

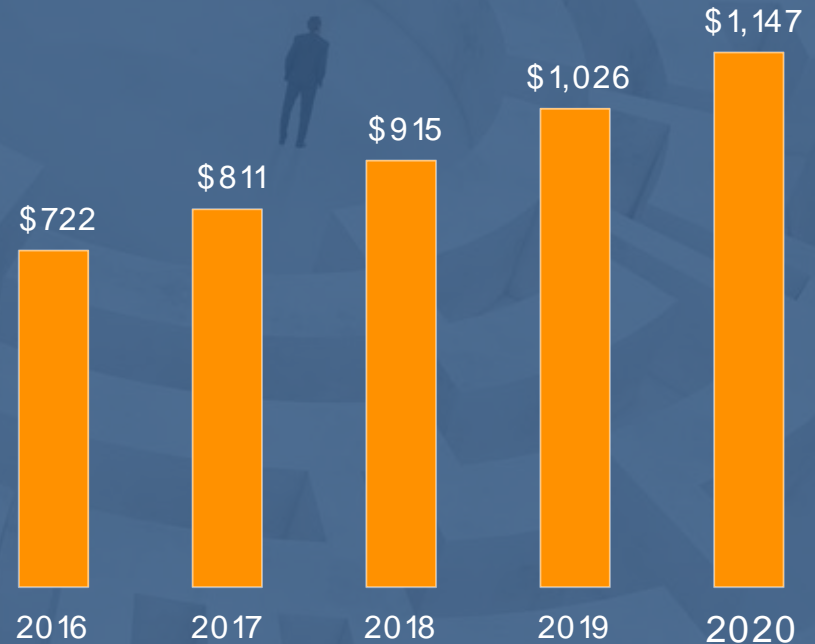
Specialty Drug Management: What You Must Know

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The Specialty Challenge

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

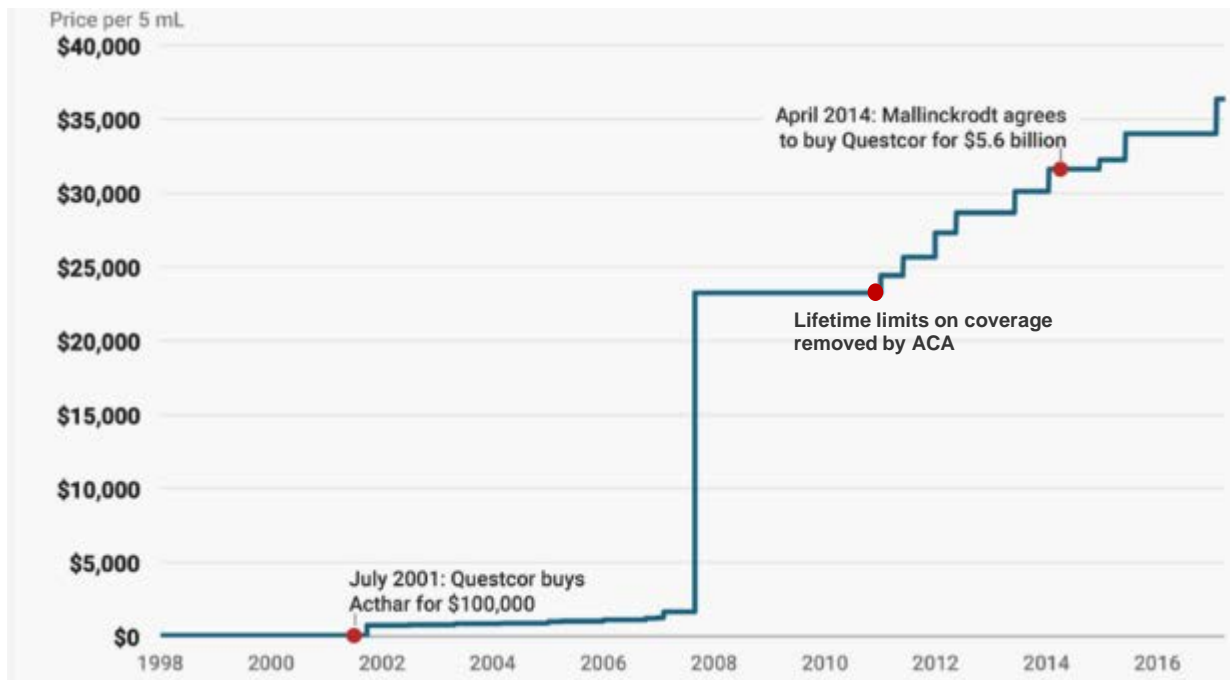
Specialty Drug Forecast Across Pharmacy and Medical



Drug Pricing Is Receiving Scrutiny

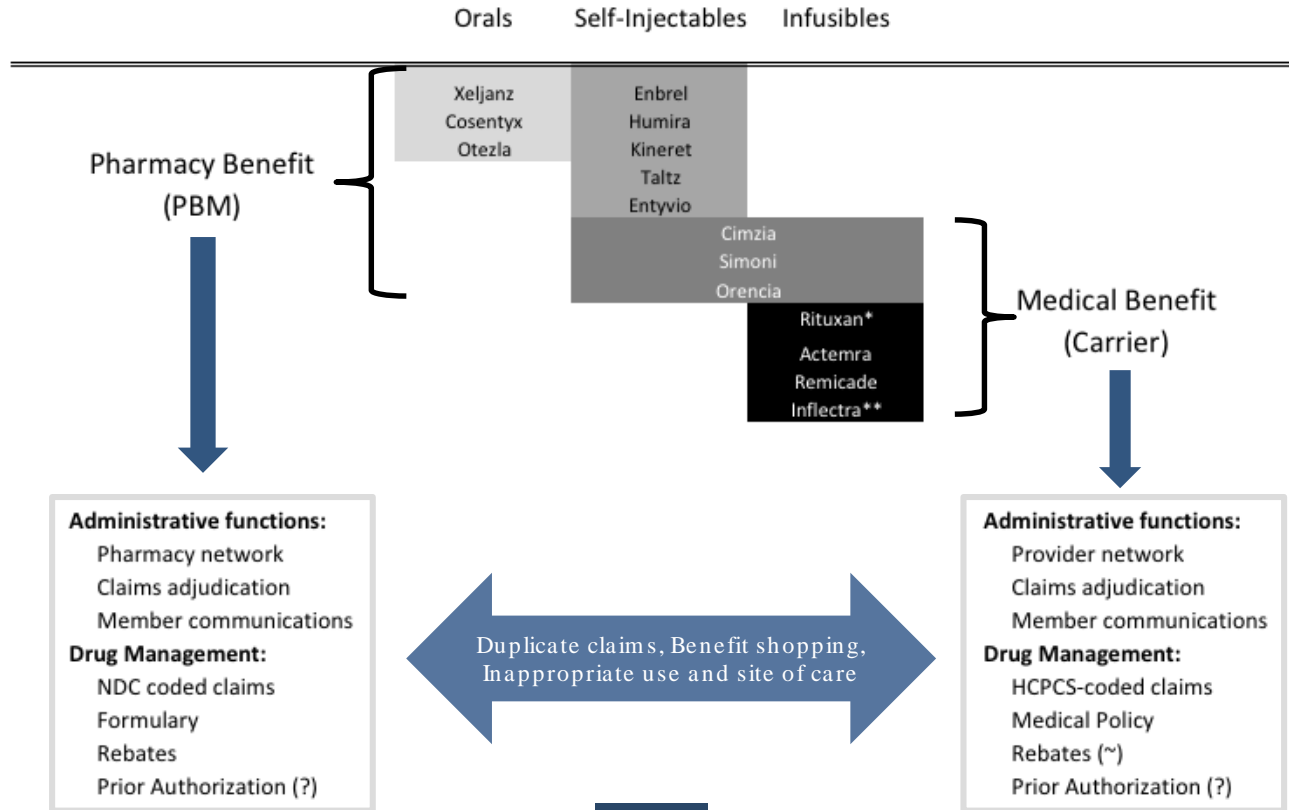


H.P. Acthar Pricing



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

The Coverage Conundrum



Duplicate Billing

Client data redacted

Remicade Cost by Channel (600 m g Infusion)

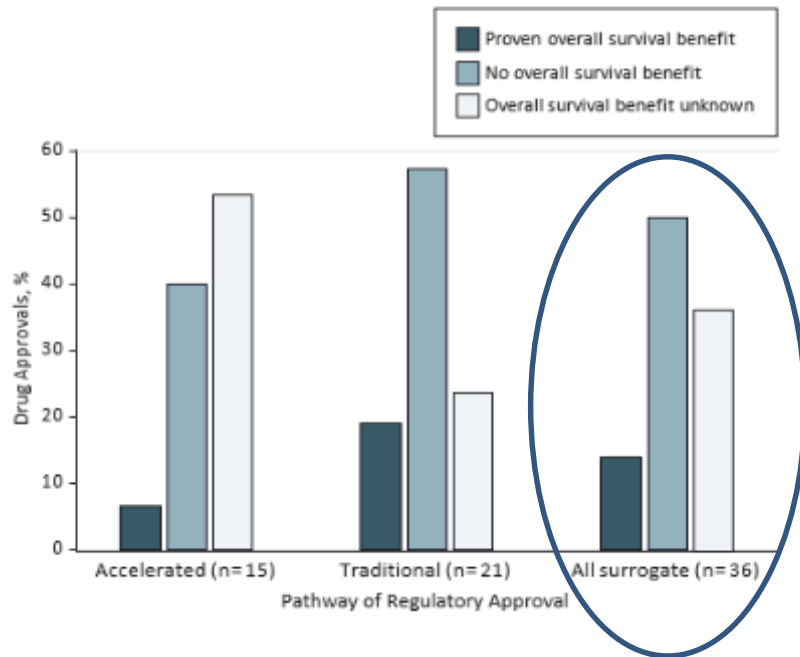
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The Value of Specialty Drugs is in Question

- Many cancer drugs are approved by the FDA based on surrogate end points
- 86%** of these cancer drugs did NOT lengthen patients lives after 4+ years on the market

Source: Kim and Prasad, JAMA, 2015.

Figure 2. Overall Survival Results for Cancer Drug Approvals Granted on the Basis of a Surrogate End Point



PBM Conflicts of Interest

Formularies are Rebate-Driven



PA Programs are Ineffective



Stockpiling



Overall Specialty Spend

Client data redacted

Specialty Drug Savings

Client data redacted

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Genetic Testing Not Performed

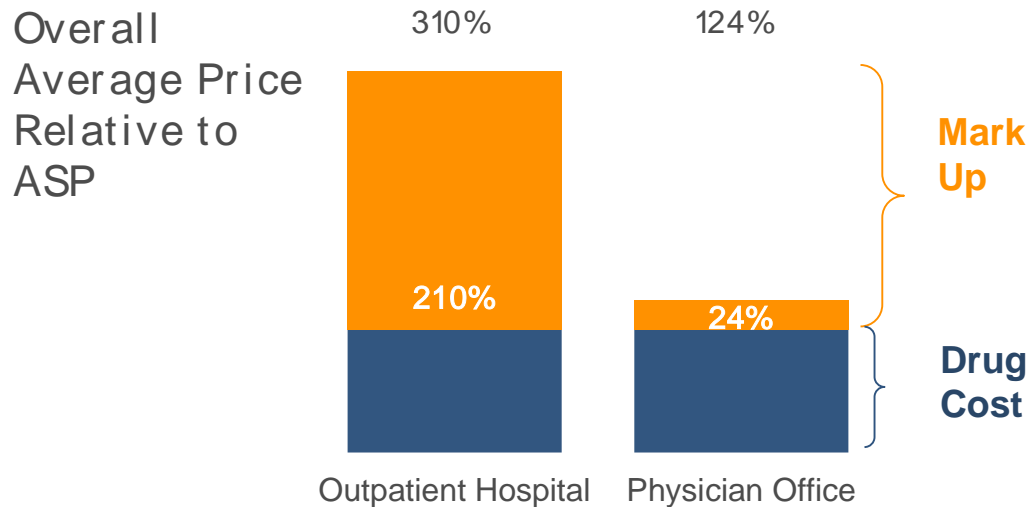
- More than 200 FDA-approved drugs have pharmacogenomic information in their labeling.
- The majority of drugs are in the oncology and other specialty
- The pharmacogenetic testing can serve various purposes, including efficacy, ability to metabolize, and likelihood of adverse events

Drug	Members	Claims	Cost	Percent of Spend on Members with Missing Tests

Client data redacted

Growing Site of Care Opportunity

- Hospitals buying physician practices
- Hospitals expanding their outpatient footprint due to 340b opportunity
- Oncology pipeline
- Drug price inflation



Average Price of Remicade (600 mg) by Channel



Source: 50,000 life employer

Site of Care Opportunity



Site of Care - Hemophilia

Patient Profile

- Patient represented 15% of the employer's specialty drug spend
- Patient's physician was at a Hemophilia Treatment Center (HTC) but an outside pharmacy with excessive rates was dispensing the medication

Actions Taken

- Moved patient's prescriptions to a HTC to coordinate care
- Established pediatric nursing support and rapport with caregiver
- Negotiated a highly competitive 340b reimbursement rate
- Ongoing claims audit to ensure clinical appropriateness, billing, and reimbursement

Results Achieved

- ✓ Improved care coordination
- ✓ Savings of **\$990,000** annually

Challenges with Prior Auth

- 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		
Drug B		
Drug C		
Drug D		
Drug E		

Client data redacted

Prior Authorization - Acthar

Patient Profile

- 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**

Why Specialty Is Ideal for Carve- Out

Small Cohort	1-2% of the population
High Cost	\$20k-\$1 million/year
Chronic	Years to a lifetime for many patients
Complex	1,000+ different diseases
Conflicted Vendors	Easy for vendors to maximize margin at the expense of the plan sponsor

Average Annual Expenditure Per
Person With an Expense, 2017

Client data redacted

Specialty Drug Carve- Out

Employer Profile

- Located in Southeast U.S.
- Struggling with rapidly growing specialty spend
- SWAT analysis found \$201 PMPY in savings opp

Actions Taken



Results Achieved

Client data redacted

Areas of Opportunity



- ✓ **Carve out prior authorization management from your PBM**
 - This is the single important step to mitigate inappropriate use

- ✓ **Implement a site of care program under medical**
 - Work with health plan or outside vendor

- ✓ **Evaluate a carve- out of specialty drugs to maximize value**
 - Having a contractual right in PBM contract is key

Thanks!

Any questions?

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