How to Navigate a World of $100K Medicine

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Agenda

The specialty trend

Formulary and utilization management

Utilize the most effective channels and providers

Ensure appropriate utilization

Maximizing adherence and minimizing waste

Identify gaps in care

Medical specialty management

New creative discounts
Impact of Specialty Trend

Specialty trend exploding at 18 - 25% year over year!
Increased utilization
Double-digit cost increases
Changes in drug mix
We Have an Unsustainable Specialty Trend

High demand for specialty cost relief

Specialty drugs represent:

1 - 2% of claims
Approximately 40% of total drug spend!

$100,000 drugs: Cancer and orphan therapies
Orphan diseases: $300,000 - $1M per patient per year

Legislation on prescription drug costs unlikely

Manufacturers are listening – predicted 2018 price increases down to ~10%
Specialty Spend Management

Clinical Pipeline Management
Early pipeline notification

Budget Impact Modeling
High-impact drug financial modeling

Formulary Management
Strategic formulary placement

Utilization Management (Including Biosimilars)
Promote appropriate utilization

Fulfillment & Patient Care
High-touch patient care & dispensing

Clinical Surveillance & Medical Management
Improve outcomes & reduce waste

End-to-End Specialty Management
Focused Formulary Strategy

Commercial Formulary Options: Choice of Preferred Drug List

Portfolio
- Broad Access
- Preferred Drug List
- Orphan Drug
- PA Criteria

MedPerform™
- Restricted
- Preferred Drug List
- PA Criteria

Or

Levels of Control Impact
- Cost and Member Satisfaction

Rebates, Preferred Products, Drug Exclusions, Biosimilars
Formulary & utilization management does not vary much when managing specialty drug spend

Average specialty spend for 50,000 member group:
  – Just under $24M annually
  – Reduce spend by $430,000 - $530,000 depending on package

Average savings: $0.72 to $0.88 PMPM
Ensure Appropriate Therapy Throughout

Genetic testing at onset and during oncology treatment

Different mutations provide different prognostic information

- **Example**: Chronic Lymphocytic Leukemia
  - 11q deletion – marked lymphadenopathy, rapid disease progression
  - 17p deletion - treatment failure with alkylating agents & fludarabine, short survival times

Genetic testing in orphan diseases

- Not all medications are effective for different mutations of a disease

- **Example**: Eteplirsen for Duchenne muscular dystrophy (DMD)
  - First disease-modifying drug on the market in U.S. for DMD
  - Approximately 13% of DMD patients may be eligible

- Orphan disease treatments can cost between $300,000 to $1,000,000 per year

End of life care

When is enough, enough?
Navigating Solutions

Utilize the most effective:
- Channels
- Programs
- Providers
All of the following are TRUE and good reasons to consider moving to a smaller specialty network utilizing only specialty pharmacies, EXCEPT...

A. Higher adherence rates are achieved
B. Improved rate discounts
C. Surveys report very high member satisfaction
D. My retail specialty rates are better

LIVE POLL!
Go to “Polls & Feedback” on the app
Savings from a Smaller Specialty Network

Select few specialty pharmacies: Higher volumes = better discounts

Save administrative costs by providing pharmacies only authorized prescriptions with:

- Patient’s complete demographic information
- Formulary status
- PA criteria and forms

Average savings of $0.80 to $0.96 PMPM through better network rates
Adherence Improves the Specialty Drug’s Efficacy

US Bioservices Measurements for 2016

Standard Adherence Metrics

- Rheumatoid Arthritis: MPR 90.1%, PDC 87.2%
- Hepatitis C: MPR 98.3%, PDC 97.6%
- Psoriasis: MPR 86.2%, PDC 86.3%
- Multiple Sclerosis: MPR 95.4%, PDC 93.1%
- Gastrointestinal: MPR 92.1%, PDC 89.9%
- Growth Hormone: MPR 87.3%, PDC 86.2%
Avoid Waste – Right Therapy with Low DC Rates

Ineffective treatments waste client spend

or

Low adherence or discontinuation create waste

Outcomes can be affected by channel – Hepatitis C example

<table>
<thead>
<tr>
<th>Client A</th>
<th>Client B</th>
<th>Client C</th>
</tr>
</thead>
<tbody>
<tr>
<td>12%</td>
<td>58%</td>
<td>24%</td>
</tr>
<tr>
<td>Members on Sovaldi with no Ribavirin</td>
<td>Adherence rate for Sovaldi®</td>
<td>Discontinuation rate on Sovaldi and Olysio®</td>
</tr>
</tbody>
</table>
Adherence Issues

Savings from high adherence?

Hepatitis C needs high adherence for cure

Hepatitis C adherence > 95% with our preferred specialty pharmacies

Poorly adherent or discontinued therapy

Wasted cost

Resistance issues

Comparing adherence: Evidence of clients with adherence rates below 80% in Hepatitis C

Every 1% in higher cure rates = $0.06 cents PMPM
Surveys Show Very High Satisfaction Ratings

Our goal is to provide convenience, and satisfaction as well as the very best service to all our patients. We’d like to know how you feel about our patient-handling systems, and our pharmacists and staff members. Your comments will help us evaluate our operations to ensure that we are truly responsive to your needs. Thank you for your help.

### PLEASE INDICATE THE PURPOSE OF YOUR MOST RECENT CALL:
- Prescription only
- Consultation

### PLEASE RATE THE FOLLOWING:

#### A. YOUR CALL TO OUR SPECIALTY PHARMACY:

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Excellent</th>
<th>Very Good</th>
<th>Good</th>
<th>Fair</th>
<th>Poor</th>
<th>Does Not Apply</th>
</tr>
</thead>
<tbody>
<tr>
<td>Your phone call answered promptly</td>
<td>6</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>N/A</td>
</tr>
<tr>
<td>Your ability to contact us after hours</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>N/A</td>
</tr>
<tr>
<td>Our ability to return your calls in a timely manner</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>N/A</td>
</tr>
<tr>
<td>Clear and concise phone communication</td>
<td>6</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>N/A</td>
</tr>
<tr>
<td>Your ability to obtain prescription refill</td>
<td>6</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>N/A</td>
</tr>
<tr>
<td>The professionalism of our call center staff</td>
<td>6</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>N/A</td>
</tr>
<tr>
<td>Availability of the on-call pharmacist or nurse (if applicable)</td>
<td>6</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>N/A</td>
</tr>
</tbody>
</table>

#### B. YOUR INTERACTION WITH THE CALL CENTER STAFF:

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Excellent</th>
<th>Very Good</th>
<th>Good</th>
<th>Fair</th>
<th>Poor</th>
<th>Does Not Apply</th>
</tr>
</thead>
<tbody>
<tr>
<td>The courtesy of the person who took your call</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>N/A</td>
</tr>
<tr>
<td>The helpfulness of the person who took your call</td>
<td>6</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>N/A</td>
</tr>
<tr>
<td>Willingness to listen carefully to you</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>N/A</td>
</tr>
<tr>
<td>Taking time to answer your questions</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>N/A</td>
</tr>
<tr>
<td>Amount of time spent with you</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>N/A</td>
</tr>
<tr>
<td>Explaining things in a way you could understand</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>N/A</td>
</tr>
<tr>
<td>Instructions regarding your medication and next steps</td>
<td>6</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>N/A</td>
</tr>
<tr>
<td>Showing respect for what you had to say</td>
<td>6</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>N/A</td>
</tr>
<tr>
<td>Empathy and concern for your needs</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>N/A</td>
</tr>
<tr>
<td>Concern for your privacy</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>N/A</td>
</tr>
<tr>
<td>Knowledge of your health condition</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Overutilization of which specialty therapy class drives the highest waste?

A. Growth hormone
B. Multiple Sclerosis
C. Autoimmune
D. Behavioral health

LIVE POLL!
Go to “Polls & Feedback” on the app
Conclusions:
Lower rates of oversupply for members, less stockpiling potential and drug waste with MedImpact Direct Specialty pharmacies
Cost of Overfills is Substantial

We save our clients money by reducing overfills

Overfills: Member receives refills over 110% of defined benefit and dose

MedImpact Direct preferred specialty pharmacies reduce overfills from 7% to less than 2%

Average client savings: $2.25 to $2.40 PMPM
Navigating Solutions

Identify Gaps in Care
Identify Gaps in Care - RxSurveillance™

Identify:
- Gaps in care or incomplete regimens
- Suboptimal drug treatments
- Overutilization

Action Taken:
- Clinical intervention at the specialty pharmacy
- Determine if change in treatment is necessary
Clinician Intervention

Reports sent to each specialty pharmacy
Clinicians determine if the issue needs resolution with:
  - Pharmacy
  - Member
  - Prescriber

Intervention obtains clarification or resolution
Pharmacy reports results back to MedImpact Direct
MedImpact Direct shares results with client
## Sample Client Analysis: RxSurveillance

### Second Quarter 2016 Analysis

<table>
<thead>
<tr>
<th>Disease Category</th>
<th>Description of Measure</th>
<th>Members Analyzed</th>
<th>Outlier Members</th>
<th>Outlier Claim Count</th>
<th>Ave Cost of Outlier Claim</th>
<th>Cost of Outlier Claims</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multiple Sclerosis</td>
<td>MS drug with no DMD</td>
<td>76</td>
<td>30</td>
<td>82</td>
<td>$1,836</td>
<td>$150,552</td>
</tr>
<tr>
<td>Cystic Fibrosis</td>
<td>Inappropriate Antibiotic Regimen*</td>
<td>29</td>
<td>6</td>
<td>12</td>
<td>$5,992</td>
<td>$71,904</td>
</tr>
<tr>
<td>Oncology</td>
<td>Incomplete regimen with two oncolytics + dexamethasone</td>
<td>9</td>
<td>5</td>
<td>12</td>
<td>$8,958</td>
<td>$107,496</td>
</tr>
<tr>
<td>Hyperlipidemia</td>
<td>PCSK-9i with no lipid lowering agent</td>
<td>110</td>
<td>65</td>
<td>156</td>
<td>$1,095</td>
<td>$170,820</td>
</tr>
<tr>
<td><strong>Total Cost of Outlier Claims</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>$500,772</strong></td>
</tr>
</tbody>
</table>

* In Cystic Fibrosis certain antibiotics are to be dosed for 28 days on treatment followed by 28 days of rest, then repeat
Navigating Solutions

Management of Medical Specialty Spend
Savings from Managing Medical Specialty Spend

50%
Total specialty drug spend is spent in medical benefit coverage

Process starts with medical claims analysis to diagnose spend.
Identify programs which will drive the largest ROI for the payer

Savings range: $2.50 to $8 PMPM compared to plans not utilizing medical management solution
Specialty Spend Management

Diagnose Spend

Integrated reporting:
Specialty spend & savings opportunities

Medical Rebates

Determine medical rebates being collected

Physician Fee Schedule

Align incentives with lowest-cost agents

Post-Claim Management

Retrospective claims review and management

Site-of-Care Management

Identify lowest-cost sites of care

Utilization Management

Medical PA and peer-to-peer management

Specialty Reporting Across Medical & Pharmacy Benefits
Navigating Solutions

New Creative Discounts
New Creative Discounts - Variable Copay Program

Obtain greater discounts on some specialty medications

- Current list: 25 drugs
- Adjust benefit set-up
- Increase copay levels
- Member copay assist with manufacturer coupons
- MedImpact Direct provides oversight and member assistance

We support our payers in their efforts to obtain higher savings
Variable Copay Program Savings

25 currently approved drugs in program

MedImpact Direct ensures 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
Bringing Your Plan Goals Full Circle

**Benefit Design**
- Formulary
- Utilization Management
- PA Guidelines
- Copay Structure
- Budget Impact Modeling
- Clinical Pipeline

**Program Oversight**
- Reporting
- Clinical Surveillance
- Evaluation for Program Improvement

**HUB: Payer Alignment**
- Specialty Referral Intake
- Formulary Optimization
- Utilization Management Enforcement
- Advocate for clients and members

**Preferred Specialty Pharmacies**
- Offer Preferred Rates
- Deliver Best-in-Class Clinical Programs
- Promote Appropriate Utilization
- Timely and Accurate Fulfillment
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
Takeaways

Pay close attention to trends in specialty pharmacy

Benefit design can lay the foundation for maximizing savings and outcomes

Right channel and right provider really does matter

Manage appropriate utilization throughout the duration of therapy

Maximize adherence and minimize waste to achieve the greatest specialty spend ROI

Manage your medical specialty spend

Take advantage of manufacturer copay coupons

Consider MedImpact Direct to effectively manage your spend and improve outcomes
Before You Go - Rate this session!

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