Achieving Payer Goals by Enforcing Specialty Program Oversight

MedImpact Direct Specialty

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Keith Cook, RPh
Vice President, MedImpact Direct Specialty Operations
Keith.Cook@medimpact.com

Bill Chauvin Jr., RPh, CSP
Director, MedImpact Direct Specialty Operations
Bill.Chauvin@medimpact.com
Agenda

Where Are We Headed in Specialty Pharmacy

Adherence – Key to Great Outcomes

Cost Drivers in Today’s Specialty market

The MedImpact Direct Solution

Controlling Cost for Specialty Drugs
Where Specialty Pharmacy is Headed

Industry trends
Managing the utilization
Striving for great outcomes
### Defining the Scope of the Specialty Issue

Pharmacy industry revenues will exceed $483 billion in 2020

Specialty drugs will account for almost half of industry revenues

Forecasts include only specialty drugs paid under the pharmacy benefit

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**Pharmacy Industry Revenues, Traditional vs. Specialty Drugs, 2010-2020**

<table>
<thead>
<tr>
<th>Year</th>
<th>Specialty Drugs</th>
<th>Traditional Drugs</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>$233 billion</td>
<td>$41 billion</td>
</tr>
<tr>
<td>2015</td>
<td>$364 billion</td>
<td>$266 billion</td>
</tr>
<tr>
<td>2020</td>
<td>$483 billion</td>
<td>$212 billion</td>
</tr>
</tbody>
</table>

**Specialty as % of Pharmacy Industry Revenues**

<table>
<thead>
<tr>
<th>Year</th>
<th>Specialty as %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>15%</td>
</tr>
<tr>
<td>2015</td>
<td>27%</td>
</tr>
<tr>
<td>2020</td>
<td>44%</td>
</tr>
</tbody>
</table>

Figures in billions  
Source: Pembroke Consulting estimates


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Adam Fein  
Specialty Pharmacy Industry consultant
Specialty Pharmacy Continues to Grow in Volume and Price

Pharmaceutical price escalation (the Epi-Pen effect)

Innovation and new products hitting the market

Aging population = more patients with chronic diseases

More specialty pharmacies coming to market

Therapeutic alternatives – i.e. biosimilars

More drugs launched into “limited distribution” model
Adherence = Key to Good Outcomes

Barriers to adherence
Retail versus closed-door specialty pharmacy
Get What You Paid for....

Chronic therapy: ~50% of patients do not take medication as directed

~31% of patients never fill original prescriptions

Non-adherence = 125,000 deaths per year in U.S.

Poor adherence = $250B in direct & indirect healthcare costs

A “filled” prescription does not = a “compliant” prescription

Specialty medications need more hands-on education and follow up

Data required to validate adherence and compliance

“Drugs don’t work in patients who don’t take them.” – Dr. C. Everett Koop
Barriers to Specialty Therapy

High cost of copay/co-insurance
Side-effect profile
No evidence medication is working
Feel worse when taking medication
Lack of education – diagnosis and treatment
Forgetfulness – lack of routine or reminder
Fragmentation across healthcare system
Complexity of drug therapies
Medication fatigue
Retail Versus Specialty When It Comes to Adherence

Plan design: Distribution Channel

“Specialist” vs. general practitioner
Available at all channels?
Financial assistance important?
Does therapy require ongoing patient support?

Understanding and Improving Adherence for Specialty Products – IMS Health
Managing the Cost of Specialty Pharmacy

Negotiating for the lowest possible cost
Drivers of cost in the specialty market
Managing Costs While Striving for Cures

Manufacturers:
- Significant overhead
- Provide free and low-cost products
- New drugs with unusually high price tags
- FDA approving specialty medications in record time
- Sites of care – Specialty vs Retail vs Institutional
- Increased costs for filling and shipping
- Wholesalers profit on drugs shipped through their distribution network
- PBM processing fee

Cost Drivers
Other Changes in the Specialty Industry

Need for improved alignment in the industry
  Manufacturers
  Payers
  Prescribers
  Pharmacies
  Patients

Will pharma go “at-risk” on these expensive therapies?
  November 2015 - Repatha with Harvard Pilgrim

MedImpact Direct Specialty model

Analyzing pharmacy benefit versus medical benefit?
  J codes lack needed information for accurate reporting
  Site of care can drastically drive up medication costs
The MedImpact Direct Specialty Solution

The client advocate in the distribution chain
Enforcing the formulary decision
Enforcing adherence
Clinical outcomes and reporting
Managing Costs While Striving for Cures

How we can help

Work supply chain to lower costs with preferred products
Negotiate with manufacturers for rebate on specialty drugs
Negotiate better rates with preferred specialty providers
Enforce formulary compliance with specialty pharmacies

PA Process  Step Therapy  Clinical Surveillance
Managing Costs While Striving for Cures

Education and planning

- Educate patients on successful treatment goals and outcomes
- Educate prescribers to align treatment goals with plan goals
- Plan for generic drugs entering specialty pharmacy
- Continue to monitor the biosimilars market
Driving Results via MedImpact Direct Specialty Program

Controls of prescription filling on front end
Enforces client plan goals and formulary
Provides direct contact with members for questions and support
Supports prior authorization process
Helps increase “speed to therapy”
Client advocate between physician and member
Provides enhanced clinical reporting
Ongoing retroactive clinical surveillance
Continuous negotiation on price & cost to fill a specialty prescription

Launched 2016
Specialty Prescription-Level Utilization Management

We Are the Advocate for Clients & Their Members
The Service You Want

Access Across Channels
Easy to Use
Funding Assistance

Client Advocate
Pricing
Reduce Waste
Data and Reporting

Speed to Therapy
Best in Class Service
Clinical Surveillance

ONE SOURCE
LOWER COST
BETTER CARE
Strategies to Manage Total Specialty Spend

**Pharmacy**
- Exclusive pharmacy providers
- Prior authorization and step edits
- Formulary/preferred drug strategies
- Drug surveillance

**Medical**
- Move select meds to most appropriate benefit
- Lowest-cost site of care
- Medical PA/retrospective audit
- Oncology management

Today about 50% of specialty medications are covered under the pharmacy benefit and 50% under the medical benefit.
Pharmaceutical Copay/Coupon Assistance Programs

Reduces barriers to care
Supports members utilizing **preferred** specialty medications
Delivers additional discounts on expensive specialty medications
Mirrors benefit design with manufacturer coupon programs
Aligns manufacturer copay assistance funding with client copays

Currently provided for multiple clients
Pharmaceutical Copay/Coupon Assistance Programs

Payers can obtain greater discounts on some specialty medications

- Make adjustments in their benefit setup
- Copays are increased to higher levels
- Through manufacturer coupons, member obtains prescriptions for a nominal copay
- We have developed a list of 25 eligible drugs
- MedImpact Direct oversees the program and ensures each member receives the assistance from the coupon

We support our payers in their efforts to obtain higher savings
New Creative Discounts – Variable Copay Program

Setup

Adjust the copay for Humira from $150 to $700
Reset the max out of pocket to $700
Manufacturer program pays $695
Patient responsibility reduced to $5
Payer savings would be $6,600/year per patient

Example of Results

<table>
<thead>
<tr>
<th>Humira</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable Copay</td>
</tr>
<tr>
<td># of Members</td>
</tr>
<tr>
<td># of Claims</td>
</tr>
<tr>
<td>Plan Savings Total</td>
</tr>
<tr>
<td>Savings per Claim</td>
</tr>
<tr>
<td>Member portion/Rx</td>
</tr>
<tr>
<td>Member savings/Rx</td>
</tr>
<tr>
<td>Total Member Savings</td>
</tr>
</tbody>
</table>
Variable Copay Program Savings

We currently have 25 drugs on this program.

MedImpact Direct helps ensure access for members to coupon program.

Correct accumulator files before distribution to clients with accurate member information.

Utilization of all 25 drugs through program resulted savings of:

$2.25 to $2.71 PMPM
In today’s market, what % of specialty medications are covered under the pharmacy benefit?

A. 70%
B. 50%
C. 25%
D. 10%

LIVE POLL!
Go to “Polls & Feedback” on the app
Live Poll Results
Comprehensive Specialty Reporting

Disease-Specific Categories

Autoimmune
Hemophilia
Hepatitis C
Growth Hormone
Cystic Fibrosis
Multiple Sclerosis
HIV

Oncology
Asthma
Transplant
Anticoagulants
Behavioral Health
Fertility
Comprehensive Specialty Reporting

- Spend and trend for specialty categories
- Member demographics and utilization
- Outcomes Reporting: Prescriber & member interventions
- Adherence
- Oral Oncology Split Fill Program
- Clinical surveillance
- Top prescribers data
- Foundation/manufacturer copay assistance
- Disease-specific clinical data
Oncology Clinical Program

Clinical Onboarding

• Disease state staging
  - Naive
  - Null responder
  - Relapse

• Education on disease & therapy

• Depression screening

• Side effect education

• Adherence coaching

• Birth control precautions

Operational Analytics

• Partial-fill program initiation

• 8-day and monthly outreach

• Financial assistance utilization

• Non-adherence risk factor determination

• Provide outreach to prescriber with any issues

Oncology Outcomes

• Discontinuation based on response: guided therapy guidelines and futility rules

• Medication adherence

• Changes in therapy or dosing changes reporting

• Number of hospital days/ER visits
Taking advantage of the variable copay card program will benefit:

A. The patient  
B. The payer  
C. The drug manufacturer  
D. The patient and the payer
Live Poll Results
## Takeaways

- Start at the beginning – Does your formulary fit your goals
- Site-of-Care decisions – Medical vs. Pharmacy? Retail vs Closed-Door Specialty?
- Work with MedImpact to manage the cost
- Educate your members
- Support and encourage clinical outcomes
- Use the MedImpact Direct solution to drive down costs and support your goals
- Stay informed – use MedImpact as your resource
Before You Go - Rate this session!

Open the app and find this session on the agenda. Scroll down and share your feedback.

GAME CODE
LOWCOST
References

Kathryn Moody – “Why specialty pharmacy is the top driver of health costs right now”

Adam Fein - “Drug Channels” is written by Adam J. Fein, President of Pembroke Consulting, Inc, and CEO of Drug Channels Institute.

IMS Health – “Understanding and Improving Adherence for Specialty Products”

“Drugs for Rare Diseases Have Become Uncommonly Rich Monopolies” Sarah Jane Tribble and Sydney Lupkin

“340b Program Sales Forecast 2016-2021” – Aaron Vandervelde, Eleanor Blalock