Specialty Disease Management: Harnessing A Sleeping Giant

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Thank you for your interest in this health care Web summit offered by MCOL. We are pleased to present a number of perspectives on an issue that truly can be likened to a sleeping giant. When this giant fully awakens, there will be consequences.

Specialty pharmacy represents a significantly growing component of health care costs — the treatment of individuals with complex, chronic conditions. These patients generate a disproportionately large share of total health care expenses. Our summit faculty discusses the implications of the specialty pharmaceuticals industry and presents proven solutions for meeting the challenges of the high-cost patient segment it serves.

Specialty pharmaceuticals, or biotech drugs, are most often provided in injectable form. These expensive therapies are designed to treat patients with a number of complex, long-term illnesses, including hemophilia, multiple sclerosis, rheumatoid arthritis and growth hormone deficiency.

Currently, specialty pharmaceuticals account for $22 billion in national drug spend, representing 15 percent of the $150 billion pharmaceutical market. With annual costs per patient typically ranging from $10,000 to $250,000, specialty drug expenditures are projected to continue accelerating at rates of over 20 percent annually, exceeding the 14 percent annual growth projection for the entire pharmaceutical market, according to a Raymond James & Associates study.

The fact that specialty drugs serve such small populations explains, in part, their high cost. Manufacturers seek to recoup significant investments made in developing these effective therapies. Because most of the ailments served by specialty drugs are chronic or incurable, patients tend to use these drugs over a long term, often for life.

An AdvancePCS analysis shows that health care costs for people with a life-threatening chronic illness are approximately five to 10 times higher than for those without a chronic condition.

Unique Challenges of Specialty Drug Benefit Administration

The majority of specialty pharmaceuticals are billed through the patient’s medical benefit due to the medical support required to administer them. This scenario presents a number of unique challenges for managing specialty drug expenditures. First, health plans often contract with a variety of pharmacies distributing different drugs, each submitting claims independently with inconsistent billing codes and reimbursement formats. This often leads to costly inefficiencies and other problems, including the potential for dual billing to both the medical and pharmacy plans, and overpricing of drugs (frequently billed at 20 percent or more above manufacturer-set wholesale prices).
Inconsistent billing processes can also make it difficult for plan sponsors to track and manage their membership’s specialty drug utilization, limiting the ability to provide clinical support that is critical to the long-term success of these expensive therapies.

Gaining control of all specialty drug purchasing and billing on behalf of the plan sponsor is the cornerstone of a successful program. In a recent analysis of Accordant Health Services’ disease management programs serving 9,240 patients having a high-cost chronic disease, 83 percent of the plans’ specialty pharmacy claims were processed through the medical benefit at a cost of $823 per member per month, with only 17 percent fulfilled through pharmacy benefit plans at a cost of $154 per member per month.

What happens when this equation is reversed and specialty prescriptions are reimbursed via PBM-based electronic adjudication with all of the associated benefits of plan performance tracking, reporting, utilization management and clinical support? Positive outcomes result: Drug costs drop; administrative efficiencies improve; and patients receive the attention and support they need to appropriately utilize these medications. In short, a specialty benefit management program brings accountability to all aspects of specialty drug utilization through single-source distribution and delivery, clinical management, consistent discounted pricing and plan reporting.

Patient compliance also plays an important role in the cost management of specialty drugs. Non-compliance in taking medications as prescribed is the cause of up to 10 percent of all hospital admissions along with 20 million lost workdays and 125,000 deaths annually, as cited in the Raymond James study. However, fully integrated specialty pharmacy programs can ensure that patients receive individual care plans, disease education, refill reminders and 24/7 access to pharmacists and other health care specialists.

Here is an example of what compliance-focused patient care can achieve: Patients treated with interferon as part of their hepatitis C therapy normally experience severe flu-like symptoms at first, making them prone to discontinuing their therapy. However, quitting and restarting the medication not only slows the treatment process, it also increases drug therapy costs. The financial impact of hepatitis C treatment non-compliance and suboptimal dosing for large plans can be in the millions of dollars. Through patient education, checkups and refill reminders, an AdvancePCS hepatitis care program has been very successful in improving patient compliance. The program’s therapy termination rate within the first 30 days is 3.6 percent compared to the national rate of 22 percent.

**The Role of Disease Management**

Coordinating treatment for the most complex conditions — seldom addressed by traditional disease management programs — can be difficult to manage. Patients with life-threatening conditions require specialized care to deliver optimal treatment and health outcomes. When not managed properly, many chronic conditions are prone to further complications and costly medical events.

Effective disease management can significantly lower total medical costs by stabilizing patients’ conditions through personalized patient education, case management, physician communication and care collaboration. As an example, individuals with any of the 15 complex, chronic conditions addressed by Accordant’s disease management programs typically generate annual
costs of $12,000 to $15,000 per patient on average, with costs ranging from $5,000 to more than $300,000 per patient per year.

A health plan with 250,000 members will have approximately 1,800 patients afflicted with one of these 15 conditions, generating annual medical costs exceeding $20 million. It is possible to achieve a 10- to 15-percent reduction in medical costs for a plan of this size by reducing emergency room visits, hospital stays and other clinical services while improving health outcomes.

We Welcome Your Questions

The associated slide presentations by our summit faculty delve into these points in greater detail, and all of us will be happy to answer any questions you might have. I hope you’ll find the information interesting and timely. In fact, I see the giant is looking over your shoulder…