Self-funded plan sponsors of commercial insurance health plans include employers, municipality governments, and unions. In many areas, a coalition of plan sponsors work together in partnership to purchase and/or manage healthcare benefits, such as prescription drugs, as a benefit carve-out from their medical benefits. With more than 300 private and public members of Employers Health of all sizes and industry types spread across 31 states, Employers Health is one such coalition that brings value to its employer members through a host of strategic solutions that help them realize the best-in-class strategies, maximize these strategies through collective purchasing, advance the strategies through the use of data analytics, and accelerate strategic results through the use of technology.

Participating in the National Employer Initiative on Biologic & Specialty Drugs (NEIBSD) effort to develop pilot demonstration projects for change in managing benefits for specialty drugs, Employers Health identified a couple of options for their drug purchasing coalition population. In early 2014, Employers Health decided that an evaluation of the effect of an employer-based step-therapy program for rheumatoid arthritis (RA) and multiple sclerosis (MS) on pharmacy and medical costs for select specialty drugs would be a good starting point for this pilot research effort.

Methods
In collaboration with NEIBSD leadership staff, Employers Health developed an approach for working with available medical and pharmacy data, along with an analysis plan of specific diseases that are managed with specialty drugs. Retrospective data and primary analyses were provided by Employers Health integrated research analysts using their internal data in their medical and pharmacy claims database. All analytical work was done in compliance with HIPAA and HITECH (Health Information Technology for Economic and Clinical Health) requirements.

Employers Health conducted before and after comparative analyses of the medical and pharmacy benefits costs associated with specialty drugs before and after the implementation of a step-therapy program in a pharmacy benefit–managed program in mid-2014. Based on a review of paid claims data for the population of Employers Health, followed by a smaller number of employers among those that agreed to participate in this aggregate study, the researchers determined that RA and MS offer the best number of claims to facilitate the evaluation of the step-therapy strategy.

The analyses of the step-therapy program for patients with RA or MS that had been implemented by an Employers Health pharmacy benefits manager (PBM) vendor were evaluated based on paid claims data in 2012 and 2013 (Figure).

Results
A total of 3 different employers participated in this aggregate study. Their combined, deidentified claims data yielded the following results for RA and MS therapies.

In plan year 2012, there were 275 prescriptions for MS treatments from 76 plan members at a cost of $135.11 for a daily supply; in plan year 2013, there were 250 prescriptions for MS treatment from 80 members, at a cost of $153.82 for a daily supply. This resulted in a calculated percent change of 13.85%. For the same calendar years, the medical benefit change for MS from 2012 to 2013 increased by 2% for members’ out-of-pocket costs, by 50% for paid claims (ie, from 1 inpatient hospitalization), and by 82% for the amount of paid claims per claimant before adjusting for inflation.

The paid medical claims cost change for RA from 2012 to 2013 was even, despite a 23% increase in paid claims per claimant before adjusting for inflation. In 2012, there were 665 prescriptions for RA drugs (ie, tumor necrosis factor inhibitors) for 177 members, at a cost of $78.37 for a daily supply; in 2013, there were 660 prescriptions for 168 members, at a cost of $87.32 for a daily supply; the calculated percent change for that period was 11.43%.
The drug costs inflation for 2013 was reported by Express Scripts to be 14.1% for specialty drugs and 2.4% for traditional drugs (the total spending on specialty drugs was 27.7%). Express Scripts reported an overall 5.4% increase in pharmacy spending in 2013, whereas the Centers for Medicare & Medicaid Services reported an overall 3.6% increase in pharmacy spending in 2013. According to Express Scripts, the drug costs inflation for 2012 was 18.4% for specialty drugs compared with a 1.5% decrease in drug costs for traditional drugs (percent of total spending for specialty drugs, 24.5%).

The Consumer Price Index had an overall downward trend in 2012 and was approximately the same as Express Scripts’ trends of 1.5% to 2% through 2013. The Bureau of Labor Statistics reported a 1.7% US economic inflation in 2012. For 2013, the healthcare inflation was 3.6% according to the CMS Office of the Actuary, but it was estimated to be 7.5% by PricewaterhouseCoopers.

Adjusting for Consumer Price Index inflation, the pharmacy savings was 7.83% for RA and 10.25% for MS; however, using specialty drugs cost inflation, no savings were achieved. When adjusting for incurred paid medical costs, the numbers remain in the same range.

Discussion
Decisions regarding benefit design and tactical tools, such as step therapy, have been a focus of interest for several years among the health plan sponsors. Performing real-world assessments of what does and does not work, or what is of limited value to employer plan goals, is important for plan sponsors.

Our research represents a unique effort with a unique finding from a pilot study conducted by Employers Health and NEIBSD. When such results are publicly shared, they could be useful to other group purchasing or business coalitions that are seeking objective information regarding plan design decisions.

Medical claims related to RA or MS and benefit claims were also evaluated during the same calendar years. Although a longer study interval would have been ideal, the break-even results highlight the struggle of plan sponsors to find a suitable specialty program to mitigate the ever-growing healthcare spending. Retroactive discounts, such as pharmaceutical company rebates, are significant impetus for the implementation of a step-therapy specialty drug program.

Generally, the savings proposed by a PBM for enrolling in such a program are largely driven by the rebate terms, and this study appears to confirm that finding.

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Limitations
This evaluation was conducted from an employer perspective to determine if a trend or a direction for the evaluation of a step-therapy program may be successful. The study was not powered for scientific analyses, and there was no disease matching of patients for comparison.

Other potential limitations include the study sample size, and inherent bias; the impact of rebates; potential individual provider change in drug use patterns for MS or RA resulting from a changing marketplace and the patients’ clinical state during the years studied; other medical benefit reviews or case management efforts influencing the drug choice that was unknown by Employers Health; and

MS indicates multiple sclerosis; RA, rheumatoid arthritis; TNF, tumor necrosis factor.
the overall health benefits parity or out-of-pocket costs that affect the patient’s medication-taking behavior.

Conclusion

Evaluations of plan performance and specific elements of benefit management are important decision aids to plan sponsor decision makers. This post–2010 Affordable Care Act retrospective analysis of real-world employer aggregate claims based on specialty drug claims 1 year before and 1 year after the implementation of a step-therapy program in a PBM program provides a unique finding from a pilot study program by Employers Health and NEIBSD.

From an employer plan sponsor perspective, with the current plan design, there is very limited value to a pharmacy-based step-therapy program in relation to specialty drugs for RA or MS.

From an employer plan sponsor perspective, with the current plan design, there is very limited value to a pharmacy-based step-therapy program in relation to specialty drugs for RA or MS, unless the negotiated rebates for enrollment are substantial. As a result, the value of having a well-determined benefit strategy versus using traditional tactics in managing the costs associated with specialty drugs remains important.

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Author Disclosure Statement

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