Commercial Pharmacy Benefits Design Environment

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Learning objectives

- Differentiate prescription drug coverage
- Determine current prescription drug benefit design trends in the United States related to biologics or specialty medications
- Identify trends affecting pharmacy benefit plans in commercial insurance (employers as plan sponsor) and ACA impacts on self-funded plans
Democrats are adamant the law stay in place.

Republicans are adamant the law goes.

- This dynamic means there is no pathway for real improvement of changes during the remainder of the Obama administration

Employers need to chart a path forward, recognizing that they will get little help from Washington. This requires two steps:

- Creating health care plans that work for employers and employees within the current structure
- Lay the groundwork for change now that will have to come in a future administration (2018)
Goals of Pharmacy Benefit Design: Application to Oncology
What Are the Goals of Pharmacy Benefit Plan Design?

- Coverage of medications that effectively treat patient and also reduce overall medical costs
- Prescriber flexibility in selecting medications that meet needs of individual beneficiaries
- Member freedom in choosing a pharmacy that’s readily accessible
- Inclusion of written instruction sheets, medication monitoring, and personalized counseling
What Are the Goals of Plan Design? (Cont’d)

- Monitoring of patient compliance/adherence with drug therapy
- Prevention of potentially harmful drug interactions through maintenance and use of patient medication records
- Strict quality assessment standards
- Appropriate review of drug utilization
- Promotion of prudent patient utilization of benefits with strategies that may include copayments or plan limitations
Specialty/Oncology Drugs: Carve-In? Or Carve-Out? Or What?

- First specialty drug (injectables) were covered under medical benefit
  - Increasing numbers are now self-administered
- Plan sponsors have moved specialty drugs from medical to prescription coverage to “better control use and cost”
  - Claims transparency improved under pharmacy benefit, but coverage parity still lacking
  - MBGH/IIH National Employer Surveys show mandatory SP services desired to better meet service through specialty vendors
Unique Challenges of Specialty/Oncology Carve-Outs

- Patients/providers complain that carve-outs of specialty drugs:
  - Complicate/fragment care
  - Place limitations on patient’s right to choose and access care – cost not outcomes driven

- Frequent claims audits are needed to prevent service(s) being claimed under both medical and pharmacy benefit

- Need for reinsurance innovation
  - Failure of primary insurance coverage to manage economic risk for employers
Plan Design Process

1. Identification of what organization hopes to accomplish
   - Improve employee health?
   - Control pharmaceutical costs?
   - Reduce overall health care spending?
   - Enhance employee recruitment and retention?
   - Lower worker absenteeism?
   - Improve worker productivity?
Four Broad Characteristics of Benefit Plans

- Quality
- Accessibility
- Efficiency
- Participant satisfaction
### Employer Plan Design Checklist

**Need**
- What are the current health needs employees? Their families?
- Are there any demographic factors that will influence future needs?
- Does the plan address these?

**Eligibility**
- Who will be participating in the plan? Employees? Spouses? Dependents?
- How long must a person wait before being eligible?

**Financing**
- How will benefits be financed?
- Will the plan participants contribute to the cost of the plan through premiums?
- Will there be other cost sharing such as deductions, copays or coinsurance?

**Coverage**
- What benefits will be provided?
- Will there be any limitations? Restrictions? Exclusions? The quantity of drugs allowed per prescription?
## Plan Design Checklist (Cont’d)

### Choice
- What choices will participants be given and under what circumstances?
- Will the program be mandatory or voluntary?
- Will there be an open or closed pharmacy network?
- What happens if a prescription is needed while a person is out of the country?
- Will participants be able to choose a brand-name drug instead of a generic drug?
- Will there be any incentives to encourage particular drug choices?

### Legal Requirements
- Are there any elements of the plan that are required as part of a contractual agreement with a union or other entity?
- Are there any plan features that are required by state or federal law?
Changes in the Healthcare System Environment Impact Employers

Top 3 Market Changes

1. Ownership (+ Mergers & Acquisitions)
2. Cost and Quality Management (Use of IT)
3. New focus on Risk
Goals of benefit design: coverage, flexibility, cost containment, disease management, etc

Design can affect Rx costs, overall medical costs, participant satisfaction, participant compliance/adherence, provider satisfaction, employer costs

Need for reinsurance innovation

Commercial plans/employer are in a position to drive change unlike government

Drive clinical services value versus dispensing only
Questions/comments

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