SPEAKER INFORMATION

Peter Dehnel, MD
Medical Director, Integrated Health Management – includes utilization management, case management and disease management

BlueCross BlueShield of Minnesota

• “Not for profit” plan
• 2.9 million covered lives
• $10 billion dollars in annual revenue
DISCLOSURES

- I have no financial interests to disclose in relationship to this presentation
- I will not promote the use of off-label, experimental or investigational therapies or devices
- The use of brand names are only for the purposes of illustration
- I apologize in advance for any attempts at humor that do not meet audience expectations
OBJECTIVES

• Explore the increase in payer-owned SPPs and the impact on patient access
• Assess the changing insurance dynamic and the effect on turnaround time
• Discuss management strategies to optimize the impact of specialty products
• Evaluate patient engagement, adherence and compliance enhancements
• Manage the message of the increasing cost of specialty pharmacy with your key customers
MANAGING COMPLEXITY
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• Diseases and chronic conditions
• New medications and mechanisms of actions
• Insurance changes – significant internal and external forces
• Regulatory environment – HHS, CMS, ACA, FDA, Congress
• Financial and coverage pressures – including “best price”
• Payer relationships – or lack thereof
EASY, STRAIGHTFORWARD SOLUTIONS????

For every complex problem there is an answer that is clear, simple, and wrong.

H. L. Mencken
DEFINITIONS: Albert Einstein

• Insanity - Doing the same thing over and over again and expecting different results

• The significant problems we have cannot be solved at the same level of thinking with which we created them

• The difference between stupidity and genius is that genius has its limits
CURRENT STATE OF HEALTH CARE COSTS:
We can see the future, and it ain’t pretty

- Total expenditures - $3.0 trillion (2014)
- Current percent of the GDP – 17.5%
- Current level of quality – e.g., life expectancy is lower than many other industrialized countries
- Projected costs – 20% of GDP by 2020

BOTTOM LINE – The current system of delivering and paying for health care services in this country does not seem to be delivering the results that we all desire nor is it sustainable
CURRENT CHALLENGES– FROM A PAYER’S PERSPECTIVE

AS A PAYER, YOU ARE LIKELY LOSING MONEY BADLY:

Rules have been turned upside down, partly because of the ACA of 2010 (implementation is not yet finished):

• Essential health benefits – increased costs
• Other legislative mandates
• Removal of pre-existing condition exclusion
• Increased costs of care – specialty pharmacy included
• High deductible plans – still cannot afford care

Pressure from self-insured accounts – TOO EXPENSIVE
PHARMACY CHALLENGES – FROM A PAYER’S PERSPECTIVE

Overall pharmacy costs are generally increasing at 10% per year

Specialty pharmacy (> $600.00 per month) is increasing 20 to 25% per year with no reasonable endpoint in sight

“Classic” Options: 
- Prior authorization process
- Step therapy
- Formulary tier placement
- Medical policy development
- Split fill programs
- Medication adherence support
CHOLESTEROL MANAGEMENT: Praluent (alirocumab) and Repatha (evolocumab) – PCSK9 inhibitors

- Indication: patients with hypercholesterolemia not well managed with standard therapy
- Annual cost per member (patient) - $14,000.00 to $14,600.00
- Potentially treatable population (US) – 13 million to 23 million Americans
- Potential cost (annually) - $185 billion to $342 billion
- Potential cost savings (annually) - $245 billion – 50% reduction in adverse CVD events

The THREE BUCKETS of Life™
ADDITIONAL CHALLENGES—FROM A PAYER’S PERSPECTIVE

THE “THREE BUCKET” VIEW OF LIFE:

• Bucket 1: Health – Freedom from disease or highest level of function with one or more diagnoses
• Bucket 2: Health care services – including specialty pharmacy
• Bucket 3: Health insurance – payment for services – commercial (fully insured or self insured) and/or government-based programs
HOPEFUL OPPORTUNITIES AS A PAYER IN THE SPECIALTY PHARMACY SPACE:

- Reduce your acquisition costs
- Control access, especially to highest cost products
- Increase the “right” usage of medications, especially high cost medications
- Manage care associated with the provision of high cost medications
- Improve compliance, adherence and reduce product waste
- Better access to, and control of, data - total cost of care
CAUTIONS AS A PAYER IN THE SPECIALTY PHARMACY SPACE:

• The temptation to excessively limit needed and appropriate medications is too great to overcome
• You are simultaneously operating in two of the three “buckets” and will likely find yourself tripping over yourself
• You do not have the needed skill set to do both well – either on the leadership or operational side
• Care management is not as easy as you think
• The bottom line will likely catch up with the needed provision of capital and resources
CAUTIONS AS A PAYER IN THE SPECIALTY PHARMACY SPACE:

- DATA – DATA – DATA
- Tracking medication specific data requires a much different skill set than reviewing claims data, utilization management, cost trends, NCQA adherence, HEDIS data sets and even general pharmacy data
- Most payer-based case management programs are inadequate to manage the level of intensity needed for quality compliance and adherence programs
- What do you do with financial support programs as a payer???????????
TURNAROUND TIME

• Compare Nordstrom’s and Walmart in terms of customer service – What is the difference? Why?

• Incredible cost pressure on insurance companies. PERIOD

• Internal and/or external resources needed to review and approve requests for specialty medications

• Up to date medical policy requirements for this rapidly evolving space

• One side of medical policy and claims payment works against the best intentions of specialty pharmacy – e.g., genetic testing for qualifying conditions
TURNAROUND TIME

• Denials – turnaround times allowed for initial consideration will likely vary from state to state and plan to plan
• Appeal process will vary, with differences in process steps and allowed times
• Qualifying conditions and extenuating circumstances will likely vary
• Changing from one plan to another can disrupt an established course of care even under the best of situations
OPTIMIZING IMPACT OF SPECIALTY PRODUCTS: HUGE OPPORTUNITY!

- Inadequate understanding of disease and disease course
- Inadequate explanation and understanding of plan of care
- Medication dosing schedule may not be fully understood – e.g., “four pills a day”
- Do not anticipate potential serious side effects
- Potential complications of care – e.g., hospitalizations
- People stop taking their medications and no one knows
OPTIMIZING IMPACT: IDEAL STATE

• Patient (member) has the appropriate qualifying condition or disease state
• They are prescribed the appropriate medication at the appropriate dose
• They have the needed level of individualized education for their level of understanding
• They understand how this will likely make them feel
• They fully understand the likely – and unlikely – side effects and how to manage them

What to do when things go south – real time access
ENGAGEMENT, ADHERENCE & COMPLIANCE ENHANCEMENTS

*Integrated complex care management:*

- Physical (biologic) health
- Behavioral (mental) health
- Social factors (social determinants of health)
- Health system – health care systems, local medical resources in general, health insurance plan impacts

*RN or masters’ level behavioral health*
ENGAGEMENT, ADHERENCE & COMPLIANCE ENHANCEMENTS

• Patient Centered Medical Homes
• (August 17) “CMS advises states to strengthen Medicaid home care workforce”
• Community health workers
• Telemedicine-based care enhancements
• Smartphone – simple text messages
ENGAGEMENT, ADHERENCE & COMPLIANCE ENHANCEMENTS

- Pharma and industry-based programs
- Financial assistance programs
- Patient tracking registries
- Outcome-based monitoring
- Data – data – data – data
- Innovative partnerships where possible
ENGAGEMENT, ADHERENCE & COMPLIANCE ENHANCEMENTS

CHALLENGES:

• Many silos have been erected over time that prevent best care and optimal outcomes – internal, external and regulatory

• Who is responsible?

• Who is in control – site of care?

This is different than “care as usual”
MANAGING THE MESSAGE OF INCREASING SPECIALTY PHARMACY COSTS

WHO IS THE CUSTOMER?

• Individual purchasing an insurance policy on the insurance marketplace

• Small business plans (generally less than 50 employees and dependents)

• Large business, fully insured (51 to roughly 5000)

• Large self-insured employer – generally greater than 5000 covered lives

Government program – Medicare, Medicaid, TriCare, etc.
MANAGING THE MESSAGE

When meeting with the customer:

• Cost trends of health care - broken down into components – physician costs, hospitalization, those outrageous pharmacy costs (humor), etc.

• Breakdown of key customer’s costs and disease burden:
  • e.g., 47 employees or dependents (0.12% of covered lives) account for 25.4% of the company’s total health care costs

• What can we do about this? Solutions that are likely to improve this financial situation going forward

• Data is critical
MISCELLANEOUS
Change Ahead?
Wrong Way
RISK SHARING CONTRACTS

For the purposes of this discussion, risk sharing discussions should generally include:

- Financial risk - based on the total cost of care
- Quality measures - looking more to outcome measures than process measures
- Patient (member) and purchaser (employer) satisfaction measures
- Time frame – under-recognized but extremely important
- Very challenging to construct well
QUALITY MEASURES

Many existing measures – may not need to create any:

• CMS
• HEDIS
• Institute of Medicine, National Quality Foundation & other professional organizations
• State-based: Minnesota Community Measurement, Minnesota Department of Health (27 never events)
TIME PERSPECTIVE

- **1 to 2 year timeframe** – decreased ER use & hospital readmissions, reduce specialty pharmacy, minimize expenditures
- **5 to 7 year timeframe** – CM, DM, early detection, earlier aggressive treatment
- **10 plus year timeframe** – preventive care, genetic testing, nutritional & activity support

*Consider Hepatitis C & cholesterol – PCSK9 inhibitors*
EXAMPLES OF RISK SHARING CONTRACTS

• **Health system** – ACO model with 50,000 covered lives – risk sharing model where you will retain 33% of any calculated savings (or 33% of losses as well)

• **Health insurer** – combined value-based payment contract with an insurer and specialty clinic that manages 200 members with rheumatoid arthritis or macular degeneration

• **Episodes of care** – breast cancer treatment over a five year period – costs and outcomes

• **Large, self-insured national employer** – they need a sufficient population of a specific condition in which this makes sense
COMMENTS OR QUESTIONS

THANK YOU!

Contact: Peter Dehnel, MD
BlueCross BlueShield of MN
peter.dehnel@bluecrossmn.com
Phone: 651-662-1811