Driving Specialty Rx Savings: The Integration Advantage

THIS IS HOW

As specialty pharmacy costs continue to rise—including the influx of multimillion-dollar drugs to treat complex, chronic conditions—employers are looking for ways to balance cost and care. This is where integrating specialty drugs with your medical benefits plan can add real value.

The need for integration from a total-cost perspective

As organizational expenses continue to increase, employers are understandably evaluating where they can streamline bottom lines. One area getting more attention is specialty drugs—particularly since large employers have reported that specialty drugs drove 12 percent of healthcare costs—equating to over half of their pharmacy expenses.[1] And specialty drugs aren't going anywhere: in fact, the FDA intends to approve between 10–20 gene and cell therapies per year by 2025.[2]

In an effort to reduce these costs, some employers are considering carving out specialty pharmacy benefits with pharmacy benefit managers (PBMs) or other vendors. However, integrating specialty pharmacy into your overall benefits plan can ultimately add the most value since it optimizes both cost and care management. Due to factors such as comorbidity, fragmented patient care, increased hospitalizations and ER visits, choosing not to integrate specialty pharmacy benefits can be more costly in the long run.

Also, health plans often partner with PBMs to leverage their pricing strategies within integrated programs. But in addition to this, they're able to add care managers with a full picture of employee health, as well as contracting arrangements with providers that drive even more value beyond what PBMs and other vendors can.

This opens up a critical discussion: Carve in or carve out specialty pharmacy benefits? The reality is, tackling affordability is about more than sheer price. Employers are wise to look at the total cost-and-care picture and address three key factors that impact the affordability of specialty drugs: cost, utilization and effectiveness.

A LOOK AT SPECIALTY RX

Specialty drugs are high-cost, high-touch medications often used to treat complex, chronic conditions (such as cancer, rheumatoid arthritis and multiple sclerosis).

OVER 50%

Large employers report specialty Rx accounts for over 50% of their pharmacy spend, across medical and pharmacy benefit expenses.

Uncovering the integration advantage

Lowering cost

Your health plan partner is familiar with your workforce's medical needs, your benefits plan and organizational priorities—all of which can help determine the most relevant specialty medicines. This helps in negotiating better bottom-line pricing at scale for specialty drugs (volume-based contracting). They can also go a step further, educating employees and providers on the value of generic drugs, preferred formulary options and biosimilars—to help them embrace these alternatives. It's important to understand your options and the value of them. So, ask your health plan partner what strategies they have in place to ensure partner transparency.

PROMOTING AFFORDABILITY THROUGH QUALITY GENERICS

Blue Cross and Blue Shield companies joined forces with CivicaRx to co-found CivicaScript™, a public benefit company dedicated to making quality generic medications more accessible and affordable. CivicaScript now offers abiraterone acetate—a specialty drug used to treat prostate cancer. The medicine is available to patients at a maximum retail price of $171—about $3,000 less than someone on Medicare Part D would pay for a comparable month's supply.[3] Learn more at civicascript.com.

Managing utilization

Another piece of the affordability equation is the proper utilization of specialty drugs. Health plans can use data to track engagement and connect employees and providers at the right sites of care for the most affordable administration of medications. This not only helps employees get the right drug at the right place and time, but also take it the right way.

Health plans contract directly with physicians, hospitals and home infusion providers, opening more opportunities to incorporate specialty pharmacy into reimbursement strategies, incentive programs, site of care optimization and care within the home. This will be even more vital as gene therapies increase, since they are primarily reimbursed under the medical benefit and a multipronged strategy is necessary to ensure these multimillion-dollar therapies are appropriately prescribed and costs are managed.

With specialty pharmacy integrated, your health plan partner can add programs specifically aimed at supporting safe and proper use of specialty medications. This can include programs like step therapies, quantity limits and prior authorizations—all of which are significantly more effective when benefits are integrated with access to employees' medical and pharmacy claims data.

CREATING VALUE THROUGH INNOVATION

Synergie Medication Collective is a new medication contracting organization founded by a group of Blue Cross and Blue Shield affiliated companies focused on improving affordability and access to costly medical benefit drugs. Synergie will partner with pharmaceutical manufacturers and other industry stakeholders to create efficient, affordability-focused contracting models and meaningful value-based arrangements. This first-of-its-kind approach will have a positive impact for millions of people across the United States.

With specialty pharmacy carved out, the risk of therapeutic duplication increases, which is potentially costly and can result in increased risk of drug interactions and other issues. Health plans have visibility into and the ability to coordinate across both the pharmacy and medical benefit, ensuring patients receive the most appropriate care. Supporting proper utilization can cut out redundant spending and overspending, while employees receive more comprehensive support.

Driving effectiveness

By carving in, you can optimize your health plan's disease management for some of the most complex and costly conditions like hemophilia, cancer and cystic fibrosis. Health plans are also able to support your workforce's specific pharmacy needs and educate them on how to make informed decisions. This can help close care gaps, such as improper adherence—which costs $528.4 billion annually.[4]

What's more, while today's high-cost cell and gene therapies offer promising outcomes, they present a challenge when their effectiveness is not guaranteed for every patient. Health plans can use their scale and relationships with drug manufacturers to coordinate value-based contracting arrangements tied to effectiveness—with the investment depending on certain outcome requirements. This is how health plans can push for solutions that provide greater alignment of payment for value delivered.

Affordability through integration = balancing cost + care

Integrating specialty pharmacy is ultimately an investment decision—not a purchase decision. Effective drugs may be costly, but given the benefits of integration, including care management, they may save on costs and complications in the long run. Considering the short- and long-term cost-care equation, employers can see everything that affects the balance sheet—and ensure the best health outcomes for their employees.

For more resources on Total Cost of Care, visit smarterbetterhealthcare.com.

1) Business Group on Health. 2023 Large Employers' Health Care Strategy and Plan Design Survey. August 2022. 2) U.S. Food and Drug Administration, "Statement from Scott Gottlieb, M.D. and Peter Marks, M.D., Ph.D, on New Policies to Advance Development of Safe and Effective Cell and Gene Therapies," Jan. 15, 2019. 3) Civica Rx, "CivicaScript Announces Launch of its First Product, Creating Significant Patient Savings," Aug. 2, 2022. 4) Dan Klein, "Medication Non-adherence: A Common and Costly Problem," PAN Foundation, June 2, 2020.