

HBCH Specialty Pharmacy Collaboration

March 2018

Initiative Overview

- Initiative kicked off in the Summer of 2016 with a series of educational workshops
- Participating employers expressed a desire to be more active in their specialty management
- HBCH Board approved the launch of a specialty drug assessment project in 2017
- AbbVie, Merck, and Pfizer provided sponsorship to reduce the employer's cost...THANK YOU!
- 5 employers participated in the initial round of assessment

SWAT Overview

Specialty Waste And Trend Analysis

- **Description:** An analysis of the waste and inappropriate use of specialty drugs across the pharmacy and medical benefit
- **Purpose:** To identify opportunities to better manage specialty drug utilization from a cost and quality perspective
- **Scope:** Includes reimbursement, clinical management, and benefit design
- **Next Steps:** Prioritize recommendations and finalize an action plan for implementation

Costs and Utilization

Overall Spend

Source	Total Cost	PMPY Cost	Percent
Inpatient	\$108,602	\$5	1%
Outpatient Hospital	\$2,345,768	\$111	14%
Physician Office	\$2,041,540	\$97	12%
Home Infusion	\$128,518	\$6	1%
Pharmacy Benefit	\$11,462,072	\$544	69%
Other	\$22,356	\$1	0%
Drug Administration	\$501,010	\$24	3%
Overall	\$16,658,524	\$791	

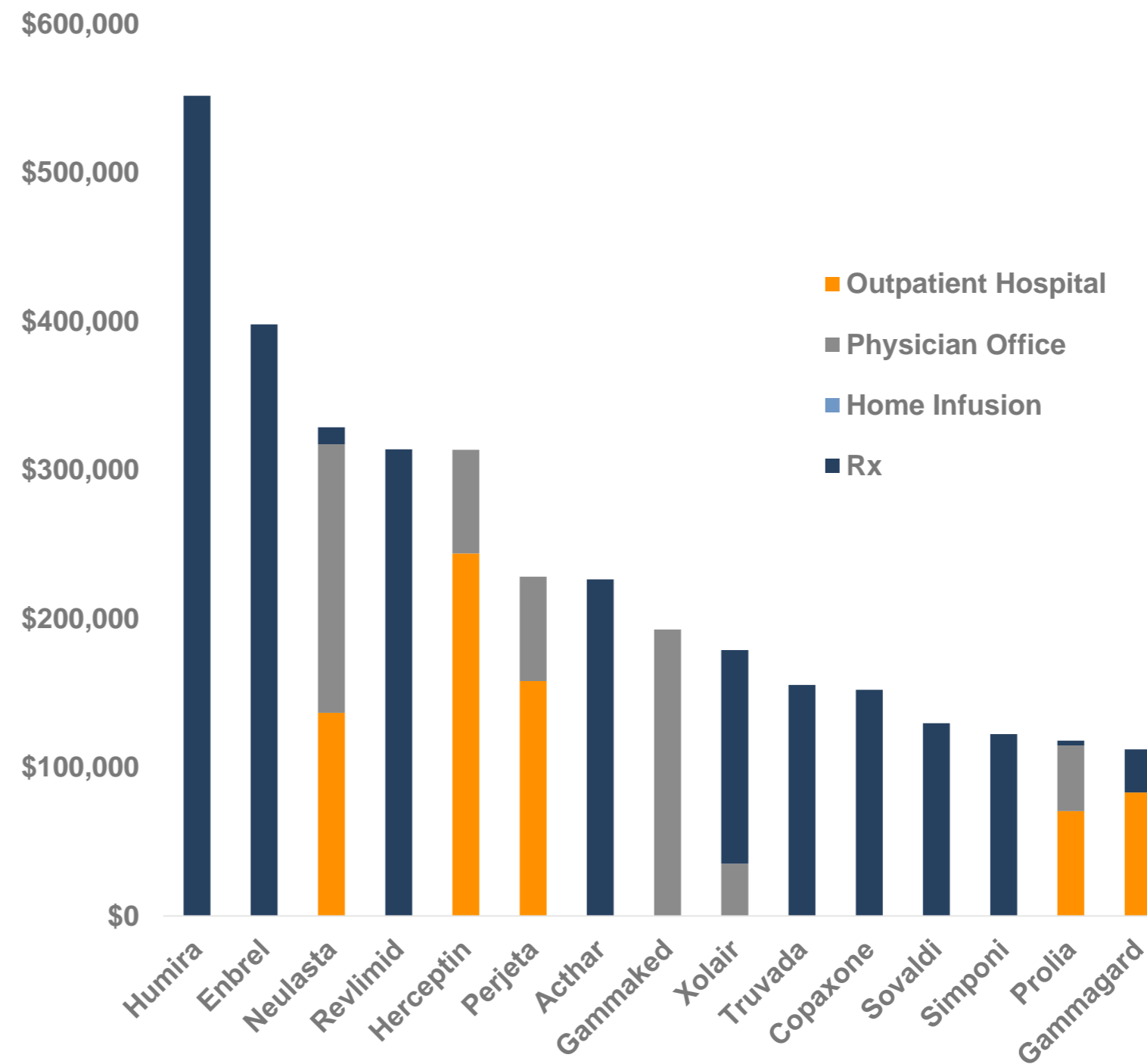
PMPY Spend is slightly below benchmark of \$811

Overall Savings

Savings Type	Medical Savings	Rx Savings	Total Savings	Members with Savings
		\$1,568,901	\$1,568,901	479
Off-Label Use	\$77,132	\$606,850	\$683,982	41
Site of Care	\$392,511		\$392,511	15
	\$198,629		\$198,629	107
		\$154,619	\$154,619	32
Hep C Overuse		\$129,721	\$129,721	1
Outlier/Billing Error	\$95,314		\$95,314	1
Biosimilars	\$44,153	\$39,437	\$83,590	13
Duplicate Therapy		\$54,000	\$54,000	1
		\$11,695	\$11,695	1
	\$2,378		\$2,378	7
Genetic Testing	n/a	n/a	n/a	24
Total	\$810,117	\$2,565,223	\$3,375,340	541

Note Savings represent totals after the savings hierarchy is applied.

Overall Spend by Drug



Payment

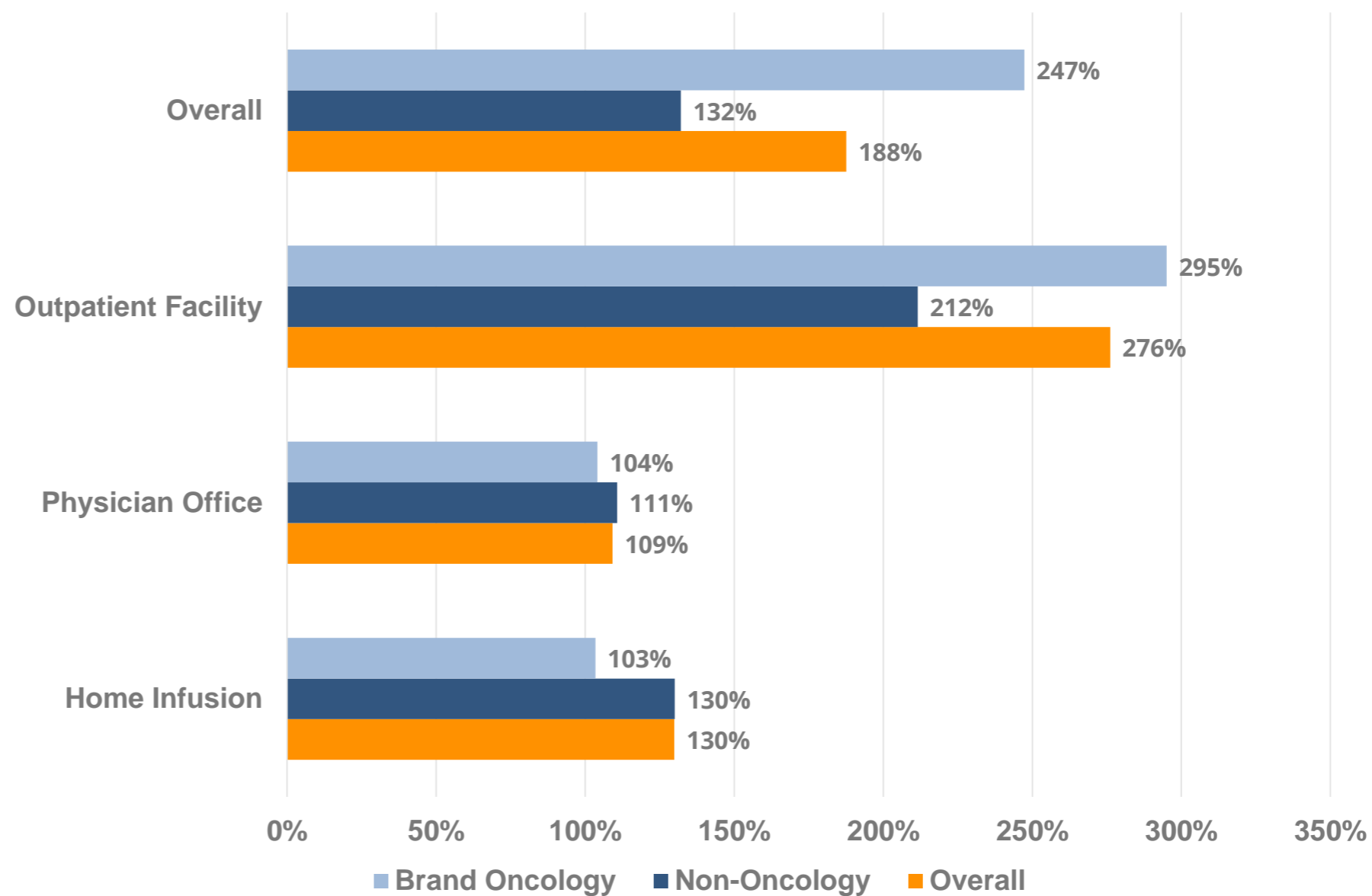
Reimbursement Overview

	Outpatient Hospital	Physician Office	Home Infusion	Pharmacy Claims
Code Type	J codes often included but not the basis for pricing	J codes (plus Q, S, C, WW, A, G, L)	J codes or NDC	NDC Code
Pricing Source	Billed Charges	ASP Average Sales Price	ASP or AWP	AWP Average Wholesale Price
Pricing Definition	Gross billed or retail price of services offered – set by hospital	Manufacturers actual sales price to purchasers net of discounts		“Sticker price” set by Manufacturer

Pricing Relative to Benchmarks

 ASP + 176%	 ASP + 9%	 ASP + 30%	 AWP - 15%
Outpatient Hospital	Physician Office	Home Infusion	Pharmacy

Pricing Relative to ASP, Under Medical



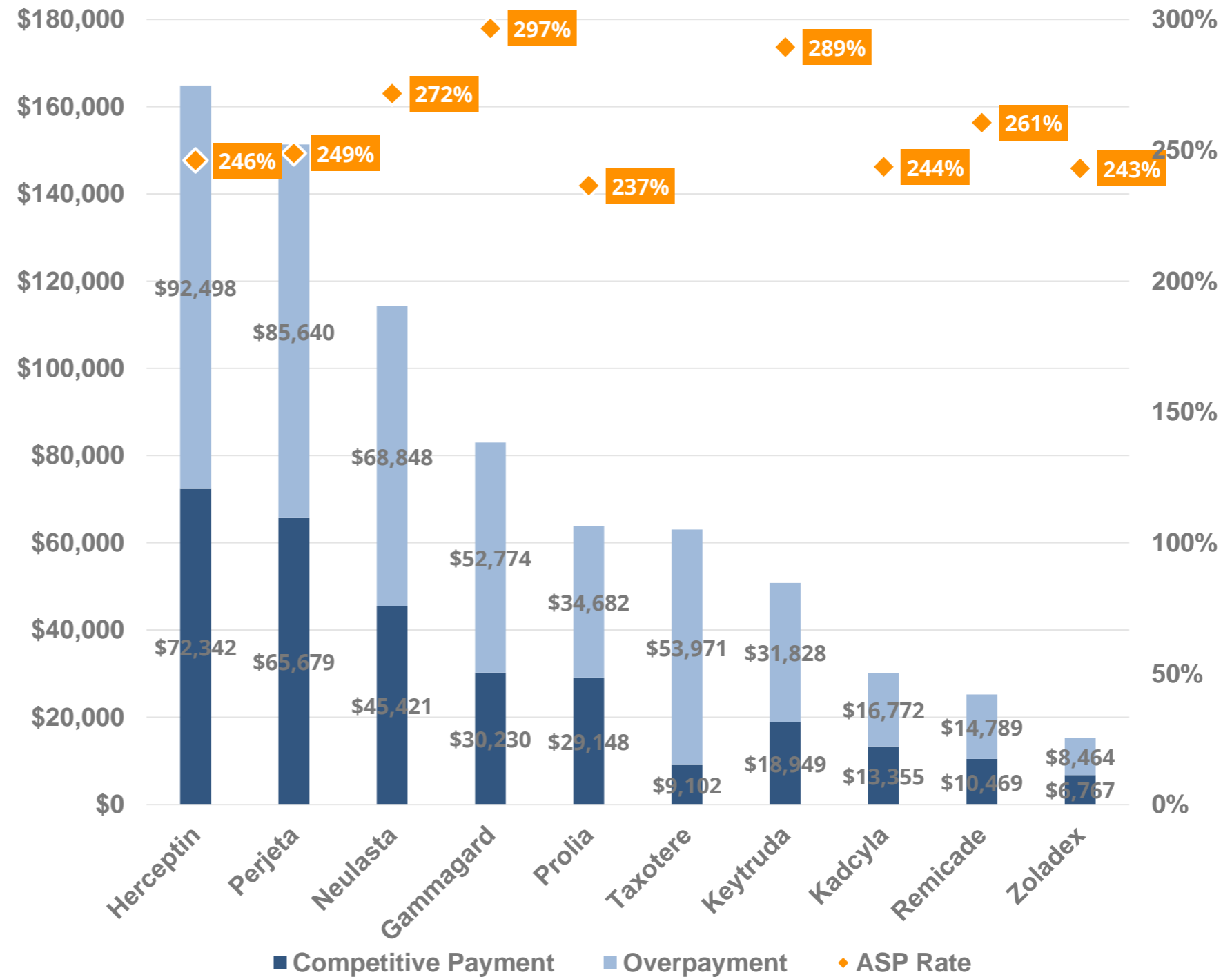
Billing Errors

- Keytruda payments to one Provider appear to be excessive or in error.
- Provider billed plan \$98,647 on 10 dates of service for one patient.
- Billing for Keytruda is usually between \$9,000-\$15,000

Date	Channel	Drug	Oncology Status	Therapy Class	Primary Diagnosis	Provider ID	Qty	Days Supply	Plan Paid	Member Paid	ASP/AWP
01/09/2017	FAC	Keyt...	ONC	Anti...	Mali...	9414...	4		\$98,647	\$0	
01/31/2017	FAC	Keyt...	ONC	Anti...	Mali...	9414...	2		\$98,647	\$0	
02/23/2017	FAC	Keyt...	ONC	Anti...	Mali...	9414...	2		\$98,647	\$0	
03/16/2017	FAC	Keyt...	ONC	Anti...	Mali...	9414...	2		\$98,647	\$0	
04/06/2017	FAC	Keyt...	ONC	Anti...	Mali...	9414...	2		\$98,647	\$0	
05/03/2017	FAC	Keyt...	ONC	Anti...	Mali...	9414...	2		\$98,647	\$0	
05/26/2017	FAC	Keyt...	ONC	Anti...	Mali...	9414...	2		\$98,647	\$0	
06/16/2017	FAC	Keyt...	ONC	Anti...	Mali...	9414...	200		\$98,647	\$0	
07/28/2017	FAC	Keyt...	ONC	Anti...	Mali...	9414...	20		\$98,647	\$0	
08/18/2017	FAC	Keyt...	ONC	Anti...	Mali...	9414...	200		\$98,647	\$0	
07/07/2017	FAC	Keyt...	ONC	Anti...	Mali...	9414...	20		\$94,896	\$3,751	
05/25/2017	FAC	Keyt...	ONC	Anti...	Mali...	5212...	200		\$20,158	\$0	226%
07/20/2017	FAC	Keyt...	ONC	Anti...	Seco...	5212...	200		\$20,042	\$116	226%
10/14/2016	FAC	Keyt...	ONC	Anti...	Mali...	9311...	200		\$14,973	\$0	171%
11/25/2016	FAC	Keyt...	ONC	Anti...	Mali...	9311...	200		\$14,973	\$0	171%
11/04/2016	FAC	Keyt...	ONC	Anti...	Seco...	9311...	200		\$14,968	\$0	171%
09/22/2016	FAC	Keyt...	ONC	Anti...	Mali...	9311...	200		\$14,962	\$0	173%
11/29/2016	OFF	Keyt...	ONC	Anti...	Mali...	2080...	200		\$9,150	\$0	104%
01/12/2017	OFF	Keyt...	ONC	Anti...	Mali...	2080...	200		\$9,150	\$0	104%
11/07/2016	OFF	Keyt...	ONC	Anti...	Mali...	2080...	200		\$9,020	\$130	104%

Pricing Relative to ASP, Outpatient Hospital

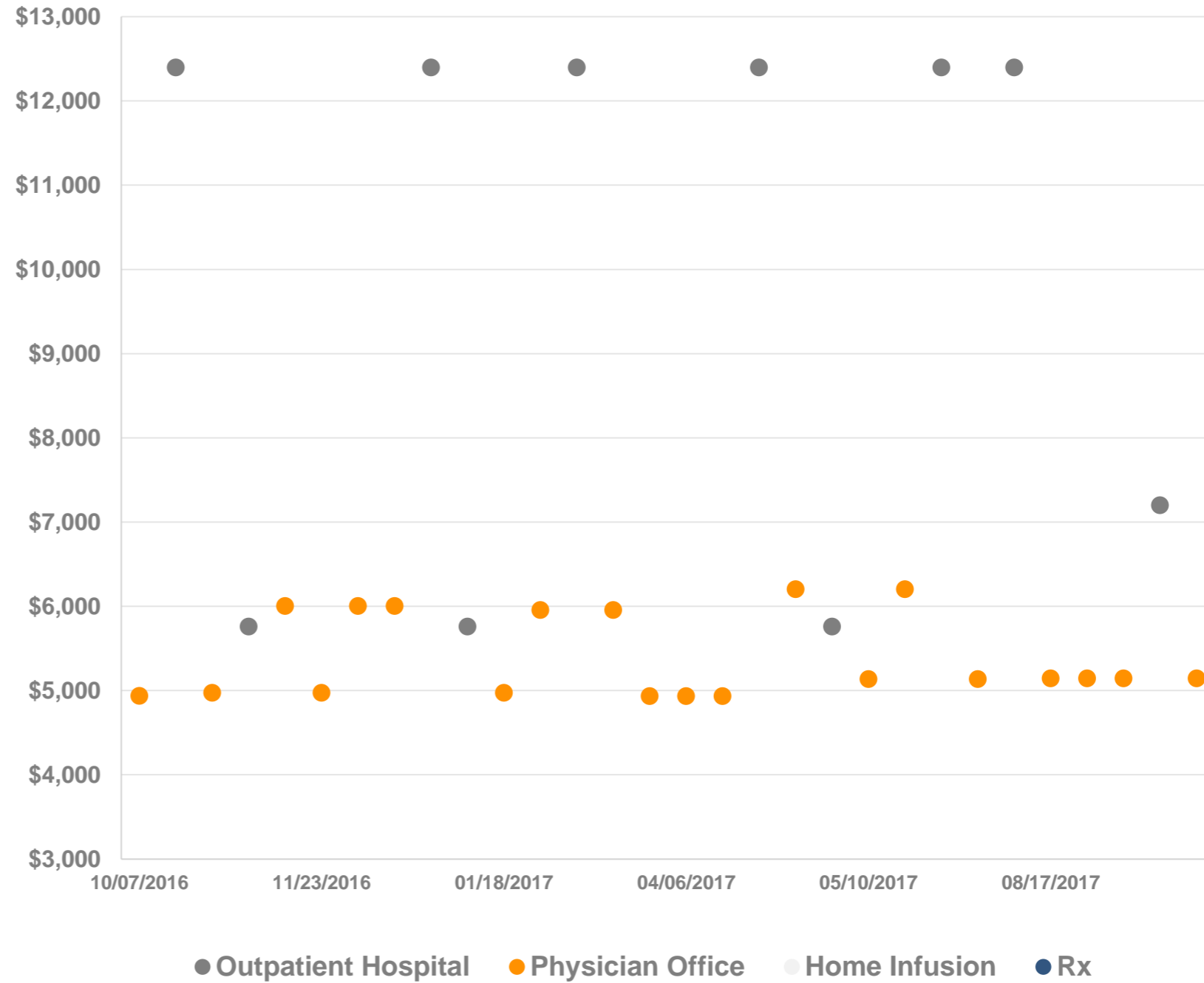
- The Average Sales Price (ASP) as published by CMS was used to set a competitive rate for medical specialty drugs. This competitive rate was set at 108% of ASP.



ASP rates not displayed are greater than the maximum of the plot area.

Remicade Cost by Channel

Cost for 600 mg Infusion



Drug Administration Costs

Drug	Outpatient Facility	Physician Office	Home Infusion
Herceptin	\$3,751	\$29	
Aloxi	\$1,196	\$907	
Taxotere	\$1,063		
Firmagon	\$2,214		
Neulasta	\$1,064	\$21	
Other Drugs	\$233	\$156	

Higher admin costs in outpatient setting are common

Illustrates the importance of a site of care program and represent additive savings

Site of Care Opportunity

Non-Oncology	Drug	Members	Savings	Savings / Member
	Prolia	1	\$25,591	\$25,591
	Remicade	1	\$17,795	\$17,795
	Gammagard	1	\$11,442	\$11,442
	Total	3	\$54,828	\$18,276

Brand Oncology	Drug	Members	Savings	Savings / Member
	Neulasta	3	\$76,977	\$25,659
	Firmagon	1	\$8,975	\$8,975
	Aloxi	1	\$4,675	\$4,675
	Neupogen	1	\$3,363	\$3,363
	Faslodex	1	\$2,114	\$2,114
	Total	4	\$96,104	\$24,026

Total Site of Care Opportunity: \$150,932

Implement a mandatory site of care program for non-oncology drugs and Neulasta to achieve 87% of the savings

Site of Care Mgmt Options

Voluntary Site of Care

- Encourages providers and members to consider home infusion or infusion suites
- Includes a small set of high cost specialty and orphan drugs (e.g., Remicade, IVIG)
- Patients are contacted by clinicians to discuss alternative sites

Mandatory Site of Care

- Use of outpatient hospital setting requires precertification with review against clinical criteria
- Members who do not meet criteria are redirected to less costly, clinically appropriate sites

Questions for Your Carrier

- Do you offer a site of care program?
- Is it voluntary or mandatory?
- What drugs are included?
- Does it include all hospitals?
- What is your success?
- What is the fee and expected ROI?
- Can reports can you provide?
- What references can you provide?

Clinical Management

Clinical Management Overview

Type of Clinical Evaluation	Savings Calculated
Off-Label Use	✓
Genetic Testing	
Weight-Based Dosing	✓
Therapeutic Substitution	✓
Therapy Class Specific Edit Types Hepatitis C Anti-Emetics	✓
Duplicate Therapy	
Individual Case Reviews	✓
Persistency	

Off-Label Use Pharmacy Benefit

- Off-label use includes use outside of the FDA label or compendia-listed indications
- All ICD positions supplied were used in identification of diseases. For determination with respect to appropriateness of therapy, all available claims prior to administration of the therapy were considered.

Top Drugs	Spend	Members	Claims	Off-Label Spend (%)
Acthar	\$226,325	1	6	\$226,325 (100%)
Sandimmune	\$11,159	1	2	\$963 (9%)
Cellcept	\$2,005	3	16	\$886 (44%)
Total	\$239,489	5	24	\$228,174

Review prior authorization and coverage criteria for Acthar with PBM

Case Review – Acthar for multiple sclerosis



Drug Profile

- Acthar is FDA-approved for MS exacerbations for 2-3 weeks
- Package insert states there is no evidence that Acthar affects the natural history of ultimate outcome of the disease
- For multiple sclerosis, there is insufficient evidence to establish that Acthar is superior to much less costly standard of care alternatives



Patient Profile

- Female with a diagnosis of multiple sclerosis
- No record of maintenance drug therapy for multiple sclerosis
- A single dose of methylprednisolone injection given 3-months prior to six Acthar HP injections
- Patient with in dwelling catheter
- Required multiple antibiotic therapies for treatment of urinary tract infections
- **Potential cost-avoidance of \$226,325**



Recommendations

- ✓ Review prior authorization criteria for Acthar with PBM and Medical Carrier
- ✓ Consider excluding use for multiple sclerosis exacerbations from coverage as not medically necessary
- ✓ Consider prior authorization carve-out

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	Channel	Members	Claims	Cost	Cost as Percent of Total Drug Cost
Perjeta	Medical	1	15	\$70,158	31%
Herceptin	Medical	1	17	\$69,734	22%
Rituxan	Medical	1	4	\$18,081	100%
Carac	Rx	7	9	\$7,042	93%
Camptosar	Medical	1	10	\$3,985	66%
Total		10	55	\$168,999	16%

Ask medical carrier and PBM about coverage policies and if authorization strategies include genetic testing results

Unclassified J code Case

- New drug treatment was initiated, most likely Ocrevus, an expensive infusion
- Patient had emergency room visit following the infusion 2 days later with adverse event related to drug administration
- Unclear if patient trialed and failed first line therapies prior to initiation of new expensive drug

Drug	Primary Dx	Provider	Quantity	Plan Pay	Member Pay
Rituxan	Multiple sclerosis		5	\$6,009	\$0
Rituxan	Multiple sclerosis	1629071758	1	\$222	\$0
Rituxan	Multiple sclerosis	1629071758	0	\$0	\$0
Unclassified Drug Or Biological	Multiple sclerosis	1629071758	1	\$40,950	\$0
Unclassified Drug Or Biological	Multiple sclerosis	1629071758	1	\$40,950	\$0

Ask carrier to review case history to determine appropriateness of coverage.

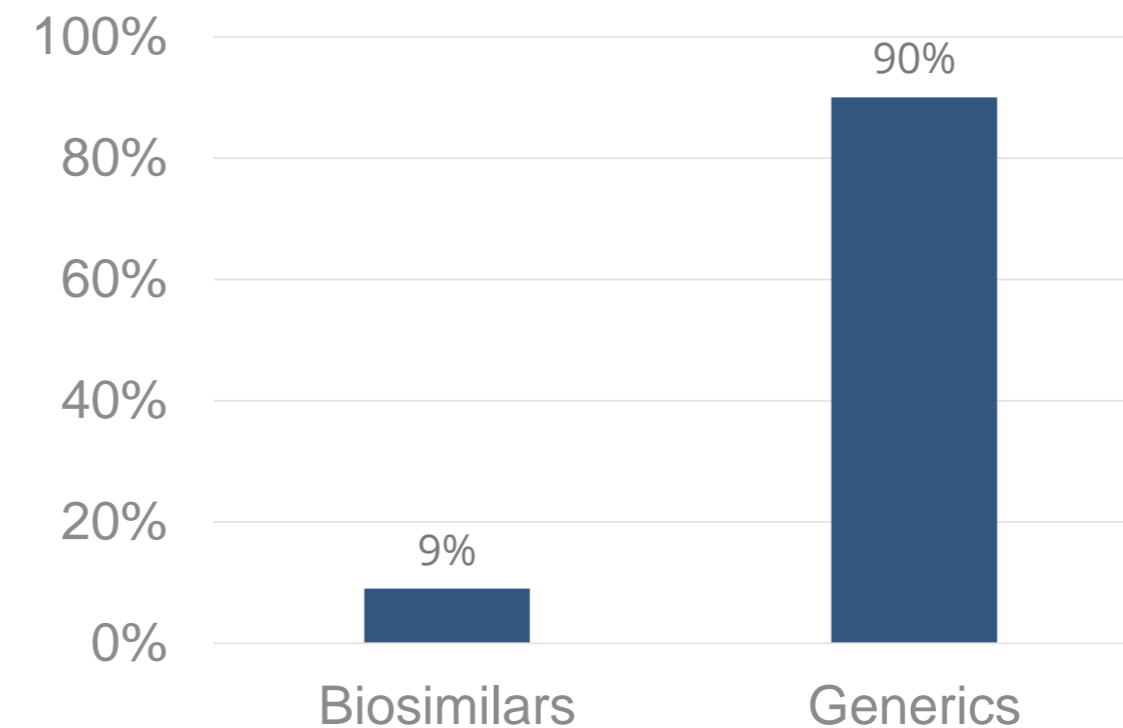
Benefit Design

Biosimilars

- A biosimilar is highly similar to the originator biologic with no clinically meaningful differences in safety, purity, or potency
- Biosimilars for high cost/high use drugs such as Remicade are now available
- Ask your health plan and PBM if they promote biosimilars
- Incentivize patients, just like you do with generics
- Educate members about the savings

Substitution	Channel	Members	Cost	Potential Savings
Inflectra for Remicade	Medical	6	\$146,352	\$21,953
Total			\$146,352	\$21,953

Percent of Savings Opportunity Captured in Market Today



Duplicate Billing

Date	Channel	Drug	Quantity	Day's Supply	Plan Paid	Member Paid	ASP/AWP
03/17/2017	Rx	Xolair	2	14	\$1,897	\$80	
03/30/2017	Rx	Xolair	2	14	\$1,897	\$80	
03/31/2017	Phys...	Xolair	60	0	\$1,632	\$181	89%
04/13/2017	Rx	Xolair	2	14	\$1,976	\$80	
04/14/2017	Phys...	Xolair	60	0	\$1,632	\$181	86%
04/28/2017	Rx	Xolair	2	14	\$1,976	\$80	
05/11/2017	Rx	Xolair	2	14	\$1,976	\$80	
05/12/2017	Phys...	Xolair	60	0	\$1,632	\$181	86%
05/26/2017	Rx	Xolair	2	14	\$1,976	\$80	
06/08/2017	Rx	Xolair	2	14	\$1,976	\$80	
06/09/2017	Phys...	Xolair	60	0	\$1,632	\$181	86%
06/21/2017	Rx	Xolair	2	14	\$1,976	\$80	

Key Action Items

Total Spend: \$16,658,524

Potential Savings: \$3,375,340

Clinical

- Address off-label usage with PBM
- Implement additional prior authorization policies under rx & medical
- Ensure PBM and carriers document genetic testing and weight-based dosing

Benefit Design

- Evaluate biosimilar program available through the carrier
- Ensure fills are limited to 30 days and discontinue auto refill programs with PBM
- Implement true out of pocket tracking with PBM

Payment

- Seek recovery on billing errors with carrier
- Implement a mandatory site of care program with carrier

Conclusions

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- Significant actionable savings are being identified
- Employers are also finding value in the learning process
- Implementing the recommendations will be a combination of short and longer-term activities
- Next step is to share learnings as a group during the implementation phase
- *Round 2 will kick off in Q2... Watch for more information*