

# The United States Specialty Pharmacy Payor Landscape

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## Background

- The TPG-National Payor Roundtable (TPG-NPRT) focuses on market access programs within the United States and is a subsidiary of The Pharmacy Group.
- The JeSTARx Group provides evidence-based research and support to the Healthcare Industry.
- The TPG-NPRT maintains a proprietary database of Chief Medical Officers, Chief Pharmacy Officers and other key decision makers from health plans in the United States.
- "Specialty pharmacy" products are pharmaceuticals designed to treat specific, complex chronic diseases and have four or more of the following attributes shown in Table 1.<sup>1,2</sup>

Table 1. Attributes of Specialty Pharmacy Products

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|--|--|
| <ul style="list-style-type: none"> <li>Initiated only by a specialist</li> <li>having few prescribers or centers</li> <li>high expense</li> <li>requires reimbursement assistance</li> <li>requires processing of pre-approval essential and competitive skill</li> <li>requires special handling</li> </ul> | <ul style="list-style-type: none"> <li>requires a cold chain for distribution</li> <li>requires special patient training to administer</li> <li>needs patient's support to achieve adherence</li> <li>has a unique process for distribution</li> <li>importance of low inventory</li> <li>no need to supply all pharmacies through all warehouses</li> </ul> |
|--|--|

- Pharmacy & Therapeutic (P&T) Committees and technology assessment entities are tasked with making coverage decisions with limited information available.
- Based on recent programs with US Payors, Medical Directors, and Sponsors (pharmaceutical companies, medical device, and health technology companies), the authors and their organizations decided to conduct a survey of medical and pharmacy directors involved with P&T Committees on their policies regarding Specialty pharmacy Products and the use of Specialty Pharmacies.

## Objective and Purpose

- This study sought to survey medical directors and pharmacy directors of US payors representing: Health plans, Insurers, Employer groups and Pharmacy Benefit Managers (PBMs).
- The survey focused on the:
  - Management of specialty pharmaceuticals (SPs) and specialty pharmacies.
  - Pharmacy & Therapeutics (P&T) committee process.
  - Current and anticipated future:
    - Policies regarding the use of specialty pharmacies
    - Coverage of specialty pharmaceuticals.

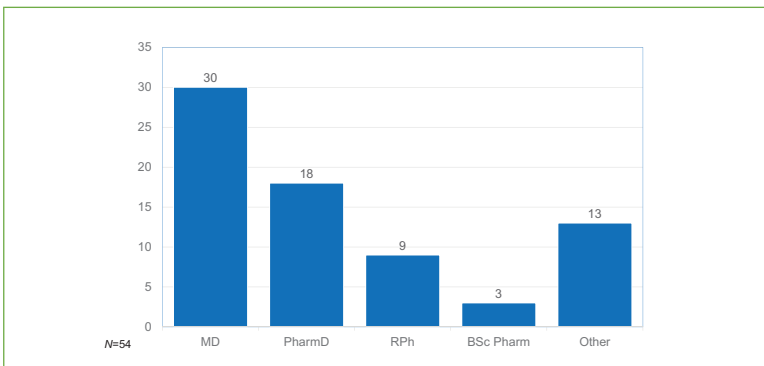
## Methods

- An online, interactive survey was developed with 63 questions and included:
  - Yes / No questions
  - Lists for users to select single or multiple answers
  - Open-ended responses (ie, what disease states most concern you?)
- Invitations to participate were sent to 224 medical and pharmacy directors currently employed by US health plans and insurers from the TPG-NPRT database in December 2014.
- Material or financial incentives were not offered for completion of the survey.
- Topics included:
  - Plan coverage:
    - Geographical coverage
    - Types of lives
  - Restrictions on specialty pharmacy providers
  - Coverage of specialty pharmaceutical products
    - Under Medical or pharmacy benefit
    - Co-pays, and expected changes
  - Top causes of concern today, and in the future.

## Results

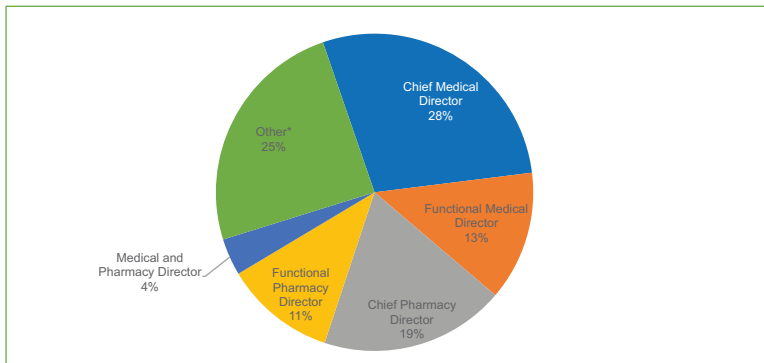
- A total of 54 persons responded to the survey invitation (24.1% response rate).
- Many advisors reported multiple degrees (Figure 1), and the most common degree was MD (55.6%).

Figure 1. Survey Respondent Degrees (multiple answers allowed)



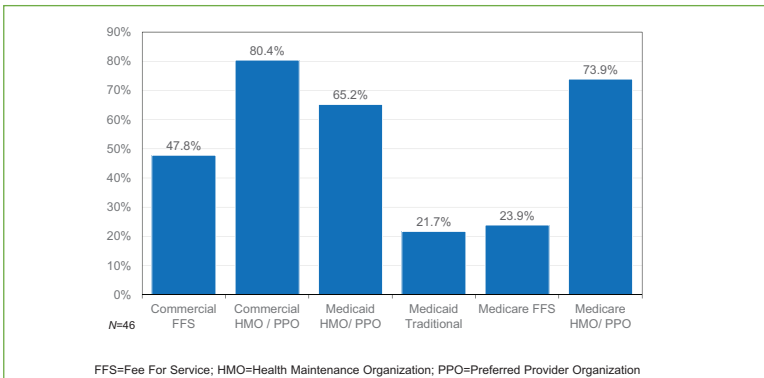
- 86% of the advisors were involved in formulary decisions.
- The respondents were mostly chief medical directors and chief pharmacy directors (Figure 2), the "Other" category included: VP (of Pharmacy, Medicine, or Medical Affairs); Chief Medical Officer, Senior Medical Director [3], and Consultant [3].

Figure 2. Respondent's Title within their Organization



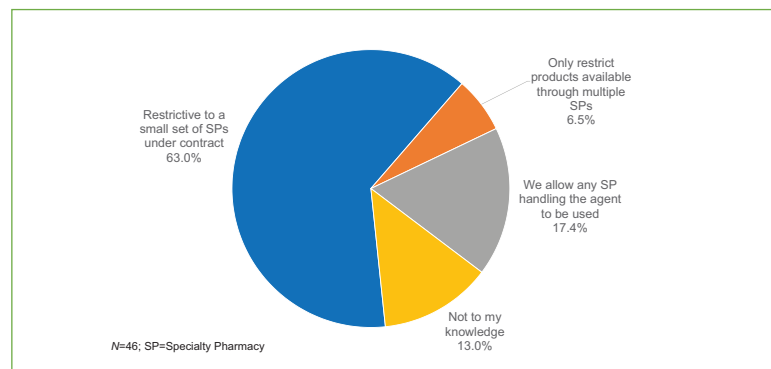
- Most respondents worked for a health plan (83.6%) and 39.6% were local, 35.4% were national, and 25.0% were regional.
- The type of plans represented are shown in Figure 3.

Figure 3. Type of Plans Represented by Respondents (Respondents can cover multiple types)



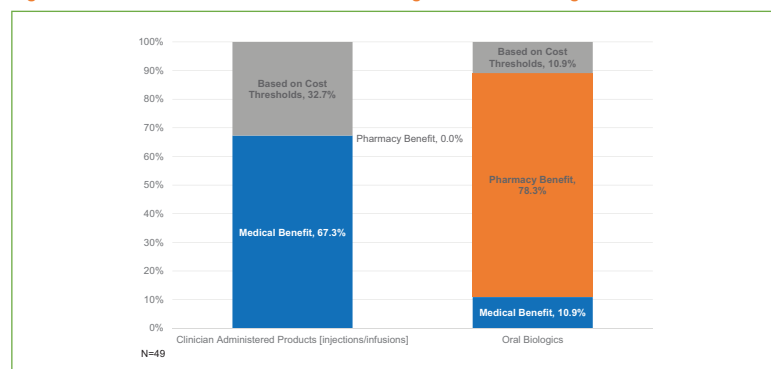
- Specialty Pharmacy providers were restricted by 53.7% of the plans. Common restrictions of providers are shown in Figure 4.

Figure 4. Restrictions on the use of Specialty Pharmacies



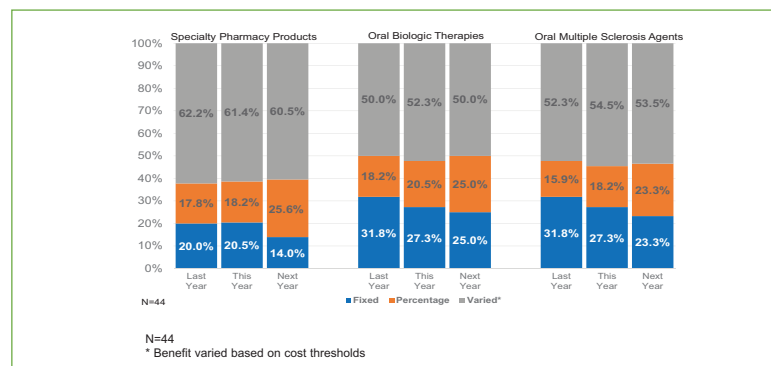
- Overall, there were differences between the benefits used for clinician-administered products (injections/infusions) and oral biologics (Figure 5):
  - Cost-thresholds were used to determine benefit type for both types of products. Plans covered:
    - Clinician Administered products (injections/infusions) mostly under the Medical benefit (67.3%);
      - Most plans (72.9%) do not anticipate a change, 18.8% expect a change before 12-2016 and 2.1% before 12-2018.
    - Oral Biologics were managed under the Pharmacy benefit (78.3%);
      - Most plans are not expected to change by 71.1% of the plans, 11.1% were currently making changes; 13.3% expect changes before 12-2016; and 4.4% before 12-2018.

Figure 5. Benefits Used for Clinician Administered Agents and Oral Biologics



- Co-pays are all shifting towards a percentage basis (Figure 6).

Figure 6. Co-Pays for Specialty Pharmacy Products, Oral Biologics and Oral Multiple Sclerosis Agents



Responses to open-ended questions placed Specialty Pharmacy products as the top causes for concern currently, and for the coming years.

The disease states most concerning to these plan directors from a medical care point of view:

- Today:
  - Most concerning: Cancer/oncology (15); Diabetes (10); and Hepatitis C (7);
  - Second most concerning: Diabetes (9); Cancer/oncology (5); and Hepatitis C (3);
  - Third most concerning: Cancer/oncology (7); Cardiovascular/heart disease (7); and Diabetes (6);
  - Other items mentioned included: Orphan diseases; Multiple sclerosis; Biologics; Behavioral health; and HIV.
- In 5-years:
  - Most concerning: Cancer/oncology (18); Hepatitis C (9); and Diabetes (4);
  - Second most concerning: Cancer/oncology (9); Diabetes (5); and Hepatitis C (4);
  - Third most concerning: Diabetes (9); Cardiovascular/heart disease (4); Cancer/oncology (3); and Obesity (3);
  - Other items mentioned included: Orphan diseases; Rheumatoid Arthritis; Biologics; and HIV.

The disease states most concerning to these plan directors from budgetary point of view:

- Today:
  - Most concerning: Hepatitis C (16); Cancer/oncology (12); and Diabetes (7);
  - Second most concerning: Cancer/oncology (10); Hepatitis C (8); and Diabetes (2);
  - Third most concerning: Cancer/oncology (9); Rheumatoid Arthritis (5); and Diabetes (4);
  - Other items mentioned included: Orphan diseases; Cardiovascular/heart disease; Multiple sclerosis; Biologics; and HIV.
- In 5-years:
  - Most concerning: Cancer/oncology (15); Diabetes (10); and Hepatitis C (3);
  - Second most concerning: Cancer/oncology (9); Cardiovascular/heart disease (6); and Diabetes (5);
  - Third most concerning: Cardiovascular/heart disease (6); Diabetes (6); Multiple sclerosis (5); and Cancer/oncology (4);
  - Other items mentioned included: Orphan diseases, Cholesterol, Biologics, Behavioral health, Alzheimer's disease; and HIV.

Over the next 5 years, the classes of therapies expected to experience the:

- Most growth: Cancer/oncology (15); Hepatitis C (4); and Diabetes (3);
- Second most growth: Cancer/oncology (8); Diabetes (6); and Hepatitis C (3);
- Third most growth: Cardiovascular/heart disease (6); Cancer/oncology (4); and Diabetes (3);
- Other areas included: Biosimilars, Immunomodulators; and Orphan diseases.

## Conclusions

- Expenditures for Specialty Pharmacy products and the use of specialty pharmacy will continue to grow.
- The environment for P&T Committee decision making in managed care is undergoing a series of changes.
- Payor medical directors and pharmacy directors, who commonly serve as P&T Committee members, have a distinct understanding and opinions as to how to alter the process to adapt to these influences.

## References

- Long, DM. IMS Health. Presentation at the National Association of Specialty Pharmacy (NASP) Annual Meeting and Expo. Orlando, Florida. October 1-3, 2014.
- Brook RA. Specialty Pharmaceuticals and the Quest for Better Outcomes. *J Med Econ.* 2015. 2015 Oct 6:1-7.

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