Cost of Chronic Disease
Does anyone know what this is?

And the cost???
And how many are getting the new 5S or 5C?

The cost of the new iPhone?
Life of a Patient Diagnosed with Chronic Disease
Facts about Chronic Disease

- Chronic diseases are noncommunicable illnesses that are prolonged in duration, do not resolve spontaneously, and are rarely cured completely.

- Examples of chronic diseases include heart disease, cancer, stroke, diabetes, and arthritis.
Chronic Diseases Are Preventable

Chronic diseases are the most common and costly of all health problems,

Four common, health-damaging, but modifiable behaviors—tobacco use, insufficient physical activity, poor eating habits, and excessive alcohol use—are responsible for much of the illness, disability, and premature death related to chronic diseases.

Risk Behaviors: The Facts

More than 43 million (about 1 in 5) U.S. adults smoke.

1 in 5 U.S. high school students are current smokers.
Specialty Chronic Diseases

- Other chronic diseases require high cost specialty medication
- Generally hereditary and not preventable with the exception of a few diseases
  - Multiple Sclerosis
  - Rheumatoid Arthritis
  - Crohn’s Disease
  - Hemophilia
  - HIV
  - Cystic Fibrosis
  - Some cancers
Complexity of specialty drugs requires a complete approach

- **Benefit coverage?**
  - Medical
  - Pharmacy

- **Where?**
  - Home
  - Infusion center
  - Doctor’s office
  - Hospital

- **Who?**
  - Self administered
  - Health care professional

- **How?**
  - By mouth
    - Injected
    - Infused
    - Inhaled
Need and solution

Why am I spending so much on specialty drugs?

Am I seeing the whole picture?

How can you help me manage my costs?

What can I do about it?

How can you help my members?
The impact of specialty drugs

**Specialty drugs**

- Small volume: Big cost

**Traditional drugs**

- Big volume: Lower cost

Source: Prime commercial BOB, 2012
Specialty drugs have a huge impact on total health care costs

Specialty drugs

50 times more expensive than traditional drugs

50% of total drug spend by 2018
Main factors driving specialty spend

- Increase in use
- Pipeline of expensive new drugs
- Increase in prices
Half of specialty drug spend is paid by medical plan

Source: Prime commercial BOB, 3Q/4Q 2012
How do we control costs for High Cost Specialty medication

<table>
<thead>
<tr>
<th>Quantity limits</th>
<th>Step therapy</th>
<th>Prior authorization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limits amount or frequency a drug can be dispensed</td>
<td>Encourages member to use more clinically effective or lower net-cost drug before a more expensive or second-line drug will be covered</td>
<td>Requires member to meet specific criteria before drug is covered by the benefit</td>
</tr>
</tbody>
</table>

**Examples:**
- Anticoagulants: Lovenox®
- HIV: Fuzeon®
- Multiple sclerosis: Gilenya®
- Autoimmune: Remicade®
- Multiple sclerosis: Ampyra®
- Lung disorders: Synagis®

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Prime provides better specialty care

**Challenge**
- Challenging administration and dosing requirements for Synagis® makes it difficult for members to get the medicine they need
  - Appropriate drug use reduces hospitalization rates by about 50%\(^1\)

**Solution**
- Proactive doctor outreach
- Family education
- Simplified drug shipment

**Result**
- For every 6 members treated by Prime, 1 additional member received appropriate treatment compared to other pharmacies

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\(^1\)AAP News. Vol. 30 No. 7 July 2009, p. 1. Accessed June 28, 2011 at [http://aapnews.aappublications.org/cgi/content/full/30/7/1](http://aapnews.aappublications.org/cgi/content/full/30/7/1).
Smart plan design reduces prescription abandonment

**Challenge**
- Members are 3 to 6 times more likely to abandon their multiple sclerosis prescription at the pharmacy when out-of-pocket costs are high (20% coinsurance or over $250 copay)

**Solution**
- Benefit design consultation and care management

**Result**
- Improved adherence and decreased long-term medical expenses

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**Multiple Sclerosis Prescription Abandonment Rate by Member OOP Expense**

- $0–100: 5.7%
- $101–150: 5.3%
- $151–200: 10.6%
- $201–250: 26.8%
- $251–350: 25.8%
- $351–500: 26.2%
- >$500: 28.5%

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## Best-practice specialty benefit design

<table>
<thead>
<tr>
<th>Tier</th>
<th>Drug Type</th>
<th>Copay/Coinsurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Generics</td>
<td>$5-10</td>
</tr>
<tr>
<td>2</td>
<td>Preferred brand</td>
<td>$40</td>
</tr>
<tr>
<td>3</td>
<td>Non-preferred brand/Preferred specialty</td>
<td>$75-100</td>
</tr>
<tr>
<td>4</td>
<td>Non-preferred specialty</td>
<td>50% coinsurance; $125 min/$200 max</td>
</tr>
</tbody>
</table>

Four-tier plan places preferred and non-preferred specialty on separate tiers

Set a maximum member cost share of $100 for preferred specialty drugs
Patient assistance programs save members $5.3 million

**Challenge**

- Specialty drugs are often difficult to afford
  - Average cost of a brand specialty claim was $2,284 of which member copay was 5.9% or $135
  - High member costs negatively impact adherence
  - Members who adhere are more likely to obtain better health outcomes

**Solution**

- Dedicated Prime Specialty Pharmacy staff match patient assistance programs and manufacturer coupons with members’ drug needs

**Result**

- Saved members over $5.3 million in copays during first 2 months of 2013

**Average member savings of $347**

Source: Prime Specialty Pharmacy Data—January 1, 2013 through February 28, 2013
In Conclusion

📍 Purpose: We help people get the medicine they need to feel better and live well

📍 Specialty medicine is getting more and more expensive

📍 Let’s work together to try and keep medication affordable

📍 Is there a way to get drug cost more affordable, more available at less cost

📍 Support legislation such as biosimilars so that we keep drug cost down