PRO PHARMA
PHARMACEUTICAL CONSULTANTS, INC.

Pharmacy Benefit News

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01 | Commentary: Some Health Care Predictions For 2018 Were Correct!

Prediction: Life expectancy was expected to continue to fall for third straight year.

Commentary: Average life expectancy in 2014 was 78.9 years, but in 2016 it was 78.6 years. This is not huge, but why did it happen?

The predicted drivers were obesity and opioid abuse. However, the new tax laws in the US and continuing economic conditions in England have presumably increased income and status inequality. The impact of these factors is expected to increase due to budget deficits in the US from new tax laws, and Brexit in England. What to do? Prevention is the key! Short of federal changes in economic policy, which is not expected, all individuals, technology companies and all healthcare professionals must focus on prevention.

Prediction: Drug price sticker shock is expected to continue.

Commentary: The problem with this prediction is that manufacturers are already working on single digit price increases or are being criticized for not doing it. Yet, specialty drug prices are exempted or are unaffordable at any price. Manufacturers will argue that overall spending will be single digit, and specialty must be judged on savings lives, preserving life, or improving life expectancy. The actual problem is the widening gap between cost and affordability. If prevention is factored into the cost, then all medications will be unaffordable. Hence,

transparency in pricing and its assumptions will become even more important, but this will not be solved in 2018.

Prediction: The uninsured will grow.

Commentary: The removal of the Affordable Care Act's individual mandate will lead to higher premiums, and a growth in the number of uninsured people. There is already evidence that insurers are reentering the Exchanges, but there is less control on premiums. There is also evidence of more options for healthcare, including expansion of healthcare savings accounts (HAS). However, new tax benefits are being wiped out by rising healthcare premiums. HSAs may lower the total out-of-pocket cost to individuals, but their contributions may still be unaffordable, especially for lower income individuals. It would not be unexpected if there was a greater movement for single-payer insurance.

Ref: WSJ, Modern Healthcare 1/1/18, LA Times

Analytics At Work | Fraud, Waste and Abuse

Problem: Fraud is generally rare, expensive to prove, and requires attorneys to pursue and prosecute. Medicare and Medicaid have emphasized prevention as the preferred route. As a result, the target is to prevent fraud, waste and abuse. Pharmacy Benefit Managers (PBMs) address the problem at point of care.

However, prevention requires behavior changes that must be accomplished through regular and consistent communications including peer-to-peer comparisons. Pro Pharma had one Health Plan who requested a solution in addition to their PBM approach.

Methodology: Pro Pharma Consultants and ProData Analytics deployed a solution that had been validated in a multi-year provider intervention. A study group was age/gender/specialty/severity/geographically matched with a control group. Hundreds of compliance metrics were analyzed electronically with emphasis on opiates, Scheduled agents, timing of prescription fills, quantity/days' supply, and other Plan pre-selected metrics. All study and control providers were statistically analyzed over pre-program data such that providers who trended above matched averages were grouped into probability bands. For example, in probability quartiles providers were placed in high risk pools of potential fraud, waste or abuse. The providers were analyzed each month and reported in comparison to their matched peers. Every provider was trended to their individual experience and to their matched peers.

Outcomes: Over the first year, and subsequently and ongoing, study providers demonstrated improvements in selected metrics and cost on a per-utilizer-per month (PUPM) basis. PUPM reductions were in the range of 20-30% each year. Compliance with opiates and Scheduled agents were reduced the most at 30-50% or more, while other metrics were reduced at 20% or more depending on the priority of each metric. This was valuable information for the Health Plan and assisted not only with cost controls and compliance with Federal, State and National Regulatory Associations.

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02 | Commentary: Millennials Yes, But What About Gen Z?

Government mandates and legislation, both federal and state, will continue in whatever format over the next few years, but there are other, perhaps more important drivers of care. The baby boomers (born after WWII) are and will soon be in Medicare.

Twenty-six million individuals will be in Medicare by 2025. They are expected to be primarily in Medicare Advantage Plans that will employ managed care principles to demand cost and quality, driving improvements in coordination of care, chronic care management, in-home care delivery, and the advancements in preventive techniques. Many of these individuals are increasingly using digital consumer technologies and will demand this of the healthcare system. However, the largest movements will be generational. Millennials and Gen Z are expected to deliver the biggest impact.

Millennials (Gen Y born in the early 1980's) are making a big impact on health care as in retail and everywhere else. Millennials prefer to rent, don't have kids, buy with credit cards, began work during the recession, have intense political views, and also like plants! Millennials are constantly connected with the web through mobile devices, Wi-Fi, social media, and want immediate connectivity to entertainment and communications. In healthcare they want increasing technical innovation, instant care, telemedicine, consumer-oriented healthcare, and fee-for-outcomes. All of us in healthcare are seeing this today.

Gen Z (born after 1997) are teenagers about to enter the workforce. They demand improved consumer technologies across all domains. They want and demand that everything is "connected", such as with devices, cars, homes, work environments, and wearables, etc. and they will demand that in healthcare. They

don't want to be inconvenienced, especially in health care. They want advanced technology, trusted partners for clinical expertise and focus on prevention. Value-based payments will be critical. More important for legislators is that Gen Z will expect, and demand, health insurance from their first jobs and onward.
Welcome to the new world! State and federal legislation will have to catch up. The generations are moving!

Ref: AHIP, Deloitte Center for Health Solutions, Small Biz Trends

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03 | Commentary: What Can Policy Makers Do to Reduce Drug Prices?

Modern Healthcare, PhRMA, advocates of block-chain technologies, citizen advocate groups and others are identifying different options for lowering drug prices. They have offered options such as passing the CREATES Act (limiting anticompetitive behavior while enhancing generic and biosimilar competition), eliminating evergreening (changing a drug to extend patent protection), limiting direct-to-consumer advertising, demanding transparency in the supply chain and its prices, and allowing the government to negotiate prices with manufacturers. All of these options have advocates on both sides. The assumptions are that drugs will be more competitive, middle-man fees will be exposed, consumer and prescriber demand will be diminished, and that a market-based system is the best option for competition.

Yet, many decision points are left unsaid. What these options do not address is the development of specialty medications to cure or turn previously mortal diseases into chronic diseases. They don't address the fundamental pricing mechanism for all drugs including the cost of clinical failures and the disease avoidance portion of the cost. They don't address the international competition to develop new drugs, or to improve on current therapies. They don't address the developments in precision medicine that expand the cost of the therapy with co-management diagnostics.

However, you must start somewhere. What is critically important is that this is looked upon as a process rather than choice to solve the problem. The market has been the primary motivator of competition and price discrimination, but the market can't solve political and social issues. The market is partially involved in new drug development as a funding mechanism for new drug financing. Hence, the market cannot be the primary solution. The public will have to stand up and require debate to bring all issues to the table, and demand what they want through their votes and selection. Any other way leads to constant dissatisfaction with any chosen solution, and lack of knowledge of available options.

About | Pro Pharma

Pro Pharma is a woman owned pharmaceutical consulting firm. Established in 1986, Pro Pharma's services are built on a foundation of data analytics, which are then communicated to the client which provide results and recommendations.

Pro Pharma provides customized support to Health Plans, Self-Insured Employers, Physician Groups, and Workers' Compensation Companies, among others, both in the private and public sectors.

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