

# HUB

Risk & Insurance | Employee Benefits | Retirement & Private Wealth

## Specialty Pharmacy: Cost Management Solutions

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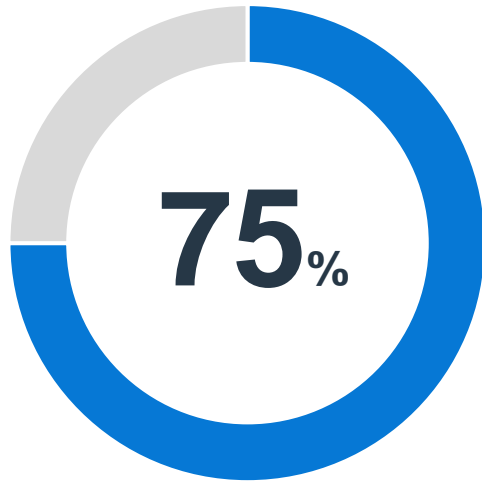
March 2022

# What Keeps Us Awake: HR Professionals' Top Five Risk Areas

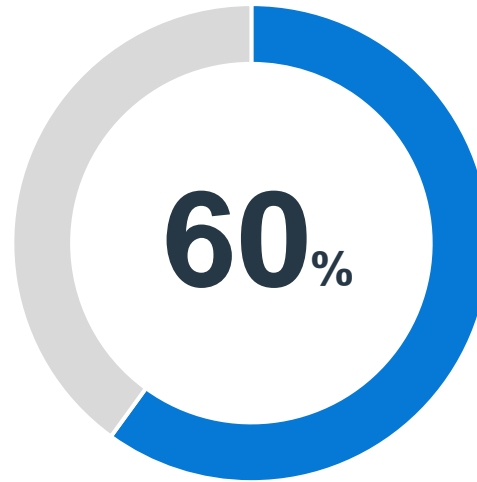


- 1 Decreases in annual physicals/screenings (62%)
- 2 **Increased pharmaceutical costs (49%)**
- 3 Unvaccinated employees (47%)
- 4 Elective surgeries (46%)
- 5 Increased urgent care costs (45%)

# What Keeps Us Awake: The Future of Specialty Pharmacy



Seventy-five percent of the approximately 7,000 prescription drugs currently in development are specialty medications.



By 2022, more than 60% of the 600 drugs expected to gain FDA approval will be specialty medications.

## Conclusion

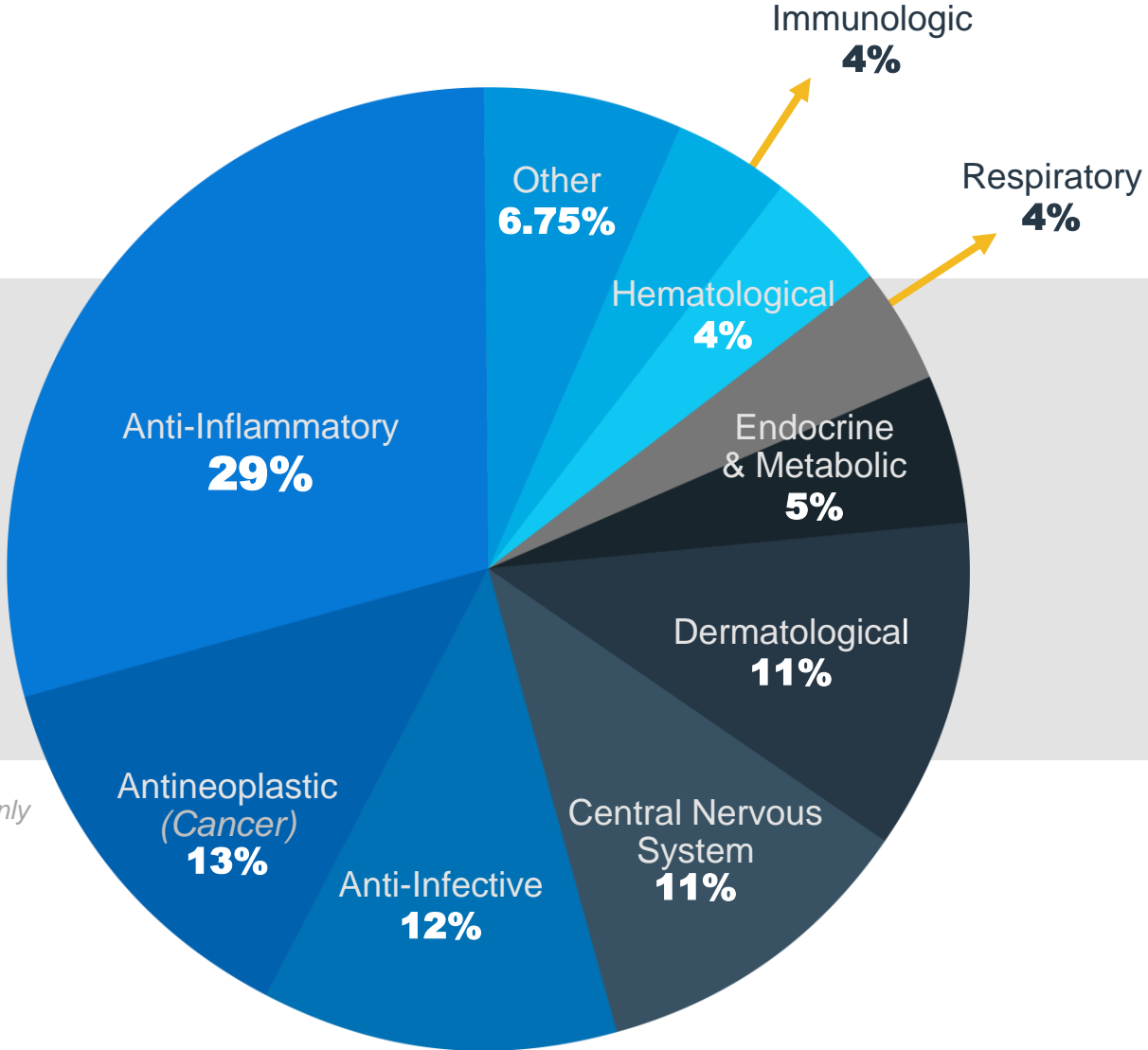
Specialty medications have become a primary driver of costs in the pharmacy space.

# What Kinds of Drugs are “Specialty”?



**Specialty drugs** are high-cost prescription medications used to treat complex, chronic conditions like rheumatoid arthritis, multiple sclerosis, HIV, and cancer.

*HUB International data 2019, illustrative only*



# What Keeps Us Awake: Specialty Pharmacy Costs



- **Specialty drugs:**
  - According to an AARP study, the average annual cost of a specialty medication in 2020, was almost \$84,000
  - Account for more than 50% of pharmacy spend in 2020.\*
  - Only 2% of the population uses these drugs.\*
  - A recent CVS report stated that generic specialty utilization grew to 22% in 2021
  - 21 out of 32 approved Biosimilars are available in the USA
    - Biosimilars for Humira and Enbrel expected in 2023 and 2029, respectively
- Employers must develop a comprehensive specialty pharmacy strategy

# Components of a Successful Specialty Pharmacy Strategy



An objective analysis using recent data is crucial to develop and measure a successful PBM strategy.



**Updated and Competitive**  
contract terms  
and conditions



**Clinical / UM**  
program  
**inventory /**  
**review**



**Optimized**  
benefit design  
that drives desired  
behaviors



**Consider**  
**Specialty specific**  
**solutions**

# Components of a Successful Specialty Pharmacy Strategy



## 1. Contract

- Specialty Rebates
- Exclusive Distribution

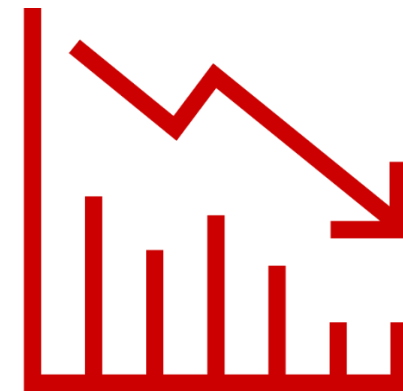
## 2. Utilization management

- Clinical Prior Authorizations
- Step Therapy

## 3. Benefit Design

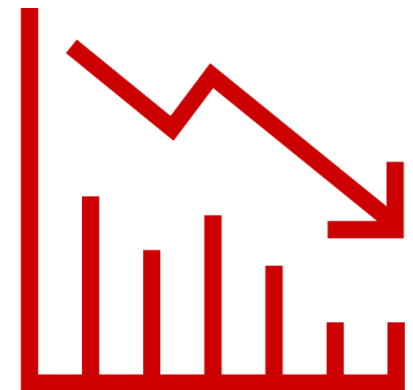
- Formulary
- Member Incentives- Specialty Tiers

## 4. Specialty Specific Solutions



## 4. Specialty Specific Solutions

- Specialty Manufacturer Member Assistance
  - Basic
  - Only true member out of pocket counts
  - Commonly offered by Rx administrator
- Specialty Assistance Optimization
  - Member pays \$0, while plan saves ~15%
  - Commonly offer, but results differ
- Alternative Funding
  - Plan must create member financial hardship
  - Member must qualify for funding
  - If member qualifies, the entire cost is covered
  - Offered by smaller, specialized administrators





**Question?**