



Pharmacy Trends: A Prescription for Saving Lives and Managing Costs

Blue Cross Master Class Webinar Series
May 24, 2018



This activity has been approved for
1 HR recertification credit hour
through HR Certification Institute®.

Today's speakers

Pharmacy expertise from Blue Cross



Ather Kaddis, PharmD

Vice President,
Blue Cross Pharmacy



Glen Perry, R.Ph., MBA

Director II,
Blue Cross Pharmacy

What you'll learn from today's session

Topics

- Why pharmacy matters to your employees and your business
- Pharmacy cost trends and drivers
- Partnerships, mergers & acquisitions – what that means
- What you should know and understand about your pharmacy benefits

Why pharmacy matters to your employees

We want the drug that will improve or save a life



Insulin



chemo



Hepatitis



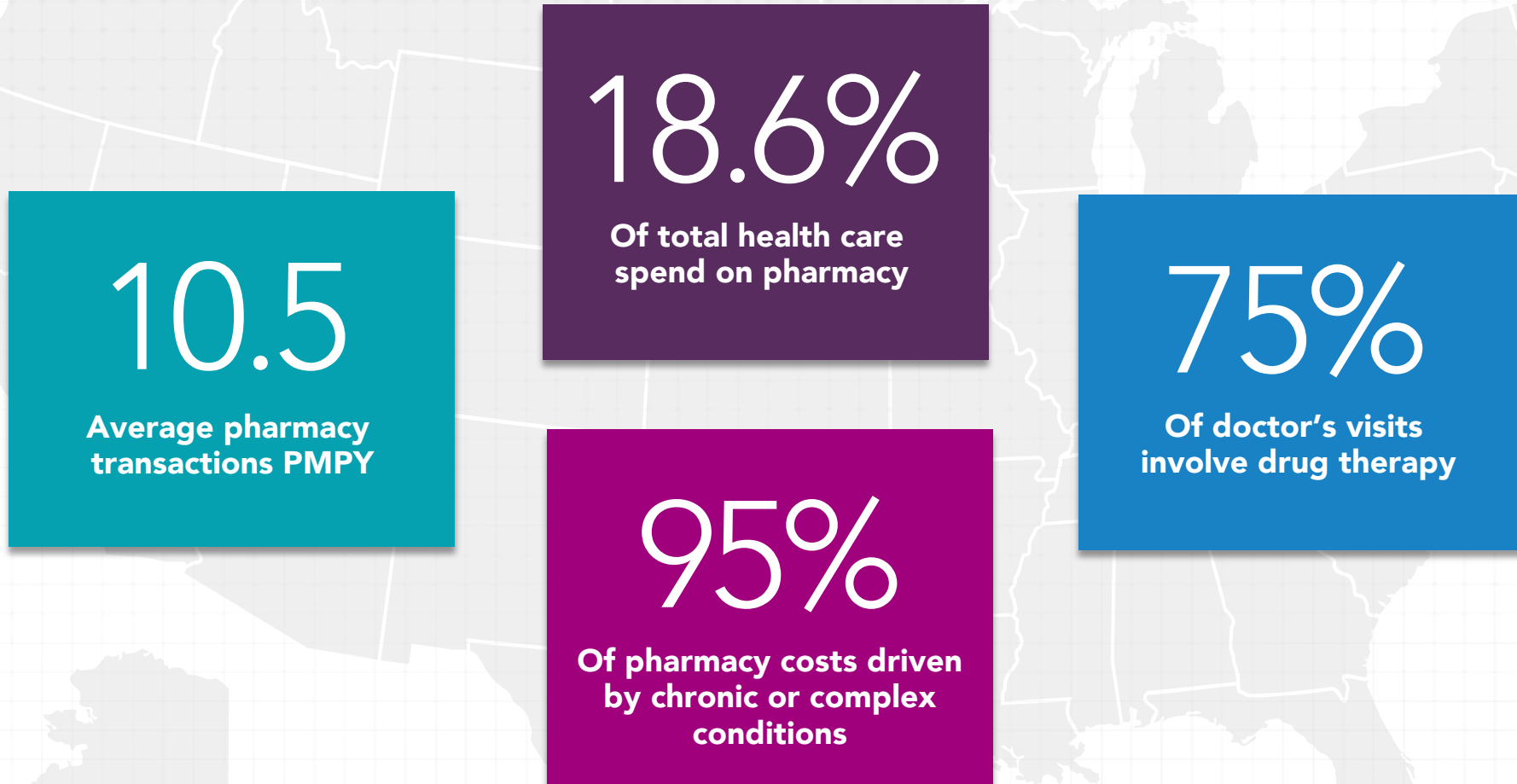
MS



Heart &
BP Meds

Why pharmacy matters to your business

It's the most used benefit

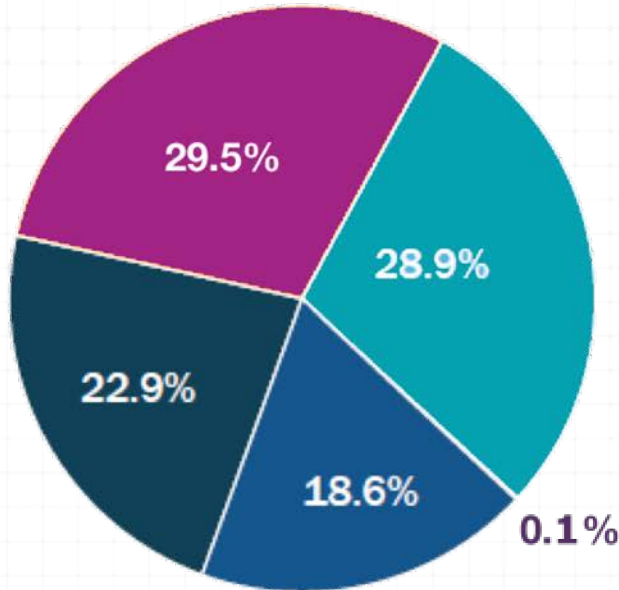


Source: Express Scripts

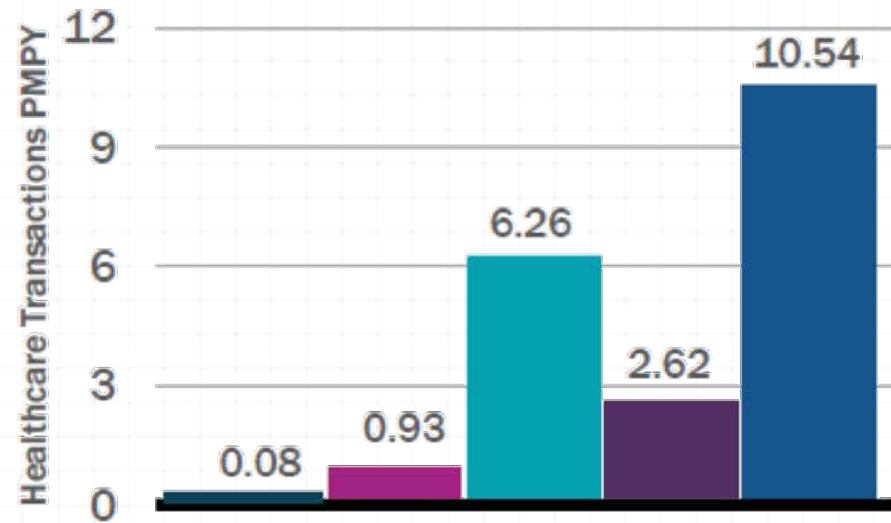
Pharmacy is the most-used benefit

A look at the percentages

Health Spending Distribution



Pharmacy Is the Most Widely Used Benefit

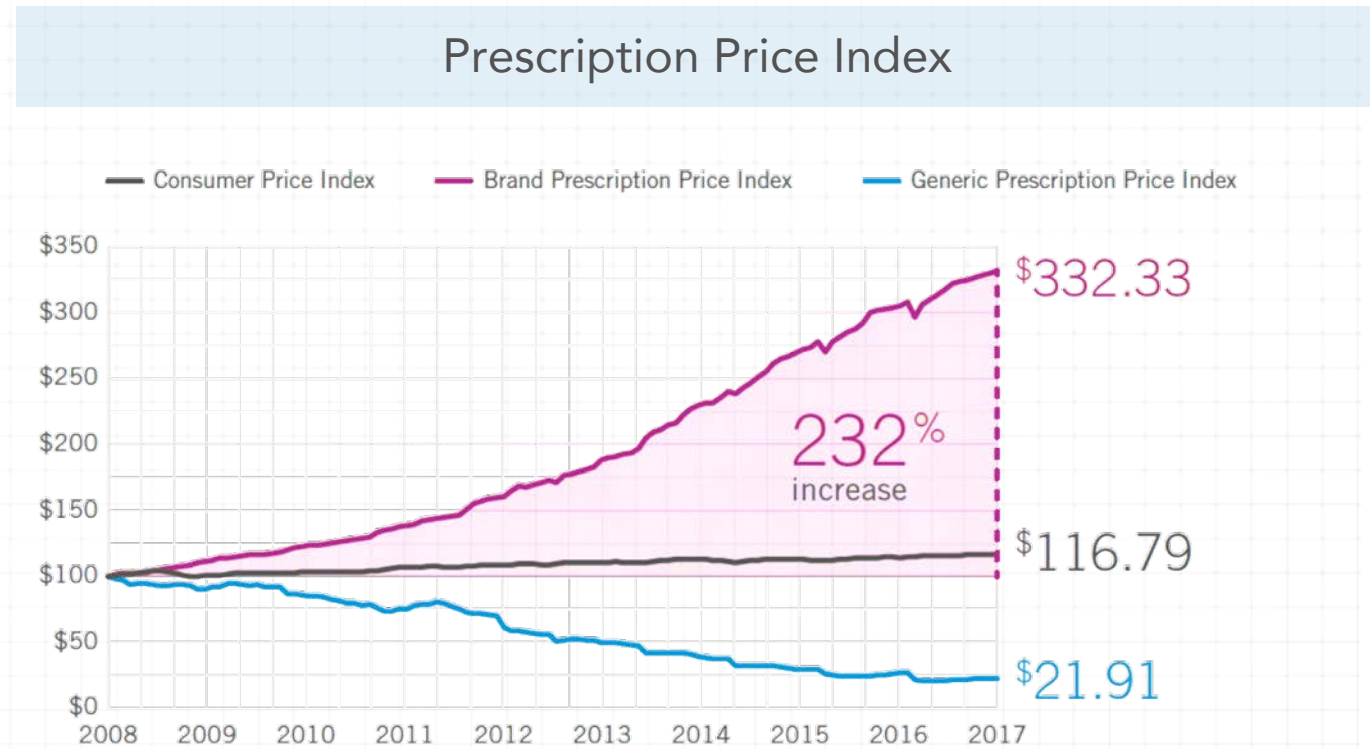


■ Inpatient ■ Outpatient ■ Physician ■ Ancillary ■ Pharmacy

Costs continue to increase

Brand drugs, including specialty drugs, are top cost drivers

- Brand drug costs increased 232% since 2008
- Specialty drugs account for more than 40% of drug spend
- Generics continue to moderate the costs, but the effect is weakening



Source: 2017 Express Scripts 2017 Drug Trend Report.

Why are brand/specialty drugs so expensive?

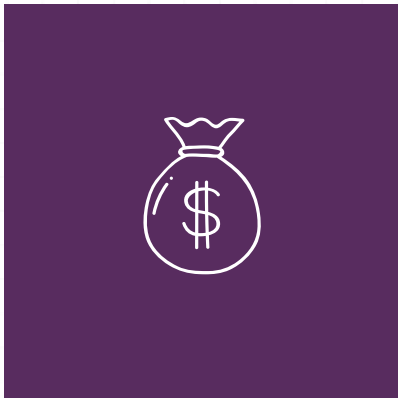
Research, development, availability

- **Specialty drug pipeline**
 - Highest driver of medication costs
 - Robust pipeline of specialty drugs in development or nearing FDA approval
- **Fewer brand drugs coming off patent in 2018**
 - Reduces opportunity to encourage cost-saving generics.
- **New uses for existing drugs**
 - Creates market expansion opportunity for pharma companies – already happening
 - Research to find even more indications for existing drugs underway
 - Allows manufacturers to extend patents and exclusivity rights
- **Orphan drugs**



A look at emerging therapies

YESCARTA™
(axicabtagene ciloleucel) Suspension
for IV infusion



\$525,000 - \$700,000

Gene therapy for cancer

KYMRIAH™
(tisagenlecleucel) Suspension
for IV infusion



\$675,000 - \$800,000

Gene therapy for cancer

LUXTURNA™
voretigene neparvovec-rzyl
for subretinal injection



\$425,000 per eye

Gene therapy for
childhood blindness

Specialty Drug Pipeline

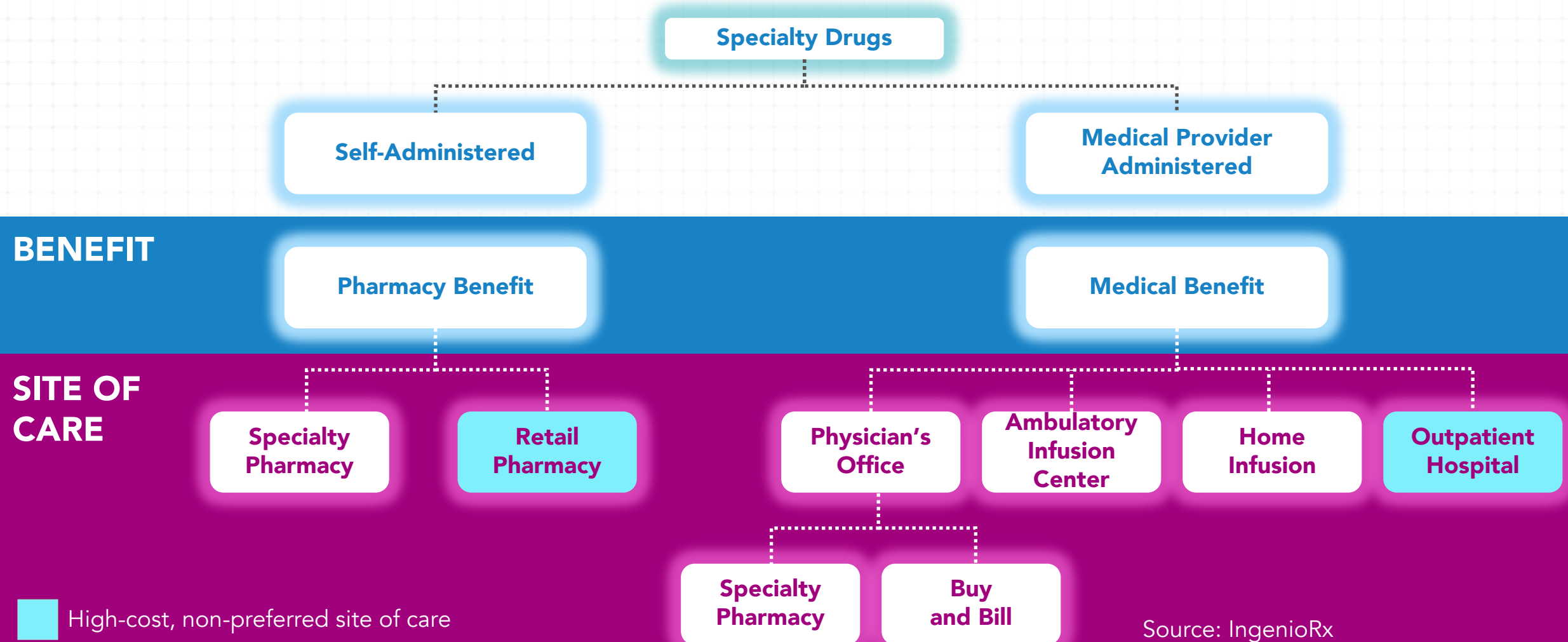
Emerging Therapies Workgroup

- ✓ Proactive approach for new high-cost products coming to market
- ✓ Medical policy recommendations for how to cover
- ✓ Recommendations on drug management



Specialty Drugs

The complexity of managing utilization



Source: IngenioRx

Partnerships, Mergers & Acquisitions

THE MARKETPLACE IS CONSOLIDATING



Why does integration matter?

Unmanaged chronic conditions for "high users" are costly

11x

MORE SPENT ON
PROFESSIONAL SERVICES

13x

MORE SPENT ON
OUTPATIENT SERVICES

17x

MORE SPENT ON
MEDICATIONS

5x

MORE LIKELY TO
VISIT THE ER

What integration delivers

Pharmacy and medical integration makes sense



Proactively manages health

2X as likely to identify members in need + significant improvement on medication adherence



Drives lower costs

Medical savings can be up to 5.8%, based on 2016 data for 7 disease states



Provides a better experience

One place for everything for employers and members

What integration looks like

Data and services that proactively improve health and manage costs



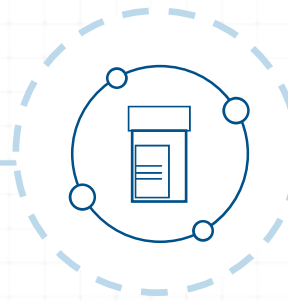
Care Management



Provider Partnerships



Medication Management



Controlled Substance Programs



Fraud & Abuse Detection



Customer Experience

Care Management

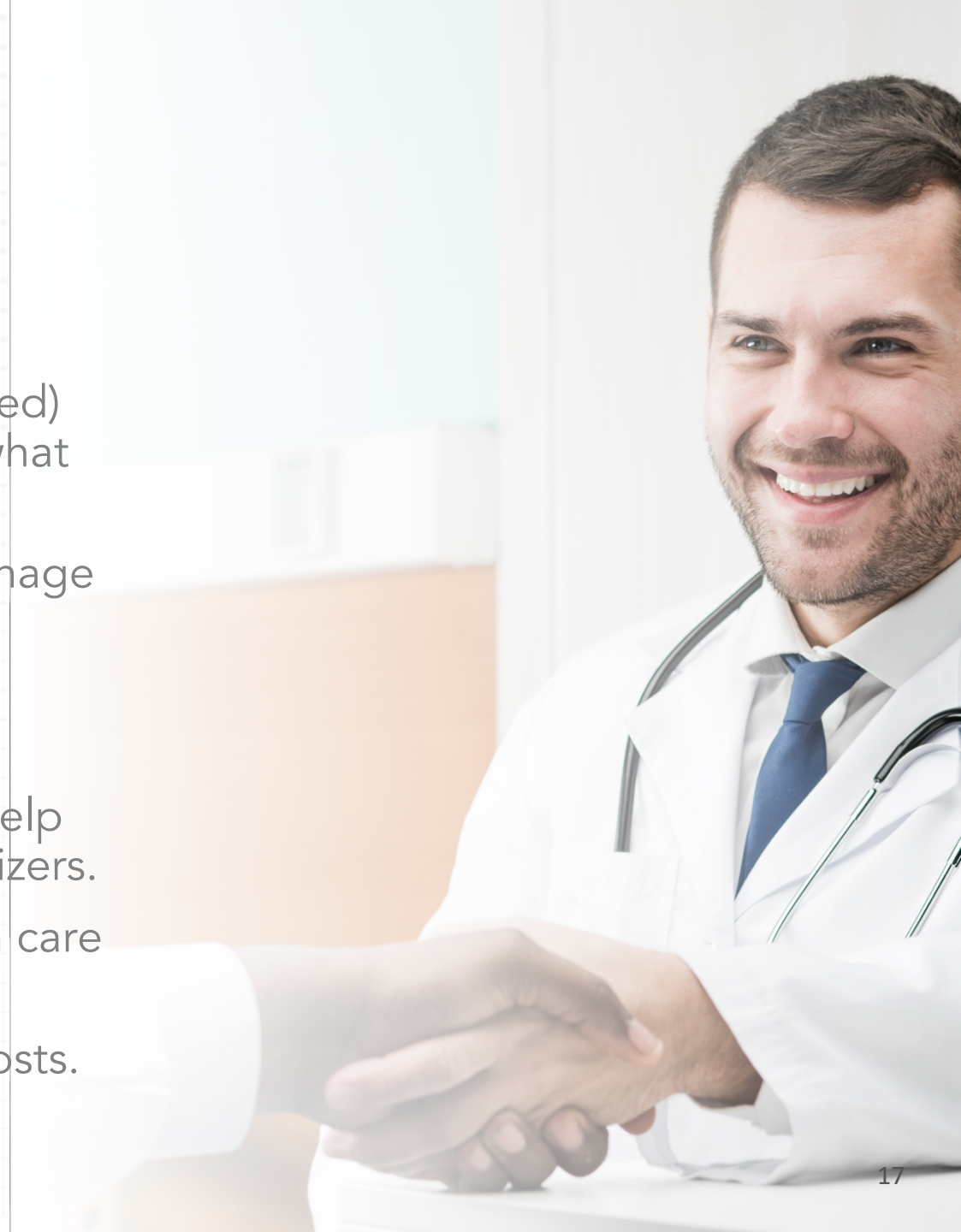
Real-time integrated data for proactive health management

- Diabetic patient who was working with one of the nurses complained of severe pain.
 - The nurse was able to see immediately the patient's medical history and what medications the patient was on without having to piece it together – which could take days–or rely on the patient's memory.
 - The nurse noticed immediately that the doctor sent the order for pain medication but it was never picked up. She also noticed that patient was supposed to be on blood pressure medication, that order was filled, but it also was never picked up.
- ➔ Integrated pharmacy and medical data allowed the nurse to proactively help the patient get her medications and avoid an unnecessary trip to the ER, or worse, having a stroke.
- Savings on ER visit = \$1200.
 - If a stroke had occurred due to missed BP medication, the costs for the patient would also include a hospital admission, follow-up care and rehab.

Provider Partnerships

Continuity of care with Rx data for value-based providers

- We provide our pharmacy data to PGIP (value-based) providers so they always have a line of sight into what drugs their Blue Cross patients are taking.
- The pharmacy data helps these doctors better manage and coordinate care for their patients.
- We educate providers on the high cost drugs and dangerous drug combinations
- Our data and education includes PMPM costs to help them see the specialty disease states and high utilizers.
- Physician groups can close the quality gap/gaps in care with pharmacy data.
- Quality and continuity of care will result in lower costs.



Medication Management

On medical and pharmacy benefits

1. Utilization Management

- Prior authorization
- Step therapy

2. Fraud, Waste & Abuse

- Doctor Shopper
- Controlled Substance

3. Sites of Care: Transitioning medical specialty drugs from high cost sites of care to lower cost settings

- Home infusions
- Doctor's office



Case Study: Site of Care for Infusion

Home infusion increases comfort and convenience, lowers cost

- **Hospital infusions--time-consuming, inconvenient and expensive**
 - Middle school student receiving infusions at hospital
 - Whole process took 3.5 hours – missed school and work for family
 - Patient was concerned about grades.
- **Required move to home therapy was “a little nerve-wracking” at first.**
 - Required change, family was nervous
 - Coordinating nurse made them feel comfortable
- **The family adapted and loves home infusion.**
 - More sleep, less missed work/school – mom could choose appointment times
 - Mom could choose appointment and medication was delivered at home
 - Patient could relax during infusions and developed a relationship with consistent caregiver
- **The average cost for a hospital outpatient facility is \$9,600. When moved to another setting, the cost averages \$4,500.**
- ***Comfort, convenience and the right care at nearly a 50% reduction in cost.***

Managing Opioids

To ensure safety and reduce overuse

UTILIZATION MANAGEMENT

- Prior authorization on highly abused opioids
- Quantity limits to ensure safe dosing
- Day supply limits
 - 5-day first start
 - 30-day maximum per fill

SPECIAL PROGRAMS

Triple Threat Initiative

- Alerts providers of a dangerous combination of drugs

Doctor Shopper

- Alerts doctors of their patients' patterns and encourages use of state's Prescription Drug Monitoring Program (MAPS in Michigan)

Controlled Substance Workgroup

- Identify and take action on members with opioid misuse; coordinate care for treatment of opioid use disorder

RESULTS

- **24% decrease** in opioids prescriptions
- **42% reduction** in fentanyl use
- **56% decrease** in long-acting oxycodone and oxymorphone use
- Triple Threat: **76% drop** in use of this combination
- Doctor Shopper: **250K fewer tablets dispensed**

Improved Experience

For you and your employees

For employers:

- One bill
- One point of contact
- One account team to work on customer's behalf
- Fewer vendors to manage

For members:

- All medical and prescription information in one spot with member account/app
- One deductible and out-of-pocket maximum
- One customer service number

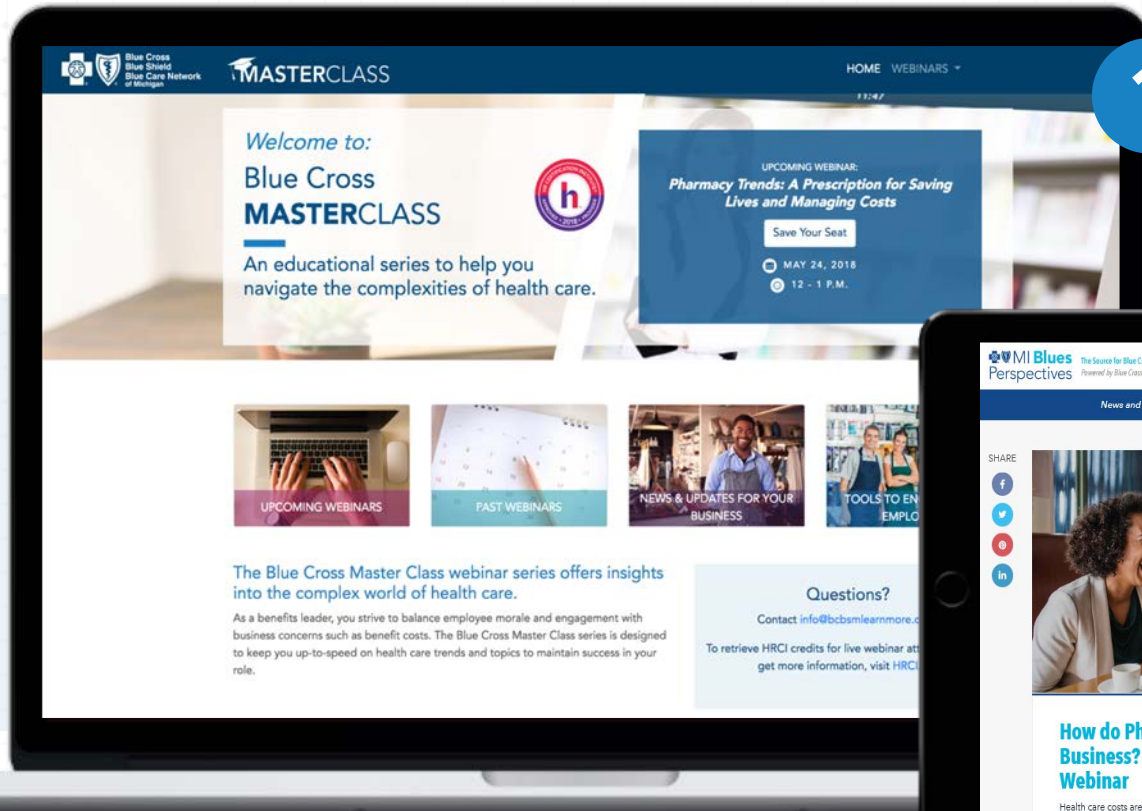
Integration means one stop, for both employers and their employees.



What you can do

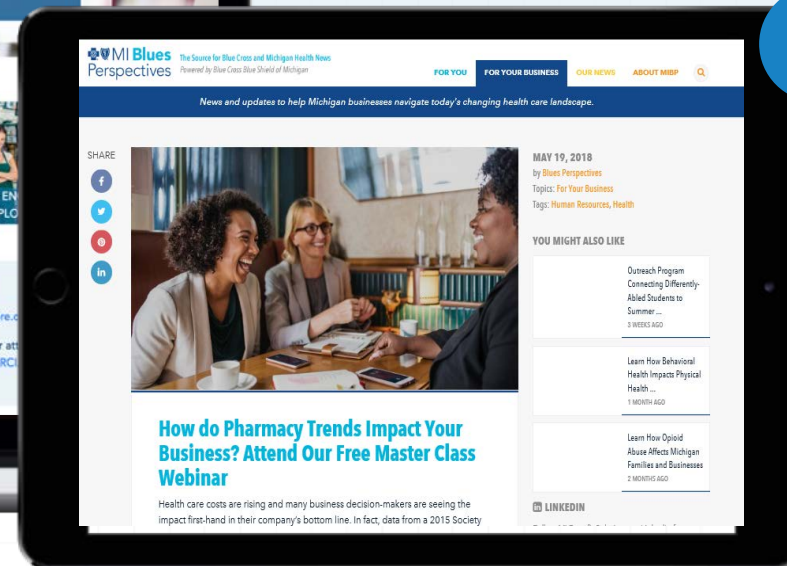
- Encourage your employees to understand their pharmacy benefits
 - Help your employees make informed decisions about drug costs and uses, particularly if you have a high-deductible health plan
- Learn more about how specialty drugs, when managed appropriately, can save on long-term costs
 - Ensure you're taking advantage of all utilization and cost management programs available with your pharmacy plan
 - Ask how an integrated pharmacy and medical plan can work for you

For more information:



1

Visit bcbsmmasterclass.com – webinar recordings, CE credit instructions and information for next month's class



2

Sign up for MIBluesPerspectives.com to get updates from Blue Cross for your business

MASTERCLASS

Thank You.



This activity has been approved for 1 HR recertification credit hour through HR Certification Institute®.

