



URx Pharmacy Report

State of Montana Group Benefits Advisory Council (SEGBAC)

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URx Performance Report

State of Montana

Jan2010-Oct2014

Category	Jan2009- Oct2009	Jan2010- Oct2010	Jan2011- Oct2011	Jan2012- Oct2012	Jan2013- Oct2013	Jan2014- Oct2014	Period1 vs. Period2	Period2 vs. Period3	Period3 vs. Period4	Period4 vs. Period5	Period5 vs. Period6	
All Incl. Specialty	Total Cost	\$28,598,506	\$24,083,903	\$27,018,246	\$29,619,320	\$30,499,388	\$32,033,400	-15.8%	12.2%	9.6%	3.0%	5.0%
	Total Plan Cost	\$21,813,943	\$17,611,572	\$20,435,044	\$23,036,671	\$23,992,636	\$25,237,182	-19.3%	16.0%	12.7%	4.1%	5.2%
	Total Member Cost	\$6,784,563	\$6,472,332	\$6,583,202	\$6,582,649	\$6,506,752	\$6,796,218	-4.6%	1.7%	0.0%	-1.2%	4.4%
	Total # of Claims	343,753	338,060	365,958	376,720	393,502	405,656	-1.7%	8.3%	2.9%	4.5%	3.1%
	Plan Cost Per Claim	\$63.46	\$52.10	\$55.84	\$61.15	\$60.97	\$62.21	-17.9%	7.2%	9.5%	-0.3%	2.0%
	Plan Cost PMPM	\$66.91	\$54.10	\$63.25	\$72.41	\$75.96	\$78.82	-19.2%	16.9%	14.5%	4.9%	3.8%
Non-Specialty	Total Cost	\$28,360,398	\$18,649,442	\$19,480,715	\$20,084,889	\$20,607,908	\$21,444,052	-34.2%	4.5%	3.1%	2.6%	4.1%
	Total Plan Cost	\$21,584,916	\$12,387,515	\$13,186,833	\$13,833,428	\$14,671,453	\$15,569,148	-42.6%	6.5%	4.9%	6.1%	6.1%
	Total Member Cost	\$6,775,481	\$6,261,927	\$6,293,883	\$6,251,462	\$5,936,455	\$5,874,904	-7.6%	0.5%	-0.7%	-5.0%	-1.0%
	Est. Total Ingredient Cost	\$27,919,297	\$17,983,691	\$18,784,578	\$18,900,227	\$19,486,141	\$20,482,269	-35.6%	4.5%	0.6%	3.1%	5.1%
	Total # of Claims	343,240	333,857	360,837	370,674	389,239	402,028	-2.7%	8.1%	2.7%	5.0%	3.3%
	# of Utilizers	23,819	23,503	24,038	23,890	24,581	24,892	-1.3%	2.3%	-0.6%	2.9%	1.3%
	Copay Percent	23.9%	33.6%	32.3%	31.1%	28.8%	27.4%	40.5%	-3.8%	-3.7%	-7.4%	-4.9%
	Total Cost Per Claim	\$82.63	\$55.86	\$53.99	\$54.18	\$52.94	\$53.34	-32.4%	-3.4%	0.4%	-2.3%	0.7%
	Plan Cost Per Claim	\$62.89	\$37.10	\$36.55	\$37.32	\$37.69	\$38.73	-41.0%	-1.5%	2.1%	1.0%	2.7%
	Member Cost Per Claim	\$19.74	\$18.76	\$17.44	\$16.87	\$15.25	\$14.61	-5.0%	-7.0%	-3.3%	-9.6%	-4.2%
	Member Months	326,013	325,557	323,066	318,162	315,875	320,199	-0.1%	-0.8%	-1.5%	-0.7%	1.4%
	Total Cost PMPM	\$86.99	\$57.28	\$60.30	\$63.13	\$65.24	\$66.97	-34.1%	5.3%	4.7%	3.3%	2.7%
Plan Cost PMPM	\$66.21	\$38.05	\$40.82	\$43.48	\$46.45	\$48.62	-42.5%	7.3%	6.5%	6.8%	4.7%	
Member Cost PMPM	\$20.78	\$19.23	\$19.48	\$19.65	\$18.79	\$18.35	-7.5%	1.3%	0.9%	-4.4%	-2.4%	
Brand	Brand Total Cost	\$22,111,812	\$13,943,085	\$14,039,406	\$13,215,820	\$12,996,241	\$13,635,360	-36.9%	0.7%	-5.9%	-1.7%	4.9%
	Brand Plan Cost	\$17,816,873	\$10,134,924	\$10,508,611	\$10,130,078	\$10,256,461	\$11,047,924	-43.1%	3.7%	-3.6%	1.2%	7.7%
	Brand Member Cost	\$4,294,939	\$3,808,160	\$3,530,794	\$3,085,742	\$2,739,780	\$2,587,437	-11.3%	-7.3%	-12.6%	-11.2%	-5.6%
	Brand # of Claims	113,771	79,573	74,150	65,043	60,908	56,464	-30.1%	-6.8%	-12.3%	-6.4%	-7.3%
	Brand % of Total Claims	33.1%	23.8%	20.5%	17.5%	15.6%	14.0%	-28.1%	-13.8%	-14.6%	-10.8%	-10.2%
	Brand Plan Cost Per Claim	\$156.60	\$127.37	\$141.72	\$155.74	\$168.39	\$195.66	-18.7%	11.3%	9.9%	8.1%	16.2%
Generic	Generic Total Cost	\$6,248,586	\$4,706,358	\$5,441,309	\$6,869,069	\$7,611,667	\$7,808,692	-24.7%	15.6%	26.2%	10.8%	2.6%
	Generic Plan Cost	\$3,768,043	\$2,252,590	\$2,678,221	\$3,703,350	\$4,414,992	\$4,521,224	-40.2%	18.9%	38.3%	19.2%	2.4%
	Generic Member Cost	\$2,480,543	\$2,453,767	\$2,763,088	\$3,165,720	\$3,196,675	\$3,287,468	-1.1%	12.6%	14.6%	1.0%	2.8%
	Generic # of Claims	229,469	254,284	286,687	305,631	328,331	345,564	10.8%	12.7%	6.6%	7.4%	5.2%
	Generic % of Total Claims	66.9%	76.2%	79.5%	82.5%	84.4%	86.0%	13.9%	4.3%	3.8%	2.3%	1.9%
Generic Plan Cost Per Claim	\$16.42	\$8.86	\$9.34	\$12.12	\$13.45	\$13.08	-46.1%	5.5%	29.7%	11.0%	-2.7%	



Specialty Pharmacy – No Magic Bullet

- ➔ Strategy is key – you must have one !!
- ➔ Definitions
- ➔ Good, Bad, and Ugly of Specialty Medications
- ➔ Issues and Management Ideas



Definitions

- ↳ Specialty medications meet the following criteria:
 - They treat rare and chronic diseases that require significant medical care and resources
 - They require the support of clinical care management due to the nature of the disease and their potential side effects
 - They may require special handling, inventory control, or temperature-controlled distribution
 - High cost – various cost thresholds used to define - \$600 per month (CMS)
 - Some of these medications can only be obtained from a small number of licensed pharmacies (called limited distribution drugs or LDD)
 - Some of these medications are “biologics”



The Consequences of Specialty Medications

→ The GOOD

- They have allowed us to treat people with serious diseases that were not managed well previously (i.e. MS, psoriasis, cancer, hemophilia, etc.)
- In many cases they not only prolong life but significantly increase the **QUALITY** of life and in some rare cases they actually cure diseases (i.e. Hepatitis C)
- In some cases the side effects of the medications are less debilitating than previous therapies
- Some therapies are oral instead of injectable and some have more convenient dosing schedules



The Consequences of Specialty Medications

→ The BAD

- Some patients experience very serious side effects that may cause death or significant problems
- Many of these medications must be injected, which is painful and not convenient for patients
- These patients must be followed carefully to ensure they stay on therapy and that their disease is being controlled
- The complexity of these agents requires more sophisticated management - specialization



The Consequences of Specialty Medications

→ The UGLY

- The average cost of a non-specialty prescription drug is ~ \$100 per month whereas the average cost of a specialty medication is ~ \$2,500 per month
- Many cancer and Hep C treatments run between \$80K and \$100K – trend is exploding
- Most development today focuses on specialty medications ~ 70% of drugs in the pipeline
- Payers are saying the trend is unsustainable!!



The Consequences of Specialty Medications

→ TREND

- 15-25% year over year
- Price increases running 10-14% (sometimes twice a year)
- When a new product hits the market, current drug prices commonly go up !! ??
- Specialty cost represents 25-30% of total drug spend
- Within 5 years expected to represent 50% of all drug spend for only 1-3% of claims !!



The Consequences of Specialty Medications

→ The REALITY

- 95% of the time we cannot replace a specialty medication with a non-specialty medication
- We will not be able to use that many generics where you could see an 80% cost savings
- We can manage costs via contracts to some degree, but the impact is in the 1 to 3% range
- Most of the savings will be realized on the medical side from lower medical expenses (unfortunately not easy to quantify)
- Most of the value is from improved quality of life and possibly longer survival rates



Management Strategies

- While no “magic bullet” exists, managing these (4) areas is critical to specialty management
- Utilization
- Cost
- Drug Mix
- Adherence



Utilization Strategy

- ↳ Appropriateness of therapy
 - Not every single person needs to be treated
 - Not every single person needs a specialty drug
 - Completely assess the patient to ensure this is the right drug for them (i.e. oncology issues)
 - Make sure the medication remains appropriate via follow-up and reporting



Cost Strategy

- ➔ Utilize one or a limited network of pharmacies
 - Specialty pharmacies give away margin for higher volume
 - Exclusive or semi-exclusive vs. open access (get that extra 1-3%)
- ➔ Avoid waste
 - Split fill programs for oncology
 - Assay management in hemophilia to facilitate dosing
 - Re-assessment of patients for appropriateness of therapy over time
- ➔ Generics or biosimilars



Drug Mix Strategy

- Preferred specialty drug strategy
 - Utilize preferred agents in a class
 - Use rigorous evidence based rationale
- Motivate patients to utilize the preferred medications
 - Preferential cost share arrangements
 - Challenges include manufacturer co-pay cards – consider limiting use
- The opportunities in drug mix will continue to improve with the growth in the specialty marketplace



Adherence Strategies

- Do we want to increase adherence?
 - Doesn't that just cost me more money?
 - Plan is already spending huge amounts for specialty so get your money's worth !!!
Maximize treatment and Employee quality of life that follows.
- Yes we want to increase adherence
 - Proper education to the patient
 - Proper expectations for positive and negative effects
 - Get a commitment to be adherent (consider member contracts)
 - Constant coaching and re-educating
 - Proper questions (Not just asking “are you being adherent?” – pill counts ??)
 - Proper motivation