

# **Specialty... The New Frontier**

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# Attendance Code

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# Disclosure

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

# COURSE DESCRIPTION

This session will describe today's opportunities and challenges with Ambulatory Pharmacy entering the Specialty Medication Market. Pharmacists will be called upon to provide expertise, management and education to mark their role in this opportunity.

Of particular importance is the role of utilization and management of Specialty Pharmaceuticals.



# OUTLINE

- I. Introduction and Definitions
- II. Provider Competition
- III. Medical vs. Pharmacy Coding
- IV. Claims Submission Requirements
- V. Management Approaches
- VI. The Future & Opportunities



# DEFINITIONS OF SPECIALTY Rx

## ❖ Definitions

- All Injectable Medications
  - 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, diagnostics
- Medication cost / dose  $\geq$  \$500

## ❖ Limitations

- Miscellaneous Coding (“noc” codes)
- Administrative Fees
- Disposable Medical Equipment (DME)
- Radio-Labeled Medications



# 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



# HOW DOES MEDICAL BILLING DIFFER FROM PHARMACY BILLING?

## PHARMACY BILLING

- ❖ Expect drug/strength
- ❖ Expect quantity
- ❖ Expect days' supply
- ❖ Expect prescriber ID
- ❖ Assume ambulatory LOS
- ❖ As a consequence claims require:
  - NDC
  - Quantity in packages
  - Days' supply for prescription
  - Prescriber NPI

## MEDICAL BILLING

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





# 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
  - S-codes



# 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



# PRICING OPTIONS

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

# MANAGEMENT APPROACHES

# GENERAL MANAGEMENT APPROACHES

## Plan Design Considerations

- ❖ Formularies
- ❖ Tiered Design / Value-Priced Tiers
- ❖ Step Therapy
- ❖ Therapeutic Category Restrictions / Therapeutic Substitution
- ❖ Mandatory Substitution
  - Biosimilars
  - Biobetters
- ❖ Hybrid Models

## Network Management

- ❖ Location of Service Optimization
- ❖ Oversight of Bounty Hunters
  - Revenue Enhancement
  - Up-Coding
  - NOC Coding

## Spend Management

- ❖ COGS / Formularies
- ❖ Pricing Formulae
- ❖ Reference Pricing
  - “Generic” vs. Therapeutic
- ❖ Rebates

## Trend Management

- ❖ Cost
- ❖ Utilization
- ❖ New Entrants

## Contracting

- ❖ Adherence Contracts
- ❖ Discontinuance Rate Limitations



# UTILIZATION MANAGEMENT APPROACHES

## Utilization Management

- ❖ Restriction Techniques
  - First Fill: 1-2 week supply & Refill Limits
  - Quantity Limits and High Dosage Limitations
  - Specialist Only
  - Spread Treatment over Multiple Years
- ❖ Cost Shifting
  - Pharmacy vs. Medical Coverage Tests
  - Part B vs D Coverage Tests

## Clinical Management

- ❖ Genotyping
- ❖ Side Effect Profiling

## Scatter Approaches

- ❖ Lowest Cost Alternatives
- ❖ Price Differential by Dose
- ❖ Choice Management, e.g., Lower Medical Waiver Probability

# CLINICAL ASSESSMENT: MEDICAL / PHARMACY

- The following summaries illustrate potential clinical problems addressed in each channel
- The relative magnitude of each problem is estimated by the PMPM

Pharmacy Clinical Assessment		
Category	Paid per Utilizer per Month	PMPM
Drug Interactions between JCode and Pharmacy Claims	\$4,995.79	\$0.08
Specialty Drug Adherence and Holiday	\$1,482.05	\$1.66
Specialty Drug Induced Disease and Adverse Events	\$36,768.09	\$8.53

Medical Clinical Assessment		
Category	Paid per Utilizer per Month	PMPM
Drug Interactions between JCode and Pharmacy Claims	\$1,840.28	\$0.04
Specialty Drug Adherence and Holiday	\$1,830.66	\$1.44
Specialty Drug Induced Disease and Adverse Events	\$11,949.13	\$1.74

# **FUTURE & OPPORTUNITIES**



# CHANNEL COMPETITION

## Medical Sub-Channels

- ❖ Sub-Channel Competition:  
POV vs. Infusion Center vs.  
Hospital Outpatient vs. Acute  
Care
- ❖ Best-in-Class
- ❖ Centers of Excellence
- ❖ Pricing Competition
  - 340b
  - National Bases of Cost  
(ASP, NADAC)

## Pharmacy Sub-Channels

- ❖ Access
- ❖ Service
- ❖ Price

# INFORMATION “SUPERMARKET”

## Standardization

- ❖ Biosimilar
  - Naming and Coding
- ❖ Metric standardization and publication
- ❖ Uniform Coding Implementation
  - RxNorm
    - Unified Medical Language System (UMLS)
    - Does not change with NDC
    - EMRs can talk to each other
  - SnoMed
  - Laboratory Data standardized

## Standardization

- ❖ Information market for Specialty Prices
  - State Medicaid MACs
  - ASP
  - NADAC / AAC
- ❖ Quality Performance across channels
- ❖ Information sharing across ACOs
- ❖ Data sharing across Providers



# REFERENCES

- ❑ <http://www.fdbhealth.com/fdb-medknowledge-clinical-modules/medicare-hcpcs-select/>
- ❑ <http://www.medispn.com/healthcare-common-procedure-coding-system-codes-database/>
- ❑ <https://www.dmepdac.com/crosswalk/>
- ❑ <http://www.redbook.com/redbook/deliverymethods/>



# DATA VENDORS

VENDOR	FEATURES
First Data Bank HCPCS Select™	NDC/HCPCS, pricing link - WAC/SWP/ASP/PAL, Part B
Medi-Span / Wolters Kluwer	All HCPCS values, map to NDC/UPC/HRI, Qty map
Manufacturers	Lists of NDCs and HCPCS Codes
Noridian Admin Services	NDC/HCPCS crosswalk
NovoLogix	NDC/HCPCS crosswalk
J Code Calculator™ / Pro Pharma	NDC/HCPCS crosswalk, Unit/Package calc., AWP/WAC/ASP, Brand/Generic, Part B/D, Qty map, Usage Map
JR	
Red Book / Truven	NDC, HCFA J-Codes, AWP/WAC, Brand/Generic

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# ACADEMIES WEEKEND