Mercer

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Specialty drug management

MercerRx Government

The term "specialty pharmacy" refers to drugs that are high-cost medications requiring special handling, clinical monitoring, and/or administration by a health care provider. These drugs treat chronic, complex diseases and are often included in a limited distribution network.

Specialty pharmaceuticals tend to have extremely high ingredient costs, with average drug costs estimated to be more than $2,000 per month per patient (PMPM). A single drug used to help manage some complications of leukemia costs $6,800 a month. Other specialty drugs cost as much as $100,000 per year, with the most expensive specialty drugs costing up to $750,000 per year. As specialty drugs make up increasingly larger portions of state Medicaid pharmacy budgets, states, like employers, must address ways to manage the cost of specialty medications.

MercerRx Government offers a range of support services to assist state Medicaid programs with the clinical and fiscal management of specialty drugs, including assisting states with clearly defining specialty drugs and their reimbursement. MercerRx Government's approach identifies opportunities for clinical review and monitoring improvements that are also cost-effective.

Specialty drug reimbursement

Outpatient pharmacy reimbursement (pharmacy claims)

MercerRx Government helps clients save between 0.75% and 1.50% of the current outpatient drug budget by adding specialty drugs to the State's Maximum Allowable Cost list program and/or adding a separate specialty reimbursement that varies by branded specialty drug class and/or product.

Physician-administered drug reimbursement (medical claims)

MercerRx Government provides routine Healthcare Common Procedure Coding System (HCPCS) provider-reimbursement updates when new products enter the market to maximize savings for new generic products and to appropriately price new products that are billed with HCPCS dump codes.

Specialty drug pipeline monitoring

Specialty pipeline report (quarterly)

MercerRx Government monitors specialty drugs moving through the Food and Drug Administration's approval process and tracks those that are projected to come to market within the next 12 to 18 months.

Clients use the specialty drug pipeline report to assist in projecting the impact of the specialty pipeline on future budgets and clinical programs.

Clinical new product reports (monthly)

MercerRx Government monitors and reviews new specialty products brought to market, ensuring timely updates to the appropriate reimbursement schedule.

Clients use the new product reports and clinical recommendations to establish timely provider billing guidelines and parameters for new specialty products.

Medication compliance

Medication compliance rates and gaps in therapy

MercerRx Government assists Medicaid programs in measuring current medication-compliance rates and gaps in therapy for recipients. Mercer collaboratively develops program modifications to increase appropriate prescribing and eliminate barriers to participants' compliance.

MercerRx Government conducts detailed reviews of states' medication therapy management and/or other medication-compliance programs. These reviews identify the savings opportunity that can result from increased patient monitoring and greater medication-adherence rates.

Specialty drug management

Specialty drug management strategies should be tailored to best meet the clinical, financial, and political requirements of the state's program. MercerRx Government's expertise includes:

- Pharmacy and medical program specialty drug reimbursement savings projections
- Channel management strategies for pharmacy and medical programs to ensure minimal crossover of medications between channels and to align pricing metrics in both channels
- Utilization management (UM) reviews, including prior authorization, step therapy, quantity limits, and other clinically appropriate UM programs available for specialty drugs, such as stringent diagnosis requirements for new high-cost drugs used to treat hepatitis C
- Specialty drug sole-source contracting, including reviews of proposed request for proposals, necessary State Plan Amendment language, and Centers for Medicare and Medicaid Services (CMS) requirements, including requirements for a 1915(b) freedom-of-choice waiver, conducted by Mercer's CMS policy specialists
- 340B pharmacy program financial optimization reviews, including an evaluation of the state's current 340B environment targeted at understanding and prioritizing the opportunities (both operational and financial) available through the maximization of 340B pricing
- Clinical management, including review of specialty medication compliance and coordination with existing clinical disease and case management programs
- Efficiency adjustments for Medicaid programs with capitated managed care organizations, including review of professional claims data to identify reimbursement and clinical-management opportunities for specialty medications. Retrospective analyses to identify instances of duplicate billing for specialty drugs covered in both pharmacy and medical programs

For more information

Visit our website at www.mercer-government.mercer.com to view our experience, services, and client feedback.

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