

# Pharmacy Benefit News

Issue # 296 | February 9th, 2017



Stay in Touch!



## Specialty Pharmaceuticals: The New Frontier

Dr. Stern has written a new article entitled: "**Specialty Pharmaceutical: The New Frontier**" published in the peer-reviewed California Pharmacist Journal. This article is an exhaustive discussion of the definitions, medical and pharmacy coding, competitive environment, contracting, billing, wastage, and biosimilars. This is a required introduction to the subject of specialty pharmaceuticals. Of particular interest are the sections on medical coding billing and wastage. These areas seem to be ongoing problems for practitioners to bill and have a high chance for payment. Health Plans are also having problems with validation of payments. This article provides the fundamentals for solving all stakeholder concerns.

The article is available for viewing at [http://propharmaconsultants.com/edu/pub/139\\_SpecialtyPharmaceuticalsTheNewFrontier\\_2017.pdf](http://propharmaconsultants.com/edu/pub/139_SpecialtyPharmaceuticalsTheNewFrontier_2017.pdf)

## Analytics at Work: A Real World Example

### For Approved Use Only

A Third Party Administrator for one of the largest owners of physician groups in the US required support for medical management including the medical directors. The proposed problem was that the medical directors did not know which drugs were approved for the submitted diagnoses. When the covered medications were identified, they did not know the appropriate dosage, frequency and duration.

Pro Pharma/Pro Data Analytics provided a resource (J Code Calculator<sub>TM</sub>) that both medical directors and support personnel could access the FDA covered diagnosis, dose, frequency and duration. Pro Pharma also provided the approved combinations of cancer chemotherapeutic medications to benchmark against the billed medications.

The result was a savings of 83% in rejected claims. Claims were denied or pended for further information due to off-label indications, non-approved combinations of medications, excessive quantities, miscellaneous coding, etc. Pro Pharma also provided information on high error providers and medications to use for training the providers in the correct codes, diagnoses, doses, etc.

[Learn More](#)

## The Value of Subsidies And Cost-Sharing For Prescription Drugs

How do enrollees determine which Health Plan to choose to provide their health care benefits? New research by the Department of Pharmacy Practice, College of Pharmacy and Allied Health Professions of the South Dakota State University provides some interesting observations. Typically enrollees choose plans based on subsidies and prescription cost-sharing. The South Dakota study indicates that subsidies varied geographically with the number of health plans in the area. As a result, enrollees should consider the premium, deductible and cost-sharing for prescription drugs when choosing a health plan.

*Source: American Health & Drug Benefits, Vol. 9, No. 7, October 2016, 368-376*

### **Commentary:**

The issue of premiums and deductibles is of primary concern with the current federal discussion for allowing enrollees to purchase health care across state boundaries. However, the South Dakota study indicated that subsidies were lower in areas with a large number of health plans. Health Plans in these areas had lower premiums, but higher deductibles in mid-cost plans.

Differences for Silver plans were about \$8 less in copay for non-preferred brand drugs and about 4% less for copay after deductible for specialty medications. The bottom-line message is that total cost of care is crucial to making health care decisions. Enrollees should compare geography, premium, deductible, total out-of-pocket beneficiary cost, copay and screening a plan for coverage of enrollees' medications are all relevant to making a decision of which plans to purchase.

## What Was the Progress of Healthcare in 2016?

**Current progress can be summarized as follows:**

1. The uninsured rate is at its lowest level in history – 9.4% in 2015
2. Cost control is working with respect to growth – 0.8% increase to 18.1% of GDP vs. 3.3% increase to 17.3% from 2001 to 2009.
3. Slower healthcare spending influences spending in other areas. (Bureau of Labor Statistics)  
Specifically, slower healthcare spending allowed for an additional 11.6 million jobs (2009-2016), but health care accounted for 10% of those jobs.
4. Higher wages for health care employees.
5. Hospitals made significant progress in reducing unnecessary harms – CDC reports central line blood stream infections reduced 50%, and surgical site infections reduced 17%.
6. Hospitals made significant progress in reducing hospital-acquired drug-resistant infections – CDC reports that between 2011 and 2014 reduction in Clostridium difficile infections 8%, and reduced MRSA bacteremia by 13%.
7. Prevention, public health and medical innovation are making progress – NCI reports that between 2003 and 2012 overall cancer death rate decreased by 1.8%/year for men and 1.4%/year for women due to the war on smoking.
8. Significant reduction in health disparities – black males' lifespan increased to 72 years and white males' lifespan increased to 76 years; black females' lifespan increased to 80 years and white females' lifespans increased to 83 years. (Caveat: US continue to be below the rest of the industrialized world.)

*Source: Modern Healthcare November 28, 2016, 26*

### **Commentary:**

In the current debate of healthcare, it is important to know where we are so that we can judge the benefits of new models. These benefits arose from the efforts of health care professionals so they are indifferent to political persuasion.