
SPECIALTY PHARMACY NEWS

Survey Shows MCOs Are Limiting Specialty Pharmacy Services

A survey of medical directors at managed care organizations (MCOs) representing approximately 30 million U.S. lives reveals that specialty pharmacy cost management is a high priority for 68% of those plans, many of which are already taking steps to control their costs. That percentage represents 26 of the 38 medical directors surveyed, and half of those people also indicated that specialty pharmacy had increased in priority over the past 12 months. Twenty-nine percent consider it a medium priority, with only 3% indicating that it is a low priority.

The survey showed that MCOs are continuing to shift decision making to the consumers as a cost-control strategy.

MedPanel, Inc., an online medical market intelligence firm, conducted the survey in February 2006 on MCO forecasts and specialty pharmacy policies for 2006. The MCOs varied in terms of the number of lives covered and the geographic areas of service. Twenty-six percent of plans offered internal specialty pharmacy services — down from 34% in 2004.

Most of the MCOs — 84% — point to increased costs for specialty drugs and biologics as the main driver of overall medical cost increases. “Specialty pharmaceuticals will continue to be an area of dynamic change within the industry for years to come as greater availability and utilization of these products continue,” contends Stephen Bubb, senior director of quantitative services at MedPanel.

Despite expected increases in specialty pharmacy utilization — an increase due mostly to new drugs and technologies and higher use of biologics and chemotherapy — directors expect a slight drop in the rate of increase in overall costs due to better pharmacy management and by shifting costs and decision making to consumers.

“MCOs are taking several steps to curb the growth of overall costs, including intensifying utilization management, consolidating specialty pharmacy services provided by PBMs and promoting patient-driven checks on utilization,” says Bubb.

Sixty-eight percent of respondents cite benefit design changes, such as higher copays, coinsurance and

deductibles as driving reductions in utilization and thus costs over the past year. Increased penetration of consumer-driven products was also a strong driver of cost and utilization reduction by providing expanded options to consumers.

“Patients are ultimately being encouraged to make more responsible decisions about their own health and health care needs,” says Bubb.

Respondents say that benefit buydowns will have an even greater impact on reducing gross costs in 2006 than in 2005 — 7.8% as opposed to 5.9%. The most commonly mentioned benefit-design changes that the 38 executives are expecting their customers to adopt for their benefit plans in 2006 are:

- ◆ *Increased copayments.*
- ◆ *Higher deductibles.*
- ◆ *Health savings accounts/other consumer-driven products.*
- ◆ *Multi-tiered pharmacy benefits.*
- ◆ *Disease management programs.*

The survey also reflects a popular practice when dealing with specialty pharmaceuticals: reimbursing under a system that includes both the medical benefit and the pharmacy benefit. Sixty-three percent of the respondents said that they now reimburse specialty products under both benefits.

When it comes to specialty products for different disease states, the MCOs vary in their methods of reimbursement (see table, p. 9).

Rheumatoid arthritis, Crohn’s disease, multiple sclerosis and psoriasis are more commonly covered under the pharmacy benefit. That may be because coverage under the pharmacy benefit enables better tracking and control.

Though a shift from medical to pharmacy benefit was observed in 29% of plans (32% last year), overall most of these products are still covered under the medical benefit.

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