Extended Summit: A Deep Dive into the Medical & Pharmacy Benefit to Ensure Sustainable Patient Access to Treatment

I. Differences between the Medical and Pharmacy Benefit
II. Pharmacy Benefit eBV/ePA Deep Dive
III. Medical Benefit eBV/ePA Deep Dive
IV. Summary Discussion on Next Steps and Potential Solutions
Introduction and Drivers

Moderator
Tony Schueth
CEO and Managing Partner
Point-of-Care Partners LLC
Specialty Drug Trend and Spending Increase

In 2014, drug trend was up 13%, driven by a 31% increase in specialty drug spend.

Source: Express Scripts Drug Trend Report, 2014
What is a Specialty Drug?

- High cost (Over $600/mo.)
- Requires focused clinical management
- Large molecule biotech drugs
- Chronic, debilitating, and no other treatments
- Require special handing; may require special order
Drug Coverage and Spending
Medical vs. Rx

Drugs are Covered Under the:
- Medical Benefits
- Pharmacy Benefits

Source: Milliman

Medical Specialty Spending (2012)
- Other
- Prostacyclins
- Colony Stim Factors
- Interferons
- TNF Inhibitors
- Chemotherapy
- Immune Modulators
- Coagulants
- IVIG

Pharmacy Specialty Spending (2012)
- Other
- Antivirals
- Prostacyclins
- Colony Stim Factors
- Interferons
- TNF Inhibitors
- Chemotherapy
- Immune Modulators

Drug Coverage and Spending
Medical vs. Rx

Source: Milliman

53%
47%

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The Differences Between Medical and Pharmacy Benefits

**Medical Benefit**

- **Administration**: Intravenous infusions, injections.
- **Dispensing channel**: Physician, infusion center, home health.
- **Billing term**: "Buy and Bill"
- **Claims submission**: Batch or real-time using HCPCS codes.
- **Utilization management**: PA/medical review process
- **Member cost-share**: Copayment for office visit, coinsurance for drug product.

**Pharmacy Benefit**

- **Administration**: Self-administered injections.
- **Dispensing channel**: Specialty pharmacy dispenses drug and delivers to patient.
- **Billing term**: "Bill and Dispense"
- **Claims submission**: Online using NDC.
- **Utilization management**: PA, step therapies, concurrent DUR, formularies.
- **Member cost-share**: Copayment or coinsurance for drug.

**Technology Can Bridge: Software/Tools Criteria Route down Medical or Pharmacy benefit**
Electronic Prior Authorization (ePA)

- Prior Authorization is a utilization management (UM) tool increasingly used to manage specialty drug spend and trend:
  - 84% for the Rx benefit
  - 49% for the medical benefit

- ePA use is on the up-swing, as well:
  - 36% currently use for the Rx benefit; 33% plan to in the next 12 months
  - 21% currently use for the medical benefit; 39% plan to in the next 12 months
A look at the road so far

1996  HIPAA Passes, names 278 as standard for ePA
2003  MMA Passes
2004  Multi-SDO Task Group Formed
2005  NCVHS Hearings
2006  MMA ePrescribing Pilots involving ePA
2007  Report to Congress recommending a new standard
2008  Expert Panel Formed/Roadmap Created
2009  Minnesota Law Passes
       New ePA Standard Created using SCRIPT
2011  CVS Caremark Pilot
2013  New Standard Published
## ePA Standards/Types

<table>
<thead>
<tr>
<th>SDO</th>
<th>NCPDP</th>
<th>X12</th>
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<tbody>
<tr>
<td>Standard</td>
<td>SCRIPT</td>
<td>278</td>
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<tr>
<td>Types of PA</td>
<td>Drugs covered under the pharmacy benefit</td>
<td>Drugs covered under the medical benefit</td>
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A Deep Dive into the Medical & Pharmacy Benefit to Ensure Sustainable Patient Access to Treatment
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Sri Swarna
CEO
Agadia
A Deep Dive into the Medical & Pharmacy Benefit to Ensure Sustainable Patient Access to Treatment

Agenda

• Real-time ePA

• ePA flow

• Medical ePA – Current State

• Medical ePA – Challenges
Pharmacy Benefit eBV/ePA

Current PA State

- Phone & Fax channels still contribute to majority of the PA volume
- Plan specific portals contribute to 5% to 10% of volume
- Steady increase in ePA volume over the last several months
Are we at a real-time spot?
Getting there…

- EMR systems, PA Portals, Intermediaries are implementing the NCPDP ePA Standard and transmitting ePAs to Plans and PBMs that support ePA.
- Benefit Verification from a prior authorization perspective is available in real-time from certain PBMs
- Not all health plans and PBMs have completely automated the prior authorization process
- Regulatory processes
## Typical ePA flow – eBV/ePA (Pharmacy)

<table>
<thead>
<tr>
<th>Current Implementation of ePA</th>
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<tbody>
<tr>
<td><strong>Step 1:</strong> Start ePA</td>
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<tr>
<td><strong>Drug requires PA (based on Formulary flag)?</strong></td>
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<tr>
<td><strong>Step 3:</strong> Send Q&amp;A to ePrescribing system</td>
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<tr>
<td><strong>Step 4:</strong> Submit PA Q&amp;A</td>
</tr>
<tr>
<td><strong>Step 6:</strong> Send PA Decision</td>
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<td><strong>Step 7:</strong> If Pended or Denied GetPA Status</td>
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<tr>
<td><strong>Approved</strong></td>
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<tr>
<td><strong>Release Rx</strong></td>
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<tr>
<td><strong>Dispense Medication</strong></td>
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### EMR Systems → PA Portals

#### ePA Process in the above ePrescribing Portal with vendor

1. **Start Script**
2. **Drug requires PA (based on Formulary flag)?**
   a. **Answer Q&A**
   b. **PA Approved / Pended / Denied?**
      i. **Final Denial**
      ii. **Switch Drug or END**
3. **Step 3:** Send Q&A to ePrescribing system
4. **Step 4:** Submit PA Q&A
5. **Step 5:** Get Decision
6. **ePA Rules (Eligibility, Benefit Determination, etc...)**
7. **Step 2:** Check Eligibility, Reject Codes with PBM (if available) and Get Q&A from PAHub
8. **ePA web service (NCPDP)**
9. **Decision Engine**
10. **Generate Auth & Letters**
Medical benefit eBV/ePA Deep Dive

Product Specific eBV

- Currently a manual process
- Managed via spreadsheets
- Systems are evolving to enable verification of a prior authorization requirement for drugs on the medical side

How is PA handled?

- Primarily via phone and fax with the added complexity of HCPCS/CPT codes
- Physician/Provider Portals
Medical ePA Challenges

Does the drug need PA under the Medical Benefit?
- Current formulary files include PA information for drugs covered under pharmacy benefit only
- Information around drugs that need PA under the medical benefit is not structured and is not accessible systematically
- The infamous J3490

Is the Patient Eligible?
- Rx ePrescribing network does not have access to patients with “Medical only” coverage
- Disparate eligibility systems
- Is the patient excluded from a PA requirement for the given drug
Medical ePA Challenges…

Where is the drug being administered?
  • Certain drugs do not require PA when administered at certain sites of care

Does the Prescriber/Provider have exemptions?
  • “Preferred” providers do not need a PA
    • Examples: Gold-card physicians, ACOs, etc…

Are the regulatory requirements different?
  • Turn-around times
  • Process flow
Medical ePA Challenges…

Messaging Format

• NCPDP ePA
• X12
• A new Standard???

How will it get routed to the Plan/PBM?

• Existing ePrescribing networks
• Medical Claims processing networks
The Payor’s Role

Daniel Brouillet,
Senior Director, Prior Authorization Strategies
Express Scripts
Payor

- Medical utilization management continues to be a focus as specialty costs continue to increase

- Medical drug spend as a % of total medical spend is low

- Payor’s need a strategy to address the spend
  - Appropriately addressing medical drug spend involves claims management as much as it involves utilization management
What’s Going On In the Medical Benefit

• Medical Benefit more fragmented in terms of utilization management density

• Medical benefit is not real time
  • Utilization management policies need to be more thorough to account for edits typically found in the pharmacy adjudication system

• NDC vs HCPCS management & expertise

• There are infrastructure gaps with payers on multiple UM systems and multiple claims systems
How we’ve handled medical drug PA at Express Scripts

• Fully integrated utilization management and claims solution available to medical payers

• Real time, electronic solution for prescribers

• Driving significant PMPY savings on UM
  • $12 PMPY reported at AMCP last April

Not all payors have the resources to solve Medical UM
Technology Tools for Improving Patient Medication Access

Jacques Fu, CISM
Chief Technology Officer
AssistRx
Specialty Medications: Technology Fundamentals

Full electronic solution to determine scope of coverage

- Covered under Pharmacy or Medical Benefit?
- If covered under both, which benefit is the most optimal for the patient?

Immediate access to distribution options based on benefit type

- Medical – AOB vs. Buy & Bill.
- Pharmacy – retail offering or SP network.

Proactive access to data services for all stakeholders
Pharmacy vs. Medical Benefits

Pharmacy benefit:
- Typically covers self-administered oral, injectable and inhaled drugs

Medical benefit:
- Typically covers drugs that are injected or infused by a health care professional in the doctor’s office, hospital out-patient center, free-standing infusion center/clinic or by a mobile infusion therapy provider at home
Thank you!

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