

What Data Analytics Can Tell You About Your Prescription Benefits

Background

With the explosion of specialty pharmaceuticals used to treat chronic conditions, prescription drug costs are increasing faster than medical expenses. Costs for life-saving drugs like insulin and EpiPens are also skyrocketing, causing alarm among employers who cover healthcare benefits for their employees. Employers like you are starting to ask the hard questions like:

“Why did our medical costs increase more than \$1,000,0000 from last week?”

“Are we getting a competitive price in the market?”

“How are other employers addressing these claims?”

“What are we doing to manage these claims?”

“What else can we do?”

To answer these questions, you need integrated data across your medical and pharmacy programs so you can perform a deep analysis.

Prescription Drug Data Insights

There are three areas of data you need to explore to determine the financial and clinical risks within your employee population. These areas include:

Price Hikes. Identify known and new instances where medications have experienced dramatic increases and are putting a financial burden on your employees.

Specialty Medications. Identify trends with medical and pharmacy specialty drugs to evaluate which strategies will most successfully manage your costs.

Overdose/Fraud/Abuse. Identify long-term opioid use among your employees and their families to evaluate the social, financial, and clinical burdens that can result in personal and financial harm to all stakeholders.

Price Hikes

Several examples of dramatic price increases with life-saving medications have received national attention of late, including two heart medications, anti-parasitic medicine commonly used in patients with HIV, and severe allergy medications.

Using data, you can discover how the price increases are impacting your employees and how your costs compare to regional and national benchmarks. Aggregating this information empowers your community with a collective voice to institute change.

The power of the collective voice can deliver results. With the heart medications, purchasing discounts were introduced, and the allergy medication is now available in generic form.

Specialty Medication

One of the longest running sources of in-depth information about health insurance for consumers, healthinsurance.org, defines specialty medications as:

- High-cost prescription medications costing \$1,000 or more per month
- Medications used to treat complex, chronic conditions like cancer, rheumatoid arthritis, and multiple sclerosis
- Medications that require special handling (like refrigeration during shipping)
- Medications administered by a healthcare professional (such as injection or infusion) in which patients using a drug must often be monitored closely to determine if the therapy is working and to watch for side effects
- Payment for service may be covered through either medical or prescription drug insurance.

To be able to address the impact of specialty drugs on your population, you must first understand the utilization and cost of these medications under your plan to effectively deploy existing and new management strategies. The data should identify:

- The number of members taking specialty drugs
- Who the performing and billing providers are
- The reasonableness of the price you are paying relative to regional and national benchmarks.

Opioid Abuse

According to the Department of Health and Human Services:

- \$55 billion per year is spent on health and social costs related to prescription opioid abuse.
- \$20 billion is spent on emergency department and inpatient care for opioid poisonings each year.

You should prepare yourself for this disruptive insight and quickly determine what risks exist for your company and your employees who are taking chronic opioid medications. Using multiple benchmarking tools, Innovu can help measure your plan performance to establish management strategies.

Insight Only Innovu Can Deliver

Innovu found that Pennsylvania is in the 50th percentile for both per member per month (PMPM) cost and opioid utilization in the United States. Using mock client data to perform traditional benchmarking, we found that our sample company's opioid use was fairly average for an employer in Pennsylvania.

However...

Innovu's Customized Benchmarking

Innovu's proprietary SmartCohort analysis compared the sample client's company to 1,000 virtual peer companies that were synthesized to match exactly the size and demographic profile of our client. These virtual peers for the client's young population showed significantly lower PMPM opioid costs than our client's company. In other words, our client's opioid use was actually very heavy relative to its demographic profile, contrary to the impression given by the traditional benchmark.

A deeper dive revealed that our client's opioid pricing was approximately average, but its utilization was abnormally high (see Figure 2).

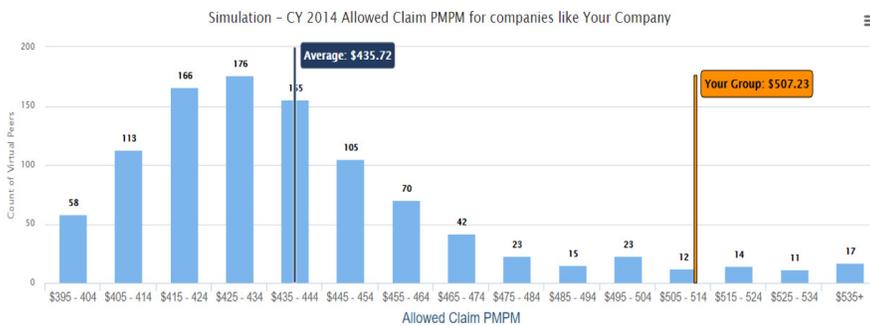


Figure 2. Excessive Opioid Utilization Uncovered by Customized Benchmarking

If our client relied only on traditional benchmarking, it would never have detected this problem. Only Innovu's customized benchmarking allowed our client to identify excessive opioid utilization in its covered population.

Armed with this critical insight, a real client would be able to implement interventions to address the overuse of opioids.

Innovu

Commitments

Innovu is committed to delivering data-driven insight to the Central Pennsylvania region. We will:

1. Store your data in the original form to prevent loss of critical information by switching vendors.
2. Identify company cost drivers and compare your plan performance by leveraging multiple benchmarking tools.
3. Provide actionable information for you and your advisors to drive your company strategy.
4. Support forums with client data to influence conversations and generate action plans.
5. Independently measure the impact of programs and interventions with your company and compared to other companies.