

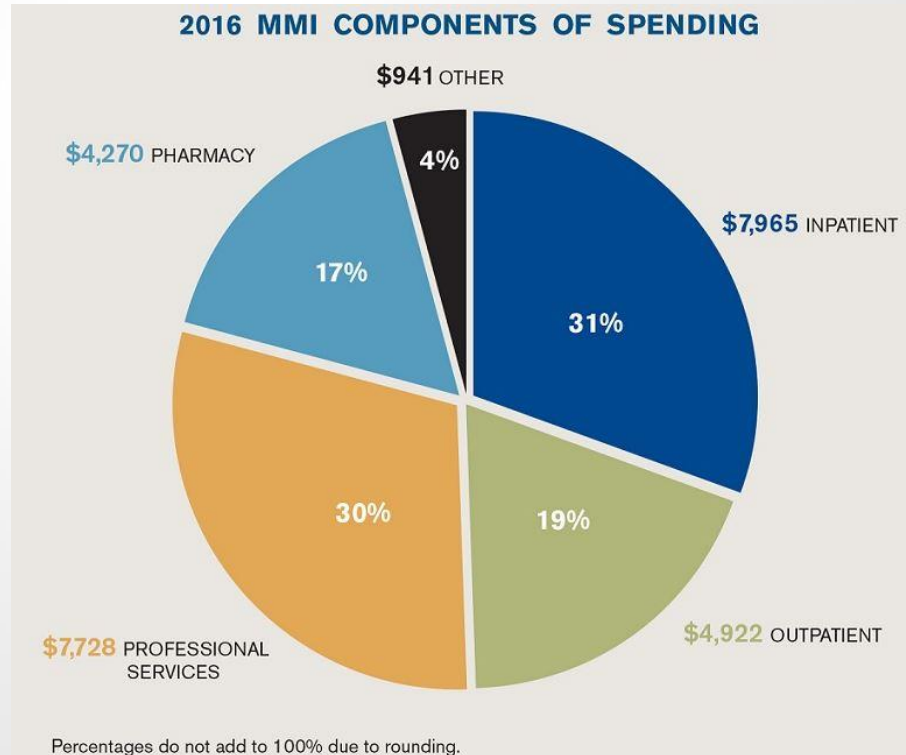
# Prescription Benefit Management

Eric Cannon, PharmD, FAMCP

# Agenda

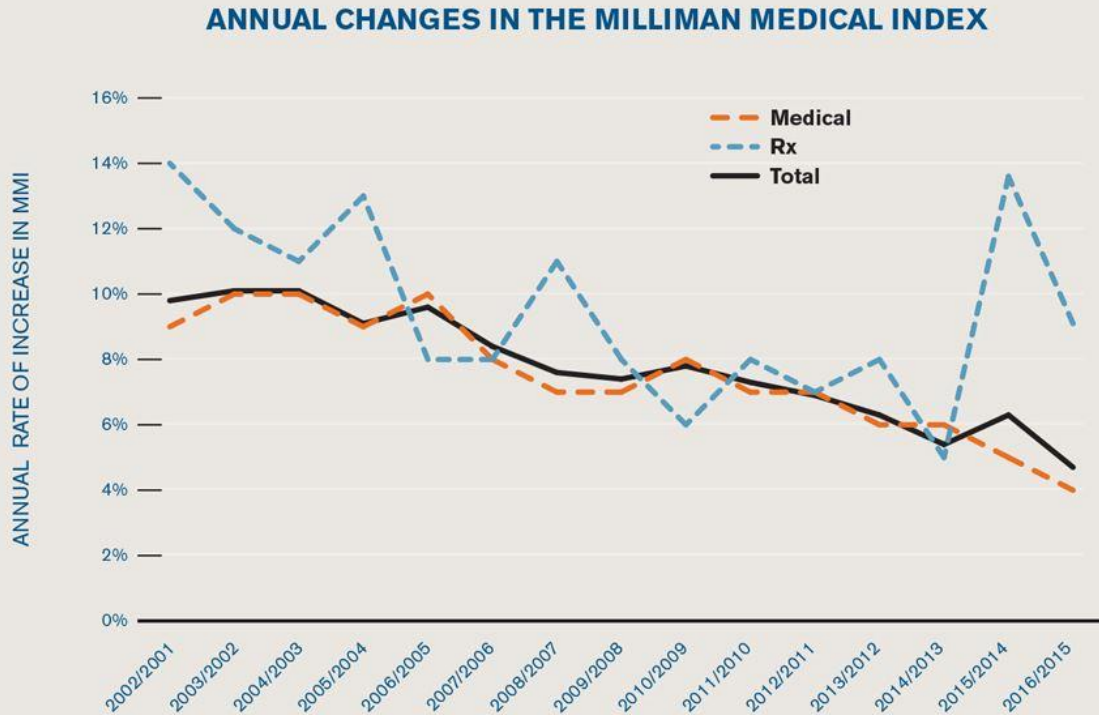
- Drugs as a Share of Health Spending
- Top Drugs of 2016
- Management Interventions and Strategies
- Specialty Pharmacy, Generics and Biologics
- Value of Integration
- Q&A

# Drugs as a Share of Health Spending



Source: Milliman Medical Index [www.milliman.com/mmi/](http://www.milliman.com/mmi/)

# Dramatic Increase in Pharmacy Costs



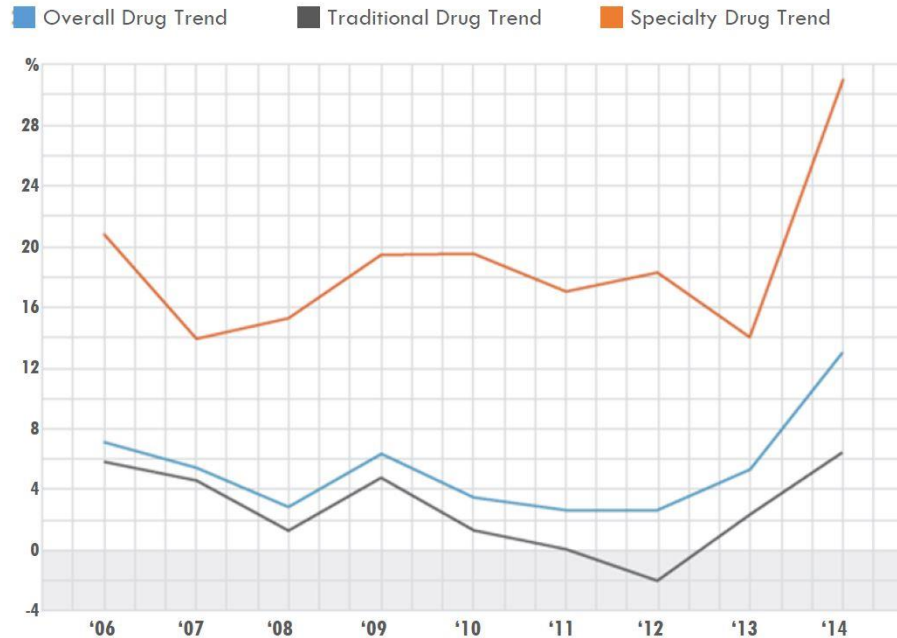
**Pharmacy costs increased dramatically from 2014-2015 by 13.6 percent**, outpacing other components of medical care with nearly all of the change due to an increase in the average cost per prescription.

**From 2015-2016, pharmacy cost increases slowed to 9.1%**

Source: Milliman Medical Index [www.milliman.com/mmi/](http://www.milliman.com/mmi/)

# Specialty Spending

TRADITIONAL, SPECIALTY AND OVERALL TREND: 2006 - 2014



Source: Express Scripts 2014 Drug Trend Report

# 2016 Trends

- Allowed Pharmacy Trend – **9%**
  - Net Trend - **<5%**
- Brands % - **70%** (up from 62% in 2014)
- Specialty % - **35%** (up from 20% in 2014)
- Home Delivery % - **1.4%** (up from 0.3% in 2014)
- Generic % - **88%** (up from 85% in 2014)

# Specialty Medications

Drugs to treat rare or complex diseases

Require close clinical monitoring, training and management

Frequently require special handling

May have limited access or distribution

High Cost

# 2015 Top Drugs

Humira – Rheumatoid Arthritis

\$23,800,000

Enbrel

\$18,100,000

Novolog

\$17,600,000

Lantus – Diabetes

\$16,000,000

Tecfidera - Multiple Sclerosis

\$14,900,000

Copaxone

\$11,650,000

Freestyle Test Strips – Diabetic Testing

\$8,000,000

Harvoni

\$6,000,000



# 2016 Top Drugs

Humira – Rheumatoid Arthritis

\$39,000,000

Novolog

\$24,600,000

Enbrel

\$24,500,000

Tecfidera - Multiple Sclerosis

\$18,500,000

Lantus – Diabetes

\$15,000,000

Copaxone

\$12,500,000

Freestyle Test Strips – Diabetic Testing

\$10,000,000

Harvoni

\$8,800,000

# Management Interventions and Strategies

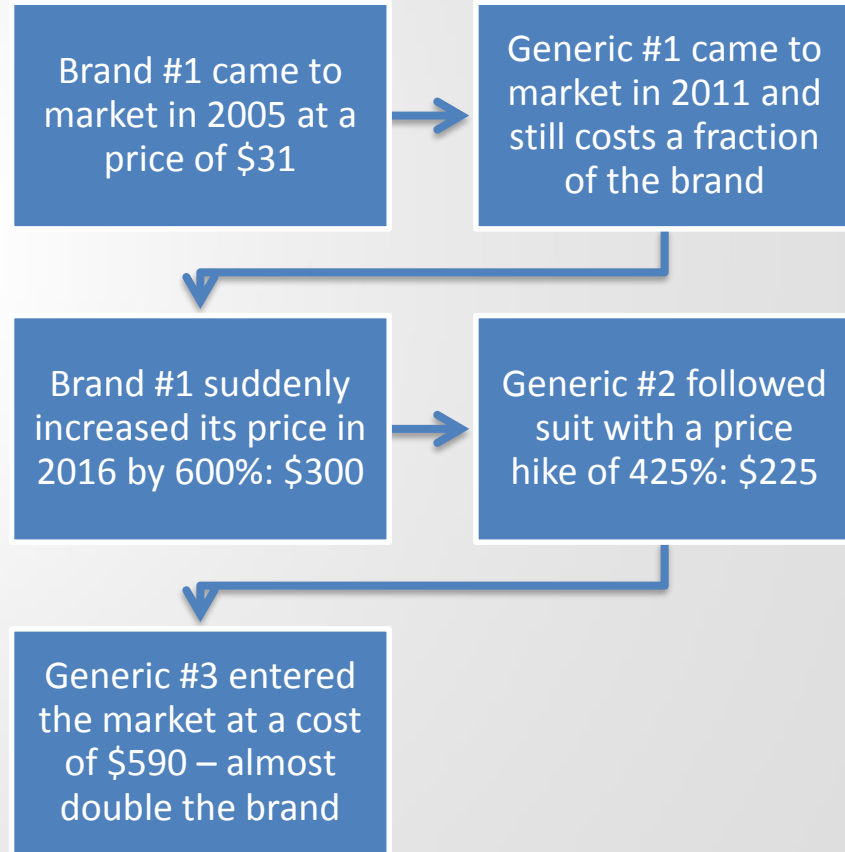
- Plans are increasingly willing to add administrative barriers or add other management options
  - Therapeutic Substitution
  - Prior Authorization
  - Step Therapy
  - Clinical Protocols
  - Quantity Limits
  - Dose Optimization
  - 90 day Retail Programs
  - Pay for performance

# Generic Drugs – 2017 Expirations

Drug	Drug
Minastrin 24 Fe	Viagra
Pristiq	Viread
Proair HFA	Norvir
Vytorin	Adcirca
Strattera	Prezista
Reyataz	Virazole
Sustiva	Truvada
Azilect	Kaletra

## Generic Drugs

- One fifth of established generic drugs saw price increases of 200% in the last two years
- Questionable pricing tactics are used by brand and generic manufacturers
- Choosing one generic instead of another can save a lot of money



# Biologic Management Strategies

- Improve contracting and discounts
- Control source of distribution
- Specialty pharmacies
- Prior authorization
- Clinical programs/Disease management
- Benefit design (medical vs pharmacy, copay vs coinsurance)
- Increase generic share

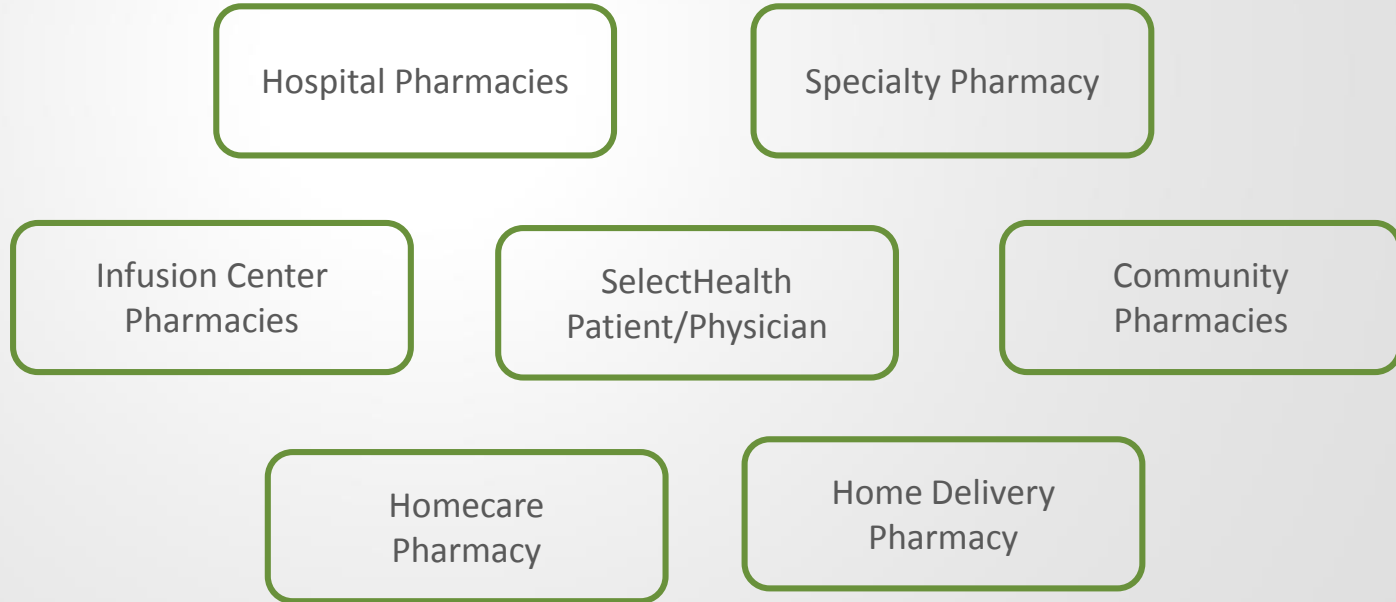
# New Very Expensive Drugs examples

- Spinraza (nusinersen) approved Dec. 2016
  - Indicated for the treatment of SMA (spinal muscular atrophy)
  - SMA is an inherited neuromuscular disease resulting in muscular atrophy and weakness
  - Prevalence of ~1 in 30,000
  - Dosed intrathecally day 0, 14, 28, 58, then every 4 months
    - Year 1: up to \$1,050,00.00
    - Following years: \$450,000.00

## Example #2

- Exondys 51 (eteplirsen) approved Sept. 2016
  - Indicated for DMD (Duchenne Muscular Dystrophy)
  - Genetic disorder resulting in loss of muscle function and independence
  - Prevalence 1 in 3,500 males (13% of these maybe treated with Exondys 51)
  - Cost: ~\$500,000 to \$1,500,000 depending on weight
- Emflaza (deflazacort)
  - Approved for DMD, efficacy similar to a generic steroid like prednisone, but at a price of \$90,000

# Pharmacy Coordination



Integration to ensure the right drug, at the right time, in the right place



# Value of Integration

- Access:
  - Community Pharmacies
  - Home Delivery
  - Homecare
  - Speciality
- Programs:
  - Patient Engagement and Adherence
  - Formulary Management
  - Clinical Best Practices
  - Clinical Programs

# 2017 Areas of Focus

- New Drugs/Orphan Conditions
  - Exondys51, Spinraza, Orkambi
- Opioids
  - Legislative changes and SelectHealth changes
- Pharmacy Trends
- Partnerships – St. Luke's, Pharmacy Network and Pharma
- Electronic prior authorization

# Key Areas for Clinical Programs

- Diabetes
- Multiple Sclerosis
- Autoimmune
- Hepatitis C
- Opioid Abuse
- Oncology

Questions?