



MemberChoice

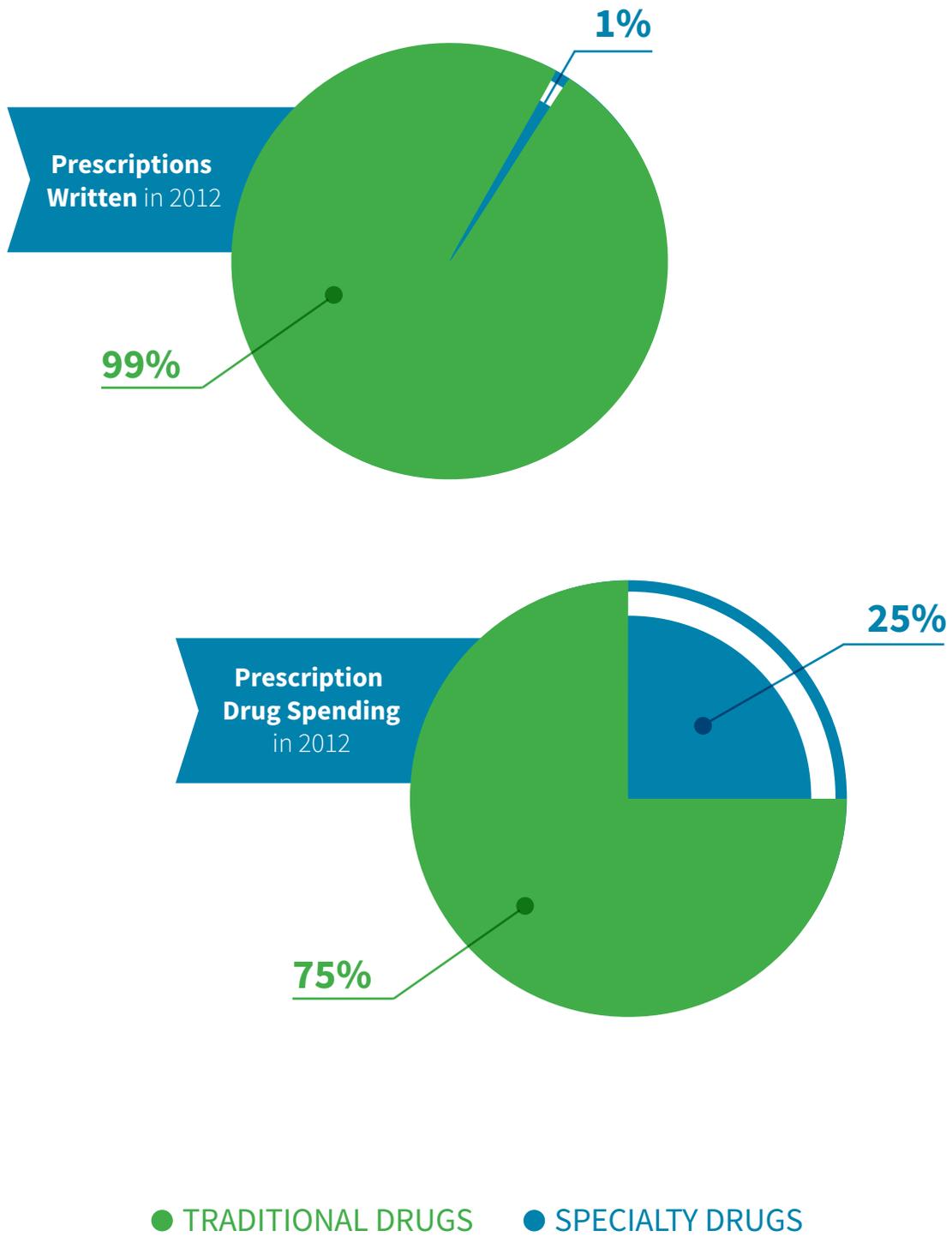
FORMULARY MANAGEMENT

MEDICATION THERAPY MANAGEMENT (MTM)

SPECIALTY DRUG MANAGEMENT

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Source: AHIP Issue Brief, June 2014

Figure 1.1

THE SPECIALTY DRUG PROBLEM

By the Numbers

70%

In 2013 – 70% of the drugs approved by the FDA were specialty drugs. The market will be bombarded with high cost drugs over the next few years.

Most of these drugs cannot be substituted with a generic or lower cost alternative.

\$750,000

Treatment regimens can be very costly, some reaching as much as \$750,000/year

63%

Specialty drug costs alone are expected to increase by 63% between 2014 and 2016.

25%

Specialty drugs consumed 25% of the total drug spending in 2012, but consumed only 1% of the total prescriptions written, making specialty drugs 25x more expensive on average. (See pie chart on page 2, figure 1.1)

THE FACTORS

“If I was going out to a restaurant that had great salads, I could eat whatever I wanted.”

– Kevin Nealon
for Xarelto®



EDUCATION

Most members, plan sponsors, physicians and in some cases even health plans know little about the specialty drug market. Your members are bombarded with national celebrities advertising these expensive drugs:

- >> *NASCAR driver Brian Vickers and Pro Golfer Arnold Palmer are behind Xarelto®*
- >> *Pro Golfer – Phil Mickleson is behind Enbrel®*

Your members want to use these drugs because they are led to believe that the drugs will “cure the problem”, but few have any understanding of the cost of the drug.



WHAT MAKES A DRUG A SPECIALTY DRUG?

Most specialty drugs are defined as “specialty” based on the cost of the drug. Example – drugs are in the specialty category if they cost more than \$900 / month or unit. This will not put the focus where it belongs. The industry needs to identify and place drugs in the specialty category based on not only cost, but other factors such as:

- Administration difficulties
- Unknown or less than concrete outcomes
- Member Concerns such as difficulties with adherence and tolerance for the drug.

The skyrocketing cost of specialty drugs remains a critical concern for policymakers and payers – given the current trajectory of pricing trends in this fast-growing and emerging area.

– AHIP Issue Brief
June 2014



MANAGING COST

Some specialty drugs are covered under the medical plan and some under the pharmacy plan, making it difficult to understand the spending trends. The cost of these drugs can vary significantly depending on where the drug is administered. For example, some physicians place a significant mark-up on the cost of the drug when they administer the drug in an office setting. RxResults will install a fee schedule that will level the playing field by charging the same fee regardless of administration site. Prior Authorization is another cost saving mechanism which will help your organization avoid some high cost drugs all together. **RxResults will ensure your organization pays a fair price for the drugs that are absolutely critical in order to achieve a high quality of life for your member.**



ANALYTICS

Prior Authorization is a key factor in managing the spending for specialty pharmacy, however, most plan sponsors have no understanding of the number of authorizations provided or more importantly the number denied or modified with step therapies or other interventions. This coupled with a 360° view of your specialty drug spending by combining data from Medical and Pharmacy claims will help you understand where your money is being spent. **This is not status quo, you need information provided from data to help you make the right benefit decisions.**



MEMBER ASSISTANCE

Members have little understanding about what they may be faced with when taking these specialty drugs. They just know the drug must be great if it is promoted by a national celebrity like Arnold Palmer. Your members will have a personal pharmacist reviewing their case helping them understand:

- How to control or minimize side effects
- Alternatives or instructions for administering the drug
- Other assistance required to help members remain adherent

THE SOLUTION

RxResults has a marked advantage due to the relationship with the nationally recognized University of Arkansas Medical Sciences College of Pharmacy. The pharmacists on staff are uniquely positioned to perform additional research on outcomes and to manage the administration of specialty drugs in the most cost effective manner. RxResults has developed an approach using 4 primary components to managing the cost of specialty drugs; Prior Authorization, Member Support, Analytics and Cost Controls.

Research involving clinical criteria development will make our choices with specialty drugs clearer. Understanding outcomes from using any specialty drug will help us quantify savings over time from not only future pharmacy costs but medical costs as well. For some specialty drugs, simply having a condition may not be enough to warrant costly treatment.

Although hundreds of thousands of individuals may have Hepatitis C, only about 20% percent experience severe illness which is seen years after the diagnosis[†]. This is one of the factors that should be considered when covering specialty drugs.

Example: For some members, the new Hepatitis C drugs show promise of curing the disease and thus may offset future medical costs. This means the cost of these drugs or drug combinations ranging \$75,000 - \$150,000 may actually reduce spending by helping some members avoid a liver transplant that could cost over \$570,000.

The key to managing the costs of these extremely expensive drugs is to make sure the **right members meeting the right clinical criteria get the right drugs at the right time** in order to achieve the best clinical outcomes. With RxResults' specialty drug management program you can be sure the dollars you spend on specialty drugs are being spent with a well thought out plan provided by a clinical team that has access to the most up-to-date peer reviewed, clinically relevant research.

† <http://www.hepatitis.va.gov/patient/faqs/how-does-hepatitisC-progress.asp>

Specialty Drug Management by



Prior Authorization

Physicians and/or members will be required to have prior authorization before filling or having a specialty drug administered. RxResults will provide outreach and support during implementation for physicians and members to explain the program and the process for acquiring a prior authorization. In addition, analytics will be provided to the plan sponsor to provide information on the prior authorization activities.

As part of the prior authorization program, our pharmacists may suggest a step therapy program by recommending a lower cost alternative before the authorization is given. If the members' physician can provide evidence that the lower cost alternative was not effective or could not be tolerated, the use of the specialty drug may be authorized.

Example: Before providing authorization for a specialty rheumatoid arthritis treatment, the member may be asked to try one or more traditional therapies.

Some therapies may require additional diagnostic testing before authorization can be given for the drug.



Member Support

RxResults will work closely with care/case/disease managers to ensure that members are as healthy as they can be. This includes helping to manage adherence as well as other medication-related problems.

The RxResults clinical team will be in close contact with the member to provide any assistance necessary. If the member is not able to tolerate the drug or manage the adherence, the member's personal pharmacist will assist by working with the physician to identify an alternative therapy.



Analytics

- Authorization Activities
- Medical and Pharmacy Spending
- Physician Prescribing Patterns
- Opportunities for Savings
- Member Outcomes
- Cost Controls



Cost Controls

Pharma companies often offer assistance to the member to pay for medications. RxResults is prepared to negotiate on behalf of the member to procure any and all monies available to off-set the plan sponsor costs.

- **Drug Administration**
Flat fees or fee schedules for drug costs and administration costs, and Management of administration site
- **Defining the Specialty Drug**
Management of the benefit – should specialty drugs be covered under the Medical or Pharmacy benefit, or both?

About RxResults

RxResults has developed a proven and revolutionary model for managing risks associated with escalating drug costs. Using an evidence-based medicine approach, we are able to change the behavior of members and providers resulting in a **clinically sound, member-centered and cost-effective** prescription benefit model.

This model utilizes our proprietary knowledge bases and business processes to bring together and extend the disparate pieces of the current PBM-driven prescription delivery model to reduce client drug spend by 12-17% in the first year and demonstrating additional annual savings of 8% from the national cost trend.

Our model does not disenfranchise the RxResults clinical member by placing more cost burden and inconvenience on them. Instead, **we engage with the member to effect positive clinical and financial gains** for them while also providing significant and ongoing cost savings for the client.

If not managed effectively, prescription drugs can **represent a constant financial drain.**



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