



*North Carolina*  
**State Health Plan**  
FOR TEACHERS AND STATE EMPLOYEES



## Specialty Pharmacy Management

*Board of Trustees Meeting*

July 26, 2013

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*A Division of the Department of State Treasurer*

# Presentation Overview

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- Review potential specialty management strategies
- Specialty pharmacy benefit progression
- Non-preferred specialty tier coinsurance recommendation
  - *Requires Board Vote*
- Pharmacy utilization management expansion
- Future medical management strategies

# Potential Management Strategies (from May presentation)

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## 1) **Benefit design**

- **Biosimilar/Non-preferred Specialty Tier – coinsurance**
  - *Requires Board Vote*
- Copay parity under pharmacy and medical channels

## 2) **Medical management**

- Reimbursement methods - medication and cognitive services
- Site of care management - preferred home infusion network

## 3) **Pharmacy utilization management**

- **Additional prior authorization rules**
- Incorporate genomic testing

## 4) **Oncology management**

- Limited retail network
- Care management programs
- Utilization management

# Specialty Pharmacy Benefit Progression

## Current Specialty Pharmacy Drug Benefit

- All non-acute specialty medications covered under the pharmacy benefit must be obtained through Accredo, except for oncology medications
- Pharmacy coinsurance of 25% up to \$100 max per 30 day supply for **all** specialty medications covered under the pharmacy benefit
- Most infused specialty medications are covered under the medical benefit by BCBSNC (not included in the financial analysis)

## Specialty Pharmacy Tier Changes Approved Jan 2013

- Board approved splitting the specialty tier to establish separate preferred and non-preferred specialty tiers under the pharmacy benefit in preparation for when Biosimilars become available
- Coinsurance maximum for new non-preferred tier TBD.
- The maximum coinsurance for the non-preferred specialty medications expected to be set higher than the preferred per 30 day supply

## Specialty Pharmacy Drug Benefit Implementation

- Implement non-preferred specialty tier January 2014
- Preferred specialty pharmacy coinsurance of 25% up to \$100 max per 30 day supply
- **Recommend non-preferred specialty pharmacy coinsurance of 25% up to \$150 max per 30 day supply**
- Only applies to Traditional 70/30 and Enhanced 80/20 Plans

# Non-preferred Specialty Tier Financial Impact

	Current	Proposed (staff recommendation)
Preferred Specialty Tier Coinsurance Max	\$100 max	\$100 max
Non-preferred Specialty Tier Coinsurance Max	None/ All \$100 max	\$150 max
FY 2012-13 Specialty Member Cost Share (est.)	\$3.7 M	\$4.1 M
Projected Annual Plan Savings vs. Current (est.)*		
CY 2014	-	\$490,000
CY 2015	-	\$564,000
CY 2016	-	\$648,000
CY 2017	-	\$746,000
Member Cost Share at Average Specialty Cost (\$4,000)	2.50%	3.75%

\*Modeled with very few current non-preferred specialty medications. Non-preferred specialty tier in preparation for release of future Biosimilar medications. Modeling performed by Express Scripts and Segal and assumes 15% annual trend. This does not apply to CDHP or Medicare Advantage. Only applies to Traditional 70/30 and Enhanced 80/20 Plans.

# Benefit Design Change Implementation

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- Keep the majority of specialty medications in the current preferred tier
- Designate new specialty medications for the preferred specialty tier unless there is a Biosimilar available or the drug is part of a step therapy program as a non-preferred medication
- Implement non-preferred specialty tier in January 2014 to prepare for the release of Biosimilar medications and to maximize potential rebates
- Notify the 263 members currently on non-preferred medications (10) that a coinsurance maximum increase is scheduled

# Non-preferred Specialty Tier – Coinsurance

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Plan staff recommends the Board of Trustees approve the proposed coinsurance maximum for medications in the non-preferred specialty tier effective January 2014

# Pharmacy Utilization Management Opportunities

- Add prior authorization requirements for new, high cost, very specialized medications to ensure appropriate use.
- Average cost of these medications is > \$7000 per month.
- Pharmacy and Therapeutics committee to review in August.

Medication	Indication
Arcalyst	Cryopyrin-Associated Periodic Syndromes (CAPS)
Chenodal	Gallstones and Cerebrotendinous Xanthomatosis (CTX)
Ilaris	Cryopyrin-Associated Periodic Syndromes (CAPS)
Korlym	Endogenous Cushing's Syndrome
Kuvan	Hyperphenylalaninemia due to phenylketonuria
Promacta	Chronic immune thrombocytopenia purpura
Xenazine	Chorea associated with Huntington's Disease



# Focus on Medical Benefit Management

- Over the next 6 months develop work plan with BCBSNC and Accredo for medical benefit management focus areas
- Focus areas may include – reimbursement management, site of care management, plan design, and clinical management

