



Prescription Benefit Management Services

Pharmacy Trends &
Managing the Cost of
Specialty Drugs

May 2, 2017

Introduction



Why am I here?

- Managed Care experience (health plan, PBM)
 - 6-years in managed care
 - Introduced closed formulary to the State of Utah
 - Drove industry leading trends and rebate performance
 - Site of care initiatives
 - Introduced lowest net cost HCV formulary, POS opioid program, first in-class diabetic program
- Other experience
 - Retail
 - Hospital
 - Consulting
 - Long-term care

Agenda



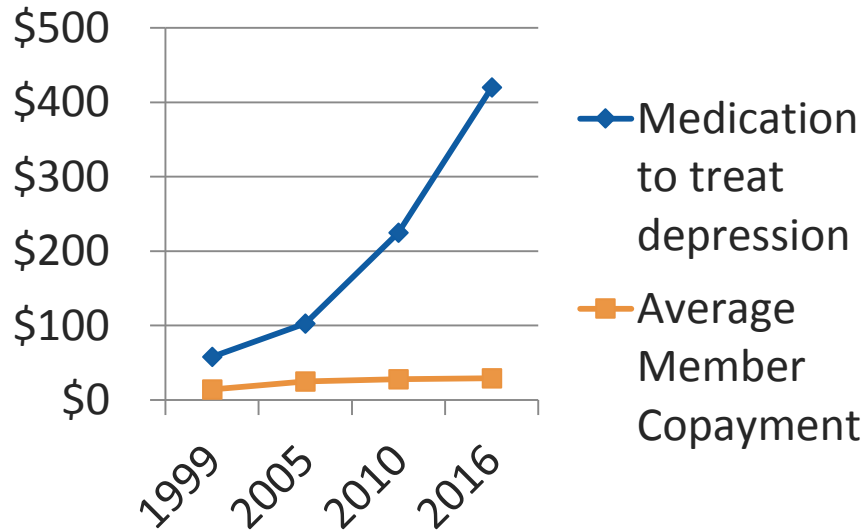
What are we going to discuss?

- Trends in the market
 - Pharma trends
 - Market trends
- Specialty medications
 - Define specialty medications
 - Year-over-year specialty trend
 - Tools
 - Pharma trends
 - New Tools

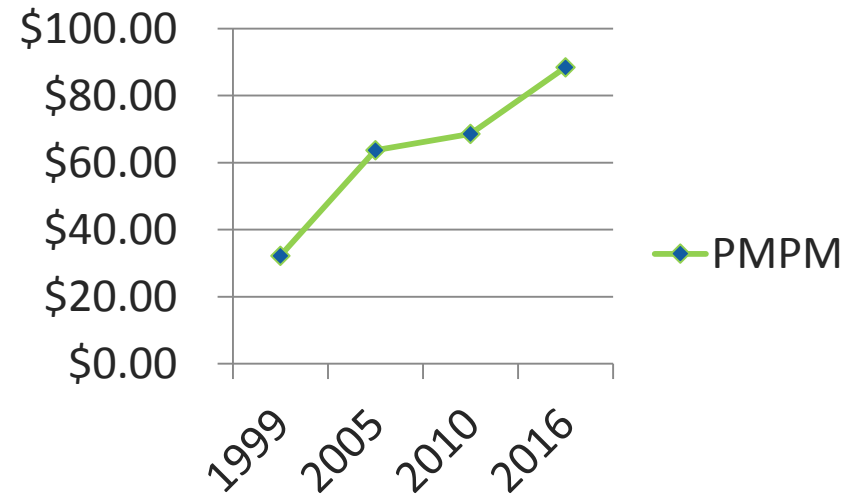
What's Going On?



Cost vs Copay



PMPM



*Express Scripts: Drug Trend Report
<https://www.express-scripts.com/research/research/dtr/archive/>

Trends In The Market

Pharma Trends

- Pharma is intelligent...
- Inflation
 - Turing Pharmaceuticals, Valeant Pharmaceuticals, Poor Mylan
 - Not a new phenomenon
 - Where is the outrage for Copaxone and Xyrem?
- New medications or indications
 - Prove effectiveness
 - Create a need
 - Rebates, rebates, rebates
- Manufacturer consolidations
 - Create a monopoly



New FDA-approved JUBLIA to treat toenail fungus. 

Trends In The Market

Pharma Trends

- Combine for convenience
 - Take existing products and combine them
 - Nexium® and Aleve®, Pepcid® and Motrin®
- Compounds for Pete's sake
 - Combine ingredients
 - Flonase and Salt Water
 - Capsaicin and menthol
- COPAY cards
 - It's not important what you pay only the member
- When all else fails legislate changes
 - School Access to Emergency Epinephrine Act
 - ADFs



<https://www.drugs.com/pro/dermacinrx-prizopak.html>

Trends In The Market



Client Trends

- Member share
 - Coinsurance, CDHP
 - More tiers
 - Non-preferred generics
 - Reference pricing
- Utilization management strategies
 - Prior authorization
 - Step-therapy
 - Site-of-service
 - Narrow network
 - Non-grandfathering
- Exclusions

Questions?

Fun Fact

- Banging your head against the wall burns 150 calories per hour



<http://www.impactfit.com.au/banging-your-head-against-the-wall/>

Specialty Medications

Specialty definition

- CMS definition
 - Those drugs in which total AWP exceeds six hundred dollars (\$600.00), biotech, biological or other products or pharmaceuticals, including but not limited to growth hormones, blood factors, interferon, etc., which may require special handling, distribution, administration, monitoring or patient education and counseling.
- Other definition
 - Medication used chronically with at least 3 of the following
 - LD
 - Need for monitoring
 - Specialized handling, shipping and storage
 - Risk of significant waste



Specialty Medications



Specialty definition

- My definition
 - Expensive medications used to treat a condition which may impact only a small population
 - Examples: Humira[®], Enbrel[®], Exondys[®] 51, Harvoni[®]
- Average cost > \$3,000 per script
- Specialty inflation ranges from 15-20% annually
- Expected to consume 50% of the benefit within 2 years
- Blockbuster status driven by cost

Specialty Medications



Specialty Manufacturing Trends

- Specialty medications that aren't so special
 - Generate cheap products for specialty populations
 - Examples: Rayos[®], Tecfidera[®], Hetlioz[®], HCV agents
- Orphan Drugs
 - 7 year patent exclusivity, impacting 200k
 - ½ of new drugs approved, with higher approval rates
 - Examples: Exondys[®]51, Spinraza[®], Humira[®]
- Inflation, inflation, inflation
- Avoid POS systems
 - Jcodes vs NDC codes
- Alleviate member and physician frustration

Specialty Medications



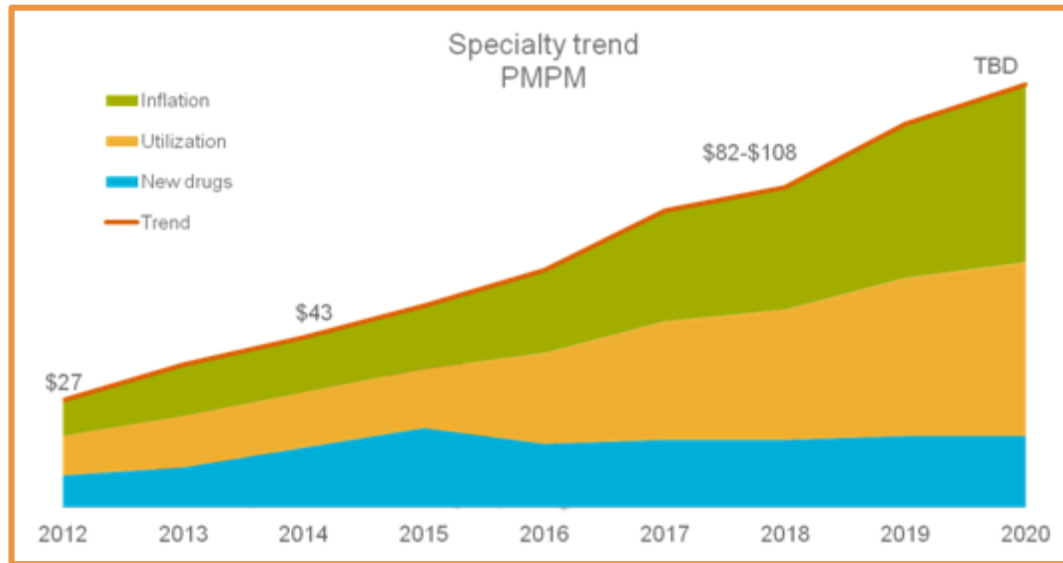
Existing Tools

- Utilization management
 - Prior authorization
 - Ensure appropriate prescribing
 - Quantity limits
 - Limit to safe and effective doses
 - Narrow networks
 - Provide specialty medications through specialty pharmacies
 - Benefit design
 - Add specialty tiers

Specialty Medications



Specialty Trend



<https://www.primetherapeutics.com/en/news/prime-insights/2016-insights/2016-03-14-saying-no.html>

Specialty Medications



Existing Tools

- Traditional tools fail
 - Prior authorization
 - Pharma circumvents PAs through samples
 - All PA criteria are not created equal
 - Quantity limits
 - Provide checkpoint to billing errors
 - Step therapy
 - Limited ability to prefer cheaper alternatives
 - Narrow networks
 - Provide specialty medications through specialty pharmacies
 - Benefit design
 - Pharma offsets benefit designs through copayment assistance

Questions?

Cartoon



"This probably won't work, but we do have medications that will take care of the side effects."

www.cartoonstock.com

Specialty Medications



New Tools

- Site-of-service management
 - What are you paying today?
 - ASP plus, percentage of billed charges, AWP minus
 - Move patients to the safest, most cost effective sit of service
 - Home health vs physicians office vs hospital infusions
 - 50% of specialty medications adjudicate under the medical benefit
 - 20% require a PA under the medical benefit
 - UM strategy alignment
- Simple solutions
- Complex solutions

Specialty Medications



New Tools

- Sometimes say NO formulary?
 - Pay for outcomes or significant improvement to SOC
 - Rebates vs net cost

Genotype 1

- Zepatier
- 95-98% cure
- Savings
 - \$20,000 per patient

Genotype 2

- Epclusa
- 100% cure
- Savings
 - Up to \$70,000 per patient

Genotype 3

- Epclusa
- 95% cure
- Savings
 - \$20,000-\$60,000 per patient

Genotype 4

- Zepatier
- 98% cure
- Savings
 - \$30,000 per patient

Genotype 6

- Epclusa
- 100% cure
- Savings
 - \$20,000 per patient

Specialty Medications



New Tools

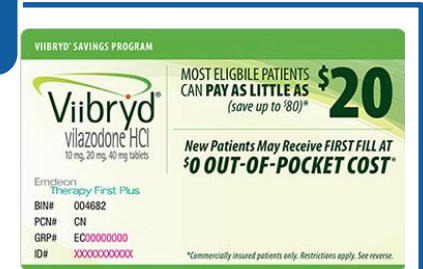
- Case Example 1
 - Patient is a 35 yo pregnant female. She is on a \$3,000 high deductible plan with 100% coverage following meeting her \$3,000 deductible. Her plan renews 1/1 and she gives birth to a beautiful baby girl at an in-network hospital on 1/3. After adjusting for allowed amounts her stay was \$5,000.
 - What was the patient's OOP responsibility for this stay?
- Case Example #2
 - Same as above except now she has a diagnosis of multiple sclerosis as well and fills her Copaxone, which costs \$7,900 per month, on 1/2 prior to delivering.
 - What was the patient's OOP responsibility for this stay?

Specialty Medications



Copay Assistance

- Traditional copayment assistance
 - Circumvents benefit design
 - Provides low cost medications to members



MEMBER JOHN SMITH \$10/\$25/\$50	MEMBER COPAY	COPAY ASSISTANCE PAID	MEMBER ACTUALLY PAID	PLAN COST
Viibryd 40 mg	\$25	\$5	\$20	\$224.96
MEMBER JAYNE SMITH \$10/30%/50%	MEMBER COPAY	COPAY ASSISTANCE PAID	MEMBER ACTUALLY PAID	PLAN COST
Viibryd 40 mg	\$74.98	\$54.98	\$20	\$174.98

Specialty Medications



Copay Assistance

- Traditional copayment assistance
 - Higher value
 - Based on plans having flat copays



MEMBER	MEMBER	COPAY	MEMBER	PLAN COST
JOHN SMITH	COPAY	ASSISTANCE	ACTUALLY	
\$10/\$25/\$50		PAID	PAID	
Viekira	\$25	\$20	\$5	\$33,327.60
MEMBER	MEMBER	COPAY	MEMBER	PLAN COST
JAYNE SMITH	COPAY	ASSISTANCE	ACTUALLY	
\$10/30%/50%		PAID	PAID	
Viekira	\$8,332	\$8,332	\$5	\$25,000.60

Specialty Medications



Copay Assistance

- Strike while the iron is hot
 - Coupons could leave at any minute
 - Solutions are in place currently
- Biosimilars
 - \$250 Billion in savings
 - 15% ingredient cost savings
 - Early adoption
 - Current market biosimilars of importance
 - Inflectra®
 - Basaglar®
 - If you are currently paying for more than 1 insulin you aren't ready for biosimilars



Prescription Benefit Management Services

Jeremy Meyer, SVP of PBM of Operations

Rory Davies- VP, Clinical Programs

Stephanie Putz – Implementation Manager

Orsi Teodorovic- Director of Business Development