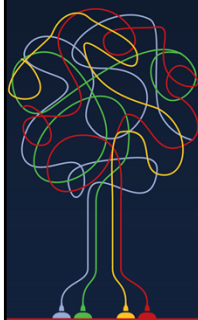


AMCP Foundation Symposium Specialty Pharmacy and Patient Care: Are We at a Tipping Point?



October 7, 2014
Boston, MA

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Welcome

Edith A. Rosato, RPh, IOM

Chairman, Board of Trustees

Academy of Managed Care Pharmacy Foundation

John Mackowiak, PhD – *Symposium Moderator*

VP, Pharmacy & Education, AMCP Editor, Journal
of Managed Care & Specialty Pharmacy,
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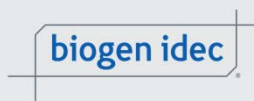
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Symposium Sponsors

AMCP Foundation would like to thank the following companies for their support of the symposium:



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Program Objectives

The AMCP Foundation is focusing on an important and critical health care issue under the theme “Specialty Pharmacy and Patient Care: Are We at a Tipping Point?”

The potential for improved patient care and improved outcomes through the use of specialty pharmaceuticals holds great promise. However, this potential is facing intense scrutiny centered primarily on the cost and challenges of access to specialty pharmaceuticals.

The AMCP Foundation will examine these and related issues as part of the symposium. Topics to be addressed include:

1. Integrating the pharmacy and medical benefit—what are the upsides and downsides, opportunities and barriers; how do we do it, who has to be convinced? How does it promote patient outcomes?
2. The specialty drugs conundrum: why is something so great so expensive? How do we maximize access and affordability to take advantage of the promise of specialty pharmaceutical therapy? How do we reward innovation?
3. What can health plans do to enhance proper utilization of specialty drugs?
4. What are payer concerns, both private and public, with use of specialty pharmaceuticals?
5. What are patient and caregiver perspectives and the public policy implications?

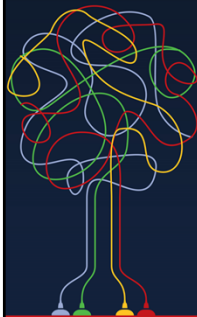
In addition to the live symposium presentations, the entire program will be video- taped and repurposed, with presentations and handouts indexed, and will be posted on the AMCP Foundation website after the Nexus Conference. A summary of symposium proceedings, as an abbreviated written proceeding document, also will be produced and made available to the public.

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Employer and Private Payers: Finding Common Ground in Addressing Specialty Drug Spending



John Rother
President and CEO
National Coalition on Health Care

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Specialty Drug Spending

- Specialty drugs account for a disproportionate share of overall drug spending because of their high cost
 - Specialty drugs currently account for only 1% of all prescriptions, but account for approximately 20% of total drug spending
 - A specialty drug typically costs > \$600/month, and a single treatment regimen can cost up to \$750,000 per year

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Specialty drugs are driving projected increases in overall drug spending.

Projected NHE, 2012-2022: (from CMS's 2012 NHE Fact Sheet)

- Spending on prescription drugs is projected to grow an average of 5.1% per year over the projection period with expected average growth of less than 1% through 2013 reflecting several drugs' patent expirations, followed by growth of between six and seven percent for the last half of the period. Spending is projected to reach \$0.5 trillion by 2022.

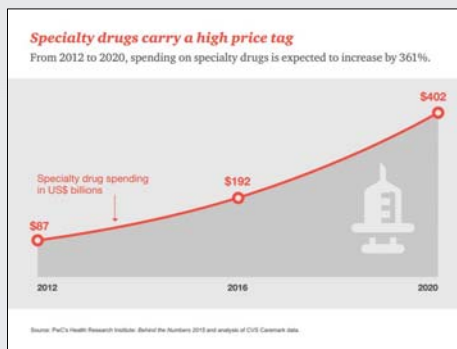
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...and this is only the beginning

- 70% of the drugs approved by the FDA in 2013 were specialty drugs
- The specialty drug market sits at the nexus of the rising epidemic of chronic disease and the increasing complexity of the pharmaceutical industry in the US, making it **perfectly poised for continued growth**
- Spending on specialty drugs is expected to increase by 361% from 2012-2020



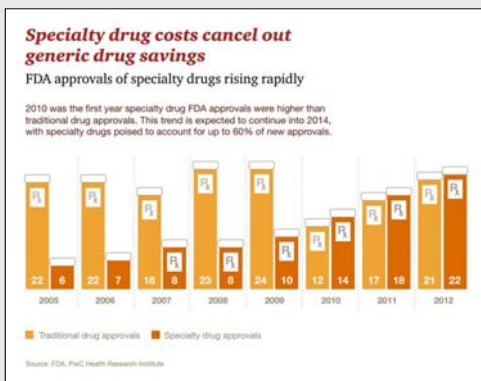
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Employers' Outlook

- Specialty drugs present a tremendous cost challenge to employers
- Specialty drugs currently account for approximately 17% of the average employer's pharmacy costs, but is estimated to rise to 40% by 2020
- Specialty drug spending is predicted to rise from \$290 PMPY in 2012 to \$845 PMPY by 2018



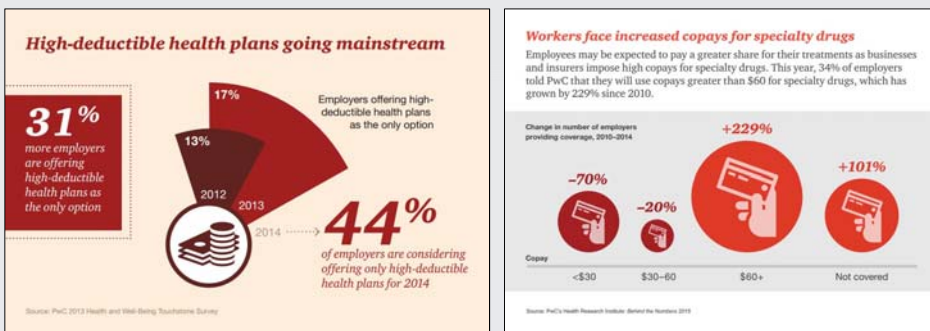
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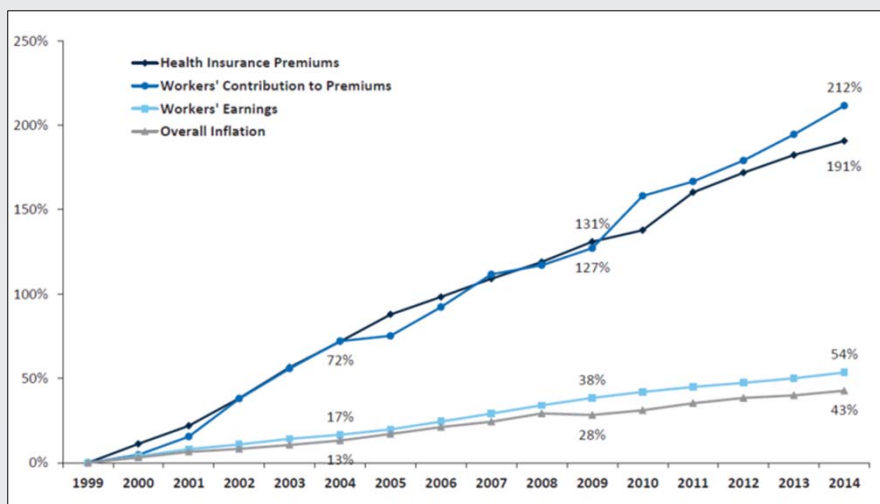
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Employers' Response: High-Deductible Health Plans and Increased Co-Pays

Offsetting increased coverage costs to employees



Growing Financial Burden on Workers



Retrieved from: <http://www.latimes.com/business/money/la-fi-employer-health-costs-20140910-story.html>

Risks of Employers' Cost-Limiting Measures

- High-deductible plans and increased co-pays for specialty drugs can restrict patient access, discourage patient adherence to a prescribed regimen, and even discourage workers from seeking treatment altogether

Private Plans' Strategies to Contain Costs while Maintaining Access

- Integration of Pharmacy and Medical Benefits
 - Allows for more appropriate tiering and/or coinsurance rates for specialty drugs
 - Better usage tracking
- Increasing adherence
 - Via patient engagement re: their condition and the therapeutic process
 - Via case management and coordination with providers
- Contracting with specialty pharmacies
 - To coordinate the complex delivery and treatment processes of specialty drugs
- Pharmacy and utilization oversight
 - Step therapy, quantity limits, & prior authorization to help ensure that patients' care is appropriate and cost-effective

Finding Common Ground

- There are 2 routes by which employers can address the rising cost burden of specialty drugs:
 1. Working with plans to adopt medication management measures to constrain costs while still ensuring patient access, encouraging patient adherence, and avoiding cost-shifting to workers
 2. Joining coalitions to hold specialty drug manufacturers accountable, before the public and Congress, for unreasonably high price-setting that can limit patient access and threaten the sustainability of the health care system

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What NCHC is Doing:



the campaign for
SUSTAINABLE Rx PRICING

- Using Gilead Sciences Inc.'s new Hepatitis C drug Sovaldi as a case study to highlight the system-wide impact of unreasonably high drug pricing
- **Goal:** Promote responsible pricing for specialty drugs
- **How:** Spark a national dialogue about how to sustain biopharmaceutical innovation... without sacrificing affordability and access for patients, or undermining the sustainability of the health care system

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Thank You

John Rother

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National Coalition on Health Care

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