

CASE STUDY

Data Analytics Sheds New Light on Client Prescription Costs

The Problem

Hearing that pharmacy costs were projected to rise nearly 12% in 2017 and would continue to outpace medical expenses over the next several years, executives at a large US metals company decided they needed to better understand their prescription drug benefit. They believed the company was doing a good job of controlling pharmacy costs for their 3,000 members, but wanted to make sure there were no surprises that could cause the benefit to go over budget in the coming years.



The Solution

The company turned to its benefits advisor and data analytics vendor, Innovu, to perform in-depth analyses. The findings, presented by Innovu's director of pharmacy, delivered actionable insight the executives are now using to make more strategic decisions to control pharmacy costs. Four of the key data insights are presented in this case study.



There are Two Sides to an Employer Prescription Benefit

The company's benefit advisor asked Innovu to analyze the client's integrated medical and pharmacy data from May 1, 2015-April 30, 2017, so executives could get a comprehensive view of the prescription drug expense:

-  Pharmacy benefit spend: \$2.8 million
-  Medical pharmacy benefit spend: \$673,000.

They had viewed pharmacy benefit program reports, but had never seen pharmacy costs associated with medical benefits (outpatient and professionally-billed services) because the data resided in separate vendor silos.

Innovu’s integrated analytics put medical pharmacy costs on the radar, becoming an integral part of the company’s future intervention efforts.

Paying for Brand Names When Generic Drugs are Available

Innovu analyses revealed employer spending increased over the 24-month period on brand name drugs that have a generic equivalent. Three generic drugs accounted for \$83,000 in client costs which have generic substitution opportunities:

- Adderall XR – used to treat attention deficit disorder
- Crestor – used to treat high cholesterol
- Nexium – used to treat Gastroesophageal reflux disease (GERD) and ulcers.

Specialty Pharmacy Costs Present Savings Opportunities

Like most companies, specialty drug utilization and costs are on the rise for Innovu’s client. The company spent \$1.2 million on specialty drugs between May 1, 2016-April 30, 2017 (Figure 1). Innovu defines specialty drugs as those costing more than \$1000.

Figure 1. Specialty Pharmacy Spend

- Pharmacy benefit spend: \$625000
- Medical pharmacy benefit spend: \$673,000.

Figure 2 shows the client’s 10 costliest specialty drug expenses billed under the pharmacy benefit.

Figure 2. Client Rx Benefit Specialty Drug Breakdown

Specialty Drug Therapeutic Use	Drug Name	# of Members	Total Allowed
Plaque Psoriasis	Humira Pen	4	\$143,972
Hepatitis C	Harvoni	1	\$ 95,630
Rheumatoid Arthritis/Psoriasis	Humira	1	\$ 75,460
Multiple Sclerosis	Tecfidera	1	\$ 71,669
Cancer	Imbruvica	1	\$ 64,766
Multiple Sclerosis	Avonex Pen	1	\$ 54,182
Psoriasis	Otezla	1	\$ 24,662
HIV	Genvoya	1	\$ 24,384
Cancer	Lonsurf	1	\$ 20,374
Cancer	Votrient	1	\$ 19,893
Subtotal			\$594,992
Total			\$625,075

Innovu also found that the client paid \$92,000 for one member's Hepatitis C medicine, but that individual had an unspecified diagnosis for Hepatitis C. These medications are effective only on specific strains (genotypes) of the Hepatitis C virus. The diagnosis should be confirmed before approving future coverage for the specialty medication.

Medical Contraceptives Spending Skyrocketed

Innovu analyses revealed another area warranting further investigation, the medical contraceptive benefit, which covers medical procedures. We identified a 65% uptick in medical contraceptive expenditures between May 1, 2016-April 30, 2017. While medically inserted contraception methods offer alternatives to daily oral medications, there are additional costs associated with inserting and removing implants or devices.

The Future

Armed with never-before-seen insight, company executives are working with their benefits advisor to better manage their prescription drug costs.

Generic Equivalents

The client, advisor, and TPA are evaluating opportunities to reduce brand name drug costs by leveraging increased pharmaceutical competition and generic equivalents. One consideration is to modify the mandatory generic provisions of the benefit plan, capping the employer's rate at the cost of the generic.

Specialty Drugs

Because the company is paying more for Harvoni than the national benchmark, the client and advisor are:

- Evaluating market price variances at a National Drug Code level to improve pricing relative to the benchmark
- Considering issuing a specialty drug request for information (RFI)
- Verifying with the prescribing provider that the member who is taking Harvoni but doesn't have a specified diagnosis—at a cost of \$92,000—indeed needs to be treated with Harvoni.

Medical Contraceptives

Further investigation into the medical contraceptive benefit, which grew 65%, is needed to determine the cause.

Educational Interventions

Costs for infliximab are also a concern. These injections can be administered in an outpatient setting, physician office, or in-home by a home health professional. An educational campaign about site of care cost variations is gearing up.

Conclusion

Integrating the medical and pharmacy benefits and performing in-depth analyses shed light on previously hidden issues impacting client prescription expenses. The benefit advisor is using this insight to help the client control both company and member costs.

To help the client save even more, Innovu and the benefit advisor recommended broadening the analyses to evaluate the duration of therapy relative to the diagnosis, at member level, for drugs with a high abuse potential.

About Innovu

Innovu delivers secure, cloud-based data analytic solutions to self-funded and fully insured employers, benefit advisors, and communities (business groups on health and industry associations). By securely integrating benefits and risk data across all programs — medical, Rx, vision, dental, wellness/biometrics, workers' compensation, disability, absenteeism, safety, 401(k), etc. — we create a 360-degree view of their populations. They can use this correlative, never before seen insight to design and measure targeted benefits programs and interventions that improve member health and mitigate business risk.



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