



Indiana University Health

Leveraging Health System Status in the Specialty Pharmacy Market

Chris Lowe, PharmD, BCPS

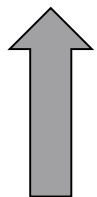
Director of Pharmacy

Objectives

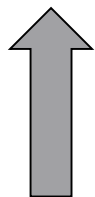
- Briefly describe specialty pharmacy and current trends within the market
- Discuss the increasing prevalence of health system based specialty pharmacies
- Review the motivating factors and rationale for this new market participant

Specialty Medications

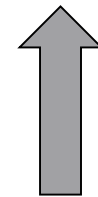
- A medication considered to be a specialty pharmaceutical product may have some or all of the following characteristics:
 - High cost, often >\$500 per month
 - Potential for significant waste
 - Used to treat a rare or complex condition including:
 - HIV, cancer, multiple sclerosis, rheumatoid arthritis, cystic fibrosis, infertility, hemophilia, etc.
 - Requires special handling
 - Requires special monitoring



COST



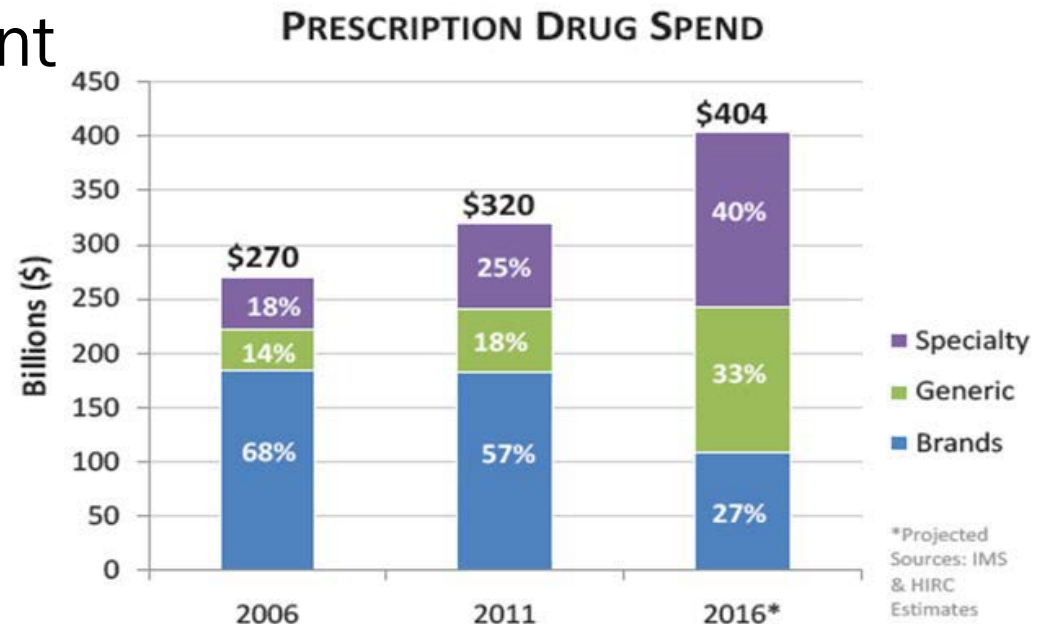
COMPLEXITY



TOUCH

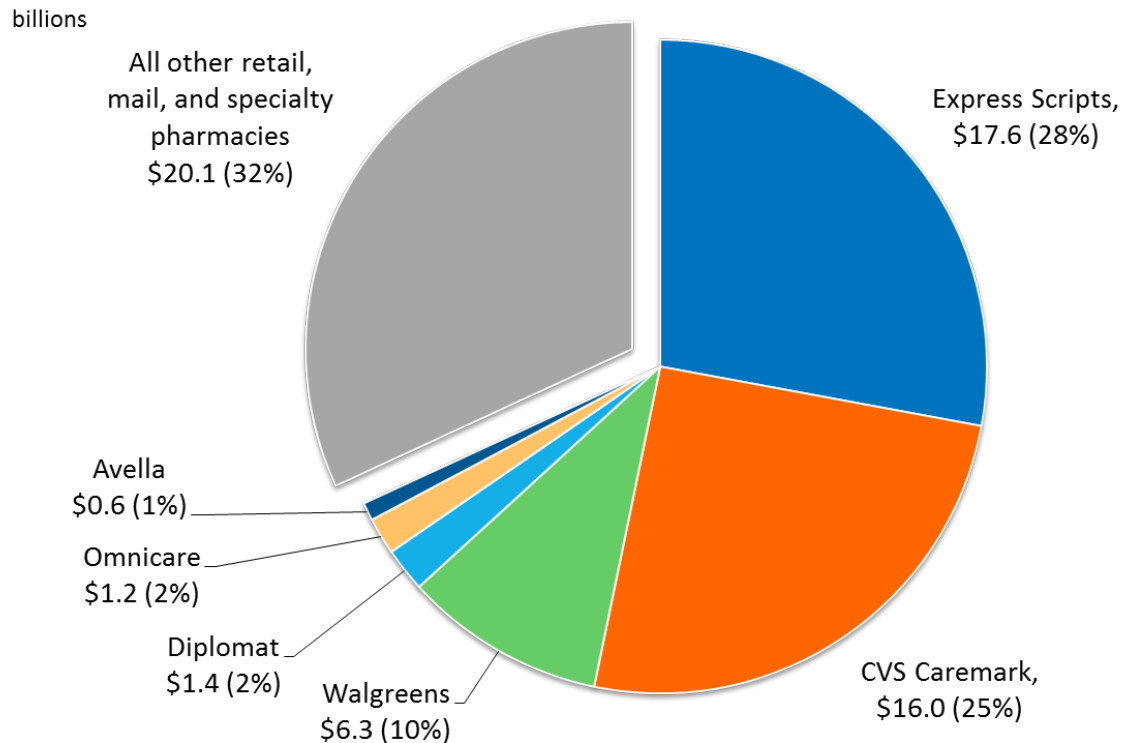
Market Impact

- Specialty drugs represent a growing proportion of the dollars spent on medications
- Shift in industry
 - >70% of FDA approvals are for specialty medications
 - >50% of late-stage drug pipelines are specialty medications
 - Emphasis on self-administered therapies eroding infusion market



Distribution Channels

Pharmacy Revenues from Specialty Pharmaceuticals, by Company, 2013



Revenues in billions. Totals may not sum due to rounding. Includes revenues from retail, specialty, and mail pharmacies. Excludes revenues from network pharmacies of PBM-owned specialty pharmacies.

Source: Pembroke Consulting estimates

Note: This chart appears as Exhibit 14 in the *2013-14 Economic Report on Retail, Mail and Specialty Pharmacies*, Drug Channels Institute, January 2014. (http://drugchannelsinstitute.com/products/industry_report/pharmacy/)

Managing Specialty Patients

SPECIALTY
PRESCRIPTION
WRITTEN

Benefits
Investigation

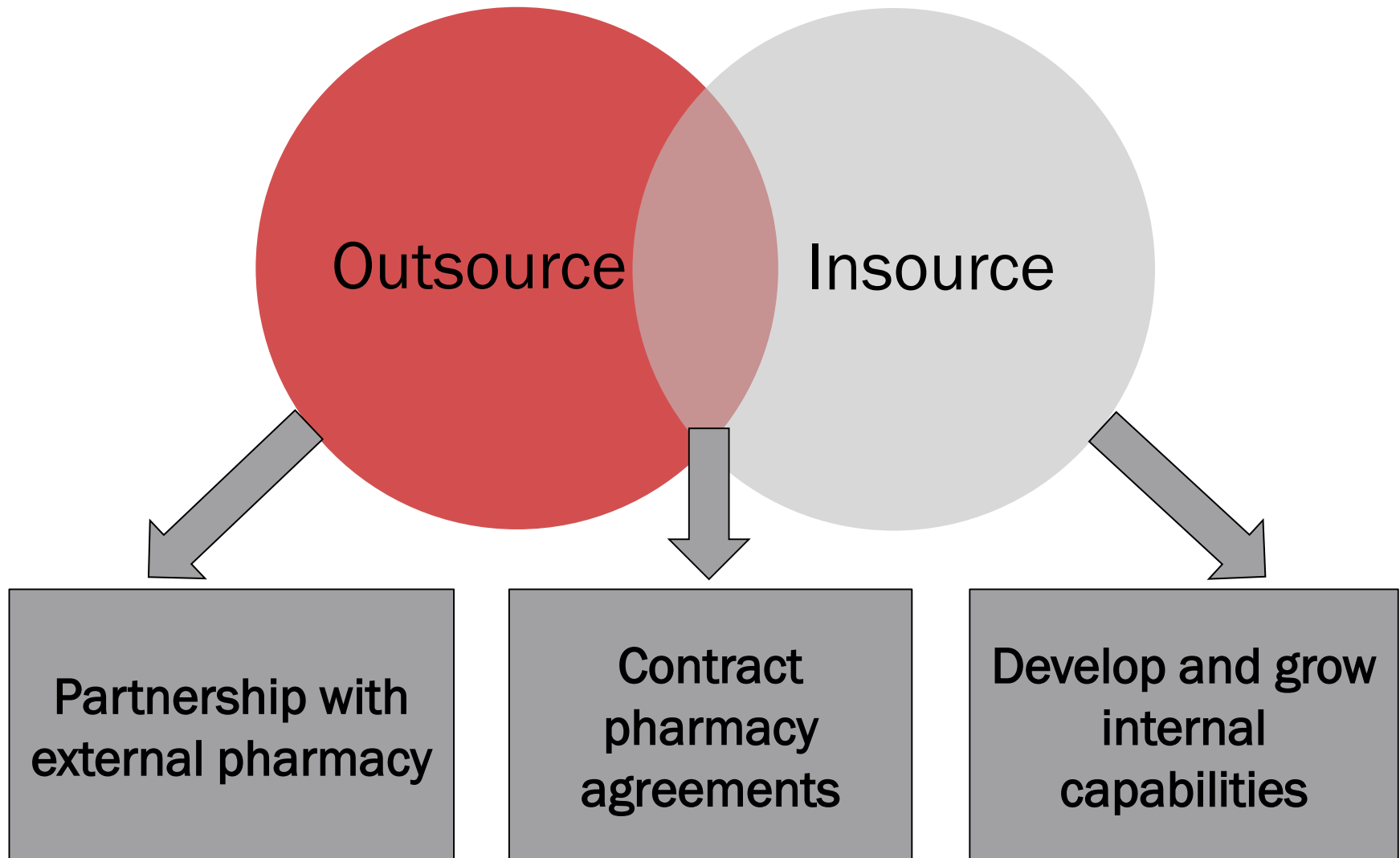
Prior
Authorization

Financial
Assistance

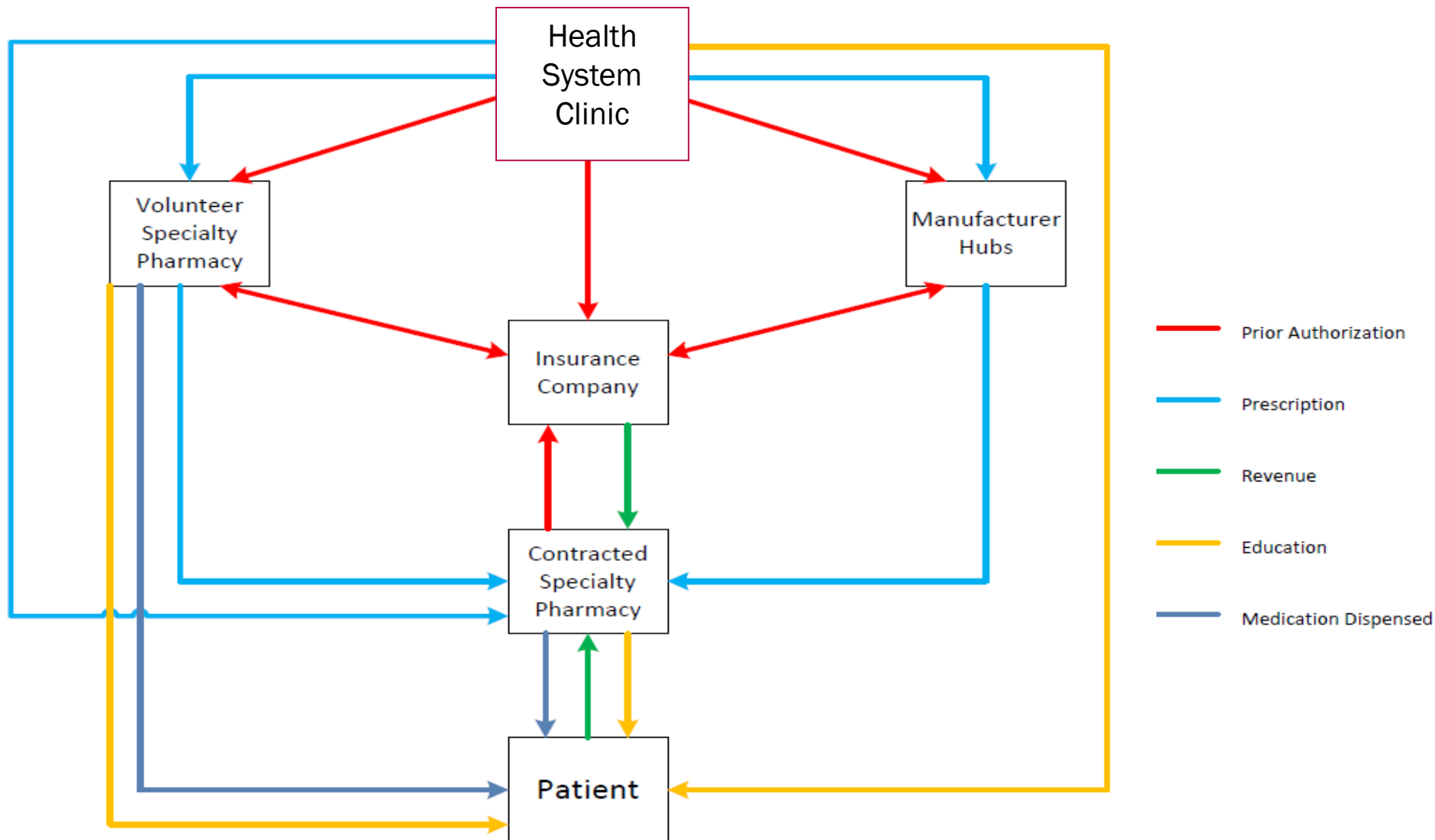
Patient
Education

CHRONIC
MANAGEMENT

Options for Health System Providers



Outsource: Prescription Flow



Fragmentation Frustrations



Outsourcing: Providers Perspective

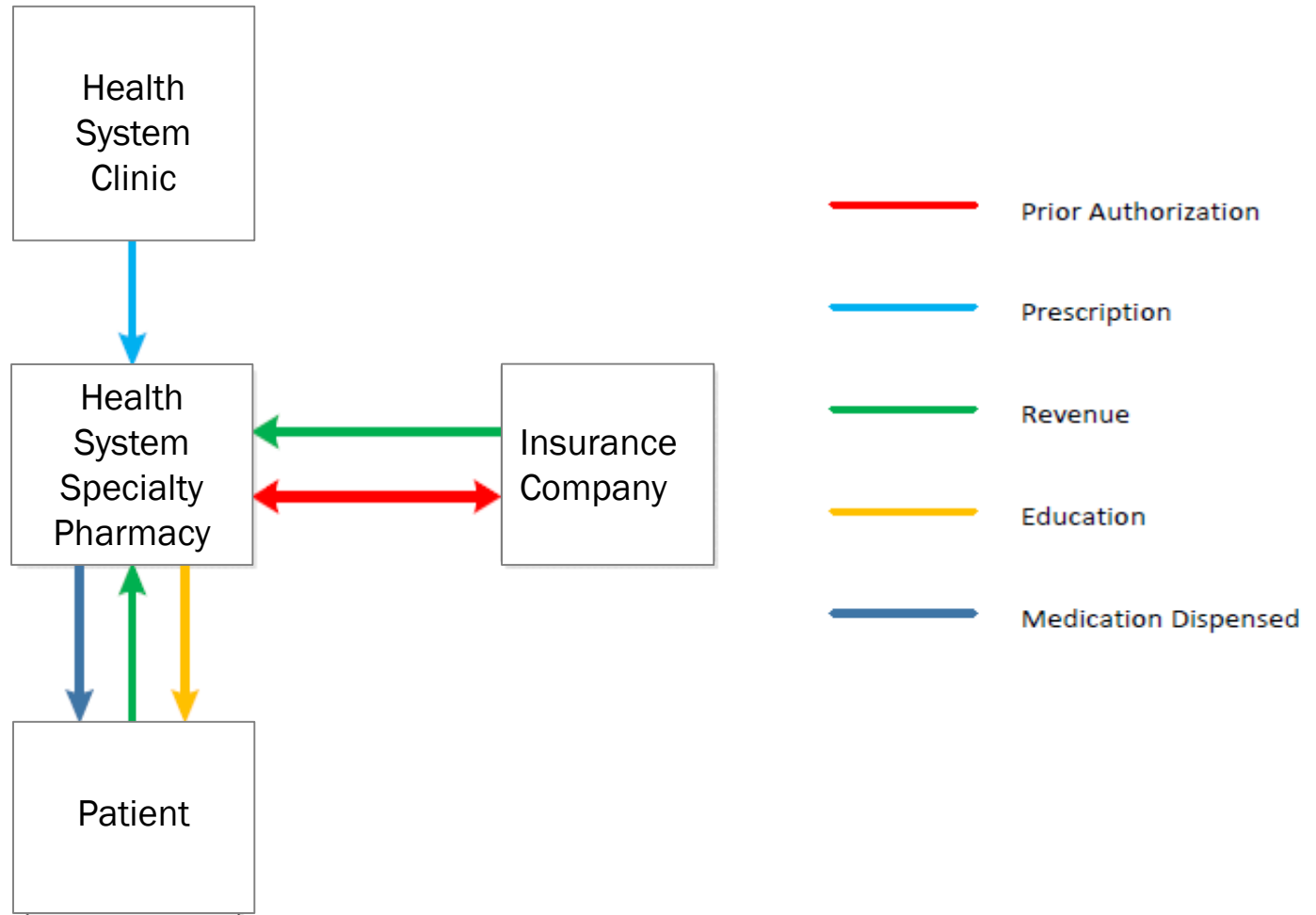
Pro's

- Free choice
- Bandwidth
- Scope/Formulary

Con's

- Back and forth communication for prior authorization clinical data
- Lacks personal relationships
- One way data flow
- Outside of the medical record
- No financial benefit

Insource: Prescription Flow



Insourcing: Providers Perspective

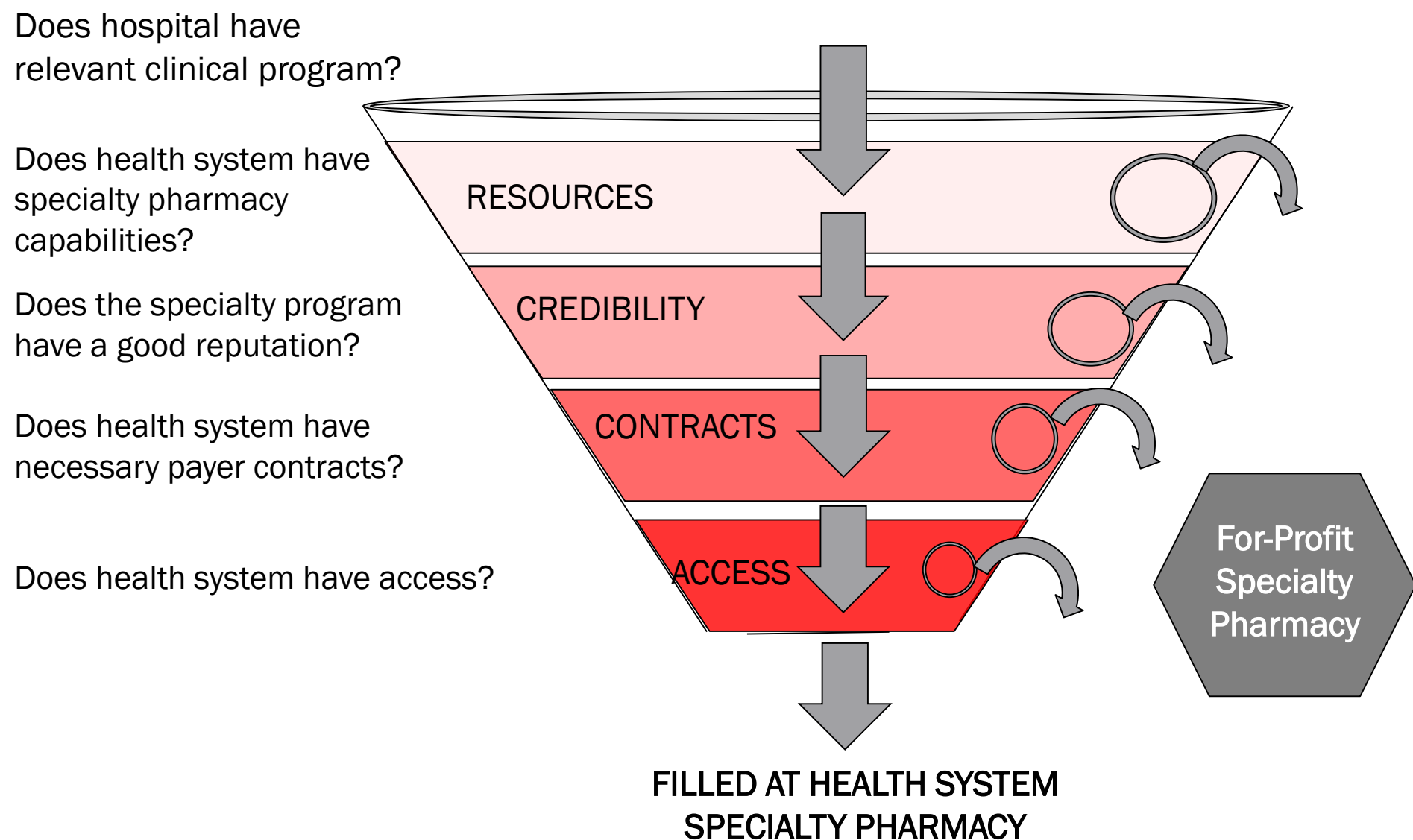
Con's

- Initial scope/formulary

Pro's

- Onsite clinical experts
- Reallocate clinic staff time to value added tasks
- Data transparency within medical record
- Shared accountability for patient outcomes
- Potential for shortened time to start therapy
- Financial benefit to the organization

Causes for Specialty Rx Leakage



Achieving External Credibility

- URAC Accreditation
 - Industry gold standard
 - Provides external validation of excellence
 - Requirements
 - Tracking/report of metrics
 - Written policies and procedures
 - Standardized staff qualifications, credentialing, and oversight requirements
 - Ongoing management of quality procedures

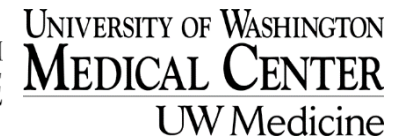


Overcoming Contracting & Access

- Focus on low hanging fruit
 - Non-limited distribution drugs
 - Government payers and internal health plan
 - Leverage existing retail operations and contracts
- Capitalize on your reputation
 - Engage manufacturer in areas of strength
- Increase influence and leverage data
 - UHC Specialty Pharmacy Group



Participating Health Systems





Indiana University Health

Advanced Therapies Pharmacy

IUH Advanced Therapies Pharmacy

- Value Proposition

- For the patients of IU Health, the Advanced Therapies Pharmacy will provide convenient, holistic, relationship based management for specialty medications leading to improved clinical outcomes and a superior patient experience
- For the physicians and clinic staff prescribing specialty medications, the Advanced Therapies Pharmacy will provide coordinated services that improve workflow and offer transparency.
- For IU Health, the Advanced Therapies Pharmacy offers economic benefits by creating a new source of revenue and/or providing comprehensive care in at risk contracting models

- Competitive Positioning

- Compared to competitors the IU Health advanced therapy pharmacy will:
 - Provide transparent documentation in the clinic and medical record
 - Critique and monitor therapy with clinical expertise second to none
 - Deliver convenient service and continuity of communication

ATP Scope of Practice

- Location
 - Goodman Hall Building
 - AHC Retail Pharmacies
- Patients
 - Early emphasis on AHC hospitals and associated clinics
 - IU PBM
- Spread
 - System expansion
 - Focus on areas of strength



Connect to Purpose

- 64 year old male diagnosed with Hepatitis C
 - Dr. Kwo prescribes Harvoni x 12 weeks
 - ATP Pharmacist reviews patient profile and identifies contraindicated anticonvulsant therapy
 - Contacts IUH Neurologist and makes therapy recommendations
 - EMR documented care plan implemented hours after problem identified
 - Hepatitis C therapy initiated once patient stabilized on new regimen
 - Treatment failure avoided



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