Wrap Up – Where Do We Go from Here?

Brenda Motheral, President
Artemetrx Specialty Drug Solutions
Five Key Steps for Specialty Medical Management

1. Transparency in Spend and Pricing
Spend and Trend Example: Overall Specialty Spend
Year Ending 9/30/2014

<table>
<thead>
<tr>
<th>CHANNEL</th>
<th>PLAN COST</th>
<th>PMPY</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>$15,888,240</td>
<td>$417</td>
<td></td>
</tr>
<tr>
<td>Pharmacy</td>
<td>$8,694,769</td>
<td>$228</td>
<td>55%</td>
</tr>
<tr>
<td>Physician Office / Home Infusion</td>
<td>$2,091,101</td>
<td>$55</td>
<td>13%</td>
</tr>
<tr>
<td>Outpatient Hospital</td>
<td>$3,965,782</td>
<td>$104</td>
<td>25%</td>
</tr>
<tr>
<td>Outpatient Hospital (Unknown Therapy)</td>
<td>$167,689</td>
<td>$4</td>
<td>1%</td>
</tr>
<tr>
<td>Drug Administration</td>
<td>$968,899</td>
<td>$25</td>
<td>6%</td>
</tr>
</tbody>
</table>

Drug Administration, $968,899
Outpatient Hospital, $3,965,782
Physician Office / Home Infusion, $2,091,101
Outpatient Hospital (Unknown Therapy), $167,689
### Employer Specialty Scorecard™ Example

<table>
<thead>
<tr>
<th>METRIC</th>
<th>BOB RANGE*</th>
<th>(Year Ending 9/2014)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Spend Profile</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PMPY Specialty Spend</td>
<td></td>
<td>$417</td>
</tr>
<tr>
<td>% of Specialty in Medical</td>
<td></td>
<td>45%</td>
</tr>
<tr>
<td>% Outpatient Hospital in Medical</td>
<td></td>
<td>67%</td>
</tr>
<tr>
<td>Specialty Medical Trend</td>
<td></td>
<td>24%</td>
</tr>
<tr>
<td><strong>Pricing Under Medical</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Physician Office / Home Infusion, % of ASP</td>
<td></td>
<td>219%</td>
</tr>
<tr>
<td>Outpatient Hospital, % of ASP</td>
<td></td>
<td>123%</td>
</tr>
<tr>
<td>Administrative Costs, As % of Medical</td>
<td></td>
<td>6%</td>
</tr>
<tr>
<td><strong>Savings Opportunity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inappropriate Use, as % of Specialty Medical</td>
<td></td>
<td>18%</td>
</tr>
<tr>
<td>Savings, as % of Specialty Medical</td>
<td></td>
<td>50%</td>
</tr>
</tbody>
</table>

*BOB Range indicates the lower and higher bounds for each metric.
Savings Summary, Client Example

- **SITE OF CARE MANAGEMENT**: $1,724,812
  - Implement site of care program

- **PLAN DESIGN**: $580,032
  - Implement copay assistance programs and quantity management programs

- **CLINICAL MANAGEMENT**: $1,266,727
  - Implement / redesign and execute prior authorization program

- **REIMBURSEMENT MANAGEMENT**: $27,690+
  - Secure competitive rates in the physician office / home health channels

**Total Potential Savings**: $3,599,261
Five Key Steps for Specialty Medical Management

1. Transparency in Spend and Pricing
2. Site of Care Management
Site of Care Management Savings Opportunity

- Average annual savings per patient is at least **$25,000**.

- Savings represents **12-25%** of total medical specialty drug spend, depending on whether oncology drugs are included.

- Savings total **$25-$50 PMPY** across all the entire membership.

<table>
<thead>
<tr>
<th>Lives</th>
<th>Number of Patients</th>
<th>Annual Savings Opportunity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,000</td>
<td>1</td>
<td>$25,000</td>
</tr>
<tr>
<td>10,000</td>
<td>10</td>
<td>$250,000</td>
</tr>
<tr>
<td>100,000</td>
<td>100</td>
<td>$2,500,000</td>
</tr>
</tbody>
</table>

Site of Care Management is typically the single **BIGGEST** savings opportunity.
Employer Case Study

- Large state employer
- Powerful health systems in the state
- Health plans were not providing assistance on site of care or clinical management... after repeated requests
- Specialty spend of $512 PMPY
  - 54% in Medical
  - 30% in Outpatient hospital
- Outpatient hospital pricing averaged 230% ASP
Remicade, Cost Per Unit

- Physician Office
- Outpatient Hospital
Key Findings from Specialty Diagnostic Example

<table>
<thead>
<tr>
<th>Design</th>
<th>Current Annual Savings Opportunity</th>
<th>Future Cost Avoidance</th>
<th>Member Disruption</th>
<th>Considerations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Site of Care Management Program</td>
<td>$4,402,303</td>
<td>High</td>
<td>Moderate</td>
<td>▪ Non-chemotherapy opportunities only</td>
</tr>
<tr>
<td>Implement site of care management program for specialty drugs under the medical benefit.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Clinical Management</td>
<td>$3,293,473</td>
<td>High</td>
<td>Medium</td>
<td>▪ Rebates not factored into calculations.</td>
</tr>
<tr>
<td>Implement additional medical policies under the medical and pharmacy benefit.</td>
<td></td>
<td></td>
<td></td>
<td>▪ Majority of the savings is under the medical benefit</td>
</tr>
</tbody>
</table>
Site of Care Implementation

- Introductory letter with inbound option
- Outbound call following introductory letter
- $200 Member Incentive
- Used only one of the in-network home infusion companies due to relationship issues
- Launched for one health plan initially
Site of Care Member Motivation

Member Quotes

“I really like the convenience of doing this at home.”

“The price of my Remicade has continued to increase and I don’t know why.”

“I’m moving for grad school and having at-home infusion would be great in my new location.”
Five Key Steps for Specialty Medical Management

1. Transparency in Spend and Pricing
2. Site of Care Management
3. Clinical Management
Clinical Management: Growing Need for Clinical Management and Oversight

Why the need?

• Growing pipeline of marginally effective specialty drugs
• Growing DTC ads for specialty
• Weakly written medical policies
• Poorly enforced medical policies
• Lack of monitoring and vendor accountability
### Clinical Management: Potential Savings Opportunities

<table>
<thead>
<tr>
<th>Condition / Class</th>
<th>Drugs</th>
<th>Issue</th>
<th>Medical Spend</th>
<th>Medical Opportunity</th>
<th>Potential Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eye Disorder</td>
<td>Lucentis / Eylea</td>
<td>Therapeutic Substitution (Avastin)</td>
<td>$1,596,761</td>
<td>$1,461,562</td>
<td>$730,781</td>
</tr>
<tr>
<td>TNF Inhibitors</td>
<td>Remicade</td>
<td>No Supporting Diagnosis</td>
<td>$8,580,479</td>
<td>$847,738</td>
<td>$423,869</td>
</tr>
<tr>
<td>PNH</td>
<td>Soliris</td>
<td>No Supporting Diagnosis</td>
<td>$1,522,601</td>
<td>$1,231,029</td>
<td>$410,343</td>
</tr>
<tr>
<td>Cancer</td>
<td>Avastin</td>
<td>No Supporting Diagnosis</td>
<td>$5,076,968</td>
<td>$899,460</td>
<td>$299,820</td>
</tr>
<tr>
<td>Cancer Support</td>
<td>Anti-Emetics</td>
<td>Unwarranted Use</td>
<td>$1,560,240</td>
<td>$572,798</td>
<td>$286,399</td>
</tr>
<tr>
<td>TNF Inhibitors</td>
<td>Actemra</td>
<td>No Supporting Diagnosis</td>
<td>$659,052</td>
<td>$533,549</td>
<td>$266,775</td>
</tr>
<tr>
<td>Cancer</td>
<td>Rituxan</td>
<td>No Supporting Diagnosis</td>
<td>$4,900,747</td>
<td>$627,374</td>
<td>$209,125</td>
</tr>
<tr>
<td>Immune Disorders</td>
<td>IVIG</td>
<td>No Supporting Diagnosis</td>
<td>$2,670,602</td>
<td>$374,209</td>
<td>$187,104</td>
</tr>
<tr>
<td>TNF Inhibitors</td>
<td>Stelara</td>
<td>No Supporting Diagnosis</td>
<td>$327,049</td>
<td>$319,484</td>
<td>$159,742</td>
</tr>
<tr>
<td>TNF Inhibitors</td>
<td>Stelara</td>
<td>Excessive Dosing</td>
<td>$3,445,184</td>
<td>$346,550</td>
<td>$115,517</td>
</tr>
</tbody>
</table>

Continued Next Page
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<th>Potential Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>TNF Inhibitors</td>
<td>Orenzia</td>
<td>No Supporting Diagnosis</td>
<td>$494,991</td>
<td>$37,337</td>
<td>$18,669</td>
</tr>
<tr>
<td>Cancer</td>
<td>Herceptin</td>
<td>No Supporting Diagnosis</td>
<td>$4,828,276</td>
<td>$51,021</td>
<td>$17,007</td>
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<tr>
<td>TNF Inhibitors</td>
<td>Simponi</td>
<td>No Supporting Diagnosis</td>
<td>$237,963</td>
<td>$28,525</td>
<td>$14,262</td>
</tr>
<tr>
<td>Osteoarthritis</td>
<td>Visco-Supplements</td>
<td>No Supporting Diagnosis</td>
<td>$553,948</td>
<td>$26,979</td>
<td>$8,993</td>
</tr>
<tr>
<td>Osteoporosis</td>
<td>Prolia</td>
<td>No Supporting Diagnosis</td>
<td>$1,409,163</td>
<td>$26,697</td>
<td>$8,899</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td><strong>$37,897,793</strong></td>
<td><strong>$7,387,585</strong></td>
<td><strong>$3,158,395</strong></td>
</tr>
</tbody>
</table>
Clinical Management: Stelara Detail

**Strength** | **Claims** | **Plan Paid** | **Avg. Cost/Claim**
--- | --- | --- | ---
45mg | 206 | $1,593,315 | $7,735
90mg | 120 | $1,851,869 | $15,432

- Per U.S. Census Bureau 2012, 23% adult males and 11% of adult females weigh > 100kg (allowing for 90mg dosing)
- Per your utilization, 37% of claims are at the higher dose
  - Potential savings: **$346,550** (if 90mg use leveled at 23%)

**Recommendations**
- Require prior authorization- appropriate diagnosis, previous therapies
- Approve 90mg dose only **on exception**, when weight is > 100kg
- Limit frequency to dosing guidelines
  - Initial 2 doses separated by 4 weeks
  - Maintenance dose every 12 weeks
Questions to Ask Your Medical Vendor

- For what specialty drugs do you offer Prior Authorization (PA) programs?
- Is the PA policy enforced through pre-certification?
- Can you share the PA criteria?
- Can you share your denial and savings experience? Do you have program reporting?
- What are the fees for PA program and expected ROI?
- What are the implementation steps?
Clinical Management: Questions to Ask Your PBM

- What prior auths/step therapy programs are available that I have NOT already implemented?
- What are my savings from my current PA/Step programs?
  - Ask for a detailed report and review it
- Are you requiring documentation submission to approve prior authorizations?
Another Consideration: Stop-Loss for Specialty

- Large employer coalition with joint PBM purchasing
- Struggling with specialty cost control and PBM collaboration
- Implementing stop-loss for specialty drugs
  - Stop-loss carrier requires PA on all drugs
  - Stop-loss carrier requires use of a PA vendor that independent of distribution

How We Are Getting Started
- Implementing more robust clinical coverage criteria
- Conducting PA on all new starts of specialty drugs
- Systematically reviewing the coverage of specialty drugs for existing users
- PBM interface functions similar to payer model
Five Key Steps for Specialty Medical Management

1. Transparency in Spend and Pricing
2. Site of Care Management
3. Clinical Management
4. Pipeline Planning
5. Coordinate across Benefits
Integrated Data & Reporting
Site of Care Optimization
Clinical Policies & Formulary
Aligned Cost-Sharing
Coordinated Care Management

Pharmacy Benefit
- Specialty Pharmacy
- Retail Pharmacy
- Mail Pharmacy

Medical Benefit
- Outpatient Hospital
- Physician Office
- Home Infusion
- Ambulatory Infusion Centers
- Inpatient Hospital

Ongoing Claims Editing and Monitoring
Contact

For follow-up questions or more information:

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