



Specialty Drug Management

April 22, 2015

Wisconsin Business Health Care Group



Business Health Care Group

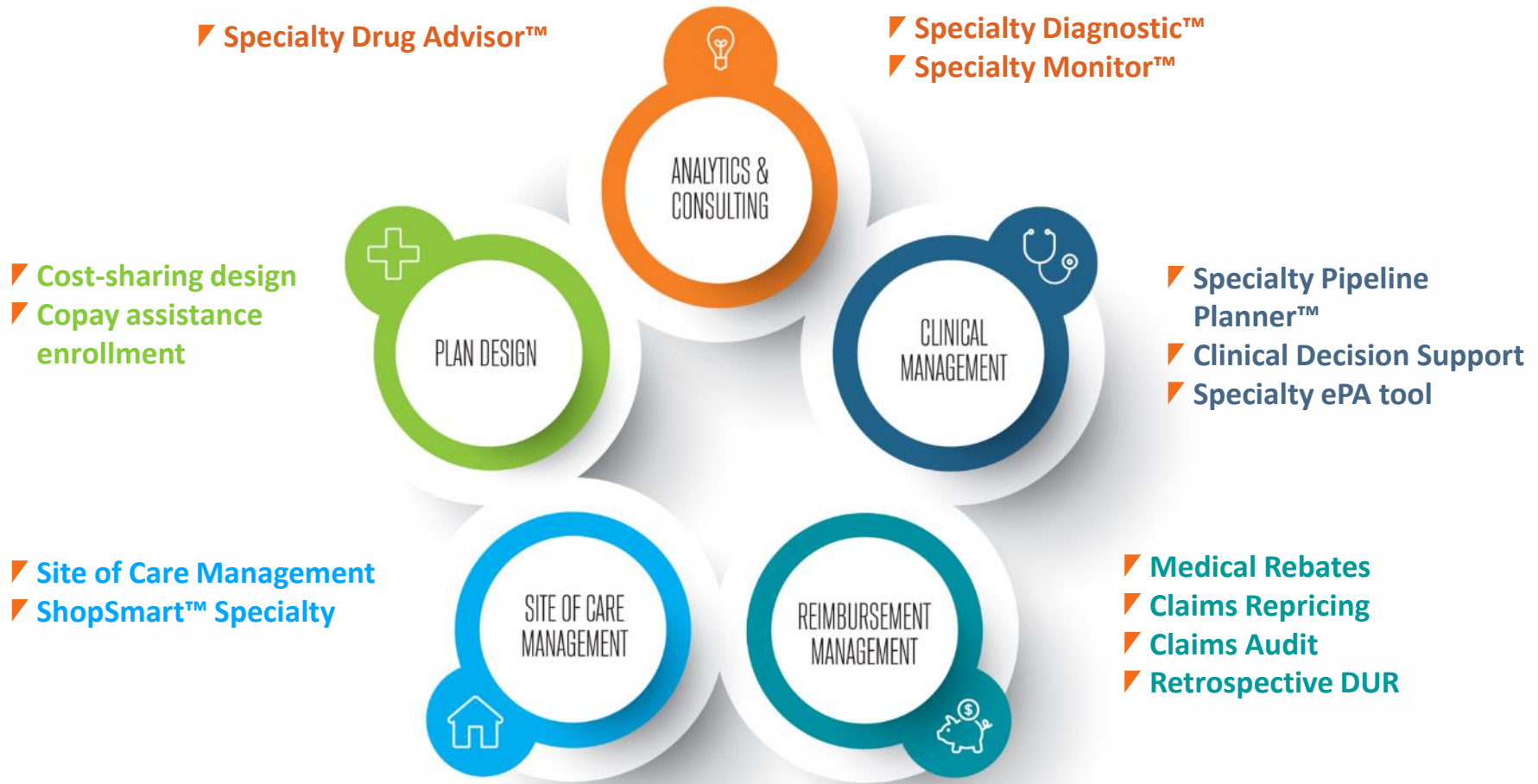
Driving Meaningful Change

Artemetrx Overview

- Healthcare analytics and services company focused on pharmaceuticals.
- Launched specialty drug services in 2012, with emphasis on the medical benefit.
- Specialty Rx solutions span:
 - Analytics
 - Consulting
 - Clinical and Technology Services
- Clients include self-insured employers, labor groups, and health plans.

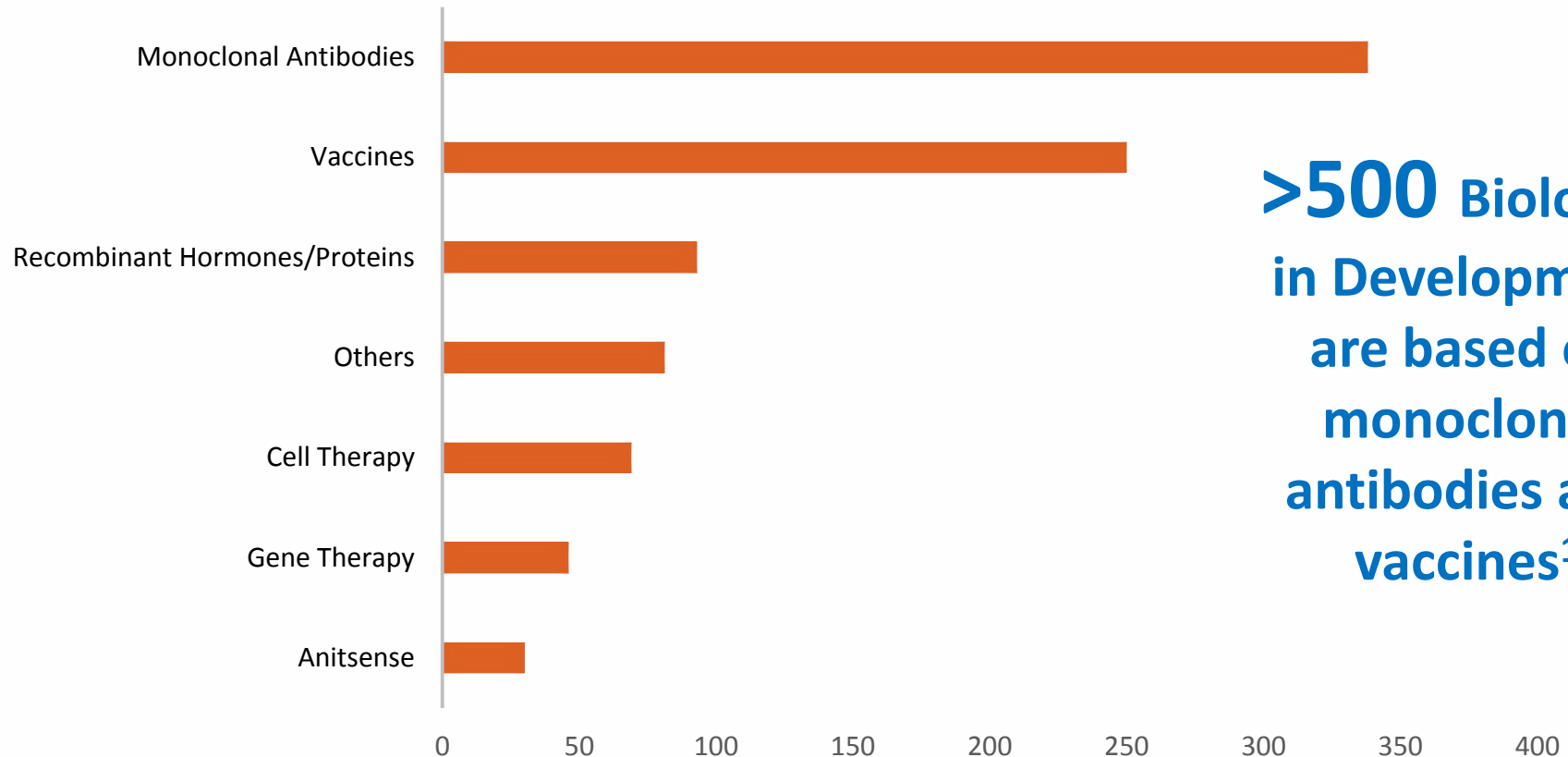


Specialty Medical Management – Employers



Specialty Drug Pipeline

Biologics in Development by Product Category



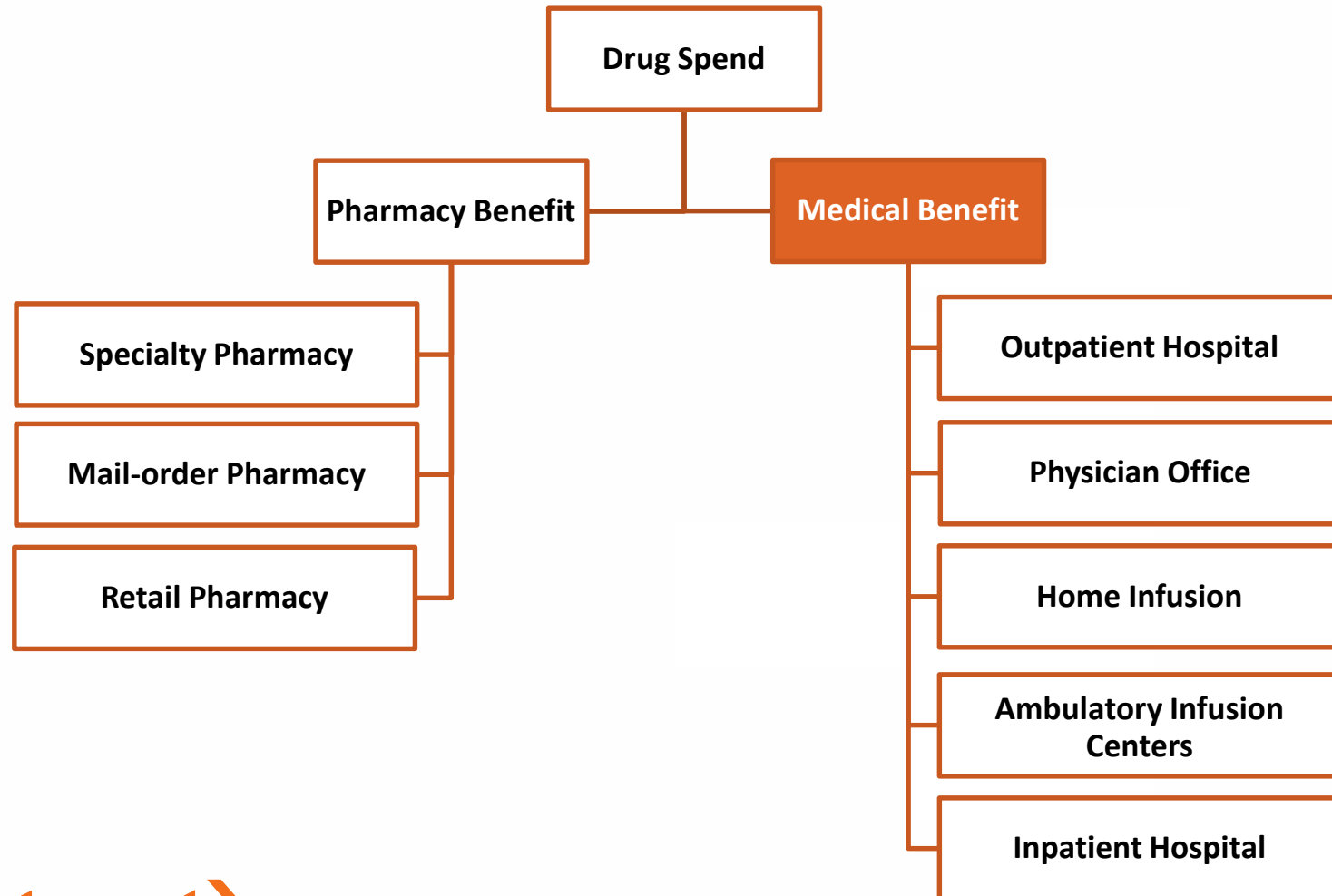
**>500 Biologics
in Development
are based on
monoclonal
antibodies and
vaccines¹**

¹ Pharmaceutical Research and Manufacturers of America. Medicines in development: biologics. <http://pharma.org/sites/default/files/pdf/biologics2013.pdf>. Accessed February 17, 2014 Sourced: Serono Digest 10th edition

Unique Characteristics of Specialty Drugs

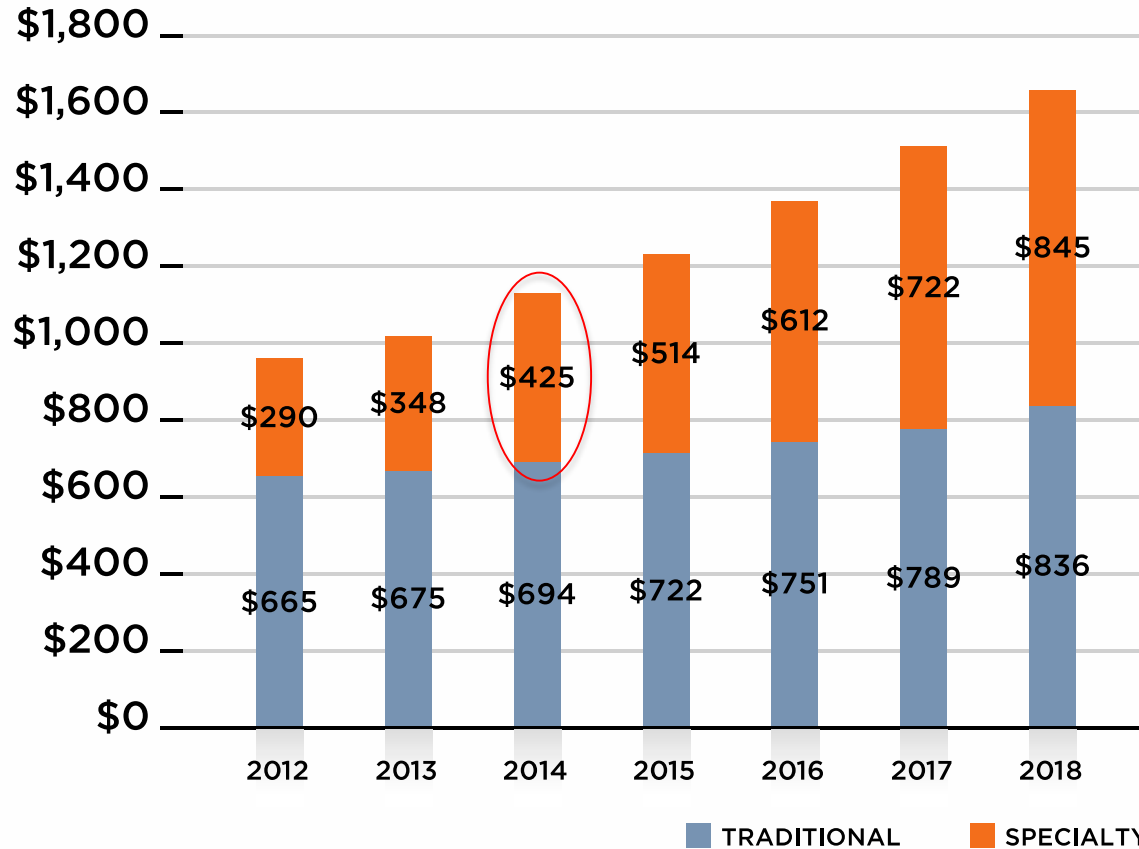
- ✔ Size of molecules
- ✔ Disease severity and prevalence
- ✔ Cost
- ✔ Lack of generic alternatives
- ✔ Limited distribution model
- ✔ Covered under the pharmacy and medical benefit
 - Coding
 - Pricing
 - Administration fees

Specialty Drugs – Covered under Both the Pharmacy and Medical Benefit



Specialty Drug Forecast

Forecasted PMPY Net Drug Spend Across the Pharmacy and Medical Benefit for Commercial Plan Sponsors



Source: Artemetrx Specialty Drug Trend Study, 2013

Specialty Drug Management Roadmap

▮ What Employers should not do

- Expect a biosimilars windfall
- Wait for your health plan/TPA to manage specialty
- Make decisions without reviewing your own data
- Rely on deeper pharmacy discounts

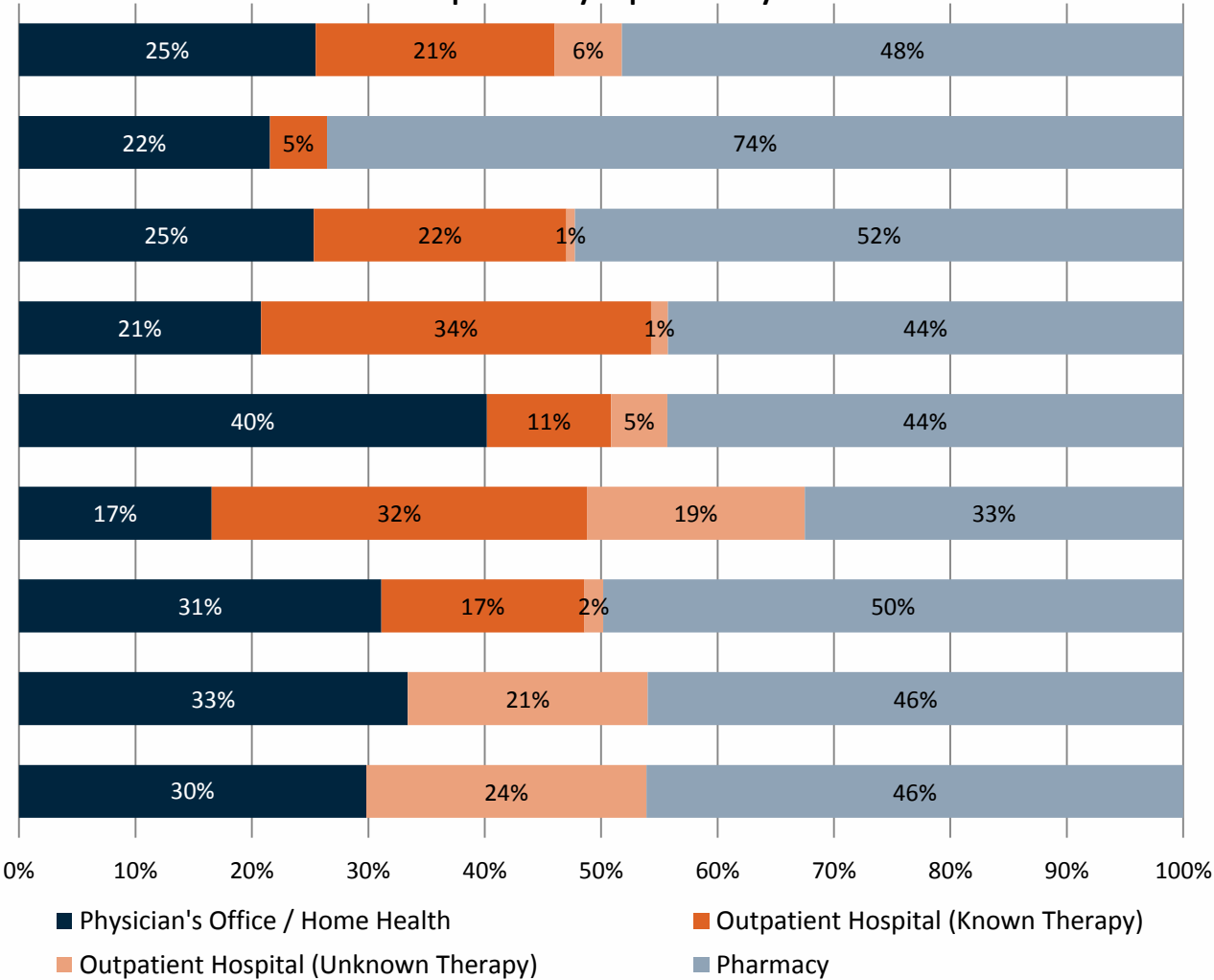
Specialty Drug Management Roadmap

▮ What Employers should do

- Adopt best practices for specialty pharmacy management
- Monitor your PBM's performance on PA and plan design edits (e.g., quantity management)
- Understand your total specialty spend and seek actionable opportunities for improvement

Spend by Employer for a Business Coalition

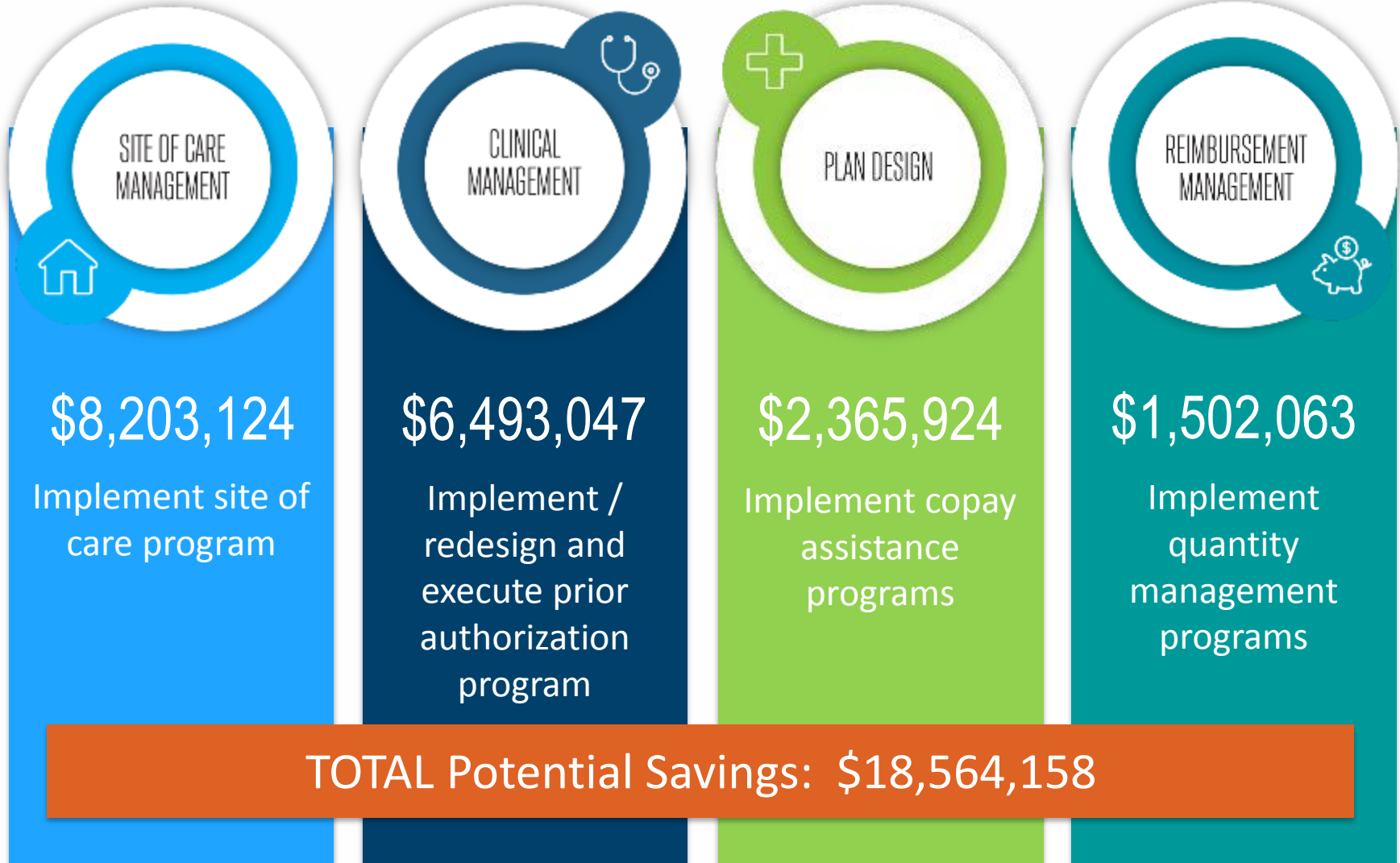
Percent of Specialty Spend by Channel



\$ Spend by Employer

\$333	All Employers
\$298	Employer A
\$312	Employer B
\$404	Employer C
\$439	Employer D
\$176	Employer E
\$302	Employer F
\$289	Employer G
\$268	Employer H

Savings Summary – Employer Example



Specialty Drug Management Roadmap

What Employers should do

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- Understand your total specialty spend and seek actionable opportunities for improvement
- Implement management programs for specialty drugs covered under the medical benefit
 - Clinical Management

Specialty Drug Management Roadmap

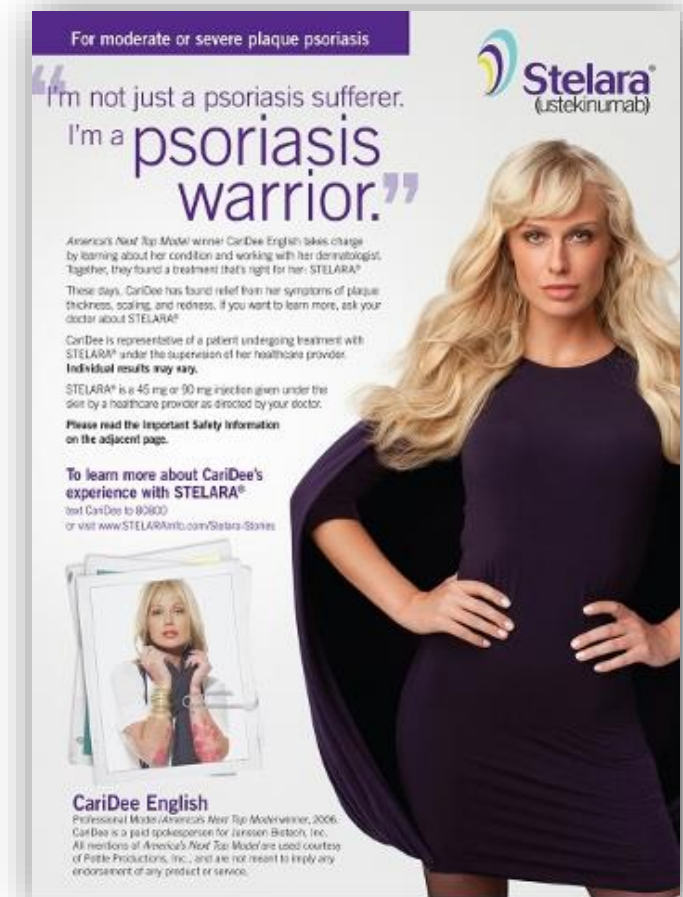
What Employers should do

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- Implement management programs for specialty drugs covered under the medical benefit
 - Clinical Management
 - Site of care

Growing Need for Clinical Management and Oversight

Why the Need?

- Growing pipeline of marginally effective specialty drugs
- Growing DTC ads for specialty
- Weakly written medical policies
- Poorly enforced medical policies
- Lack of monitoring and vendor accountability



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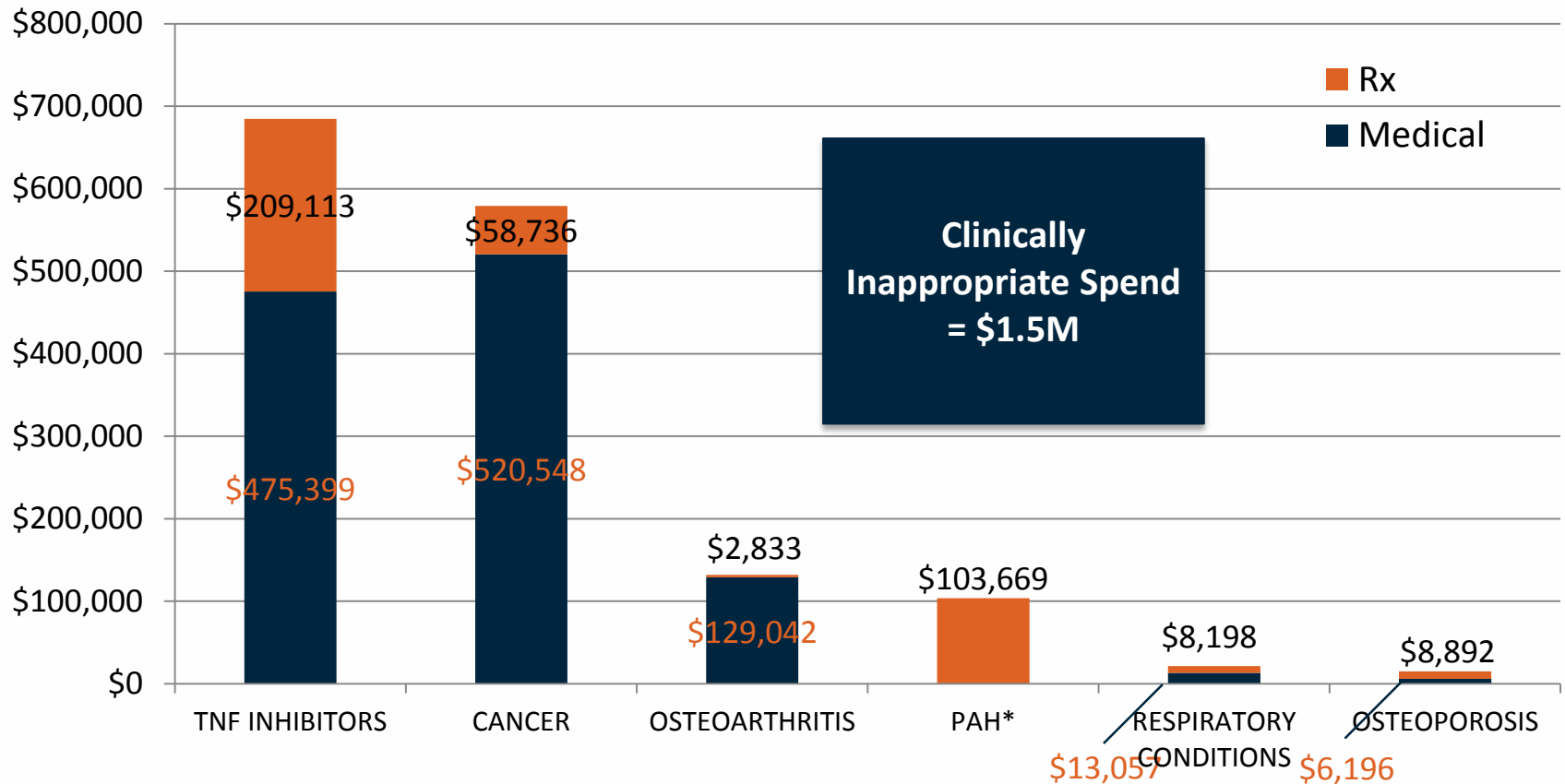
CariDee English
Professional Model/America’s *Next Top Model* winner, 2006.
CariDee is a paid spokesperson for Janssen Biotech, Inc.
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Clinical Management for Specialty – Objectives

- Overall goal is to **ensure appropriate use**, but some other key reasons to develop specialty drug utilization management strategies include:
 - Limit off-label use
 - *e.g.*, Oral oncology
 - Limit misuse
 - *e.g.*, Growth hormone, Botox
 - Ensure appropriate use of first-line therapies
 - *e.g.*, TNF blockers, OA of knee products
 - Limit disease progression
 - *e.g.*, MS agents
 - Limit treatment duration
 - *e.g.*, Hep C agents
 - Ensure compliance with nationally recognized treatment guidelines
 - *e.g.*, Synagis, Hep C agents
 - Optimize clinical outcomes

Inappropriate Use – Employer Example

Clinical Savings Opportunity, Selected Drug Classes



* PAH = Pulmonary arterial hypertension

Site of Care Challenges

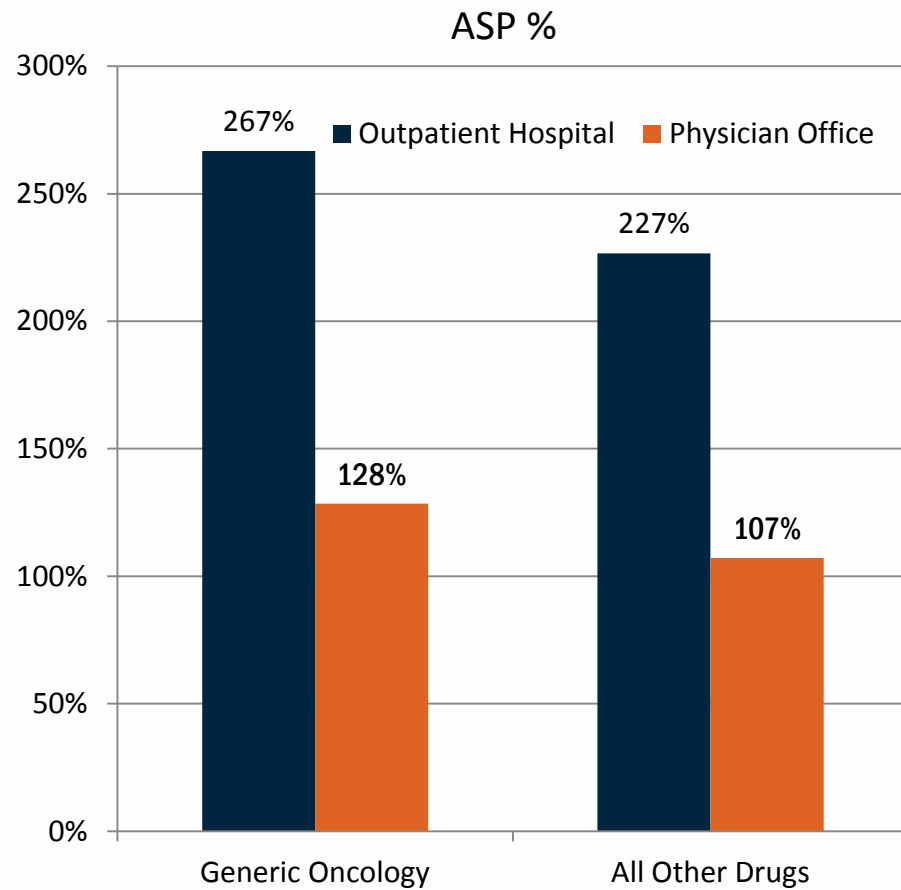
Costs vary between site of care.

Utilization is moving to more expensive sites of care.

Patient convenience is not the same by site of care.

All of these challenges can result in more expensive care and no better outcome.

Artemetrx Study of Price Differences for Specialty Drugs



	Drug Administration Cost, Outpatient Hospital	Drug Administration Cost, Physician Office
Drug	AVG Cost	AVG Cost
All	\$605	\$114
Specific Drugs		
Neulasta	\$120	\$50
Remicade	\$487	\$220
Avastin	\$714	\$122
Herceptin	\$632	\$269
Rituxan	\$1,075	\$389

Savings Opportunity – Site of Care Management

- ▶ Average annual savings per patient is **\$25,000**.
- ▶ Savings represents **12-25%** of total medical specialty drug spend, depending on whether oncology drugs are included.
- ▶ Savings total is typically **\$25-\$50 PMPY** across all the entire membership.

Lives	Number of Patients	Annual Savings Opportunity
1,000	1	\$25,000
10,000	10	\$250,000
100,000	100	\$2,500,000

Site of Care Management is typically the single **BIGGEST** savings opportunity.

Getting Started – Key Questions

Pharmacy

- What was your 2014 specialty spend (PMPY) and trend?
- Does your PBM require submission of information to support PA approval?
- What is your adherence to key specialty drug classes, such as the TNF Inhibitors and MS drugs?

Medical

- What was your 2014 specialty spend (PMPY) and trend?
- Does your health plan provide specialty drug reporting? Detail by drug class/site, pricing?
- What clinical policies are available to you to implement for specialty?
- Does your health plan offer a site of care program for specialty?