

Pharmacy Benefit News

Issue # 322 | March 8, 2018



[Watch the Latest Episode of Professor Speaks!](#)



We Get a Test Result, But What Does it Mean to My Current and Future Health?

Quest Diagnostics advertises their lab tests for cholesterol based on the following rationale:

- Cardiovascular disease causes one in every three deaths.
- One American dies of Cardiovascular disease approximately every 40 seconds.
- Approximately 635,000 Americans per year will have a heart attack for the first time.
- Approximately 280,000 Americans per year will have a recurrent heart attack.
- Approximately 17% of all healthcare is spent on Cardiovascular disease.
- Half of the people with coronary artery disease have normal blood cholesterol levels.
- Most people at risk of having a heart attack may be unaware of this risk and may not be taking appropriate preventive action.

Commentary:

Historically, laboratory tests were used to identify any abnormalities in current health status. The results were compared to the laboratory and national standards to determine if a laboratory value was above or below the standard. Interventions commonly occurred when the result was below the standard. Clinical interventions were based on history, symptomatology, findings, and laboratory results such that the patient was not treated based on laboratory test results only.

The current situation is different. The goal now is to treat the current problem, but also to identify tests that define future risk of disease. Profiling is much more sensitive to various subset indicators, as for example, cholesterol. Genetic profiling also adds a new dimension to defining risk for disease.

However, the real concern is whether there is sufficient substantiation of the test such that the result supports a risk determination and has been verified under different circumstances and patient populations. Hence, the professional's job is now to understand the risk band, i.e., the range of results that identify risk. It is also to understand how to interpret the results. This has led to a range of new professionals and the need for expanded laboratory reporting to help the professional to understand, explain, and utilize the laboratory results for treatment. In this case it is not a village, it is a team.

Analytics at Work: A Real World Example

Problem: How do you get current and predicted trends at your fingertips? Forecasting and Predictions are not mathematical voodoo. They are the frequent request of Pro Pharma clients. Clients also request how to manage trend to their prearranged target. For example, keep trend at national averages, OR keep trend 1-3% below national averages, OR what is the trend for Specialty Rx versus traditional medications? The answer to clients is frequently trend predictions predicated on supportable, and measurable, methodologies! Trend models are supported, among other things, by cost accounting, unit cost and utilization increase, provider performance metrics, medication category impact, new entrant impact, age/gender movements, and projections for future growth. All of these analyses are aggregated and provided in Pro Pharma/ProData Analytics cloud-based solutions. So, how is trend predicted, and then managed?

Methodology: First, what is the trend that is associated with predictions? Trend calculations based on PMPM (per-member-per-month) are commonly composed of the ingredient cost, utilization, and new entrant components. Each of these PMPM components are calculated monthly and summed. The result is compared to prior period trends. Second, what are the drivers that contribute to each element of trend? Drawing from cost accounting of every dollar spent on medications and the period-over-period price increases, two elements of trend are readily available. New entrants and price trend analyses contribute the third element.

Summing the results of these elements and comparing to prior periods is the trend prediction.

Aside from the actuarial models that Pro Pharma/ProData Analytics supports, the next problem is to manage trend throughout the year in order to reach targets. Analytics at your fingertips can help with monthly calculations and trends to identify components that require interventions. How do you manage Trend?

Linking all elements of trend to their respective driver reports provides:

1. Medications incurring the largest price increases for formulary management
2. Financials for utilization trend leads to therapeutic category expansion/new PA targets/formulary planning
3. Provider performance for Comparative Price Sheets and Comprehensive Medication Reviews
4. Age/gender movement period-to-period impact the denominator of PMPM
5. Financials for new entrants provides a budget impact.

Outcomes: The results are trends, and the elements necessary to manage the trend to your target. The result -- lower paid PMPM, lower budget PMPM, and lower trend.

[Learn More](#)

How Do I Know If I Have A Health Risk If No One Tells Me?

In what may be a commercially motivated report a HealthMine survey found that 75% of employees say their Health Plan has never alerted them to a health risk. Mr. Bryce Williams of HealthMine reports "it's well known that 86% of the nation's \$2.7 trillion in annual health care costs are for people with chronic conditions. In addition, at any moment in time, about 20% of any defined population are likely to have multiple risk factors that can push them into the high-cost category if the risks are not addressed. And while people can't change all the attributes that determine a health risk—age, family history, or genetics—there are many things they can change. Examples include diet, physical activity, sleep, and habits such as smoking or alcohol consumption.

HealthExecSnapshot HealthExec@healthexecmobile.com

Commentary:

This may be a commercially motivated report, or not, but the issue is still serious. General comments about weight loss, dietary restrictions, smoking cessation, and active lifestyles are common recommendations, but hard to accomplish. Genetics may determine a majority of a person's risk, but the balance of risk is modifiable to a degree. If prevention is the treatment of choice,

National Health Spending Growth of 5.5% Annually – What Are Patients to Do?

"New estimates released today from the Office of the Actuary at the Centers for Medicare and Medicaid Services (CMS) and published online in *Health Affairs* project an average annual rate of national health spending growth of 5.5 percent for 2017–26, outpacing average projected growth in gross domestic product (GDP) by 1.0 percentage point. As a result, the health share of the economy is projected to climb to 19.7 percent by 2026—up from 17.9 percent in 2016. These projections are constructed using a current-law framework and do not assume potential legislative changes over the projection period."

Health Affairs, March 2018

Commentary:

The current discussion is focused on the rise of health care costs and particularly the cost of Specialty medications. With an annual average income in the US of about \$59k, the Specialty medications are unaffordable. Many commentators, including this one, have discussed viable options for paying for these medications. However, if the current CMS estimates are correct, as discussed in Health Affairs, then health care inflation will dwarf income. Healthcare will also be responsible for 20% of the



Share this Page: 

powered by 

appropriate goals with achievable targets is crucial.

The HealthMine comments above are about communication. However, the assumption of communication is not a fact. Every level of communication must be implemented to ensure that communication is a fact, and every incentive, including monetary incentives based on future savings, must be deployed so that people understand and see the significance of reaching a target. Without these motivations, everything else is not useful.

Clearly, the federal and state governments will have to address price controls while developing models to care for a larger share of the population, possibly everyone.

What is not discussed is the internationalization of health care. Historically, health care requires touching the patient, so it cannot be done at a distance. However, telehealth, robot technology, digital printing and other technology remove the need for direct contact to treat many conditions. It is also clear that many common conditions and diagnoses, e.g., upper respiratory infections (URI), urinary tract infections (UTI), cough & colds, diabetes mellitus, hypertension, hyperlipidemia, to name but a few can be addressed with monitoring and treating at a distance. This is already being done today. This means that costs of all care may be placed in international competition in an international market place for care and cost.

The primary question is whether patients will embrace a new model of care. Will cost be the driver, or fear of quality of care in other countries even over the web. The WWII generation may not be early adopters. As a result, the cloud-based generation of individuals will have to answer these questions. My guess is that the next generation will embrace the new models with open arms.



Share this Page:



powered by  iContact



Drug Cost, Guidelines & Biotech | Professor Speaks | Pro Pharma

New Episodes Wednesdays
Live on Facebook, Twitter and YouTube

Pro Pharma Pharmaceutical Consultants, Inc. has assisted payers and providers for over 31 years to maintain quality while controlling costs.

Pro Pharma Pharmaceutical Consultants, Inc.

P.O. Box 280130
Northridge, CA 91328-0130
(888) 701-5438 | www.propharmaconsultants.com

Copyright © 2017 Pro Pharma Pharmaceutical Consultants, Inc