

# H BCH 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%
<b>Overall</b>	<b>\$16,658,524</b>	<b>\$791</b>	

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

Note Savings represent totals after the savings hierarchy is applied.

## Overall Spend by Drug

---

*Client data redacted*

# Payment



# Reimbursement Overview

	Outpatient Hospital	Physician Office	Home Infusion	Pharmacy Claims
<b>Code Type</b>	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
<b>Pricing Source</b>	Billed Charges	ASP Average Sales Price	ASP or AWP	AWP Average Wholesale Price
<b>Pricing Definition</b>	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



Outpatient Hospital



Physician Office



Home Infusion



Pharmacy

## Pricing Relative to ASP, Under Medical

*Client data redacted*

## 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

***Client data redacted***

## 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.

*Client data redacted*

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

## Remicade Cost by Channel

---

*Client data redacted*

## Drug Administration Costs

---

Drug	Outpatient Facility	Physician Office	Home Infusion
Herceptin			
Aloxi			
Taxotere			
Firmagon		<i>Client data redacted</i>	
Neulasta			
Other Drugs			

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			
Remicade			
Gammagard			
Total			

### Brand Oncology

Drug	Members	Savings	Savings / Member
Neulasta		<i>Client data redacted</i>	
Firmagon			
Aloxi			
Neupogen			
Faslodex			
Total			

## 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 (%)

*Client data redacted*

**Review prior authorization and coverage criteria for Acthar with PBM**

## Case Review – Acthar for multiple sclerosis



Drug  
Profile



Patient  
Profile



Recommendations

- 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

*Client data redacted*



## Unclassified J code Case

---

*Client data redacted*

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

***Client data redacted***



## Duplicate Billing

---

*Client data redacted*

## 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

---

### Contact Info:

**bmotheral@  
archimedesrx.com**

**615-418-7200 (m)**

- 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*