



Specialty Pharmaceuticals Service

Utilization & Cost Management Tactics for Specialty Pharmaceuticals – 2011

Appropriately managing patients' utilization of specialty medications is critical to health plans, from both a cost and clinical efficacy standpoint. HIRC's report, *Utilization & Cost Management of Specialty Pharmaceuticals*, provides analyses of health plans' usage of utilization management (UM) tactics and specialty formularies. This research addresses the following questions:

- How are health plans implementing formularies for specialty medications?
- What utilization management tactics are most common, and which do health plans believe are most effective?
- Which drug classes are most frequently subject to UM controls?
- What are the most common reimbursement rates for physicians?
- How is health plans' usage of specialty pharmacies evolving?

Some health plans are using prior authorization/step therapy to counter copay cards that undermine their formulary objectives

Key Finding

Plans increasing use of prior authorization criteria to enforce formulary

Prior authorization remains the predominant utilization management tactic employed by health plans to ensure appropriate access to specialty medications. HIRC panelists emphasize that prior authorization and step therapy are their most effective tools for enforcing formulary, especially given the presence of copay cards. Additionally, some panelists point out that step therapy is much more effective than copay differentials in driving behavior. In some cases, there is little or no copay differential between preferred and non-preferred agents, but a health plan can be very effective at limiting access to non-preferred agents when failure on a preferred agent is required before the non-preferred agent will be approved.

About HIRC

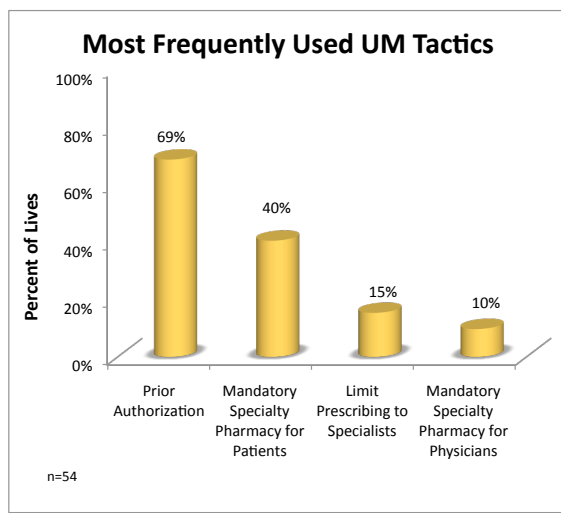
Health Industries Research Companies (HIRC) conducts strategic market research on trends in health care, pharmaceuticals, and managed care businesses.



HIRC

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Rheumatoid Arthritis Medications are Most Often Subject to Utilization Management Tactics

| Most Common Medication Classes Subject to UM Tactics | |
|--|------------------------------------|
| Prior Authorization | Percent of Lives Subject to Tactic |
| Asthma - Xolair | 97% |
| RA - Simponi | 88% |
| RA - Enbrel, Humira | 86% |
| Limit Prescribing to Specialists | |
| MS - Gilenya | 22% |
| RA - Actemra | 22% |
| RA - Remicade, Rituxan, Simponi | 21% |
| Mandatory Specialty Pharmacy for Patients | |
| RA - Enbrel, Humira | 55% |
| Crohn's - Cimzia | 55% |
| Hepatitis C - Pegasys, Pegintron | 54% |
| MS - Avonex, Betaseron, Copaxone, Rebif | 54% |
| Mandatory Specialty Pharmacy for Physicians | |
| Asthma - Xolair | 21% |
| Crohn's - Cimzia | 16% |
| RA - Remicade, Rituxan | 15% |

n=54.

The table to the left highlights the specialty classes most commonly (by percentage of commercial lives) subject to utilization management tactics across nine specialty classes. Application of UM is highly specific to therapeutic class.

Notable findings include:

- Medications to treat rheumatoid arthritis are often subject to numerous management controls.
- Over half of health plan enrollees must use a specialty pharmacy for self-injectable drugs for RA, Crohn's disease, hepatitis C, and MS.

The *Utilization & Cost Management of Specialty Pharmaceuticals* report highlights the utilization management techniques applied by plans for nine specialty medication classes reviewed in this research.

About HIRC's Specialty Pharmaceuticals Service

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

- Asthma
- Crohn's Disease
- Erythropoiesis-Stimulating Agents
- Hepatitis C
- Multiple Sclerosis
- Osteoporosis
- Psoriasis
- Rheumatoid Arthritis
- White Blood Cell Stimulants

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Research Methodology & Report Availability

In January 2011, HIRC surveyed 54 pharmacy and medical directors at leading health plans that represent nearly 67 million lives. HIRC used a combination of surveys and follow-up telephone interviews with panelists to review managed care trends across nine high-profile specialty therapeutic classes.

The *Utilization & Cost Management of Specialty Pharmaceuticals* report is part of the *Specialty Pharmaceuticals Service* and is now available to subscribers at www.hirc.com.

Additionally, the following updates will be available to subscribers of the *Specialty Pharmaceuticals Service* in June 2011:

- Best Specialty Manufacturer Partners and Services
- Benefit Design Trends
- Medication Profiles