What you need to know about specialty medications

As reported in previous issues of Dimensions, specialty drugs continue to have a growing impact on the nation’s health care costs. While only representing 1 percent of the total U.S. prescriptions in 2013, specialty drugs accounted for almost 28 percent of the nation’s total pharmacy spend. And by 2020, spending on specialty drugs is expected to increase by 361 percent to $402 billion annually.¹

Here are some of the most frequently asked questions about specialty medications and information on what Pharmacy Benefit Dimensions (PBD) is doing to balance cost control with quality member care:

Q. What are specialty medications?
Specialty drugs are medications designed to treat complex diseases such as multiple sclerosis (MS), rheumatoid arthritis, hepatitis C and cancer. They include self-injectable drugs, medications that require special distribution and/or are at limited supply, and certain oral oncology medications. Some examples include Humira®, Copaxone®, Enbrel® and Orencia®.

Q. Why do specialty drug medications cost more?
The cost of specialty drugs is often higher than the cost of traditional oral solid medications because they treat the most complex conditions, and many require special handling, administration or monitoring. In addition, the expense associated with research and development — and the lack of comparable treatments — for select specialty medications often contribute to higher prices.

It is important to remember that prices for specialty therapies tend to be based on avoidance of costs associated with progression of the disease they are treating. For example, the estimated cost for recently approved Sovaldi® is $1,000 per day, or $84,000 for a full course of treatment. The use of this medication may offset a potential liver transplant, which could cost upwards of $200,000 and result in an extended recovery period for the patient.

Q. What is PBD doing to contain specialty drug costs?
PBD has utilization management measures in place to encourage the highest quality of care while still maximizing cost efficiency. To prevent inappropriate use, most specialty drugs require prior authorization (PA), meaning that a member’s health care provider will need to obtain prior approval before the prescription can be filled. Select specialty medications also require step therapy (ST), which means members must first try a generic or therapeutic equivalent to treat their condition before “stepping up” to a high-cost, brand-name medication for that condition.

In addition, PBD offers a prescription drug program for specialty medications through a unique relationship with Reliance Rx, a Buffalo, NY based specialty pharmacy that fills prescriptions and manages distribution and care coordination. Measures put in place by Reliance Rx, including close collaboration with physicians and personal counseling with patients, results in greater efficiency and higher patient adherence.

PBD also offers employers the option of implementing a Specialty Copay Assistance Program (SCAP). Members utilizing a specialty drug in this program will have a reduced copayment, as low as $0, when they obtain their drugs through Reliance Rx. Employers realize savings through manufacturer assistance. There are currently 10 specialty drugs eligible for SCAP, including Copaxone, Humira and Enbrel.

To learn how PBD and Reliance Rx are working together to effectively manage the issue of rising specialty drug costs, please read the special report that we have included in this issue of Dimensions.

We will continue to monitor specialty drug trends and work with employers to maximize cost savings and enhance clinical effectiveness. If you have any questions about specialty medications or SCAP, please contact your account manager.

EGWP PDP offers second prescription drug option for Medicare-eligible members

Since the creation of Medicare Part D in 2003, there have been two main options for employers to offer a cost-effective way to support their retiree prescription drug benefits: The Retiree Drug Subsidy (RDS) and the Employer Group Waiver Plan (EGWP). These options provide employers with the opportunity to receive reimbursement from the government for offering prescription drug plans to retirees.

As a result of the Patient Protection and Affordable Care Act of 2010, tax exemptions for RDS have changed, which could reduce the value of the subsidy by one-third. As a way to help employers cover the cost of offering valuable prescription options to their retirees, PBD now offers employers the option of an EGWP prescription drug plan (PDP).

An EGWP PDP is a Medicare Part D based prescription drug plan that can be customized to mirror the employers’ existing pharmacy benefits. The EGWP PDP provides standard Medicare Part D prescription drug coverage to Medicare-eligible retirees (and covered Medicare-eligible dependents) of the sponsoring employer, with subsidy amounts from CMS used to reduce the plan premium or claims costs. As an EGWP PDP plan sponsor, employers have the flexibility to also enhance or modify the standard benefit — within guidelines from the Centers for Medicare and Medicaid Services (CMS) – to meet their specific needs.

Benefits of an EGWP include greater government reimbursement, drug manufacturer discounts that help lower plan costs, and catastrophic coverage that lessens employer risk. In addition, as the plan manager, PBD is responsible for most administrative operations related to the EGWP PDP, saving employers the time and expense of managing administrative functions for an RDS.

There are several steps to be taken before an EGWP can be implemented. If you have questions about EGWPs or would like more information about how PBD can help fund your retiree prescription drug benefits, please contact your account manager.

First biosimilar approved in the United States

In early March, the Food and Drug Administration (FDA) announced Zarxio (filgrastim-sndz) as the first biosimilar authorized for use in the U.S. Biosimilars are lower-cost alternatives for specialty medications and are among the fastest growing segments of the prescription product market. As biosimilars will treat the most complex and chronic conditions, they are slated to heavily impact the specialty drug category during the next few years. In fact, it is estimated that roughly 10 biosimilar products may be available for FDA review in the next decade.

Like generics, biosimilars can help cut drug costs; however, savings are likely to be smaller due to several factors. Biosimilars are more complex to produce than traditional medications, and the regulatory challenges of getting FDA approval are greater. Biologics-maker Sandoz, which developed Zarxio, estimates that biosimilars cost $75 million to $250 million before reaching approval stage. In comparison, the cost for traditional generic drugs to reach approval stage is between $2 and $3 million.

While Zarxio has been approved by the FDA, it is not yet known when the drug will be available to patients, as questions still remain over naming issues and state drug substitution laws. Zarxio will compete with Neupogen® (filgrastim), designed to decrease rates of infection in cancer patients during chemotherapy.

Let us know if you have a health or benefit fair approaching

PBD is proud to have a knowledgeable and friendly Client Support team that is always ready to respond to our clients’ inquiries and needs when it comes to pharmacy plan design and benefits. Members of our support team are also available to attend any health or benefit fairs that you may be hosting.

If you are hosting a benefit fair in the Western New York area this fall and would like a member of our team to attend, please contact PBD’s Client Support at (716) 250-4403.
Pharmacy Benefit Dimensions Drug Formulary Update

The Independent Health Pharmacy and Therapeutics (P&T) Committee, which is made up of 15 participating physicians and four network community pharmacists, meets quarterly to review and make changes to the drug formulary. All drug tier decisions made by the committee are based on efficacy and safety first, and economics only after clinical effectiveness has been determined. Below are changes to the PBD drug formulary that were recommended by the P&T Committee at its March 2015 meeting.

The following medications were added to the formulary:

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>DRUG</th>
<th>ACTION</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dermatologicals (psoriasis)</td>
<td>Cosentyx</td>
<td>Addition – Tier 3</td>
<td>PA, SP applies</td>
</tr>
<tr>
<td>Antiparkinson Agents</td>
<td>Duopa</td>
<td>Addition – Tier 3</td>
<td>PA applies (limited to neurology)</td>
</tr>
<tr>
<td>Antivirals (anti-HIV)</td>
<td>Evotaz</td>
<td>Addition – Tier 3</td>
<td></td>
</tr>
<tr>
<td>Antineoplasics and Adjunctive Therapies (multiple myeloma)</td>
<td>Farydak</td>
<td>Addition – Tier 3</td>
<td>PA, SP applies</td>
</tr>
<tr>
<td>Antidiabetics</td>
<td>Glyxambi</td>
<td>Addition – Tier 3</td>
<td>ST applies</td>
</tr>
<tr>
<td>Antineoplasics and Adjunctive Therapies (breast cancer)</td>
<td>Ibrance</td>
<td>Addition – Tier 3</td>
<td>PA, SP applies</td>
</tr>
<tr>
<td>Aminoglycosides (cystic fibrosis)</td>
<td>Kitabis Pak</td>
<td>Addition – Tier 3</td>
<td>PA, QL, SP applies</td>
</tr>
<tr>
<td>Antineoplasics and Adjunctive Therapies (thyroid cancer)</td>
<td>Lenvima</td>
<td>Addition – Tier 3</td>
<td>PA, SP applies</td>
</tr>
<tr>
<td>Antineoplasics and Adjunctive Therapies (ovarian cancer)</td>
<td>Lynparza</td>
<td>Addition – Tier 3</td>
<td>PA, SP applies</td>
</tr>
<tr>
<td>Neurological Agents (Alzheimer’s)</td>
<td>Namzaric</td>
<td>Addition – Tier 3</td>
<td>PA applies</td>
</tr>
<tr>
<td>Parathyroid Hormone</td>
<td>Natpara</td>
<td>Addition – Tier 3</td>
<td>PA, SP applies</td>
</tr>
<tr>
<td>Antivirals (anti-HIV)</td>
<td>Prezcobix</td>
<td>Addition – Tier 3</td>
<td></td>
</tr>
<tr>
<td>Anticoagulants</td>
<td>Savaysa</td>
<td>Addition – Tier 3</td>
<td>PA applies</td>
</tr>
<tr>
<td>Dermatologicals</td>
<td>Soolantra</td>
<td>Addition – Tier 3</td>
<td>PA applies except dermatology</td>
</tr>
<tr>
<td>Antineoplasics and Adjunctive Therapies (leukemia)</td>
<td>Synribo</td>
<td>Addition – Tier 3</td>
<td>PA applies (self-injection only)</td>
</tr>
<tr>
<td>Antivirals (hepatitis C)</td>
<td>Viekira Pak</td>
<td>Addition – Tier 3</td>
<td>PA, SP applies</td>
</tr>
</tbody>
</table>

The following new generics are available:

<table>
<thead>
<tr>
<th>Brand Name</th>
<th>Generic Name</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pristiq®</td>
<td>desvenlafaxine</td>
<td>Antidepressants</td>
</tr>
<tr>
<td>Norvir®</td>
<td>ritonavir</td>
<td>Antivirals</td>
</tr>
<tr>
<td>Glyset®</td>
<td>miglitol</td>
<td>Antidiabetics</td>
</tr>
</tbody>
</table>

The following changes will be made to the drug formulary, effective July 1, 2015:
- Cambia – Remove PA
- Celebrex® – Remove ST
- Cephalexin Tabs – Move to NF
- Flonase® (fluticasone) – Move to NF
- Ipratropium bromide/albuterol sulfate (generic Duoneb) – Move to Tier 1
- Modafanil (generic Provigil) – Move to Tier 1
- Multi-source brand diabetic medications – Move to NF
- Oracea® – Move to NF
- Prostaglandin analogs – Age restriction does not apply to ophthalmology
- Relpax® – Move to NF
- Vyvanse® – PA new starts only
- Zegerid® (omeprazole/sodium bicarbonate) – Move to NF

The following medications were reviewed and will remain non-formulary:
- Prestalia®
- Rytary™
- Xtoro

The following medications were reviewed and approved as a medical benefit:
- Blincyto® – PA
- Dyloject™ - PA
- Lemtrada™ – PA
- Opdivo® – PA
- Rapivab™ – PA
- Zerbaxa™ – PA except infectious disease

Abbreviation Key:
- NF = Non-formulary
- ST = Step Therapy
- SP = Specialty Medication
- QL = Quantity Limit
- PA = Prior Authorization Required