



A CommunityLens™ Case Study

Pittsburgh Employers Spent More than \$80 Million on Specialty Pharmacy in the Last 12 Months

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Employers in the Pittsburgh Business Group on Health (PBGH) spent \$84 million dollars on specialty and medical pharmacy in the last 12 months, according to Innovu. Innovu, PBGH’s data analytics partner, integrated various data sets to identify the components critical for employers to build strategies to manage medical and Rx costs going forward.

The analytics:

- Identified demographics for the top medical and Rx consumers
- Uncovered the top conditions these medications were used to treat
- Compared costs across site of care.

Financial Impact of Costly Specialty Medications

Innovu analyzed claims data between April 1, 2016 and March 31, 2017, for the 127,000 employees of PBGH GroupLens-participating employers. Employers paid \$49,637,077 million, or \$32.48 per member per month (PMPM), for specialty medications under the pharmacy benefit, and an additional \$34 million (\$22.32 PMPM) under the medical benefit.

PHARMACY BILLED

Employers spent \$49 million on self-administered specialty drugs billed through the pharmacy program. Members between ages 36-65 accounted for 67% of the pharmacy spend (Figure 1); 57% of pharmacy claims were generated by employees (Figure 2).

Figure 1. Pharmacy Paid by Age Range

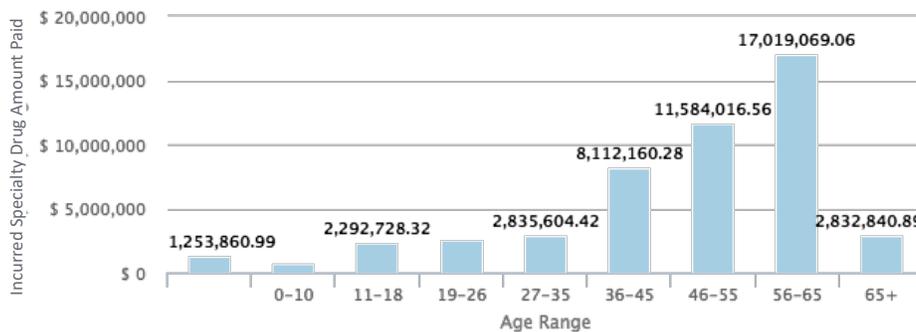
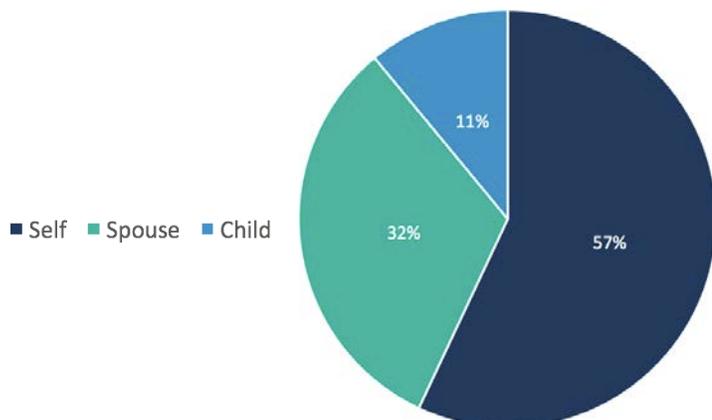


Figure 2. % Pharmacy Paid by Member Relationship



What are Specialty Medications?

Specialty medications are categorized as high-cost drugs (\$1,000 or more per month) used to treat complex, chronic conditions like cancer, rheumatoid arthritis, and multiple sclerosis.

These medications typically require special handling and administration.

Specialty medications can be billed one of two ways.

- Those billed under the pharmacy benefit are typically self-injectable or oral formulations.
- Drugs billed under the medical benefit are administered by a healthcare professional.

Specialty Rx billed to pharmacy:

\$49.6 M

Specialty Rx billed to medical:

\$34 M

Employers footed the bill for 96% of the specialty drug costs, with member out of pocket expenses averaging 4%. Drugs commonly used to treat rheumatoid arthritis topped the list, accounting for 30% of the dollars paid for specialty medications (Figure 3).

Figure 3: Top 10 Pharmacy Products Ranked by Amount Paid

Product Name	Common Use	# of Members	Employer Paid	Paid % Total
HUMIRA	Rheumatoid Arthritis	278	\$9,566,697	19%
ENBREL	Rheumatoid Arthritis	181	\$5,172,465	10%
TECFIDERA	Multiple Sclerosis	62	\$2,870,039	6%
COPAXONE	Multiple Sclerosis	38	\$1,340,771	3%
AVONEX	Multiple Sclerosis	23	\$1,205,318	2%
HARVONI	Hepatitis C	14	\$1,143,165	2%
NORDITROPIN FLEXP	Growth Deficiencies	29	\$934,618	2%
ELAPRASE INJ 6MG/3ML	Cancer	1	\$917,034	2%
AVONEX PEN	Multiple Sclerosis	17	\$875,778	2%
IMBRUVICA	Hunter Syndrome	13	\$834,174	2%
Top 10 Total			\$24,860,060	50%
Grand Total			\$49,637,077	100%

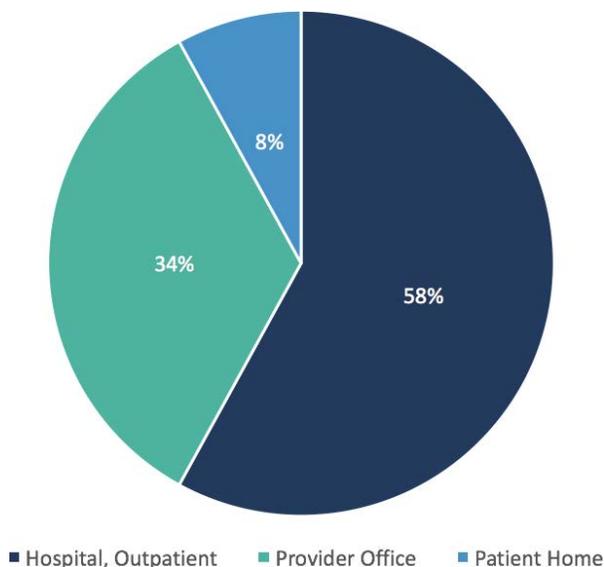
MEDICAL PHARMACY BILLED

Employers paid more than \$16 million for the top 10 specialty medications administered by healthcare providers, which totaled nearly half of their total medical pharmacy spend. Cancer and cancer support therapy accounted for \$6.4 million.

Analyzing the PBGH GroupLens data set, Innovu found that:

- 58% of medical pharmacy was administered in an outpatient hospital (Figure 4).

Figure 4: Medical Pharmacy Site of Care, in %



Specialty drug costs paid by employers:

96%

Total medical and pharmacy spend on top 10 specialty medications:

\$34 M



- Average paid PMPM costs, by setting (Figure 5):
 - Outpatient hospitals: \$13.54
 - Provider offices: \$7.88
 - Patient homes: \$1.76.
- Infliximab ranked #1 on the medical Rx list, with employers paying \$4.3 million (Figure 6).

Figure 5: PMPM by Site of Care

Site of Care	PMPM
Hospital, Outpatient	\$13.54
Provider Office	\$7.88
Patient Home	\$1.76

Figure 6: Top 10 Medical Pharmacy Ranked by Paid Amount

J-Code	Procedure Code Description	Common Use	# of Members	Employer Paid	Paid % Total
J1745	Infliximab injection	Rheumatoid Arthritis, Psoriasis, Crohn's Disease	117	\$4,301,092	13%
J9035	Bevacizumab injection	Cancer	118	\$2,237,571	7%
J2323	Natalizumab injection	Multiple Sclerosis	37	\$2,030,570	6%
J9310	Rituximab injection	Cancer/Autoimmune Disease	52	\$1,658,567	5%
J2505	Injection, pegfilgrastim 6mg	Adjuvative Therapy with Chemo	68	\$1,621,075	5%
J7192	Factor vii recombinant nos	Hemophilia	3	\$1,305,200	4%
J1561	Gamunex-c/gammaked	Autoimmune Disease	29	\$907,376	3%
J9355	Trastuzumab injection	Cancer	20	\$896,853	3%
J7205	Injection, factor vii fc fusion (recombinant)	Hemophilia	2	\$767,340	2%
J1569	Gammagard liquid injection	Autoimmune Disease	22	\$695,316	2%
Top 10 Total				\$16,420,961	48%
Grand Total				\$34,095,930	100%

Opportunities for Intervention

Plan Design

You can impact program costs and employee health when you identify the actual issues affecting them both. To control medical and pharmacy costs, industry guidance suggests employers consider¹:

- Realigning cost sharing for ambulatory services
- Considering high performance network arrangements
- Evaluating pharmacy benefit management (PBM) arrangements.

Effects on Absenteeism

Many employers have implemented high deductible health plans to address rising healthcare costs. But shouldering larger coinsurance or copayment outlays could cause employees to skip medications or treatments, which can lead to missed days from work.

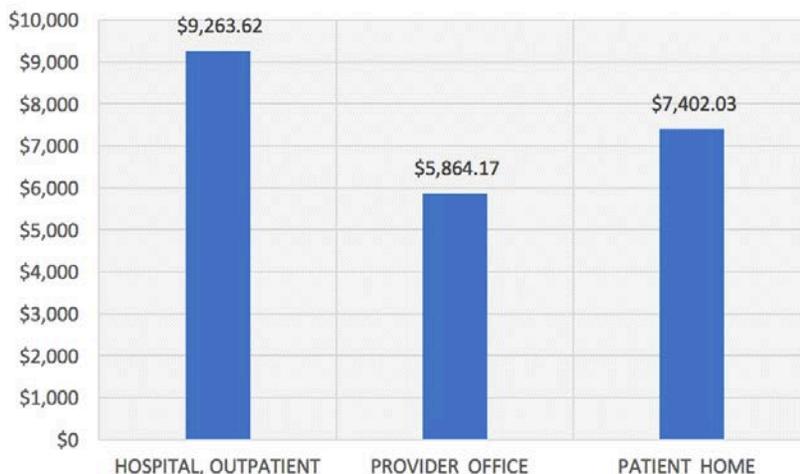
According to the Centers for Disease Control and Prevention (CDC), absenteeism per employee per year (PEPY) costs for small employers (100 employees) ranged from \$16 to \$81; for large employers (1000 employee), it ranged between \$17-\$286 PEPY².

By identifying medical conditions and the impact of employee cost-sharing on specialty medications, employers can offer alternative resources and implement benefit programs to improve outcomes.

Site of Care

For example, Infliximab can be administered safely in a physician's office or a patient's home, making this an ideal opportunity for a site of care intervention. Innovu data showed that Infliximab injections cost twice as much in an outpatient hospital versus the physician office setting (Figure 7). Shifting 50% of the claims from an outpatient hospital to an office setting, PBGH employers could save up to \$1.2 million a year.

Figure 7: Infliximab Average Paid per Claim per Site of Care



Call Innovu today to unlock the insight in your data.

¹ PwC's Health Research Institute, *Behind the Numbers 2017*. <http://www.pwc.com/us/en/health-industries/health-research-institute/behind-the-numbers.html>

² *Absenteeism and Employer Costs Associated with Chronic Diseases and Health Risk Factors in the US Workforce*, CDC Preventing Chronic Disease, Volume 13, October 6, 2016, https://www.cdc.gov/pcd/issues/2016/15_0503.htm

Absenteeism costs
for small employers:

\$16-\$21

PEPY

Absenteeism costs
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\$17-\$286

PEPY

Employers could
save up to

\$1.2 M

if 50% of
influximab injections
were delivered
in-home

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