

# Carrier Trends in Prescription Drug Offerings

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# Agenda

## Pharmacy Services

- How a health insurance carrier can support pharmacy utilization and cost trends
- Explain the use of formulary/rebates and future trends
- Future of manufacturer involvement in pharmacy management through outcomes-based contracts
- Review examples of outcomes-based contract
- Explore how providers can be engaged in this process of pharmacy management
- Review examples of Pharmacy Population Health Team and their interaction with providers

# Value Of Integration

## Lower Prescription Drug Costs

- Health Plan members constitute a significant Buying power

## Lower Overall Medical Costs

- Better member care due to aligned strategy & coordination
- Shared, real-time data to quickly identify and resolve gaps in care
- Broad resources and expertise, including on-staff pharmacists and medical specialists
- More opportunities to reduce fraud and waste and improve savings
- Better payment coordination, avoidance of duplicate payments

## Convenience

- With combined Rx + Medical, your benefits administration is streamlined
- Less time coordinating with multiple carriers
- One strategic health care partner, one client team
- Unified reporting, one contract, one invoice, one enrollment process
- Members: one enrollment, one ID card, one member service 800#, one website

# Delivering Value to Manage Cost

Health Plans' clinical goals are to advocate, foster and implement best practices in medication prescribing, dispensing, and utilization to provide the optimum balance between patient quality of care and cost.

1

## Utilization Management

Drive members to quality, affordable medications.

2

## Specialty Drug Management

Focus on network management, channel alignment, and proper site of care steerage.

3

## Network Management

Optimize retail pharmacy networks to balance cost and access for all prescription needs.

4

## Customized Plan Design

Offer cost-sharing options such as copayment, coinsurance, and mail-order pharmacy.

5

## Formulary Management

Choose optimal drug formulary that preserves access to appropriate, affordable drugs.

6

## Coordinated Care

Support members with team of pharmacists, case managers, and health coaches.

# Formulary Management and Rebates

## Formulary

List of FDA-approved prescription drugs that includes every major therapeutic category. Formularies are broken down into different tiers offering varying degrees of differentiation for preferred and non preferred products. These tiers can also define cost sharing to set copayments/coinsurance.



## *Formulary Management*

Choose the optimal drug formulary that preserves access to appropriate, affordable drugs.

## Rebates

Rebates are usually offered to brand products. Formulary management drives negotiations with manufacturers, related to where the drug is placed on a formulary

# Manufacturers Are Catching On

## Epclusa and Harvoni - Hepatitis C Authorized Generics

- Asequa Therapeutics recently released authorized generics (Ags) for Hepatitis C Virus (HCV) drugs Epclusa and Harvoni in January, 2019.
- The Ags are priced lower than their brand counter parts, but are still classified as brand drugs by the drug information classification system.

### Authorized Generics

Differ from the traditional generic drugs that are released to the market. An authorized generic can enter the market faster compared to traditional generic drug launches.

*Management of these authorized generics is important to ensure the lowest net cost product is prescribed and utilized.*

# Innovative/Value Based Contracts

## Outcomes Based Contracting

- Contracts that utilize quantifiable outcomes metrics to place a financial guarantee on the efficacy of a product. If a product does not perform as guaranteed, a rebate is applied to the claims that did not meet the contracted outcome or endpoint
- Data requirements vary by contract design
- Beneficial to have access to medical record data

## Persistency Based Contracting

- Contracts that measure a member's adherence by using claims data
- If members are adherent, a rebate is applied to the claims for such member retrospective to a mutually agreed upon enrollment effective date
- Purely claims based, but may involve additional layers of outcomes or cost contract language as well

## Value/Cost Based Contracting

- Contracted pricing guarantees – Per Member Per Month (PMPM) or Per Member Per Year (PMPY)
- PMPM/Y thresholds are agreed upon to guarantee a set amount paid PMPM/Y
- If PMPM/Y goes above the threshold, a rebate or reimbursement is applied

# Example of Innovative/Value Based Contracts

**Patient population is measured for adherence rates for specific preferred diabetes medication**

- Preferred drug used to manage diabetes is entered into outcomes based contract arrangement
- Outcomes measurement based on adherence rates and total cost of care for patient (PMPM measurement)
- Threshold PMPM set; reimbursement paid if PMPM rises over the set threshold or adherence rate is below threshold

**Patient data is followed as therapy continues to measure the outcome for the drug therapy, adherence, and total cost of care.**

*Payout from the manufacturers will occur if thresholds are not met.*



# Provider Engagement Through Health Plan Pharmacist

Strategies to encourage providers to prescribe low-cost drugs

## *Inadequate Information*

- Offer decision support tools through EMR point of care tools including pricing, formulary and prior authorization information

## *Fragmented Visibility*

- Leverage pharmacists to fill provider knowledge gaps
- Offer/provide medication therapy management (MTM) services
- Intervene to prevent treatment or adherence gaps through direct patient education
- Work with provider to switch to lower cost alternatives.

## *Insufficient Incentives*

- Offer financial incentives for use of less costly drug therapy
- Waive PA and reimburse for pathway adherence

# Provider Engagement Through Health Plan Pharmacist

## Example of How? Why?

Pharmacist presents to providers office with specific data on patients that are utilizing high cost medication with no true significant value over lower cost products.

- Pharmacist offers education to provider on therapeutic equivalent medication that is lower in cost
- Provider switches drug from high cost product to lower cost alternative

### *EXAMPLE*

Patient is diagnosed with diabetes and prescribed Glumetza, a high cost version of Metformin ER. When pharmacist intervenes on recommendation, provider switches to lower cost Metformin ER; an annualized savings of \$44K

