



Specialty Pharmacy: *Managing the cost of cutting edge treatments*

“As new drugs become available and the marketplace evolves, MaxCare is there to help us evaluate where the plan boundaries should be.”

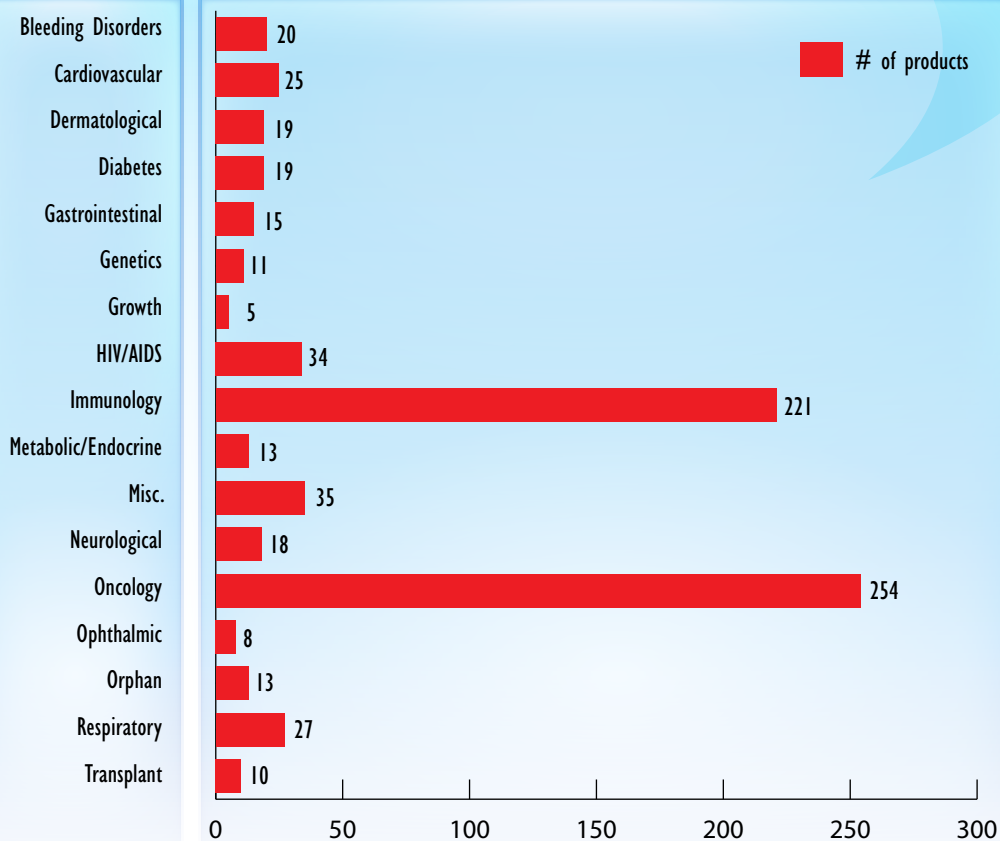
– J. Tofani, Health Benefits Director,
Non-profit Organization

Specialty pharmaceuticals have proven to be one of the most incredible advancements in medical history. These cutting-edge medications are used not just to mask symptoms but to actually treat diseases such as rheumatoid arthritis, psoriasis, cancer, and multiple sclerosis. At the same time, because they serve a small segment of the population and require extensive monitoring, they give rise to challenging management issues regarding access and cost.

A BREAKTHROUGH IN MEDICAL KNOW-HOW

Today, specialty pharmacy consists largely of biopharmaceuticals, or biologic drugs, that owe their existence to breakthroughs in our knowledge of the human genome, the foundation upon which all body functions operate. These specialty drugs go beyond treating symptoms and actually fight disease by neutralizing foreign entities in the body, blocking a cell's ability to reproduce, or altering the function of specific cells. The FDA has approved over 250 specialty drugs to treat cancer, multiple sclerosis, psoriasis, hemophilia, rheumatoid arthritis, hepatitis C, growth hormone deficiency, and more. And researchers are actively working on over 600 new drugs that will target more than 100 diseases.

Biotech Drugs in the Pipeline



Management of specialty pharmacy.

Because of the cutting-edge nature of specialty pharmaceuticals and increasing patient demand, these treatments present challenges for healthcare managers due to their significant cost—most cost over \$1500 per 30-day supply. Limited availability as well as special storage, handling, administration, and safety issues serve to raise the cost of these treatments.

To date, management of these drugs consists mostly of monitoring appropriate utilization by focusing on correct quantity and waste minimization via the prior authorization process.

Cost controls implemented under the pharmacy benefit plan.

For self-administered injectibles covered under the pharmacy benefit, the claim for the specialty medication is adjudicated through the pharmacy benefit on a real-time basis. Since the prescription is adjudicated on a real-time basis, member cost sharing requirements and utilization management tools (prior authorization, step therapy, dispensing quantity limits, duration of therapy limits, etc.) can be applied prior to the member receiving the medication.

On the other hand, if these medications are administered in a doctor's office, infusion center, hospital, or at home under supervision of a healthcare professional, the claims are assigned to the medical benefit with member cost sharing for the products integrated as part of the medical service fees. The physician or the home infusion therapy provider is responsible for obtaining the medication, administering the product, and submitting a medical claim for reimbursement for both the drug and professional services. This process is commonly termed "buy and bill." These medical claims are rarely processed on a real-time basis, thereby limiting the ability to determine member cost sharing requirements and apply utilization management tools. Furthermore, medical claims billing systems use the Healthcare Common Procedure Coding System, a nonspecific coding system that tracks only the chemical name of the drug used. New drugs are often not assigned a code number during the first 6-18 months on the market and are usually billed with nonspecific codes. This prevents the payer from accurately tracking specialty product use, member co-payment determination, preferred pricing, and negotiation of discounts via drug company rebates.

Specialty drug; retail pharmacy.

As the use of specialty medications grows more widespread their accessibility increases. Many specialty self-injectible and oral medications can be purchased at regular retail pharmacies without the need for a specialty vendor. Members maintain the convenience and safety of having all prescriptions come from one local, trusted pharmacy and avoid the hassle of mail order. Members should ask their pharmacist about the availability of specialty medications.

MaxCare's Specialty Pharmaceuticals Program.

When it comes to specialty pharmacy, MaxCare's services balance cost control measures for plan sponsors with effective treatments for members.

For members:

- Our pharmacy network consists of local providers as well as national specialty pharmacy partners.
- We provide shipping of many specialty products direct to the member's home or clinician's office.
- We maintain the patient-physician-pharmacist connection.

For plan sponsors:

- We offer a full range of clinical programs, including prior authorization protocol and step therapy programs to ensure appropriate utilization and cost control.
- We offer competitive pricing through all distribution channels.
- Specialty pharmaceuticals are billed through the prescription benefit instead of the medical benefit.



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