



Employers & Coalitions Service

Employers' Management of Specialty Pharmaceuticals— 2011

Employers are concerned about the impact that specialty medications are having on their drug cost trends. In response to rising utilization, high per patient costs, and new products and indications, employers are seeking ways to manage specialty pharmaceuticals with assistance from specialty pharmacies, PBMs, health plans, and benefits consultants. HIRC's update, *Employers' Management of Specialty Pharmaceuticals*, addresses the following questions:

- Which specialty therapeutic areas are employers most concerned with?
- To what extent are employers using specialty pharmacies?
- What utilization management tactics are most commonly used and most effective?
- How are employers managing oncology drugs?

Key Findings

In addition to prior authorization and step therapy, employers are expanding mandatory specialty pharmacy requirements and are utilizing these organizations to manage all products, including oncology medications.

More Employers Utilizing Management Tactics for Specialty Pharmaceuticals

HIRC benchmarking data find that over the last five years the percentage of employers implementing utilization management (UM) for specialty pharmaceuticals has increased. While requiring employees to use a specialty pharmacy has become a more prevalent practice, prior authorization and step therapy are still the most frequently implemented tactics. Panelists believe that prior authorization is the paramount UM technique to manage pharmacy cost, and step therapy promotes appropriate treatment guidelines, manages cost, and ensures appropriate utilization

About HIRC

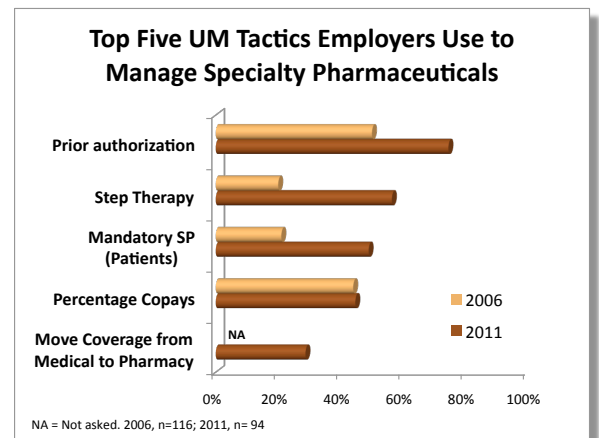
Health Industries Research Companies (HIRC) conducts strategic market research on trends in health care, pharmaceuticals, and managed care businesses.



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The newer tactic of moving coverage of specialty pharmaceuticals from the medical to the pharmacy benefit is already being implemented by over one-fourth of all HIRC employers, while use of percentage copays has remained relatively stable.

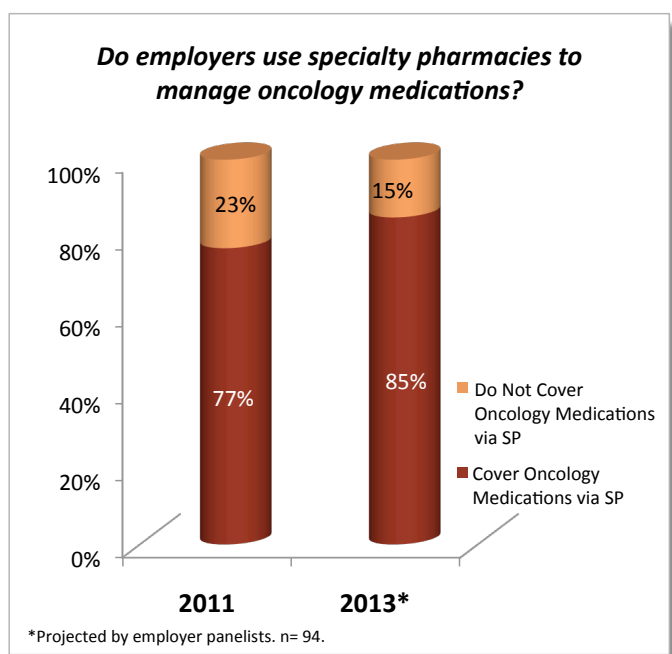


Additional data examining employers' use of UM can be found in the complete report, *Employers' Management of Specialty Pharmaceuticals*.

Employers Using Specialty Pharmacies to Manage Oncology Drugs

A majority of employers currently covers some oncology medications through a specialty pharmacy – primarily self-injectables—and more employers hope to include oncology drugs in their specialty pharmacy management in the future.

- Employers are interested in managing all specialty drugs through their specialty pharmacies to ensure consistency in policies, data reporting, and overall patient management.
- Employers believe that by using specialty pharmacies to manage the distribution of all oncology products they can eliminate the oncologists' mark-up without reducing access to the medications themselves.



Additional insights into employers' perspectives on managing oncology medications can be found in the complete report, *Employers' Management of Specialty Pharmaceuticals*.

Research Methodology & Report Availability

Research was conducted in spring 2011 with 124 employer market panelists representing over seven million active employees. Information was gathered from employee benefits managers, corporate medical departments, and employer health care coalitions via mail and online surveys. A subset of respondents participated in follow-up interviews.

Subscribers to the *Employers & Coalitions Service* may download the complete report, *Employers' Management of Specialty Pharmaceuticals* at www.hirc.com.

About HIRC's Employers & Coalitions Service

The *Employers & Coalitions Service* is an ongoing research project that focuses on key influencers within the employer health care market and their impact on the use of pharmaceutical products. The service includes health and drug benefits trends and strategies; profiles of pharmaceutical firms investing in the employer market; specialty medication trends; and employers' perspectives on the impact and management of specific diseases.

Research is conducted annually with the following three panels:

- Employee Benefits Managers
- Corporate Medical Departments
- Health Care Coalitions

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