The increased approvals and rising costs of specialty pharmacy drugs have created a significant management challenge for health plans. The 3 primary disease areas that account for the majority of the specialty drug spending include autoimmune disorders, multiple sclerosis, and cancer. The category of oncology has seen exponential growth over the past few years, with more than 900 products currently in clinical trials for oncology, including a large number of oral agents.

Traditionally, health plans have not applied utilization management approaches to cancer care; however, over the past 1 to 2 years, health plans have begun to focus on opportunities to manage oncology drugs in the outpatient setting. The implementation of federal healthcare reform, combined with increased pressure on plans to reduce costs to remain competitive in the market, comply with state and federal regulations, and achieve improved clinical outcomes, have prompted this shift in focus.

A key factor influencing the management of oncology treatments has been the development of targeted therapies for many cancers, including chronic myelogenous leukemia and multiple myeloma. Although the number of patients with these cancers is relatively small compared with more prevalent cancers—such as breast, prostate, lung, and colorectal—the drugs used to treat these smaller populations have a high cost and have prompted health plans to take a more active role in their management. Diagnostic testing in oncology is becoming more common to identify patients who are appropriate candidates for a specific drug, as well as to measure efficacy and determine whether a drug should continue to be used for the individual patient, or if the patient should be switched to a different treatment regimen. Health plans can therefore incorporate diagnostic testing requirements into oncology management programs to achieve more predictable results while not compromising clinical value.

The coverage for oncology drugs is administered via the medical and the pharmacy benefits, and each health plan applies coverage criteria based on its unique benefit designs and health insurance products. Pharmacy benefits have been well-defined, and traditional utilization management controls have been effectively applied across the majority of therapeutic classes and disease areas, with oncology as a primary exception. Medical benefits that include coverage for physician-administered drugs have been largely unmanaged and often are provided with little or no out-of-pocket drug cost to the patient.

Recent trends in the market have suggested that health plans should move physician-administered drugs covered under the medical benefit to the pharmacy benefit, where greater controls can be applied, and real-time utilization management can be applied to maximize cost control and limit inappropriate use. However, it is important to understand that in such a case, the drugs do not change their benefit classification, but rather the drugs under the medical benefit are moving to a pharmacy management model that may include specialty pharmacy distribution, while the costs continue to be applied to the medical benefit.

Benefit designs are evolving to assist in the management of drugs across the medical and pharmacy benefits, with increased out-of-pocket costs to patients for drugs under both benefits. Oncology drugs may be covered by state oral chemotherapy parity legislation that requires equal treatment of drugs under the medical and pharmacy benefits. Patients cannot pay more for drugs covered with one benefit than with the other. Additional state mandates that require coverage for the off-label use of oncology drugs place more pressure on pharmacy managers to control costs and to limit exposure for unproved therapies.

Health plans must now manage select cancers as chronic diseases with long-term treatment requirements and exclusive sole-source branded agents as the standard of care. Specialty pharmacies play a key role in managing the distribution of oncology drugs under the pharmacy benefit and in promoting their appropriate use and offering compliance and adherence programs.

According to Atheer A. Kaddis, PharmD, Senior Vice President, Sales and Business Development, Diplomat Specialty Pharmacy, several health plans that use
Diplomat Specialty Pharmacy as one of their providers have implemented a cycle control or a split-fill program, in which the patient receives a small, 7- to 14-day supply of an oral cancer medication to determine whether the patient can tolerate it. Patients who tolerate the oral drug are then given the remaining monthly supply, without any additional copay requirement, and subsequent fills can be provided in 30-day quantities.

The extensive development of new drugs, increased availability of diagnostics, and the level of competition in cancer types will drive plans to make difficult and prudent choices to achieve cost-effective outcomes across many cancers while striving for the best clinical outcomes.

Another area of interest in cancer drugs management involves the use of clinical pathways to drive utilization to a preferred sequence of drugs for a particular cancer. This involves coordination among the health plan, the oncologist, and the pharmacy to ensure that patients receive the right mix of drugs to comply with the pathway. Providers can be paid under a global cap or on a case-mix basis, with incentives to expeditiously treat the patient and lower overall costs, and the net savings shared between the provider and the health plan.

Utilization management by health plans is driven by the desire to encourage appropriate use, promote preferred medications, and limit financial exposure to the most cost-effective therapies. Many options for drug utilization management are used today, including prior authorization, step therapy, case management, quantity limits, split-fill programs, and increased cost-sharing by the patients. The need to apply utilization management to drug therapy must be balanced with the importance of achieving the best outcomes while maintaining quality and reducing medical resource utilization.

Although oncology is not heavily managed by health plans today, the extensive development of new drugs, increased availability of diagnostics, and the level of competition in cancer types will drive plans to make difficult and prudent choices to achieve cost-effective outcomes across many cancers while striving for the best clinical outcomes.

References

Call for Papers

American Health & Drug Benefits offers an open forum for all healthcare participants to exchange ideas and present their data, innovations, and initiatives to facilitate patient-centered healthcare and benefit design models that meet the needs of all stakeholders—Employers, Manufacturers, Patients, Payers, Policymakers, Providers, Purchasers, Regulators, and Researchers.

Readers are invited to submit articles that aim at improving the quality of patient care and patient well-being while reducing or controlling costs, enhancing the health of communities and patient populations.

Areas of High Interest:

- Adherence Concerns
- Benefit Design
- Case Studies
- Comorbidities and Cost Issues
- Comparative Effectiveness Research
- Decision-Making Tools
- Ethics in Medicine
- Health Economics Research
- Health Information Exchange
- Health Plan Initiatives
- Innovations in Healthcare
- Literature Reviews
- Managed Care
- Medicare/Medicaid
- Patient Outcomes/Advocacy
- Pharmacoeconomics
- Pharmacogenomics
- Policy Issues
- Prevention Initiatives
- Real-World Evidence
- Reimbursement Strategies
- Social Media in Healthcare
- Survey Results
- Value-Based Healthcare

Manuscripts should follow the Manuscript Instructions for Authors available at www.AHDBonline.com.