

Specialty Pharmacy... An Increasing Opportunity for Retail Pharmacy

Presented By:

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April 11, 2015



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Attendance Code

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FINANCIAL RELATIONSHIP DISCLOSURES

Craig Stern reports having no
financial
relationships with any commercial
interests during the past 12 months



LEARNING OBJECTIVES

At the end of this presentation the participant will be able to:

1. Articulate how to design an effective Specialty Injectables Program
2. Discuss the elements of pricing specialty claims at AWP, WAC, ASP, Specialty MAC, NADAC or AAC
3. Identify the differences between billing, fulfillment, and payment under Pharmacy Benefits vs. Medical Benefits



OUTLINE

- I. Definitions
- II. Coding Logic
- III. Rules / Requirements
- IV. Pricing Issues
- V. Utilization Testing
- VI. Pre-certification Testing
- VII. Contract Considerations
- VIII. Data Vendors



HOW DOES MEDICAL CODING DIFFER FROM PHARMACY CODING?

• PHARMACY CODING

- ❖ Expect drug/strength
- ❖ Expect quantity
- ❖ Expect days' supply
- ❖ Expect prescriber ID
- ❖ Assume ambulatory LOS
- ❖ As a consequence we supply:
 - NDC
 - Quantity in packages
 - Days' supply for prescription
 - Prescriber NPI
 - No LOS

• MEDICAL CODING

- ❖ J Code
- ❖ "Dose" vs. dispensed
- ❖ Date range often missing
- ❖ Prescriber ID = taxID, NPI, etc.
- ❖ LOS is variable
- ❖ As a consequence:
 - Many-2-Many NDC / J Code
 - Quantity / J Code unit
 - Date of service only
 - Prescriber has many IDs
 - LOS = POV, EM, Hosp, Clinic, etc.



DEFINITIONS



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DEFINITIONS OF SPECIALTY Rx

❖ Definitions

- All Injectables
 - Self-administered (usually pharmacy)
 - Provider administered (usually medical)
 - Facility administered (includes acute care hospital, SNF, LTC)
- Medicare Part B covered – includes enteral feeding (EN), HIV/AIDS medications
- Medication cost / dose \geq \$500

❖ Limitations

- Miscellaneous coding (“noc” codes)
- Administrative fees
- Disposable Medical Equipment (DME)
- Radio-labeled medications



CODING SYSTEMS

- ❖ Healthcare Common Procedure Coding System (HCPCS)
 - Level I: CPT-4 for services and procedures furnished by physicians / healthcare professionals
 - Level II: products, supplies, services furnished outside of physician's office
 - Includes DMEPOS = DME, prosthetics, orthotics, and supplies



HCPCS CODES

- **Level I -- CPT**

- ❖ Author: CMS
- ❖ Includes: DMEPOS, ambulance, supplies, Rx, dental procedures, outpatient prospective payment system (OPPS)
- ❖ CPT-4 codes for hospital providers
- ❖ Quality Data Codes: preventive vs. diagnostic or therapeutic
- ❖ HCPCS Modifiers: service/procedure altered by specific circumstances

- **Level II -- HCPCS**

- ❖ Author AMA
- ❖ Includes: services & supplies
- ❖ Codes for hospitals, physicians, and other health professionals who bill Medicare
 - A-codes: ambulance, radio-Rx
 - C-codes
 - G-codes
 - J-codes
 - Q-codes



SPECIAL USE OF HCPCS CODES

• SPECIAL USE

- ❖ A Codes:
 - Used by some states for oral and injectable drugs (non-specialty)
- ❖ B Codes:
- ❖ C Codes:
 - Hospital Outpatient Category C-Codes
 - Chemotherapy temporary
- ❖ S Codes: used by Blues

• SPECIAL GROUPS

- ❖ NOC codes – e.g., J3490/J3590/ J9999
- ❖ Enteral Nutrition
- ❖ Radio-labelled Rx
- ❖ HIV / AIDS
- ❖ Devices – e.g., diabetic testing



MEDICAL SPECIALTY: REQUIRED CODING

- **Medical Billing Codes**

- ❖ Administrative Codes
- ❖ Location of Service (LOS)
- ❖ Medications
- ❖ Service Codes
- ❖ Provider Codes
- ❖ Revenue Codes

- **Metrics**

- ❖ Hosp., EM, LTC, POV, Clinic
- ❖ J Codes (A, B, C, J, Q, S)
- ❖ CPT
- ❖ NPI, Tax ID (individual, group)
- ❖ Hosp. billing, rebates



CODING LOGIC



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BASIC ISSUES

❖ Drug Codes

- NDC v HCPCS Descriptions
- Multi NDC to one HCPCS Code
- Multi HCPCS to one NDC

❖ Provider Codes

- NPI
- Tax ID – location, provider, group

❖ Location of Service Codes

❖ Revenue Codes



MEDICAL CODING ISSUES:

Multi-NDC to One (1) HCPCS Code

Code	Billing Description	Drug Name	NDC	Package Size	Pricing Unit	AWP Price Date	AWP Unit Price	ASP Price Date	ASP Price	J-Code Comments
90656	Influenza virus vaccine, split virus, preservative free, when administered to 3 years and older, for IM use	Fluzone PF-Split, 2011-2012	49281-0011-10	10 vials (0.5 mL ea)	0.5 mL vial	8/1/2011	\$15.58	10/1/2010	\$12.375	Medicare PartD Pays \$12.375 for 2011-12
90656	Influenza virus vaccine, split virus, preservative free, when administered to 3 years and older, for IM use	Fluzone, PF, Split 2011-2012	49281-0011-50	10 syringes (0.5 ml ea)	0.5 mL syringe	8/1/2011	\$15.58	10/1/2010	\$12.375	Medicare PartD Pays \$12.375 for 2011-12
90656	Influenza virus vaccine, split virus, preservative free, when administered to 3 years and older, for IM use	Fluvirin, Split 2011-2012	66521-0114-02	10 syringes (0.5 ml ea)	0.5 mL	8/1/2011	\$16.17	10/1/2010	\$12.375	Medicare PartD Pays \$12.375 for 2011-12
90656	Influenza virus vaccine, split virus, preservative free, when administered to 3 years and older, for IM use	Fluvirin, Split 2011-2012	66521-0114-10	5 ml vial (10 dose vial)	0.5 mL	8/1/2011	\$14.37	10/1/2010	\$12.375	Medicare PartD Pays \$12.375 for 2011-12



SPECIALTY PHARMACY PROVIDERS

- **Medical Sub-Channels**

- ❖ Ambulatory Clinics
- ❖ Emergency Medicine
- ❖ Home care
- ❖ Infusion Centers
- ❖ Inpatient Hospital
- ❖ Outpatient Hospital
- ❖ Physician's Office
- ❖ Surgery Centers

- **Pharmacy Sub-Channels**

- ❖ PBMs
- ❖ Retail pharmacy network
- ❖ Specialty Pharmacies



Claim Adjudication Requirements / Rules



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CLAIM ADJUDICATION: BUSINESS LOGIC

❖ Medical Claims Forms

- CMS 1500
- ANSI 837P
- UB 92 / 04

❖ Basic Issues

- Rules for Pricing
- Channel Differences / Competition
- Submitted Pricing -- Medical / Pharmacy Claims



CLAIM ADJUDICATION: PRICING RULES

- ❖ Medicaid
- ❖ Medicare
 - CMS-1500
 - UB04
 - HIPAA 837
- ❖ Private Insurance
- ❖ Submission Forms



MEDICAID REPORTING REQUIREMENTS

❖ Need:

- Deficit Reduction Act (DRA) 2005, Section 6002 added provisions under Section 1927: requires States to require physicians in their offices and hospital outpatient settings or other entities (e.g., non-profit facilities) to **collect and submit the drug NDC numbers on Medicaid claims to their State**
- Effective January 1, 2008, Section 1927(a)(7)(B)(ii) of DRA **eliminates Federal Financial Participation (FFP) when States fail to collect NDCs**



MEDICARE BILLING REQUIREMENTS

- ❖ **Who:** Physician billing offices, hospital outpatient departments, outpatient clinic billing offices
- ❖ **What:** Dual eligibles + Received physician-administered drugs as part of the medical encounter
- ❖ **Where:** Bill the physician-administered drugs on claims to Medicare containing
 - **HCPCS (e.g., J-code)** in 2400 SV202-2, with SV202-1=HC
 - Each Part B drug HCPCS reported in 2400 SV202-2, complete the required associated 2410 LIN and CPT04 segments with:
 - **NDC** in 2410 LIN03, with LIN02=N4
 - **Quantity/unit (including fractional units)** count in 2410 CPT04
 - **Unit of measure (IU, gm, ml, unit)** in 2410 CPT05 and CPT05-1

Reference: DRA 2005, 42CFR447, Section 520



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Pricing Issues



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PRICING ISSUES

- ❖ Brand vs. Generic Bias
- ❖ One Record / Price Per J-Code
- ❖ HCPCS Unit, Package Price
- ❖ AWP, WAC, DP, SWP, ASP, Specialty MAC
- ❖ Min, Max, Average, Median
- ❖ State Rules



CLAIMS SUBMISSIONS ISSUES:

Charge / Unit Variable:

Why Rules Are Necessary

JCODE	DRUG	PROBLEM	ICD9	DX	DOS	CHARGES	UNITS
J1595	Glatiramer acetate, 20 mg, inj. (Copaxone)	Non-existent ICD-9	320.69	Multiple Sclerosis	4/12/2014	\$ 25,356.30	30
J0885	Epoetin alfa (for non-ESRD use), 1000 units, inj. (Procrit)	Inadequate dosage for any Tx	285.9	Anemia	3/16/2014	\$ 154.12	1
J1100	Dexamethasone sodium phosphate, 1 mg, inj.	Drug not approved for this ICD-9	162.9	Malignant Neoplasm of Lung	7/15/2014	\$ 332.51	20



CLAIMS SUBMISSION: RULE CONSIDERATIONS

- ❖ Accounts Payable Policies
 - Generic Bias
 - Lowest Cost Products Dispensed
 - A/P Policies: Right to review 100% of all elements of claim
 - Dispensing Quantity for necessary treatment (QL)
 - Claim / PA includes duration of medication
 - Billing using HCPCS or NDC code
- ❖ Per Capita Contracts

- ❖ Contracts with Providers
 - AWP definition – AWP vs. WAC
 - Additional Charges: Bundled vs. unbundled
 - Billed amount vs. Cost Plus basis for payment
 - Attachment to contracts includes list of drugs and pricing basis
- ❖ Prior Authorization
 - Drug, strength, dosage, duration of therapy
 - Patient and MD specific information



SUBMITTED PRICING

- ❖ HCPCS Units
- ❖ Package Size
- ❖ Quantity Submitted
- ❖ Quantity Used vs. Package Size



CLAIMS SUBMISSION ISSUES: Bill Review Considerations

- ❖ Quantity matches quantity approved, data sources, HCPCS unit, package unit
- ❖ Quantity submitted greater than vial size
- ❖ Submitted price > package price
- ❖ Rules for pending claims: Require J-Code, NDC, Drug Name, Strength, Quantity
- ❖ Miscellaneous Codes – J3490, J3590, J9999 – required information



OPTIONS TO PRICING ISSUES

- ❖ Pricing Solutions
- ❖ Historical Pricing
- ❖ Query Based Solutions



PRICING OPTIONS

- ❖ AWP / SWP
- ❖ National Pricing Standards – AAC, NADAC
- ❖ ASP
- ❖ Specialty MAC
- ❖ Vendor Pricing Options
- ❖ WAC / DP



J-CODE PRICING EXAMPLES

- ❖ J-Code Known
- ❖ Drug Name Known
- ❖ Multiple NDC's x One J-Code
- ❖ Multiple J-Codes x One NDC
- ❖ “Shoe Box” Historical Pricing



MEDICAL CLAIM EXAMPLES #1:

Pricing Depends on Unit Cost & Quantity

JCODE	DRUG	ICD9	Diagnosis	DOS	CHARGES	UNITS	Qty. Auth	JCode AWP Unit Price	Extended AWP Unit Price	ASP Price at time of claim	ASP Extended Price
J2505	Neulasta	201.68	Hodgkins Mix Cell Mult	6/8/2014	\$ 25,824.96	2.00		\$5,109.24	\$10,218.48	\$3,307.535	\$6,615.07
J9351	Hycamtin	183.00	Malign Neopl Ovary	6/2/2014	\$ 25,964.88	240.00	180.00	\$33.71	\$8,090.40	\$2.189	\$525.36
J9045	Carboplatin	183.00	Malign Neopl Ovary	6/2/2014	\$ 747.04	8.00	16.00	\$9.90	\$79.20	\$3.506	\$28.05
J1595	Copaxone	320.69	Multiple Sclerosis	6/22/2014	\$ 3,586.99	30.00	30.00	\$202.21	\$6,066.30		
J0885	Procrit	285.90	Anemia	6/6/2014	\$ 2,738.40	160.00		\$25.52	\$4,083.20	\$11.455	\$1,832.80
J1745	Remicade	696.00	Psoriatic Arthropathy	2/15/2014	\$ 2,013.07	3.00		\$101.23	\$303.69	\$70.109	\$210.33
J1745	Remicade	565.10	Anal Fistula	5/12/2014	\$ 10,434.44	40.00		\$106.19	\$4,247.60	\$71.347	\$2,853.88
J1438	Enbrel	555.00	Reg Enteritis Sm Intest	5/23/2014	\$ 18,376.82	32.00	12.00	\$354.52	\$11,344.64	\$266.929	\$8,541.73
J3490	Pegasys	70.54	Chrnc HPT CWO Hpat Coma	4/14/2014	\$ 8,638.05	1.0		\$925.52	\$925.92		
J3487	Reclast	174.8	Malign Neopl Breast NEC	2/9/2014	\$ 2,860.52	4.00		\$260.12	\$1,040.48	\$105.421	\$421.68



MEDICAL CLAIM EXAMPLES #2:

Misc. Descriptions Lead To Pricing Validation Issues

JCODE	DRUG	Code Definition	ICD9	Dx	DOS	CHARGE S	UNITS	Unit Price (AWP)
S9542	No Drug Identified	S9542-Home Injectable, Not Otherwise Classified, including admin, Rx Services, care coord., & all necessary supplies (drugs & nurse visits code separately), per diem	555.00	Reg Enteritis Sm Intest	5/23/2014	\$ 621.92	4.00	\$ 621.92
S9559	No Drug Identified	S9559 - Home inj, interferon, including admin, Rx Services, care coord. & supplies (drugs & nurse visits coded separately), per diem	70.54	Chronic HPT CWO Hepatic Coma	4/14/2014	\$ 401.20	1.00	\$ 401.20



J-CODE EXAMPLES:

Pricing Depends on the Data Source

Code	Description	Brand Name	Pkg. Size	Reference Data Base AWP Pkg. Price	Unit Size	J-Code Unit Pricing	Pricing Source 1 Unit Price	Pricing Source 2 Unit Price
90371	Hepatitis B Immune Globulin (HBIg), Human, for Intramuscular use	Nabi-HB	5 mL vial (1040 IU)	\$ 804.44	1 mL (208 IU)	\$ 160.89	\$ 128.89	\$ 118.22
90658	Influenza virus vaccine, split virus, when administered to 3 years and older, for IM use	Fluvirin, Split	5 mL vial	\$ 162.06	0.5 mL dose	\$ 16.21	\$ 13.63	\$ 13.76
90734	Meningococcal conjugate vaccine, serogroups A, C, Y, W-135 (tetravalent) for IM use.	Menveo	5 dose carton	\$ 703.76	1 box dose	\$ 135.37	\$ 117.42	\$ 121.49
J0594	Busulfan, 1 mg, inj.	Busulfex	8 vial carton	\$ 18,045.20	1 mg	\$ 33.42	\$ 27.85	\$ 28.94
J0894	Decitabine, 1 mg, inj.	Dacogen	50 mg vial	\$ 2,053.20	1 mg	\$ 41.06	\$ 34.22	\$ 29.41
J1324	Enfuvirtide 1mg, injection	Fuzeon (T-20)	60 vials (90 mg ea)	\$ 3,346.19	1 mg vial	\$ 0.67	\$ 0.56	\$ 0.41
J3490	Lamivudine, 150 mg / zidovudine, 300 mg, (AZT/3TC, ZDV/3TC or CBV), oral	Combivir	60 tab bottle	\$ 1,081.70	1 tablet	\$ 18.03	\$ 15.02	\$ 17.25
J9098	Cytarabine liposome, 10 mg, injection	Depocyt	5 mL vial	\$ 3,255.29	10 mg/ 1 mL	\$ 651.06	\$ 542.55	\$ 553.83



PHARMACY BILLING EXAMPLES #1:

Pharmacy Billing Matched to J Code

Date Of Service	Quantity Dispensed	Days Supply	DrugName	Total Amt Paid	Equivalent J-Code	Max. Pkg. Qty in HCPCS units	Unit Price	Extended Unit Price
1/18/2014	86	1	Humira Pen, per 20 mg	\$89,958.14	J0135	12	\$750.48	\$9,005.75
4/16/2014	24	1	Enbrel SureClick, per 25 mg	\$13,382.04	J1438	8	\$354.52	\$2,836.16
5/12/2014	5	1	Makena, per 1 mg	\$6,556.20	J1725	1250	\$3.31	\$4,137.50
5/22/2014	90	1	Gleevec, per 100 mg	\$21,104.41	J3590	90	\$84.05	\$7,564.50
4/23/2014	18	1	Berinert, per 10 units	\$36,341.51	J0597	50	\$54.65	\$2,732.74
5/15/2014	1	1	Stelara, per 1 mg	\$9,205.48	J3357	45	\$196.43	\$8,839.35
5/15/2014	54	1	Lantus, per 50 units	\$562.43	J1817	20	\$6.56	\$131.14
2/11/2014	12	1	Methotrexate, per 5 mg	\$828.86	J9250	10	\$0.47	\$4.70
4/17/2014	360	1	Mycophenolate, per 250 mg tab	\$2,313.73	J7517	100	\$7.86	\$786.40
4/22/2014	20	1	Dexamethasone, per 1 mg	\$753.21	J1100	1000	\$0.10	\$99.98
3/19/2014	10	1	Remicade, per 100 mg	\$9,096.97	J1745	10	\$106.19	\$1,061.90
4/23/2014	24	1	Ondansetron, per 1 mg	\$794.80	J2405	40	\$0.07	\$2.80
6/11/2014	16	1	Docetaxel, per 1 mg	\$4,364.73	J9171	160	\$9.89	\$1,583.00
		*Single date provided						*by Max Pkg Qty.



UTILIZATION TESTING



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UTILIZATION TESTING

Is medication prescribed consistent with labeled usage?

- ❖ Expected utilization for ICD9 / ICD10 vs. billed
- ❖ Dosage consistent with ICD9 / ICD10
- ❖ Max / min dosage variance from labeling
- ❖ Benefit / Formulary limit variance
 - Quantity Limit
 - Duration of Therapy
 - Step Therapy considerations



J-CODE EXAMPLE: INFLIXIMAB Quantity Test

Detail for J1745 / 57894003001

Code Description (Generic Name)	Infliximab, 10 mg, injection	Comments	
--	------------------------------	-----------------	--

NDC	57894-0030-01
NDC Eff Date	
Manufacturer	Centocor
Brand Name	Remicade
Strength	100 mg
Package Size	100 mg vial
Unit Size	10 mg
Brand/Generic Ind.	B

Part B	B
Part D	D
ASP Price Basis	
Therapeutic Category	GASTROINTESTINAL AGENTS
Maximum Qty	10.000000
Pack Multiplier	0.100000
Comments	Priced per 10 mg.



J-CODE EXAMPLE: INFLIXIMAB TEST

Diagnosis, Price, Frequency

ICD9 Codes

136.1: BEHCETS SYNDROME 279.4: AUTOIMMUNE DISEASE NOT ELSEWHERE CLASSIFIED 364: DISORDERS OF IRIS AND CILIARY BODY
 555: REGIONAL ENTERITIS 696: PSORIATIC ARTHROPATHY 696.0: PSORIATIC ARTHROPATHY
 714: RHEUMATOID ARTHRITIS 714.0: RHEUMATOID ARTHRITIS 720.0: ANKYLOSING SPONDYLITIS

Pricing

Custom Discount Multiplier			
	AWP % 100.0	WAC % 100.0	
	Pkg. Price	Unit Price	Price Eff Date
AWP	\$1,061.86	\$106.19	3/5/2014
DP	\$0.00	\$0.00	
WAC	\$884.88	\$88.49	3/5/2014
WAC * 1.2	\$1,061.86	\$106.19	3/5/2014
ASP+6%	\$72.054	\$72.054	7/1/2014
CA State Fee	\$79.460		4/15/2012
HCFA	\$0.00	\$0.00	
FUL	\$0.00	\$0.00	

Typical Utilization

Utilization			
	Quantity	Within	Time
Dose Frequency	1	every 2	weeks
In			
Within			
Repeat Up To			Times
COMMENT:	Once @ week 0, 2, 6 then every 6-8 weeks		



PRE-CERTIFICATION TESTING



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PRECERTIFICATION CRITERIA

- ❖ ICD9 / ICD10 Matched to J Code
 - FDA approved indication
 - Formulary requirements tests
 - Off-label approval requirements
- ❖ Quantity Test for ICD9 / ICD10
 - J Code units match to expected quantity
- ❖ Frequency Test
 - Frequency of usage matches to package labeling



SPECIALTY FORMULARY PRE-CERT CONSIDERATIONS

Multiple options within J Code leads to need for pre-cert billing and payment rules:

- J Code units correlated to billed quantities
- Generic vs. Brand approval
- Part B vs. Part D approval
- Therapeutic Category Option approval
- ICD9 / ICD10 considerations



PRE-CERT CONSIDERATIONS

Specialty Formulary Approval Tests

- ❖ Selection from Options within J Code
- ❖ Substitution Allowed?
 - Biosimilar
 - Biobetter
- ❖ Approval Tests
 - Tier approval
 - Step Therapy test
 - Quantity Limits test
 - Days Supply / Refill Limits test



PRE-CERTIFICATION REVIEW

Diag 1	Diag 1 Description	Diag 2	Diag 2 Description	Place of Service	HCPCS/J Code	Drug Name or JCode Description	Units	Comment
174.9	Malignant neoplasm of breast (female), unspecified	198.5	Secondary malignant neoplasm of bone and bone marrow	11	J1626	Granisetron hydrochloride, 100 mcg, inj	30	Not approved for this diagnosis. Need ICD-9 for chemo induced or post-op nausea/vomiting or other relevant code. IF included in chem regimen then need appropriate ICD-9 .
174.9	Malignant neoplasm of breast (female), unspecified	198.5	Secondary malignant neoplasm of bone and bone marrow	11	J9264	Paclitaxel Protein, bound particles, 1 mg, inj (Abraxane)	1140	260 mg/m2 IV over 30 minutes every 3 weeks
714.0	Rheumatoid arthritis			11	J3590	NOC code for UNIDENTIFIED MEDICATION	4	UNIDENTIFIED MEDICATION
340	Multiple sclerosis			11	J1569	Immune Globulin (Gammagard liquid), nonlyophilized, 500 mg, Inj.	60	Approved for multifocal motor neuropathy - not MS Does come in a 30 gram vial
174.9	Malignant neoplasm of breast (female), unspecified			12	J0885	Epoetin alfa (for non-ESRD use), 1000 units, injection (Procrit)	16	Prescribers and hospitals must enroll in and comply with the ESA AAPRISE Oncology Program to prescribe and/or dispense Epoetin alfa for breast cancer



MULTI-J CODE TO ONE (1) CATEGORY

Code	Billing Description	Drug Name	NDC	Pricing Unit	AWP Price Date	AWP Pkg. Price	AWP Unit Price	ASP Price Date	ASP Price
J0129	Abatacept 10 mg, inj.	Orencia	00003-2187-10	250 mg vial	2/14/2014	\$ 810.26	\$ 32.41	4/01/2014	\$ 23.877
J0135	Adalimumab, 20 mg, inj.	Humira	00074-3799-02	20 mg	12/27/2013	\$ 3,003.13	\$ 750.78	4/01/2014	\$ 567.683
J0638	Canakinumab, per 1 mg, lyophilized, Inj.	Ilaris	00078-0582-61	1 mg	11/06/2012	\$19,266.01	\$ 107.89	4/1/2014	\$ 91.031
J1438	Etanercept, 25 mg, inj. (may be used for Medicare...)	Enbrel	58406-0425-41	25 mg	6/06/2014	\$ 405.12	\$ 405.12	4/1/2014	\$ 266.929
J2793	Riloncept, 1 mg, injection	Arcalyst	61755-0001-01	220 mg vial	9/26/2009	\$24,000.00	\$ 26.40		\$ -
J3490	Anakinra subcutane, injection	Kineret	55513-0177-28	100 mg syringe	12/31/2013	\$ 3,374.40	\$ 120.51		\$ -
J3490	Golimumab Subcutaneous Inj, 50 mg injection	Simponi	57894-0070-01	50 mg/0.5 ml	2/05/2014	\$ 3,252.67	\$ 65.05	4/01/2014	\$ 23.892



FORMULARY OPTIONS: EXAMPLE

Code	Billing Description	Drug Name	NDC	Strength	Package Size	Pricing Unit	AWP Price Date	AWP Unit Price	ASP Price Date	ASP Price
J0881	Darbepoetin alfa, 1 mcg, (non-ESRD use), injection	Aranesp	55513-0025-01	100 mcg / 0.5 ml	100 mcg syringe	1 mcg	7/20/2011	\$ 6.95	1/1/2012	\$ 3.212
J0881	Darbepoetin alfa, 1 mcg, (non-ESRD use), injection	Aranesp	55513-0111-01	300 mcg / 0.6 ml	0.6 ml syringe	1 mcg	7/20/2011	\$ 6.88	1/1/2012	\$ 3.212
J0882	Darbepoetin alfa, 1 mcg, (for ESRD on dialysis), injection.	Aranesp	55513-0021-01	40 mcg / ml	40 mcg syringe	1 mcg	7/20/2011	\$ 6.95	1/1/2012	\$ 3.212
J0885	Epoetin alfa (for non-ESRD use), 1000 units, injection.	Procrit	59676-0302-01	2000 units/ ml	6 vials (2000 U ea)	1000 IU	10/4/2011	\$ 20.39	1/1/2012	\$ 9.618
J0885	Epoetin alfa (for non-ESRD use), 1000 units, injection.	Procrit	59676-0303-01	3000 Unit / ML	6 vials / 3000 IU ea	1000 IU	10/4/2011	\$ 20.39	1/1/2012	\$ 9.618
J0886	Epoetin alfa, 1000 units (for ESRD on dialysis), injection.	Epogen	55513-0126-01	2000 unit / ml	2000 IU vial / 1 ml	1000 IU / 0.5 ml	7/14/2011	\$ 15.75	1/1/2012	\$ 9.618
J0886	Epoetin alfa, 1000 units (for ESRD on dialysis), injection.	Epogen	55513-0144-01	10,000 Unit / ML	1sdv (1 ml)	1000 IU / 0.5 ml	7/14/2011	\$ 15.75	1/1/2012	\$ 9.618



CONTRACT CONSIDERATIONS



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CONTRACT IMPLICATIONS: Coding Rules / Decisions

- ❖ Code inclusion: Generic vs. Brand
- ❖ Channel pricing variation:
 - Exclusive vs. Non-Exclusive Provider Contracts
 - Medical / pharmacy sub-channels
- ❖ Bases of cost: AWP, WAC, DP, MAC, AAC, NADAC, ASP, U&C
- ❖ Introduction of New Drugs
- ❖ J-Code Description of Unit vs. Package Unit
- ❖ “Lessor of” vs. “Greater of”
- ❖ Special use codes: Miscellaneous (dump / noc) Codes



SPECIFIC ISSUES: Medical Specialty

- ❖ Health Plan Agreements for Specialty Pricing
 - Attachment with pricing per medication?
 - Anchor for basis of cost, e.g., AWP, ASP, WAC?
 - Approaches to provider cost and utilization variability:
 - Best-in-Class comparisons
 - Centers of Excellence
 - Rate competition by sub-specialty OR sub-channel



SPECIFIC ISSUES:

Sample Medical Claim Rules

1. All elements of claim complete and valid
2. Choose B/G, package type and size for price
3. Quantities based on J-code definitions
4. NDC must be submitted
5. No NDC – reimburse on average cost NDC
6. Miscellaneous J-codes must contain drug name and NDC



SPECIFIC ISSUES:

Sample Pharmacy Claim Rules

1. Definitions of Sub-Channel (proxy for LOS):
 - a) Independent specialty pharmacy
 - b) PBM specialty pharmacy
 - c) Retail Pharmacy Network
 - d) Specialty Pharmacy(s)
2. Agreements for Specialty Pricing
 - a) Attachment with pricing per medication?
 - b) Differentiation between B/G pricing?
 - c) Bases of cost anchored to AWP, ASP, WAC, AAC, NADAC, etc.?
3. Competition (price, service, availability) between Sub-Channels?



Opportunities



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CHANNEL COMPETITION

Medical Sub-Channels

- ❖ Sub-channel competition, e.g., POV / Infusion center / Hospital Outpatient / Acute Care
- ❖ Best-in-Class
- ❖ Centers of Excellence

Pharmacy Sub-Channels

- ❖ Access
- ❖ Service
- ❖ Price



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