

Pharmacy Benefit News

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Commentary: Financing Policy vs. Healthcare Policy

Anthony Tersigni, CEO of Ascension which the largest Catholic healthcare system, made some interesting comments in Modern Healthcare, July 18, 2016, regarding how different age segments utilize healthcare. He divided Americans into several groups:

- Under 65 y/o: Model similar to Germany or Japan where employers and employees share premiums, insurance company pays the bills, and employees pay copays
- Over 65 y/o: Model similar to Canada where government is insurer, low administrative costs, and doctors/hospitals are private
- Native Americans/Veterans: Model similar to Great Britain where government owns hospitals, employs all doctors, and no one gets a bill
- Uninsured: Model similar to rural India or Cambodia where if you have money you will get care, but if you don't have money, you will stay sick and die

The diversity of care leads to complications in administration as well as a health care system driven by multiple entities that are serving each of the above groups. However, the rapid escalation in cost of medications, laboratory testing, genomic testing, devices and new surgeries/interventions is causing all countries and insurers to explore other options. In the US, the under 65 year olds are trying to work through higher and higher premiums in the Exchanges mandated by the Affordable Care Act (ACA).

Current models don't seem to be addressing all stakeholders. Mr. Tersigni's groups should lead us in the United States to further explore how to insure and fund each of these options. All political parties have ideas that need to be factored into the discussion. Fortunately, there are international comparisons with years of history to include in the performance discussion. At the end of the day, we should remember the words of Vince Lombardi (football coach) -- Individual commitment to a group effort -- that is what makes a team work, a company work, a society work, a civilization work.

Analytics at Work: A Real World Example

The Issue with Unpredictable Pricing

A client Health Plan wanted predictable, normative pricing for generic medications. They were criticized for non-transparent maximum allowable cost (MAC) lists, that did not change prices frequently. On request, Pro Pharma supplied a transparent, web-based, cost-plus MAC list that is updated at least monthly. All cost savings accrue to the Health Plan and have been consistent for several years.

The results:

1. Pharmacists know what they will be paid for generic medications
2. Generic cost trends have been negative (less than -6%) m/m and y/y
3. Generics provide an anchor to rapid brand cost inflation

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Prediction

Generics will rise to 91-92% of all prescriptions dispensed by 2020.

DrugStoreNews, (1/11/2016)

Commentary:

If generic prescription volume increases, as expected, within the next three years, then the use of maximum allowable cost (MAC) lists to anchor a percentage of drug spend will be a paramount concern. Brand drug prices are increasing rapidly with specialty medications moving into mainstream chronic disease treatment.

This will increase drug spend and its impact on trend to double digits as it was in the early 2000's. The trend may even be greater. Brand formulary restrictions, preferred brand rebates, and other options are expected as there are multiple branded competitive options in each therapeutic category. However, with benefit designs shifting higher copays and coinsurance to patients, affordability is a critical matter.

More affordable generics may be a primary option for many patients. Expect that transparency concerns and emphasis on cost-plus will be primary drivers to force all providers, plans, and vendors to report their costs and premiums. The rationale for higher insurance premiums, manufacturer cost inflation, Plan and PBM spreads and pricing will take center stage.

Aetna Contacting Physicians Who May Be Over-Prescribing Opioids

The Washington Post reports that Aetna has begun using the data it accumulates from insurance claims submitted by pharmacies to notify physicians "whose prescribing habits" for prescription opioids "are far outside the norm." Last week, the insurer wrote to 931 physicians throughout the US, saying, "You have been identified as falling within the top 1 percent of opioid prescribers within your specialty."

The Washington Post (8/3, Bernstein)

Commentary:

Pro Pharma has decades of experience working with physicians to change prescribing behavior. (Pro Pharma's Quality Management Program™) What we have learned from this experience is that data needs to be used to specifically to identify important drivers that differentiate prescribing behaviors.

All physicians use brands and generics, but some physicians are more open to utilizing different treatments and prescriptions for different populations. Therefore, not treating all patients with the same drug. The key to running a program is frequency of communication, actionable recommendations, comparison to applicable peers, and trending results. Physicians move through a Kubler-Ross type model of denial through acceptance. Therefore, these programs take several months before results are realized.

Regardless of good intentions and the need for immediate action, commercial interests, patient concerns, and peer opinions as well as comparisons lend inertia to any program. In spite of this, Pro Pharma has long-term experience and outcomes noting that such programs do work. Keep the faith!



Maximum Allowable Cost (MAC)[™]

Pro Pharma is a Multi-Service Consulting Firm specializing in solutions for managing Pharmacy Benefits for Self-Insured Employers, Unions, Third Party Administrators, Managed Care Organizations, Physician Groups, Health Insurers/Workers' Compensation Insurers, and Integrated Health Networks.

Consulting Services Include Claims Management/Oversight and Management of Benefits, most specifically Client-Specific MAC List Development and Maintenance as follows:

- Medicaid Compliance and/or CMS FUL Compliance
- Flexible Pricing Determinants
- Lowest Cost
- Average of Lowest 3 Costs
- Average of all Generics
- Median of all Generics
- Flexible Price Sources, including, CMS, MediSpan, First Data Bank, Redbook
- Flexible Therapeutic Categories (Customizable)
- Flexible Generic Availability
- Immediate availability
- Predetermined time gap from end of patent
- Minimum number of Generic Manufacturers
- Decision allowance for generic all, store brands, re-packagers, multisource, and/or branded generics

- Flexible Code Basis, including GCN, GPI, and NDC

Pro Pharma's capabilities are focused on Data Analytics and based upon Demographic modeling of Integrated Medical and Pharmacy Data Sets. Our experience sets us apart and positions us as a valued Consultant for those clients interested in "Thinking Outside of the Box" to implement solutions to Benefit Management which are both Quality-Based and Cost-Conscious.

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Pro Pharma Pharmaceutical Consultants, Inc. has assisted payer and providers for over 29 years to maintain quality while controlling costs.

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