North Carolina
State Health Plan
FOR TEACHERS AND STATE EMPLOYEES

Transition Specialty Medications from Medical to Pharmacy Benefit

Board of Trustees Meeting

February 5, 2016

Specialty Drugs from Medical to Pharmacy Benefit

Goal:

Transition specialty drugs (except Oncology drugs) from the medical benefit to the pharmacy benefit in staged phases.

Reason:

- Manage Adherence
- Medical Stability
- Manage Drug Spend

Timeframe		
Phase 1	Self Administered, Hemophilia, IVIG	June 1, 2016
Phase 2	Remaining Rare Diseases	January 1, 2017
Phase 3	Physician Administered	June 1, 2017

Rationale for Transition

- Provide the Plan with:
  - Ability to manage spending, trend, and utilization
  - Consistent clinical protocol
  - Consistent benefit design
  - Consistent member cost share
  - Real-time adjudication
  - NDC-level claims
- Impact magnified by specialty drugs in pipeline
  - Add new generics and biosimilar drugs when available and appropriate
  - Add clinical policies including step therapy when appropriate

Phase 1 Medical Specialty Spend and Savings Opportunity

Management Strategy	Therapy	Patients	Paid Amount	Therapy Management Savings	Utilization Management Savings	Total Savings
Self-Administered	Blood Cell Deficiency	404	$5,027,734	$471,601	$422,832	$894,434
	Infertility	16	$3,186	$258	$276	$534
	Incremental Rebates	n/a				$56,560
	Total	**420**	**$5,030,920**	**$471,859**	**$423,108**	**$894,968**
Rare Disease	Hemophilia	7	$963,356	$24,084	$0	$24,084
	Immune Deficiency	94	$4,432,286	$121,001	$173,746	$294,747
	Incremental Rebates					N/A
	Total	**101**	**$5,395,642**	**$145,085**	**$173,746**	**$318,831**
	Grand Total	**521**	**$10,426,562**	**$616,944**	**$596,854**	**$1,213,799**

Data based on medical claims from 8/2014 -7/2015.

Phase 2 Medical Specialty Spend and Savings Opportunity

Management Strategy	Therapy	Patients	Paid Amount	Therapy Management Savings	Utilization Management Savings	Total Savings
Rare Diseases	ALPHA - 1 Deficiency	4	$435,623	$0	$10,847	$10,847
	Enzyme Deficiency	10	$2,507,320	$18,805	$35,102	$53,907
	Pulmonary Hypertension	10	$316,661	$6,523	$15,580	$22,103
	Incremental Rebates					N/A
	Grand Total	24	$3,259,604	$25,328	$61,529	$86,857

Phase 1 & 2 Member and Provider Financial Impact

- **Members**

  In aggregate, member co-pays* will be reduced approximately $215,000

- **Providers**

  Shift in cost from outpatient providers and office visits to the Pharmacy Benefit Manager and home settings will result in approximately $7,074,873 in savings to the Plan and a potential revenue loss for providers.

  Because the Plan does not have access to the specific rebates the providers may receive on these drugs, we cannot provide an accurate estimate of total provider impact.

* *Co-pays apply to the Traditional 70/30 and Enhanced 80/20 PPO plans*.

Communication Plan – Phase 1 (June 1, 2016)

- **Communication to Members**
  - ESI to send notification regarding the change to all impacted members
  - ESI will also make outbound calls by a home health nurse to set an appointment and meet with the member
  - SHP will feature this change in Member Focus article and update website accordingly

- **Communication to Prescribers**
  - ESI to send notification regarding the change to all prescribers who have prescribed self-administered immunoglobulin and hemophilia Specialty drugs
  - Any prescriber who has prescribed these drugs in 2014 and 2015
  - ESI will also make outbound calls by Medical Channel Specialty Pharmacist to prescribers and discuss all the prescribers' patients impacted by the change

Specialty Drug Transition Recommendation

To ensure high quality of care for Plan members while reducing overall member and Plan costs, Plan staff recommends the Board approve moving specialty drugs identified for Phases 1 and 2 from the medical benefit to the pharmacy benefit effective June 1, 2016 and January 1, 2017 respectively.

Plan staff will gather additional information on physician administered drugs and request Board approval for Phase 3 at a later date.

Appendix

Specialized Clinical Care Model

- The Plan wishes to utilize a specialized clinical care model:
  - Manage to lowest cost and effective dosing
  - Therapy management savings
  - Consistent clinical protocols
    - Improve and assess overall quality of care
    - Ongoing interaction and updates with providers
    - Ongoing measure of patient satisfaction
    - Ongoing assessment of the appropriate site of care
  - Utilization Management tools and specialization across members' conditions

Express Scripts, Inc. Medical Management Channel Model

- Express Scripts' (ESI) Medical Channel Management Team includes:
  - Specialty Pharmacist
  - Nurses trained to manage self-administered and rare disease therapy classes
  - Accredo, the Plan's Specialty Pharmacy, has 600 employed registered nurses who provide care in home, daycare, and other settings

- Member Onboarding Process includes:
  - Clinical (ex. Medication Reconciliation, dose optimization, and pain assessment
  - Assessment (ex. lab values)
  - Environmental factors (ex. home safety)
  - Nutrition Support

Comparison of Benefits Example

Enhanced 80/20 Plan								
		Medical Benefit				Pharmacy Benefit		
		Units	Cost	Member Cost	Plan Cost	Cost	Member Cost	Plan Cost
Neupogen	**OUTPATIENT**	480				N/A		
	Cost of Drug		$1,261.00	$262.00	$ 1,046.00			
	Treatment Room (admin fee)		$47.00					
	OFFICE VISIT	480			-			
	Cost of Drug		$915.00	$117.00	$915.00	$512.00	$128.00	$564.00
	Office Visit		$117.00			$182.00		
	HOME	480	$1,546.00	$309.00	$ 1,237.00			
	Cost of Drug					$512.00	$128.00	$599.00
	Admin Fee					$215.00		

Note: Excludes rebates.

Phase 3: Physician Administered Drugs

- Physician administered for:
  - Asthma
  - Blood Cell Deficiency
  - Inflammatory Conditions
  - Miscellaneous Specialty Conditions
  - Ophthalmic Conditions
  - Oster-Arthritis
  - Respiratory Syncytial Virus
- Will involve evaluating claims to determine the providers/facilities
- Focus on the heavy hitters e.g. Osteo-Arthritis; Inflammatory Conditions, and Ophthalmic Conditions which represents 93% of the medications in the category
- Time Frame for phase 3: June 1, 2017

Phase 3: Physician Administered

Management Strategy	Therapy	Patients	Paid Amount	Therapy Management Savings	Utilization Management Savings	Total Savings
Physician Administered	Asthma	69	$1,152,779	$50,261	$115,393	$165,654
	Blood Deficiency	4	$50,123	$4,702	$4,215	$8,917
	Inflammatory Conditions	853	$22,830,278	$1,054,759	$1,310,458	$2,365,217
	Miscellaneous Specialty Conditions	79	$313,754	$13,178	$4,393	$17,570
	Opthalmic Conditions	324	$2,624,708	$299,742	$194,228	$493,970
	Osteo-Arthritis	1811	$1,827,693	$340,134	$227,548	$567,681
	Respiratory Syncytial Virus	56	$671,990	$17,136	$89,106	$106,242
	Incremental Rebates	N/A				$3,704,907
	Grand Total	3,196	$29,471,325	$1,779,910	$1,945,341	$7,430,158

Current Comparison of Benefits

	Medical			Pharmacy	
Plan Type	**Office**	**Outpatient, Independent Clinic**	**Home**	**Office**	**Home**
CDHP (85/15)- No copays HDHP (50/50)- No copays	Deductible and Coinsurance applied until OOP max reached. Usually applied to each claim line.	Deductible and Coinsurance applied until OOP max reached. Usually applied to each claim line.	Deductible and Coinsurance applied until OOP max reached. Usually applied to each claim line.	Deductible and Coinsurance applied until OOP max reached. Usually applied to each claim line.	Deductible and Coinsurance applied until OOP max reached. Usually applied to each claim line.
Enhanced (80/20) Office Visit Copays: PCP $30 Specialist $70 Drug Copays: Tier 4 – 25% up to $ 100 Tier 5 – 25% up to $132	• No copay taken for drug or services to administer drug • If provider includes office visit code on claim then an office visit copay will be taken • Copay will vary depending on whether provider is PCP or specialist	Deductible and Coinsurance applied until OOP max reached. Usually applied to each claim line.	Deductible and Coinsurance applied until OOP max reached. Usually applied to each claim line.	• No copay taken for drug or services to administer drug • If provider includes office visit code on claim then an office visit copay will be taken • Copay will vary depending on whether provider is PCP or specialist	Copay for drug Coinsurance for Administration
Traditional (70/30) Office Visit Copays: PCP $35 Specialist $81 Drug Copays: Tier 4 – 25% up to $ 100 Tier 5 – 25% up to $132	• No copay taken for drug or services to administer drug • If provider includes office visit code on claim then an office visit copay will be taken • Copay will vary depending on whether provider is PCP or specialist	Deductible and Coinsurance applied until OOP max reached. Usually applied to each claim line. Can be applied to each claim line.	Deductible and Coinsurance applied until OOP max reached. Usually applied to each claim line.	• No copay taken for drug or services to administer drug • If provider includes office visit code on claim then an office visit copay will be taken • Copay will vary depending on whether provider is PCP or specialist	Copay for drug Coinsurance for Administration

Implementation Plan Highlights

	Task Description	Time
1	Medical Carrier to exclude provided J codes from coverage under medical benefit.	Beginning on implementation date
2	Review Medical Carriers' current process for drugs with unclassified or miscellaneous codes.	45-60 days before implementation
3	Determine places of service to be included/excluded in this initiative. Recommendation is to include physician office and other specialty vendor at a minimum. Health plan to confirm they can facilitate desired place of service coding	45-60 days before implementation
4	ESI to provide sample member and physician communications to Client for review	90-120 days before implementation date
5	Review the process and timing for ongoing updates to the drug list with the Medical Carriers.	30-45 days before implementation date
6	Client to confirm which letters they will be using.	60-90 days before implementation date
7	Update content on client's internal website or other communications vehicles.	45-60 days before implementation