PRO PHARMA
PHARMACEUTICAL CONSULTANTS, INC.

Pharmacy Benefit News

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COMMENTARY |

Where Can We Expect Healthcare Innovations In 2019?

Predicting future innovations in health care can be addressed by looking at where Amazon, the Amazon/JPMorgan/Berkshire Hathaway alliance, Walmart and other deep discounters seem to be positioning their businesses. LEK, McKesson and other consulting groups have already addressed this. (LEK Consulting/Executive Insights, Volume XX, Issue 21) Since healthcare is behind in developing technology that is commonly used in consumer marketing, gaming, and other consumer-based businesses, it would not be a stretch to see technology as a common thread in future innovations. Consider the following:

1. Durable Medical Equipment (DME) – Consider applying the logistics and distribution currently used in books, food, smart phones, etc., to health care. Amazon and others are already doing this, therefore expanding on faster, more efficient and better price points is easily within reach.

2. Retail Pharmacy coupled with Mail Service Fulfillment – This is already being done by major pharmacy chains. It addresses the problem with delays with mail service and inability to deliver, it also merges specialty medication fulfillment with improved access to pharmacies. Also applying predictive analytics and customer survey data, i.e., similar to what is done with books/food, etc., allows these vendors to influence consumer behavior in drug choice, comparative price, collateral sales of DME/OTC/herbals/vitamins, and patient adherence.

efficient, available and simple methods for medical and pharmacy consultation, especially for acute illness. This is easily within the technology currently within Alexa, Echo and other international methodologies. It can also be used for drug delivery and make standard, as well as specialty medication, delivery simple and efficient.

4. Coordination of Care/Continuous Care – Consider the power of artificial intelligence (AI) in improving diagnostics coupled with the rapidly evolving array of wearable sensors in continuous evaluation of patient status. Coordinating that care with each medical specialist as well as clinical therapeutics supplied by clinical pharmacists allows for a truly non-redundant approach to patient care. Basing this care on one integrated medical record allows for a single point of entry, a database for AI analyses, and an ongoing trend of patient disease status.

ANALYTICS AT WORK |

Retrospective Audit

Problem: A common request these days is -- Can an Audit help me to understand why costs are high, when my PBM is not helpful? At the same time other PBMs say they can help, but I am not sure if this is just marketing. A client contacted us for an expedited Retrospective Audit to determine the drivers of cost and the options available for change.

Methodology: Pro Pharma performed a Retrospective Audit including tests for eligibility, benefit compliance, brand and generic pricing, specialty pricing/utilization, benchmarking to national and local standards, and transparency in bases of cost. The Audit was expedited through the use of 100% electronic/digital analyses to facilitate quick turn-around-time to significantly reduce Audit Costs, and was available for client desk and mobile devices.

Findings included potential problems with formulary claims that were coded as Brand when the Plan Expected Generics; problems with transparency such that AWP was inflated from national reference databases; specialty approved for total Rx without tests for FDA approvals, quantity, dosage and companion diagnostic tests; pricing above benchmarks, discount generic programs, Medicare/Medicaid when applicable, and patients paying more than cost of drug.

Generic formulary options for multisource (especially timed-release products), OTC, store brands and private labels. They worked with the PBM to correct inflated AWP issues, and variances from Medicare and Medicaid. They moved Specialty to Prior Authorization (PA) and improved criteria. They expanded the benefit to include payments for discount generic programs and removed zero-balance options. The result was normative pricing that was measurable and validated, low single digit point-of-sale trends, and a solution for analyzing future spend.

The client felt that they now had control, as they were equipped with a plan, an understanding of the drivers of cost, a solution for matching actual spend to expectations, and improved satisfaction.

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COMMENTARY |

Prices Are Higher in The Us!

Professor Uwe Reinhardt and collaborators published an article in Health Affairs that identified that the United States differs from other countries in the Organization for Economic Cooperation and Development (OECD) in that the difference in health care spending is due to higher prices in the US. The article used OECD data to compare the health systems of 30-member countries in 2000. The findings identified that public spending in the US was 5.9% as a percentage of Gross Domestic Product (GDP), which was the same as other countries. However, the US spent more on health care than any other country, while on most measures of health services, the US is below the OECD median.

Ref: Health Affairs, Volume 22, Number 3, May/June 2003

Commentary: The current situation points to the same trend as was seen in the 2000 data. That is, costs in the US are higher, but health care services are not commensurately better. This margin in overall health care, both in spend and delivery of health care services, lends itself to technology improvements. As was predicted above, technology attacks the profit margins of health care providers, vendors, and middle men (e.g., TPAs, PBMs) and squeezes the costs out of these delivery options.

Look to see profit margins decrease, stakeholder fees commoditized, and digital solutions to take the place of manual, highly resource intensive, and local

medical service delivery system established since at least the 1950s.

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COMMENTARY |

Who Drives Up Drug Prices?

Truthout published a paper by Mike Ludwig in March 2018 that put the blame for driving drug prices on the insurance companies. His argument was that the sick pay for the healthy. Support for this argument was the FDA Commissioner Scott Gottlieb who told an insurance industry conference in 2018 that rebates paid by manufacturers to insurers are a feature of the total drug cost. Essentially, according to Gottlieb, manufacturers set prices including rebates. Rebates are paid to the PBMs and the balance to the insurance companies. The rebates are necessary for the manufacturer to sell drugs to the insurance company members.

Commentary: The rebate issue is of primary concern to Congress. It is the target of the recent proposals to include rebates at point-of-sale to lower the cost of medications for patients. It is also a component of the current arguments between PBMs, insurance companies and pharmacies as to who is responsible for the increasing cost of medications. The reality is that all stakeholders are responsible for the rising cost including prescribers and their choices of medications based on marketing claims.

The essential point is whether rebates are the only culprit or one of several problems? Rebates are one issue. Medication selection by prescribers is a second issue. Various National Associations of medical specialties are reviewing the data to ensure that drug selection is evidence-based. There are also groups like NICE in England, AHRQ and ICER in the US, and others who are reviewing the evidence in order to provide recommendations. A third issue are

discounts, or the financial impact of rebates, at point-of-sale decreases cost, but does not make medications affordable. The fourth issue is the innovation coming from of the industry with new medications that are called “specialty” and cost in excess of $1500 per dose. This innovation is a major improvement in therapy for rare and orphan diseases but can also substitute for older standard therapies increasing the cost of care. A primary example is the spectacular increases in the cost of insulins that have increased at least 5 times in the last two decades. This has motivated some researchers to study the outcomes of patients when they are switched back to older standard therapies.

The bottom-line is that lowering drug cost is not a one-trick pony. One solution will not fix the problem. The future is based on the new specialty therapies, and for these, the cost is rising.

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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.