

Trends in Coverage of Specialty Medications Spring 2009

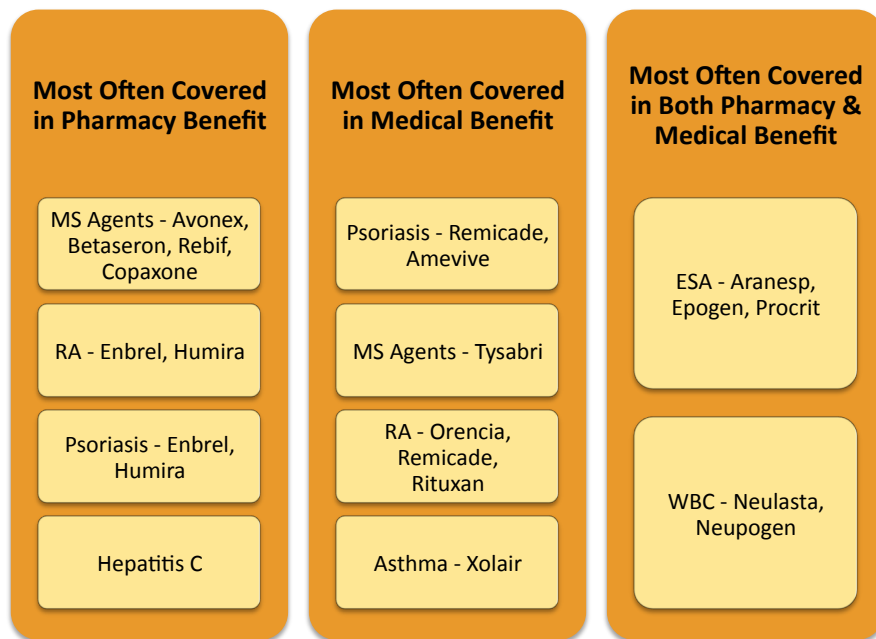
Coverage of Specialty Medications

Each spring HIRC reviews the location of specialty medication benefits coverage at leading health plans across eight specific drug classes, many of which are also broken out by product. Notable findings from 2009 research highlight that the location of benefit coverage varies significantly across specialty drug classes.

- ◆ The primary factor for determining where coverage is provided is the site of administration and the route of administration
- ◆ Specific characteristics of the product and the therapeutic class are also important determinants of benefit location

The figure below depicts therapeutic classes most frequently covered (over 50% of lives) in the pharmacy benefit, medical benefit, or both. When medications are covered in both the medical and pharmacy benefit, it is generally because coverage is provided according to the site of administration (home or office).

Where Are Specialty Medications Covered?



Notes: "Most often covered" = >50%. Figures are weighted averages based on commercial lives only.
Source: HIRC Specialty Pharmaceuticals Service, 2009, N=58.

Key Finding

The primary factors for determining where coverage is provided are the site of administration and the route of administration. However, specific characteristics of the product and the therapeutic class are also important determinants of benefit location.

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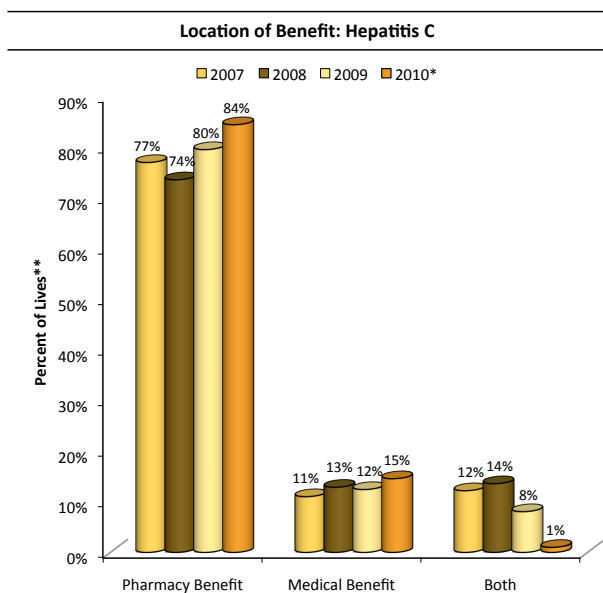
About HIRC

HEALTH INDUSTRIES RESEARCH COMPANIES (HIRC) is an independent, nonpartisan organization that conducts strategic market research on trends in health care, pharmaceuticals and managed care businesses. HIRC's benchmark studies focus on the marketing needs of pharmaceutical companies by providing research critical to the development of successful customer-focused marketing strategies.

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In addition to whether the medication may be self-administered or not, specific characteristics of the medication are important determinants of where coverage is provided. For example, whether there are inherent risks associated with the medication that necessitate observation (e.g., Xolair and anaphylactic shock); whether physicians may make significant profits on the medication (e.g., oncologists with ESAs); and whether the medication is often administered concomitantly with other medications in the office or infusion center (e.g., ESAs before chemotherapy infusions) are all important factors.

Location of Benefit Coverage by Class



HIRC gathers detailed coverage information for the eight medication classes surveyed. As shown in the example to the left, the average number of covered lives having the product covered through either the pharmacy benefit, medical benefit or both are depicted from 2007 through 2010 (projected). For hepatitis C products, health plans have gradually increased the number of lives covered through the pharmacy benefit, and expect to significantly decrease the number of lives covered through both the pharmacy and medical benefits.

*Projected by HIRC panelists. **Figures are weighted averages based on commercial lives only. Totals may not equal 100% due to rounding. Virtually no panelists reported not covering Hepatitis C. Source: HIRC *Specialty Pharmaceuticals Service*, 2007, N=68; 2008, N=60; 2009, N=58.

Research Methodology & Report Availability

Research was conducted in January and February 2009, with 58 pharmacy and medical directors at leading health plans representing over 46 million commercial lives. Through a combination of mail surveys and in-depth telephone interviews, pharmacy and medical directors were asked to indicate how coverage is provided (pharmacy benefit, medical benefit, both, or not covered) for eight specific classes of specialty medications. Both the *Benefits Structures* and *Patient Copay and Pricing Trends* updates are available to subscribers at www.hirc.com.

Additionally, the following updates will be available to subscribers of the *Specialty Pharmaceuticals Service* in June 2009:

- ◆ Formulary and utilization management trends
- ◆ Physician reimbursement and specialty pharmacy trends

About HIRC's Specialty Pharmaceuticals Service

The *Specialty Pharmaceuticals Service* presents managed care trends in specialty pharmaceutical benefit plan design, fixed and percent copay pricing and enrollment, out-of-pocket limits, formularies, specialty pharmacy, physician reimbursement, and utilization management tactics. The service provides in-depth reviews of eight high profile therapeutic categories:

- ◆ Asthma
- ◆ Erythropoiesis-Stimulating Agents
- ◆ Hepatitis C
- ◆ Multiple Sclerosis
- ◆ Osteoporosis
- ◆ Psoriasis
- ◆ Rheumatoid Arthritis
- ◆ White Blood Cell Stimulants