutions

Areas of Opportunity



- Visibility to Spend & Pricing
- Site of Care Optimization
- Clinical Management
- Reimbursement Management
- Better Vendor Management
- Coordination Across Benefits

The Do's and Don'ts

Do this

Not that

Do NOT

- Focus on price discounts under pharmacy
- Allow auto-refill of specialty drugs
- Carve-out of medical without understanding your economics

Do

- ✓ Limit specialty drugs to 30-day supply
- ✓ Implement PA policies across benefits
- ✓ Conduct clinical audits of your vendors

Site of Care Management Best Practices



- ✓ Mandatory, not voluntary
- ✓ Use of outpatient hospital setting requires precertification with review against clinical criteria
- ✓ Members who do not meet criteria are redirected to less costly, clinically appropriate sites
- ✓ Broad drug list
- ✓ Clear member communications
- ✓ **Consider implementing site of care management, even if there are not immediate savings, as a way to reduce risk**

Prior Authorization Best Practices



- ✓ All specialty drugs should have Prior Authorization
- ✓ Limit coverage to 1 year or less, depending on therapy
- ✓ Customize criteria as needed
- ✓ Look at approval/denial rates
 - >90% approval suggests a potential problem
- ✓ Ask for case-level approval history
- ✓ Periodically conduct a clinical audit of PA
- ✓ **Consider carving out of PA from PBM to avoid conflict**

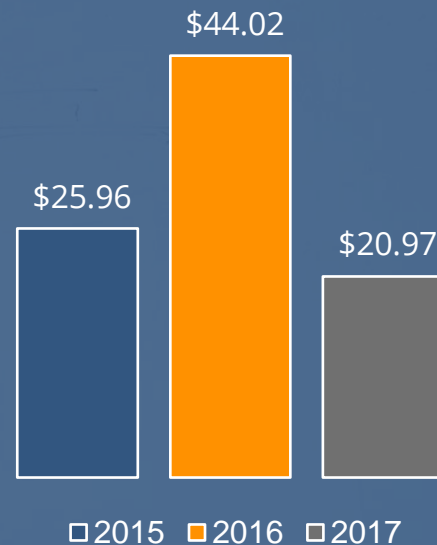
Specialty Drug Carve-Out Best Practices

Actions Taken

- Enhanced Prior Authorization
- Optimized Formulary
- Copay Assistance Program
- Ongoing Retrospective DUR
- Regional Specialty Pharmacy
- Performance Transparency

Results Achieved

Specialty Rx Spend, PMPM



Spend net of rebates

Call to Action – Medical Benefit



Medical Benefit:

1. Ask your health plan for actionable Specialty reporting
2. Begin to align benefits
3. Implement a site of care program
4. Implement available prior authorization/clinical reviews
5. Evaluate options for specialty medical management

Call to Action – Pharmacy Benefit



Pharmacy Benefit:

1. Ask your PBM for data on your specialty drug users and recommendations for savings
2. Implement all available prior authorizations
3. Audit prior authorization process and operations
4. Explore carve-out prior authorization from your PBM
5. Evaluate options to carve-out of specialty drug management from your PBM

Thanks!

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