



# International trends in managing medicine benefits

# Trends

- Increase the use of generic equivalents
- Prepare for the financial impact of biotech drugs
- Increase patient compliance to therapies
- Manage high growth speciality drug classes
- Review which drugs should be paid for - do they add value?
- Mediscor's response.



Presented by:

Jack Perel (Director: Operations)

2

# Increase the use of generic equivalents

## Fundamentals:

- Generic equivalents are good medicines.
- Generic equivalents reduce costs.
- Generic medicines are accepted as 1<sup>st</sup> line treatment.
- The public's perception has changed in favour of generics.
- Represent 50% of total volume in US.

## ▶ Increase the use of generic equivalents

### What is the trend?

- Incentivising patients by not charging levies or co-payments.
- Implementing generic based formularies.
- Starting to introduce reference pricing.
- No access to original brand without pre-authorization.
- Promoting generic use through patient/ physician communication.
- Preferred Providers may only dispense generics.

## Prepare for the financial impact of biotech drugs

### Fundamentals:

- Drug companies are focusing research on therapies to treat chronic diseases of an ageing population.
- New hi-tech therapies based on genetic modification; proteomics and enzymatic manipulation.
- Biotech drugs are priced very aggressively to maximize returns over the short term.
- Estimated that up to 112 “Blockbuster” drugs will be released by 2008.



**Miracles are perceived as happening now and everyone wants one!**

## Prepare for the financial impact of biotech drugs

### What is the trend?

- No access to these drugs without pre-authorization.
- Pre-authorization must apply strict clinical protocols.
- Protocols must be approved by the PBM's Pharmacy & Therapeutics (P&T) Committee.
- P&T Committee must decide if a drug "adds value" or not.
- Decisions need to be consistent and able to withstand critique.
- All results of the pre-authorization process must be evidence based.

# ▶ Increase patient compliance to therapies

## Fundamentals:

- Average compliance to chronic therapies is 65%, i.e. 7.8 fills per year.
- Patients don't comply due to barriers such as levies & co-payments.
- Lack of education regarding the seriousness of their condition leads to patient apathy.
- Poor compliance leads to increased hospitalization and an increase in co-morbidities.
- Communication between funders and patients is not effective in establishing the "We care about you" concept.

# ▶ Increase patient compliance to therapies

## What is the trend?

- Remove any barriers which limit patients' adherence, i.e. remove or reduce levies & co-payments on chronic medicine.
- Communicate with high risk groups who don't fill scripts on time e.g. e-mail; phone or SMS.
- Provide effective education to high risk groups and let them feel that "someone cares".
- Involve the patient in choosing the benefit which suits them best by providing web-based tools.

# ▶ Managing high growth speciality drug classes

## Fundamentals:

- Most often used to treat cancer, multiple sclerosis, rheumatoid arthritis and HIV/ AIDS.
- Approximately 1-3% of the population use speciality medications.
- Members on speciality medication account for as much as 25% of health plan costs - expected to exceed 40% soon.
- Speciality pharmaceutical treatment range from \$ 6000 to \$ 350 000 per patient per year.

# ▶ Managing high growth speciality drug classes

## What is the trend?

Utilize the PBM managed care toolbox:

- Benefit design
- Pre-authorisation
- Provider network management
- Formulary management
- Only cover drugs with evidence based value added benefits.
- Allow the P&T committee to make the value-add decisions with their expertise.
- Set-up treatment plans and subject all applications to strict pre-authorisation protocols.
- Contract a speciality pharmacy provider and negotiate price.

## Review which drugs should be paid for - do they add value?

### Fundamentals:

- New drugs launched do not necessarily add value.
- Many new entrants are modifications of current drugs without any significant advantages.
- Some drug manufacturers create irrational expectations.
- The focus is not only on quality but also on affordability.

## Review which drugs should be paid for - do they add value?

### What is the trend?

- PBM must appoint a Pharmacy & Therapeutics (P&T) Committee with credible credentials to determine which drugs to re-imburse.
- The P&T Committee must determine which drugs to include in formularies.
- P&T Committee to be responsible for setting up treatment protocols.
- All drugs must pass the “Do they add value?” test.

## ▶ Mediscor PBM – Your management solution

- Pharmacy and Therapeutics (P&T) Committee appointed in 2006.
- Formularies for the management of CDL- and non-CDL conditions developed, implemented and available to clients.
- Reference pricing developed and implemented – Mediscor MRP or scheme specific.

# ▶ Mediscor PBM – Your management solution

## ChroniLine

- Staffed by experienced pharmacists trained in latest drug therapies.
- Pre-authorisation system fully integrated with claims processing system.
- Pre-authorisations issued according to P&T approved protocols.
- Performs CDL registrations to comply to REF entry criteria and ensure accurate REF information.
- Pre-authorisation department communicates with members and service providers via fax, e-mail, letter or SMS.



committed to excellence

For more information please contact  
Jack Perel on +27 12 674 8000