Biologics & Specialty Pharmacy
National Employer Initiative

Employer Challenges, Opportunities
and Best Practices
Establishing an Employer View
MBGH Project Background

- See significant growth in specialty pharmaceutical products and related cost impacts to employers
- Conduct educational programs and seek employer feedback
- MBGH Board cites biologic/specialty as #1 priority for 2010 and 2011
- Partner with Dr. Randy Vogenberg, PhD, Institute for Integrated Healthcare, in developing a employer research project
Addressing Employer Needs
Work Stream 1 – 2011 to 2012

- Employer Advisory Councils established in Chicago & Baltimore
- National Employer Baseline Survey
- Employer Toolkit and Educational Outreach with employer group testing
- 2nd National Employer Survey with expansion of survey research
- Updates to toolkit and national educational outreach
- Next steps.....future work streams
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2011 National Employer Survey
MBGH partners with 15 NBCH sister coalitions from across the country

More than 120 employers participate in the survey

Employers represent more than 1 million employee lives

1st web-based national survey directed by and solely to employers
2011 Employer Survey – Purpose

- Help employers better understand biologics/specialty
- Support them in the challenges that may lie ahead
- Help them more effectively manage specialty through plan design innovation
- Support their efforts to partner with specialty vendors in contracting and patient management
- Understand the importance of managing their at-risk population
- Identify how to best communicate specialty benefits to their covered population
Employer Industry

- Manufacturing: 39%
- Health care: 14%
- Other: 10%
- Public Admin: 8%
- Finance/insurance: 7%
- Educational Svs: 5%
- Retail trade: 5%
- Transportation: 5%
- Information: 7%
- Utilities: 5%
- Wholesale trade: 5%
- Mining: 5%
Size of Active Employee Population in U.S.

- < 500: 23%
- 1,001-3,000: 17%
- Don't know: 14%
- 5,001-10,000: 13%
- 10,001-25,000: 7%
- 3,001-5,000: 6%
Level of Understanding of Specialty Pharmaceuticals

- **Low**: 53%
- **Medium**: 25%
- **High**: 22%
Percentage of Biologics/Specialty Pharmacy Paid Through Medical Plan

- 5-7%: 2%
- 3-5%: 6%
- > 7%: 6%
- 1-2%: 6%
- < 1%: 9%
- Don't know: 70%
Percentage of Biologics/Specialty Pharmacy Paid Through Pharmacy Plan

- 4-6%: 3%
- > 20%: 5%
- 7-10%: 11%
- 11-15%: 12%
- 16-20%: 15%
- < 3%: 15%
- Don’t know: 40%
Increase of Biologics/Specialty Pharmacy Costs Over Past 3 to 5 Years

- No increase: 5%
- < 5%: 10%
- > 20%: 17%
- 5-10%: 19%
- 11-20%: 19%
- Don’t know: 29%
Types of Biologics/Specialty Plan Design

- Don't know: 7%
- Special tier with co-insurance: 11%
- Special tier with copay: 13%
- Same as traditional pharmacy design using tiers and co-insurance: 27%
- Same as traditional pharmacy design using tiers/copays: 44%
Incentives Offered For Use of Specialty Pharmacy

Don't know 2%

Adhering to a medication regime 6%

Complying with a medical therapy program 7%

Receiving higher value meds at a lower cost share 7%

Participating in case mgmt or disease mgmt programs 9%

Encouraging use of specialty pharmacy 15%

Don't offer 76%
Benefits and Service Providers Utilized For Specialty Pharmacy

- Don't offer: 2%
- Don't know: 3%
- Specialty pharmacy: 13%
- Combination: 18%
- Health plan/insurer: 22%
- Pharmacy benefits manager: 42%
Take-Away’s from Baseline Survey

- With 78% of employers claiming “little to moderate understanding” of specialty, efforts are needed to fill key knowledge gaps to help employers:
  - Design useful benefit programs and manage them more effectively
  - Better manage costs using a balanced strategy
  - Optimize the health outcomes of those at-risk

- Most employers are still using a traditional benefit design, including tiered formularies, copayments and coinsurance for specialty drugs....
  - Instead of value-based or innovative benefit designs that may be more appropriate

- 76% of employers don’t offer incentives to ensure compliance to medication and adherence to treatment
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2012 Employer Toolkit
Biologics/Specialty Pharmaceutical

About the Toolkit

- Toolkit is being developed with input from employer advisors, meeting participants and staff expertise

- 2011 Survey findings have been incorporated and knowledge gaps addressed in toolkit

- Toolkit serves as a “living document” – allowing for regular updates

- Toolkit goes “live” on MBGH web site in Summer 2012
Section 1 – Education & Awareness

• Information to assist employers in better understanding and managing biologics and specialty pharmacy-related benefits
  – What it is
  – Why is it different
  – Why it is important and pipeline
  – Market view and spending
  – Relative Cost/value considerations
  – Related 2011 survey results
  – Summary and Actions
Section 2 – Planning & Contracting

- Guidance in developing innovative benefit plan design and contracting with health plans, PBMs and specialty pharmacies
  Employer as the plan sponsor
  - Contracting
  - Plan designs
  - Checklists
  - Related 2011 survey results
  - Summary and Actions
Section 3 – Management & Communications

- Management and communications to help employers understand the importance of managing their at-risk population and benefit communications
  - Employer health care management priorities
  - Employee satisfaction
  - Benefit design and all of its management
  - Communication of benefits, do’s & don’ts
  - Related 2011 survey results
  - Summary and Actions
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Best Practice Pharmacy Strategy

April 2012
Savings Opportunities Using Benefits Strategy

Best practice management strategies in total include:

- **Cost**—discount improvement
- **Formulary**—preference to drive use trend to gain discount
- **Utilization**—off-label and testing to assure appropriate use
- **Channel**—preference to drive trend to gain discount
- **Drug therapy**—high touch for high patient satisfaction and adherence to therapy
Oral Oncology Strategy
Case #1

Partial Fill Strategy

• Focus on 3 high use oral agents
• High discontinuation rates
• 1st and/or 2nd fill limited to 14 day supply

Source: Diplomat Specialty Pharmacy, Flint, MI. 2011.
Oral Program Results

- Annualized savings = 22% of spend
  - $221,772.00 saved by 88 partial of 198 Rxs
- 55.7% of patients stayed on therapy
- 42.8% discontinued therapy after 2 partial fills
- 24.3% discontinued after 1 partial fill
- 1.4% switched therapy after partial fill

Source: Diplomat Specialty Pharmacy, Flint, MI. 2011.
Oral Program Impact on Waste and Hospitalization—Case #2

- Walgreens and Solucia Consulting
  - 2008-2010 test group vs. control group
- Oral chemotherapy cycle management program
  - Select oral agents
    - Adverse effects, patient support
  - Dose-monitoring (split fill)
- Published in Journal of Oncology Practice
  - Vol 7, Issue 3S. 2011
Walgreens Results

- Medication wastage
  - 34% lower in test vs. control group
  - ~$934.20 per patient savings
- 2.9% probability for reduction in hospital admissions
  - Additional ~$440 per patient savings
- Combined savings = ~$1,374 per patient savings
Project Work Streams

To research, develop and pilot innovative benefit plan coverage options and address underwriting to create new insurance products.

Work Stream 1
2011 to 2012
Employer Surveys, Toolkit, Pilot Education &

Work Stream 2
2012 to 2013
Research, Development & Demonstration

Work Stream 3
2012 to 2014
Insurance Product Development & Fundamentals

Work Stream 4
2012 to 2014
Education, Communications & Reporting

Address market need to understand employer perspective and claims experience in the use of biologic and specialty Pharmaceutical products.

Complete innovation through a new insurance product(s) that effects the underwriting of risk for employers.

Education for employers, vendors, health plans, PBMs, specialty pharmacies and manufacturers with reporting, presentations and publications.

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Project Contacts

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MBGH is one of the nation's leading not-for-profit business coalitions of private and public employers. Members are represented by human resources/health benefits professions for approximately 110 large self-insured public and private employers, who represent over 3 million lives and spend more than $3 billion on health care benefits annually.

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The Institute for Integrated Healthcare, an organization that provides integrated pharmaceutical benefits consulting and education to self-insured employers and business coalitions.