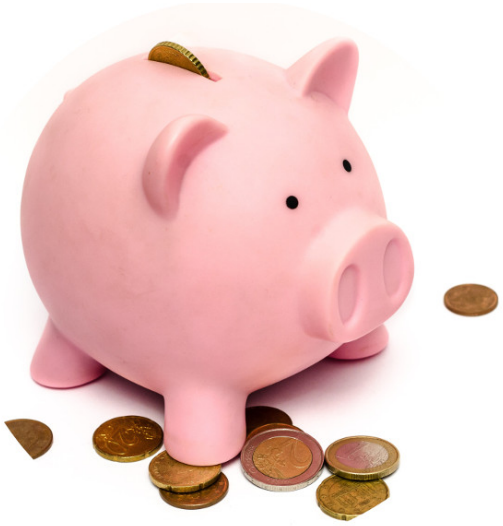
PRO PHARMA
PHARMACEUTICAL CONSULTANTS, INC.

Pharmacy Benefit News

Issue #330 | July 12th, 2018



01 | Commentary: If Cost Sharing Increases, And Deductibles Rise, Then How Will People Afford Drugs?

The cost of healthcare is on the rise at ~5% and this is due to the increasing utilization from a greater number of older patients and cost of prescription medications.

As cost sharing increases the burden on patients will rise leading to changes in the healthcare system. Due to the increasing costs of specialty medications, which is trending at approximately 17% annually, something will need to change for the market to continue.

Some potential options are: (1) focus on both the employer and patient to identify ways to reduce cost; (2) employees could remove insurers from the equation and go directly to health systems to contract; (3) some individual patients might invest in drug companies who make their therapy to try to make a profit to apply against their therapy expenses; (4) charity could be a source of funding for those patients that have disease states with big community support. These options are generally beyond the normal means of the average person. Some options are not easily viable, because they may increase costs in other areas, e.g., the removal of the insurer, investing or finding appropriate charities.

The average US household makes roughly $59k a year, of which approximately $14k may be disposable income after basic necessities such as housing, food, transportation, etc. If a treatment cost for a patient is $100k and the patient ends

up having to pay for it, then there is a clear difference between cost and available money. To pay for this, the patient would need to borrow money from friends, family, mortgage their home or with some other type of loan from a bank.

Paying this cost back could be impossible for some patients when many loans having an annual percentage rate of ~10% for individuals with good credit. The monthly payments for a loan like this could be between $2k-$2.5k adding up to about $24k a year. For chronic conditions the average specialty spend per month is approximately $1.5k for a single dose of a medication. The yearly total would be around $18k a year. Simply put, loans are going to have interest rates too high for this strategy to be a viable option for patients.

Clearly the cost of these medications and newer treatments to come with gene therapy hitting over $1M will be a problem for the average patient. The fundamental problem then is not just the cost, but rather cost versus affordability. Historically, there have been at least two types of care – one for those who can afford it, and one for those who cannot afford their care. This discussion may introduce a third type of care based on the ability of patients to afford care over their lifetimes. Affordability in this sense may lead to a form of rationing that has been largely rejected in the US but is common in other countries. The cost of care that is unaffordable may lead this country into options once thought unreasonable, i.e., universal health care and rationing.

Analytics At Work | Clinical Compliance

Problem: A client contacted with Pro Pharma to inquire if there was a simple, easy, affordable solution for complying with their State requirements for Drug Utilization Review. The client wanted to integrate the system/solution into their Medical Utilization Management Program, along with monitoring their Medication Therapy Management (MTM) program.

Methodology: Pro Pharma and Pro Data Analytics responded that there was already a program for analyzing clinical data which utilizes hundreds of clinical edits, patient severity, age/gender, geography, diagnoses, and including medication compliance. The program provides analyses that can be customized and/or produced across all clinical edits for the population. The results are Patient-Specific Queries/Reports that allow a client to monitor the performance of their MTM, and comprehensive medication reviews (CMRs). The program is integrated on the cloud such that the Patient-Specific Queries/Reports are linked to pharmacy, physician and patient communications/letters as well as fully integrated billing forms such that every element is digital.

Outcome: The client received a cloud-based, fully digital, regular monthly reports and analyses. The program met the criteria for easy, simple, no manual work, and affordability. All findings are trended so that improvements or corrective action plans can be instituted. The program also allowed the client to include a broad range of professionals (pharmacists, physicians, nurse practitioners) to deliver CMR, MTM and targeted medication reviews (TMR) to improve their overall Star Ratings, while also delivering a quid pro quo opportunity for billing when appropriate. The ROI for these programs easily exceeded a 2:1 ratio.

Learn More >

02 | Commentary: What Will Be the Sources of Capital In The Future For New Health Care Advances? Where Will Plans Get New Capital? Will It Be Consolidation?

As the cost of medications rise and plans are pressured to cover new and expensive specialty medications for diseases, there will be a need for new capital.

There will not be an ability to sell Plans to the public in order to produce new capital, because most patients have coverage now through the ACA Exchanges, or by purchasing alternative Plans. Separately, new capital could come from consolidation of the healthcare system, the government, loans from banks, and charity from organizations.

The government could step in to try and help provide block grants to healthcare groups as a form of capital for new advances. Another option is for healthcare groups to go to banks and charities to try and raise money. These two strategies will not likely be implemented for a few reasons: (1) The government could choose to step in and help, but likely will continue to focus on its own Medicare and Medicaid programs; (2) Bank interest rates could make it harder to get back in control of expenses; (3) Charity is a limited source of capital that isn't reliable year-to-year.

Consolidation of health care plans could lead to capital for health plans both through greater spending from the patient at multiple points in the care process as well as improved outcomes. Better outcomes are expected to lower expenses in the medical benefit, which could lead to greater savings, especially when some treatments such as organ transplants can be $400k. In addition, by owning

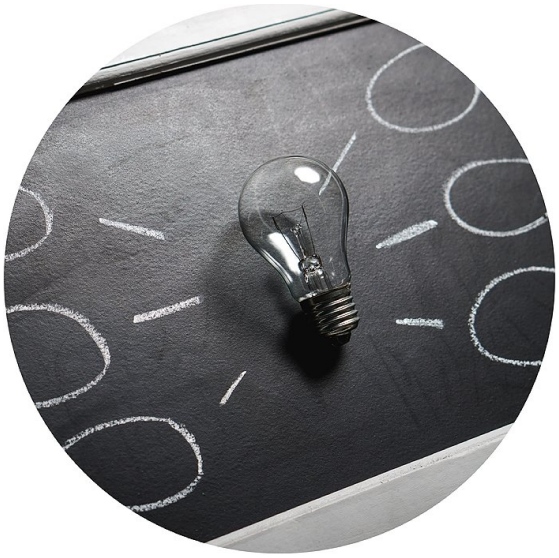
multiple steps of the patient care process there will be more opportunities to gain revenue from these patients. If a patient is part of a health plan they are paying premiums, and if the health plan owns pharmacies they can direct the patient to use those pharmacies where they will make money from selling the prescription to the patient. Greater revenue will be gained from each individual patient going through the process and this will lead to increased revenue for the health plan. Plans could also start to purchase technology companies that then will produce healthcare technology for them. This will lead to sales of the product to other groups to create capital, but also decrease costs through improved outcomes. Once again reductions in expenses will free up more money for other areas of interest. Consolidation would seem to be the most sustainable and consistent form of increased revenue to be seen in the coming years. It is no wonder that consolidation is the predominant trend in health care today.

Professor Speaks | Watch the Latest Episode

Weekly Discussion on Issues that Matter.

New Episodes available Fridays on YouTube.

Watch the Latest Episode >



03 | Commentary: What Can Be Done Right Now to Address the Shortage of EpiPen?

Currently there is a limited supply of Mylan's generic epinephrine 0.3 mg auto-injector for anaphylaxis. There is no information on when the shortage will end for this product, which leads to a need for alternatives in the interim.

Although there is no shortage on Mylan's brand EpiPen, priced at about $730 dollars, it is important to try and find alternatives that will not overburden budgets.

Drawbacks for these alternatives vary depending on the option. For Auvi-Q products, unless being subsidized or paid for by the manufacturer, these products are very expensive at approximately $5k. Vial versions of epinephrine would require patients, or those injecting them, to draw up the epinephrine in a syringe which could be difficult for non-healthcare individuals. Prefilled syringes could be confusing based on the amount of epinephrine to be injected due to not being set to the amount that would be in the auto-injectors. Lastly, Impax's generic auto-injector seems to provide the cheapest product that is similar to EpiPen.

The following is a list of options for purchasing adrenalin for anaphylaxis that is comparable to EpiPen.

Alternatives to EpiPen

Treatment	Cost	Considerations
Kaleo's Auvi-Q 0.3 mg auto-injector	~$5000	Uninsured patients with income less than $100k can utilize the Kaleo's patient assistance program (PAP) to receive the medication for free
Impax's generic epinephrine 0.3 mg auto-injector	~$500	Patients can use a $50 coupon to help reduce the price of this product
Epinephrine 0.3 mg auto-injector	~$110	CVS offers a generic epinephrine auto-injector
Epinephrine vial 30 mg/30 mL	~$70	Not all patients are comfortable with drawing up and injecting using a syringe. In addition, the patient would need to know to draw up only 0.3 mL to get the correct dose.
Epinephrine prefilled syringe 1 mg/10 mL	~$5	The concentration of prefilled syringes does not match the exact amount in the auto-injector which could lead to confusion. To match the concentration given by the auto injector 3 mL would need to be given.

References
https://www.goodrx.com/blog/generic-epipen-is-still-expensive-heres-how-you-can-save/
http://epinephrineautoinject.com/
https://community.kidswithfoodallergies.org/blog/what-to-do-if-you-cant-afford-epinephrine-auto-injectors
https://www.goodrx.com/epinephrine-adrenaclick/savings-tips

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.

Learn More About Us >

FOLLOW US

Questions? Contact us at 1-888-701-5437

www.propharmaconsultants.com