

# ETF GIB Specialty Update

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# AGENDA



- Specialty Pharmacy Overview
- ETF Specialty Benefit and Current Utilization
- Navitus SpecialtyRx
- Specialty Pharmacy Criteria / Differentiators

# WHAT ARE SPECIALTY PHARMACEUTICALS?

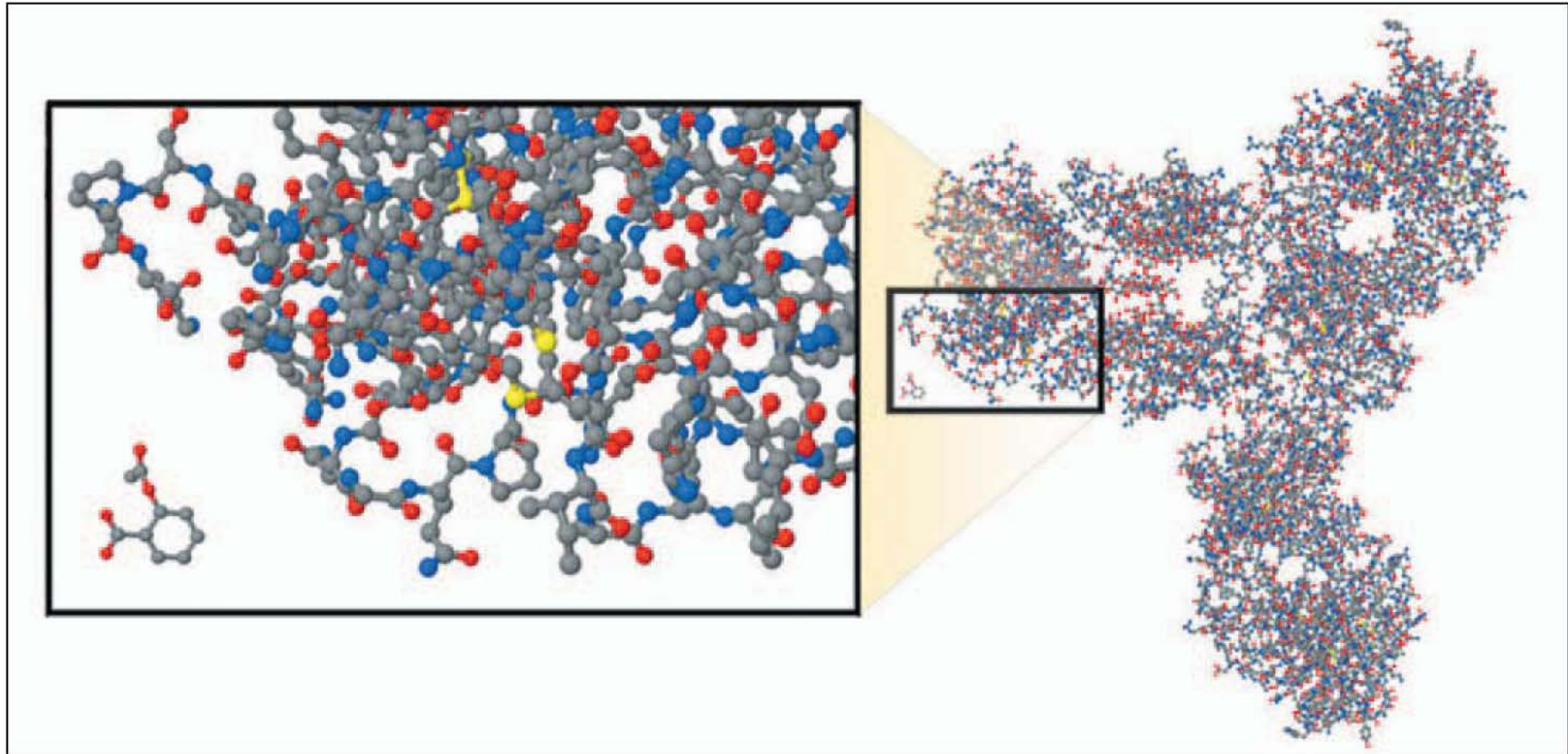


Navitus Definition: A subset of medications that *have some or all* of the following characteristics:

- Expensive with high medical cost potential
- Produced through biotechnology mechanism
- Often administered by injection
- Associated with complex clinical management
- Require close patient monitoring
- Distributed through specialty pharmacy network
- Special handling or shipping requirements



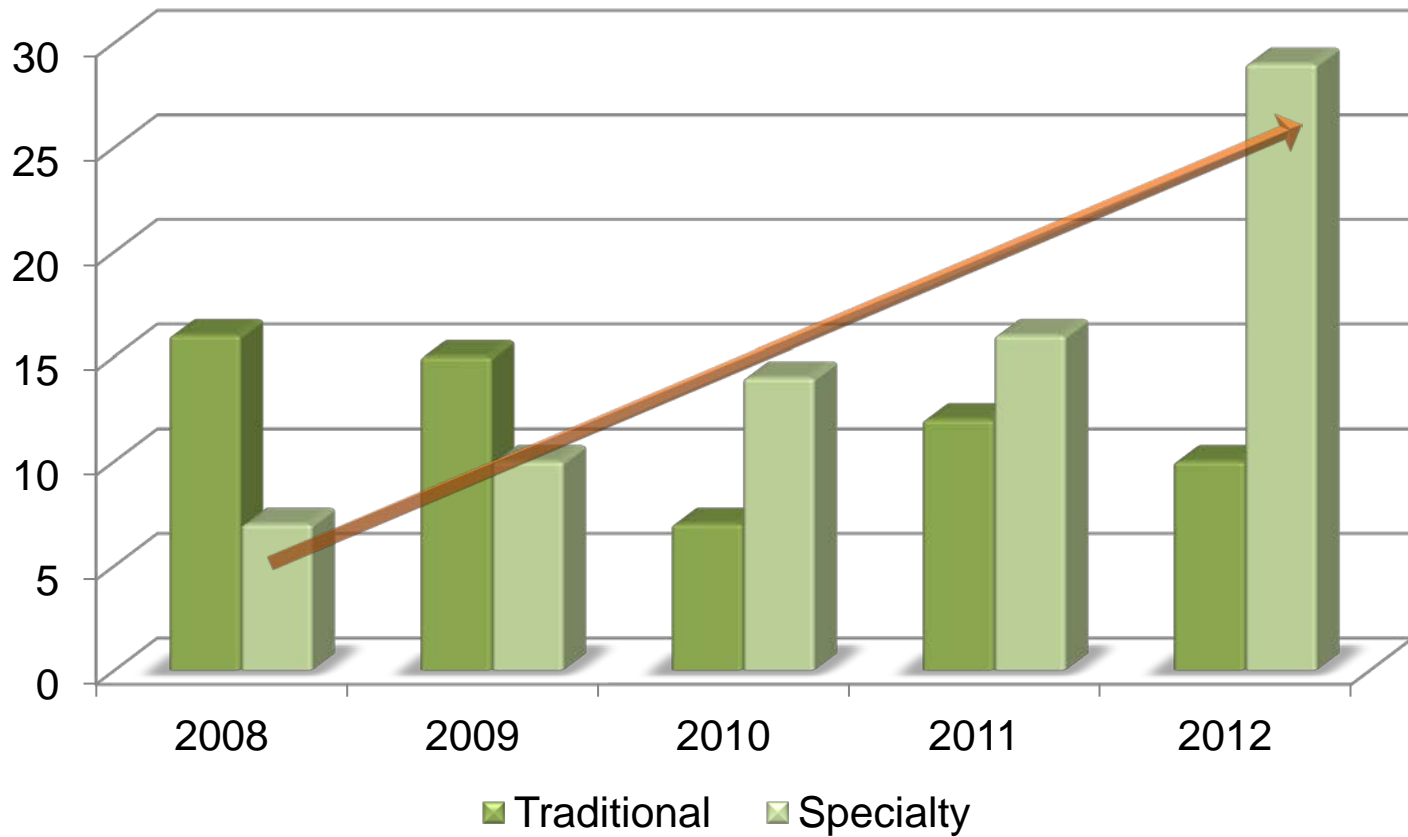
# SMALL MOLECULE VS. BIOLOGIC



**Figure 1.** Comparison between a biologic monoclonal antibody and an aspirin molecule

An approximately 800-fold difference in size necessitates magnifying the boxed area to clearly identify the aspirin molecule on the lower left. The antibody structure was taken from the RCSB Protein Data Bank and has the identifier 1HZH.

# FDA NEW DRUG APPROVALS



\*U.S. Food and Drug Administration

# NATIONAL TRENDS



- Specialty drugs will account for 50% of the drug (medical and pharmacy) expenditures by 2018<sup>1</sup>
- Nearly 70% responded in a recent survey that they mandate use of a Specialty Pharmacy Provider for agents received under the pharmacy benefit<sup>2</sup>
- Over 50% of surveyed plans responded that they use a specialty copay tier<sup>2</sup>
- Increasing number of limited distribution products
  - *Thalomid, Nexavar, and Tarceva* have or will move to limited distribution<sup>3</sup>
- 40-50% of the products in the drug pipeline are Specialty Products<sup>3</sup>

<sup>1</sup>Drug Benefit News 04/26/2013

<sup>2</sup>Serono Specialty Digest, 9<sup>th</sup> Edition, April 2013

<sup>3</sup> Navitus Internal Data

# ETF 2012 SPECIALTY UTILIZATION



- **Specialty vs. Non-Specialty Trend**
  - Specialty trend for ETF has grown at 12-15% per year each of the past 3 years while the non-specialty trend has been flat to negative during the same time period
- **Specialty Volume**
  - 0.7% of all prescriptions were for specialty drugs
  - Approximately 2,400 members or 1% of the membership fill a specialty prescription every month
- **Specialty Spend**
  - Over \$53.5M in plan spend on specialty medications
  - 21% of the overall pharmacy spend



# TOP SPECIALTY DISEASE STATES



Rank	Top Specialty Pharmacy Categories
1	Chronic Inflammatory Disease
2	Multiple Sclerosis
3	Oral Chemotherapy
4	Antiretroviral (Hepatitis C / HIV)
5	Rare / Orphan Drugs
6	Anticoagulants
7	Growth Hormone Deficiency
8	Organ Transplant
9	Neutropenia
10	Cystic Fibrosis

Greater than 75% of the drug costs are in the top 4 categories



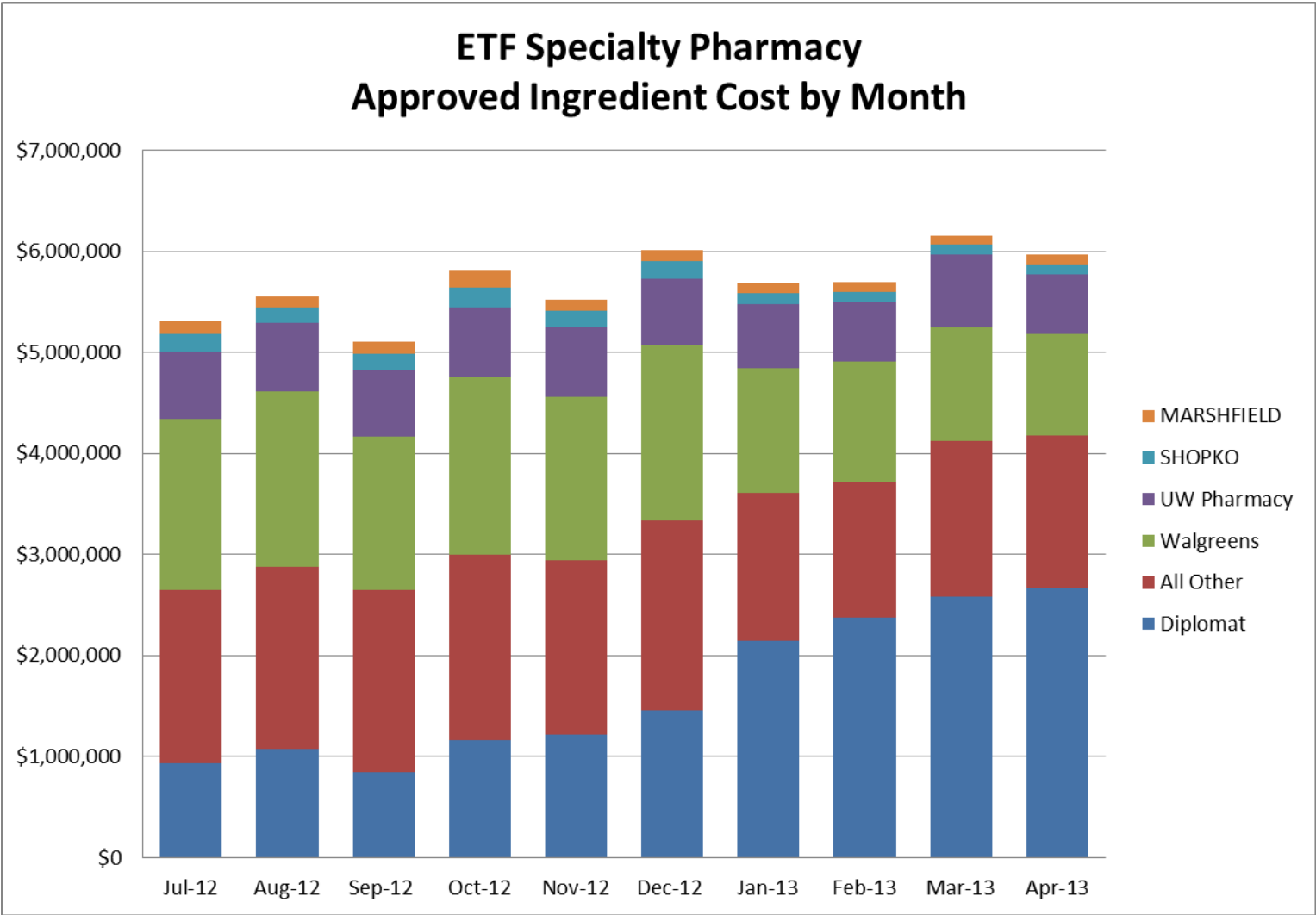
# 2013 SPECIALTY PLAN DESIGN



Specialty & Lifestyle Prescription Drugs		Copayment Level	Copayment Amount	OOPL* (Out Of Pocket Limit)	In Network Pharmacy	Out of Network Pharmacy
Specialty Medications obtained at a Pharmacy <b>OTHER THAN</b> the Preferred Specialty Pharmacy (All Retail Network Pharmacies)	Formulary Specialty Drugs (e.g. Current Level 1/2)	Level 4	\$50	<b>Level 4 OOPL:</b> \$1,000 per individual/ \$2,000 per family for all Participants.	Covered	Not Covered, except when emergency or urgent care is required.
	Non-Formulary Specialty Drugs (e.g. Current Level 3)	Level 4	\$50	<b>Does Not Apply To OOPL</b>		
Specialty Medications obtained from the Preferred Specialty Pharmacy	Formulary Specialty Drugs (e.g. Current Level 2)	Level 2	\$15	<b>Level 4 OOPL:</b> \$1,000 per individual/ \$2,000 per family for all Participants.	Covered	Not Covered, except when emergency or urgent care is required.
	Non-Formulary Specialty Drugs (e.g. Current Level 3)	Level 4	\$50	<b>Does Not Apply To OOPL</b>		

\* Level 1/Level 2 OOPL and Level 4 OOPL accumulate separately. Copays for Specialty & Lifestyle Drugs only accumulate to the Level 4 OOPL.

# ETF SPECIALTY UTILIZATION



# ETF SPECIALTY RESULTS



## Program Savings:

- First 4 months: \$256,080
- 2013 Forecasted Savings: \$800,000

## Clinical Intervention Examples (1Q-2013)

- Health Assessment Questionnaire Version 2 (HAQII)
  - Taken at baseline and 6 months for RA patients to measure functional impairment related to the patient's disease(98 screened)
- Psoriasis Quality of Life (PQOL)
  - Taken at baseline and every 6 months to assess disease severity and effectiveness of therapy (19 patients screened)
- Harvey Bradshaw Index (HBI)
  - Taken at baseline and every 6 months to assess patients with Crohn's Disease (30 patients screened)
- Documented additional education (54), adverse events (14), & adherence (24) interventions

# NAVITUS SPECIALTYRX



# SPECIALTY PHARMACY GENERAL SELECTION CRITERIA



- Full Service Specialty Pharmacy service offering including
  - Ability to fill a prescription from any provider and be able to ship anywhere in the country (licensed in all 50 states)
  - Full suite of clinical reporting
  - Free overnight delivery and the ability to ship to patient's home, doctor's office, or other locations for administration with full tracking and reporting on all shipped packages
  - Performance guarantees with respect to on-time deliveries, call center metrics, and pricing
  - Specialty Class of Trade Pricing and Specialty Pharmacy Accreditation
- Specific Clinical Algorithms for the management of specialty products with a high potential for adverse events
- Clinical protocols that follow deliveries with telephonic communications to assess adverse events and escalate to the provider as required.
- Access to Limited Distribution Product and the ability to comply and report on required REMS (Risk Evaluation and Mitigation Strategies) Programs
- Competitive pricing and the ability to offer pricing for clinical services only (not tied to the drug discount)
- Independent Specialty Pharmacy that is not in competition with Navitus
- Ability to support the Navitus Formulary and Utilization Management Activities
- Cultural fit with the values and business practices of Navitus

# DIPLOMAT SPECIALTY PHARMACY



- **Accreditations as a Specialty Pharmacy**
  - Accreditation Commission for Health Care (ACHC)
  - URAC Specialty Pharmacy Accreditation
  - Several Clinical Programs have URAC Disease Management accreditation
- **Several robust Clinical Algorithms including**
  - Oncology
  - Multiple Sclerosis
  - Hepatitis
  - Chronic Inflammatory Disease (RA / Crohn's / Psoriasis)
- **Diplomat is the largest independent specialty pharmacy provider in the nation with client and payers in all states**
- **Several utilization management activities including Split Fill programs for oncology and hepatitis c**
- **Strong reputation in the industry, strong references, and high satisfaction scores**
  - Members: 98% were satisfied (89% very satisfied)
  - Medical Professionals: 98% were satisfied (68% very satisfied) \*updated Spring 2012