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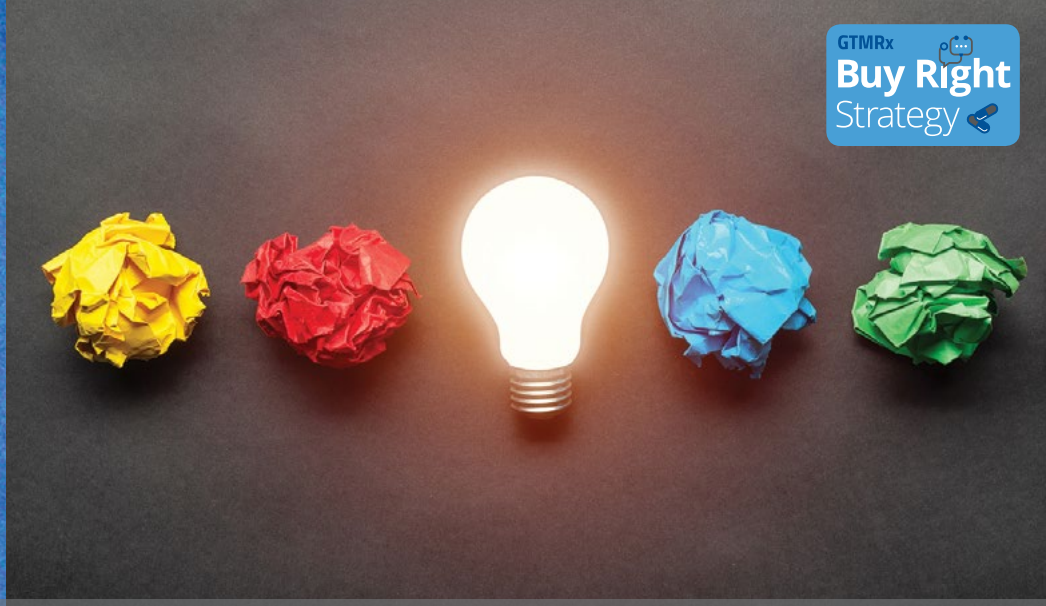
Get the medications right



Issue Brief | December 2020

HUNKER DOWN: Employers can transform health care delivery to lower costs and improve outcomes. But it will take work.

Employers want to build a better health care system, decreasing waste and ensuring access to an effective, efficient, low cost and high value delivery system that ensures access to services that are of highest quality, are safe and appropriate. They have the power to make it happen.

"Regardless of how you're paying for care in this country, the employer, as purchaser, is the real payer," explains Cheryl Larson, CEO of the Midwest Business Group on Health (MBGH). "That's why we need to drive innovation and transformation. We can change the way care is delivered and paid for. We can reduce misuse and waste—but we must use our voice to make this happen."

Employers have good reason to take the lead: They and their employees suffer because many stakeholders—especially some insurers and pharmacy benefit managers (PBMs), and some providers as well—appear unwilling to change.

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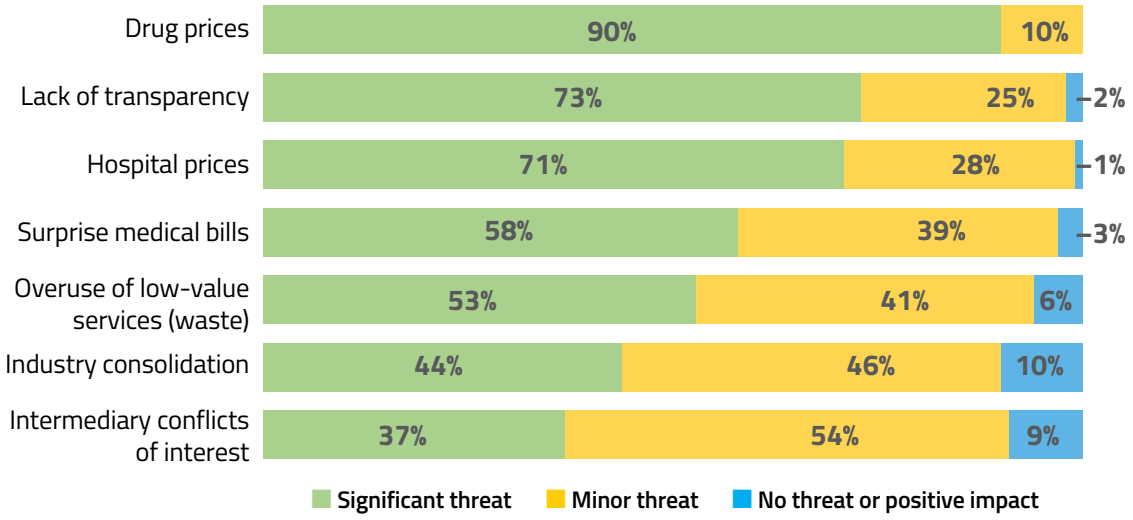
MBGH is a Chicago-based 501(c)(3) coalition of mid, large and jumbo self-funded public and private employers. MBGH and other employer groups are increasingly using their collective influence to drive change. Examples abound, but let's start by getting a lay of the land.

Survey says...Employers worried, and ready, for change

The National Alliance of Healthcare Purchaser Coalitions survey, released in September 2020, highlighted the issues—and the urgency. Larson shares some of the results.

Respondents identified drug prices, lack of transparency, hospital prices, surprise medical bills and overuse of low-value services as the most significant threats to the affordability of employer-provided health coverage for employees and their families.

Threats to Affordability of Employer-Provided Health Coverage (Overall)



(Source: National Alliance of Healthcare Purchaser Coalitions, 2020 Pulse of the Purchaser Employer Survey)

Figure 1

Drug costs top the list, and biologic and specialty drugs represent the most significant cost drivers. These drugs are expensive to begin with; intermediaries significantly add to price. That dovetails into the second issue: transparency. Employers need to know the actual cost. To do that, they must recognize when—and by how much—intermediaries are adding to the already excessive cost of health care.

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Overuse of low-value and inappropriate health care services is also high on the threat list. These include treatments that don't benefit the patient or purchasers of care but *do* benefit hospitals, insurers and/or PBMs by increasing revenue, Larson says. "Most health care stakeholders, like hospitals and providers and insurance companies and PBMs, add significantly to the cost of health care without providing an equivalent value."

Strategies to battle waste, improve care

Employers have put—or are putting—in place payment and delivery reform strategies, according to the survey. For example, 61% report having in place programs to reduce waste and inappropriate spending. The second most popular strategy, currently used by 47% of respondents, is steerage within networks.

Looking ahead, employers are considering more strategies over the next two years, including hospital quality transparency (44%), hospital pricing transparency (43%), regional centers of excellence (39%) and advanced primary care (36%).

Employers are turning to centers of excellence because they want to ensure the highest quality care. Of those surveyed, 36% already take this approach, and another 26% plan to in the next two years. "We're looking for high-performing networks or centers of excellence where we know the care has proven outcomes at the best price and the best quality."

Some insurers may claim that their narrow networks are centers of excellence, but according to Larson, it's often just a narrow network. Narrow networks are cheaper in the short run, but quality pays off in the long run. There's no wisdom in looking for short-term cost-cutting at the expense of long-term benefits.

That's especially true when it comes to medication.

> **"We want medication safety, efficacy and clinical appropriateness to be the drivers of decision-making, not rebates or habitual prescribing practices."**
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Employers focus on medication

Employers need to stop spending money on low-value medications and those that don't work for individuals, she says. "We want medication safety, efficacy and clinical appropriateness to be the drivers of decision-making, not rebates or habitual prescribing practices."

For instance, Caterpillar, an MBGH member, was frustrated by the ongoing waste in supply chain and misaligned incentives. (The company defines "waste" as money spent that does not contribute to plan participants' health.) It decided to apply the same waste principles to drug costs as it applied to other company expenditures. Bypassing the normal PBM buying process, it contracted directly with two major retailers. By reducing waste, it bolstered the sustainability of its health benefits.

What are other employers considering? Looking at the National Alliance survey, almost 50% of employers are already using medication therapy management (MTM) programs as part of their drug management strategy; another 18% are considering MTM over the next two years.

Many employers may be uncertain about how to implement a medication therapy management program; the survey found 22% wanted more information on MTM.

MTM encompasses a wide array of services. Increasingly, employers and other stakeholders are looking at a more integrated and comprehensive approach to MTM to improve clinical outcomes and eliminate wasteful spending: comprehensive medical management (CMM).

Beyond MTM: *Comprehensive* medication management

CMM represents a change in the way medication use is practiced and delivered. "With today's technology and provider expertise, we should no longer be using a trial-and-error system of medication use that is not only time consuming but often ineffective. It's very costly to the patient and sometimes can

Fiduciary Duty

Self-funded employers are the fiduciary for their plan beneficiaries—employees and family members. It is their duty to know how employee premiums are being used to fund care. They are responsible for offering the best benefits at the best price. Paying for waste, misuse and low-value care and treatment may violate this duty. According to the U.S. Department of Labor, self-funded employers must, among other things, act solely in the interests of plan participants and their beneficiaries and pay only reasonable plan expenses. Demanding value from providers, insurers, PBMs and others isn't simply the right thing to do. It's not simply the smart thing to do financially. It is, Larson explains, the law. GTMR

be harmful," explains Larson. Patients and employers are paying for this cost.

What is CMM? It is

> *The standard of care that ensures each patient's medications (whether they are prescription, nonprescription, alternative, traditional, vitamins, or nutritional supplements) are individually assessed to determine that each medication is appropriate for the patient, effective for the medical condition, safe given the comorbidities and other medications being taken, and able to be taken by the patient as intended.*[1]

[1] McInnis T, Webb E, and Strand L. *The Patient-Centered Medical Home: Integrating Comprehensive Medication Management to Optimize Patient Outcomes,* Patient Centered Primary Care Collaborative, June 2012.

"With today's technology and provider expertise, we should no longer be using a trial-and-error system of medication use that is not only time consuming but often ineffective. It's very costly to the patient and sometimes can be harmful."

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The goal of CMM is to optimize medication use. According to Larson, right now, with our trial and error approach, the use of medications is far from optimized. The result? Adverse medication events or medication therapy problems that lead to loss of quality of life, illness and even death.

How many times have we heard about an elderly person who is on four different drugs for hypertension? It's almost become a cliché. But really, it's just one small example. Medication therapy problems are a top preventable cause of serious adverse health events and avoidable hospital readmissions. Avoidable illness and death resulting from non-optimized medication therapy led to an estimated 275,000 *avoidable* deaths and cost $528.4 billion in 2016.[2] That was 16% of the annual $3.2 trillion U.S. health care expenditure. People are dying because they don't have access to the right dose of the right medication.

Employers are also paying for

- wasted time and benefits dollars spent on medications and medical care that will not produce desired clinical outcomes and
- duplication of services—multiple medications prescribed by multiple providers.

That's why employers are intrigued by offering CMM services, Larson explains. If this service can optimize medication use, decrease misuse, overuse and underuse of medications to increase quality of care *and* reduce costs while ensuring a healthy and productive workforce, employers will move from *intrigue* to *implementation*.

CMM requires a team, working with a physician to ensure a systematic, whole-person approach to medication management. Evidence shows that CMM increases patient access to a clinical pharmacist in the primary care or specialist setting. These medication experts can prevent—or identify and resolve—medication therapy problems.[3]

She offered the example of an employer who did just that, using pharmacogenomic testing as a tool during the CMM process.

CMM meets PGx

Teacher's Retirement System of Kentucky (TRS), through its partnership with the Know Your Rx Coalition, has for years ensured retirees receive help from clinical pharmacists finding the lowest-cost prescription options, reviewing their medications, answering their questions about side effects and other adverse drug reactions and working with their physician to recommend changes in the medication plan if needed.

[2] Watanabe, JH, McInnis, T, & Hirsch, JD. "Cost of Prescription Drug–Related Morbidity and Mortality." *Annals of Pharmacotherapy,* 2018; 52(9), 829–837. org/10.1177/1060028018765159.

[3] The Outcomes of Implementing and Integrating Comprehensive Medication Management in Team-Based Care: A Review of the Evidence on Quality, Access and Costs, June 2020.

More recently, TRS turned to pharmacogenomic testing as a tool to further target correct therapies.

Pharmacogenomics (PGx) is the study of genes and genetic variation that influences variability in an individual's response to medication. Several genes are responsible for differences in drug metabolism and response. PGx testing allows pharmacists and physicians to find the right medication for the individual, improving the likelihood of success. It optimizes treatment outcomes for patients by guiding the team on appropriate medications that will result in avoidance of adverse effects and maximizing efficacy.

PGx is a companion and complementary diagnostic tool that, when combined with the delivery of CMM services led by a clinical pharmacist in collaboration with the physician, helps target correct therapies.

The TRS Personalized Medicine Partnership works with, not around, patients to help them reduce costs and achieve clinical goals of therapy. The clinical pharmacists coordinate and recommend changes to the medication plan in collaboration with the patient's physician.

For PGx as a tool to be successful, the CMM service component is important as information given to patients must be intelligible and actionable. Patients need to be able to understand how they will *personally* benefit from medication changes made when this

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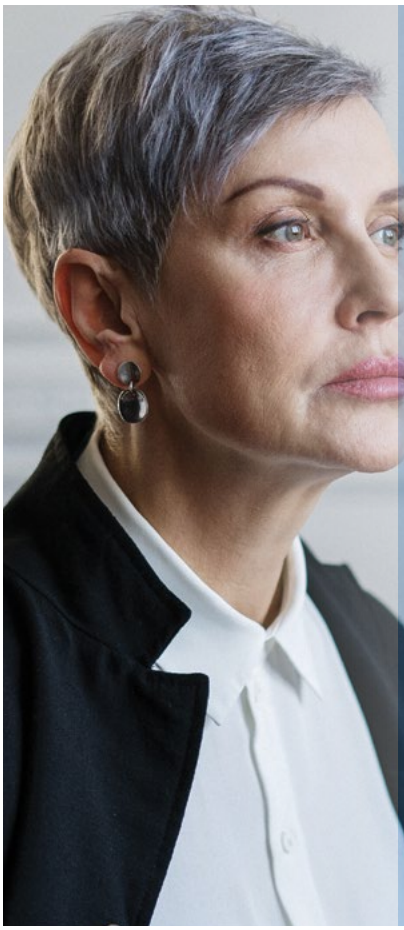

Patients Who Benefit Most from CMM

Characteristics of patients who benefit most include:

- One or more chronic conditions treated by multiple providers/multiple meds
- High ER/urgent care/hospital utilization
- One or more complex medications requiring specialized administration and frequent outcomes assessments
- In transition between specialists and primary care providers visits, ER/Urgent Care visits, or discharge from a hospital/long-term care facility
- Risk for sub-optimal clinical outcomes due to medication therapy problems such as errors in self-administration, doses too high or low, adverse drug reactions, etc.
- New medications requiring personalized education and on-going assessment of outcomes (inhalers, self-injectables, narrow therapeutic index, etc.)
- Absence of or erratic maintenance of intended therapy goals
- Problems understanding and following their medication regimen

McInnis T, Webb E, and Strand L. The Patient-Centered Medical Home: Integrating Comprehensive Medication Management to Optimize Patient Outcomes, Patient Centered Primary Care Collaborative, June 2012

Comprehensive Medication Management FAQ for Employers. (GTMRx November 2020). Retrieved December 1, 2020, from https://gtmr.org/wp-content/uploads/2020/11/Comprehensive-Medication-Management-FAQ-for-Employers-11252020.pdf

information is incorporated into their care and treatment plan.

TRS contracted with a PGx vendor to handle the genetic testing and expanded its partnership with the Know Your Rx Coalitions to share the results to allow the clinical pharmacist to engage the patient, collaborate with the physician and recommend more effective medication plans.

Of the 7,300 retirees participating (as of Sept. 2020), 28% received a medication change recommendation. Because of the efforts of the pharmacist, the prescribing physician accepted the recommendation 87% of the time. "You often don't see prescribers wanting to make those changes because they think they've made the right choice the first time."

PGx testing as a tool to support the CMM process will be more important moving forward, Larson says. With the emergence of biologics and other specialty drugs, employers are concerned about costs: You don't want to pay for a $100,000 oncology drug if it's not going to work. Pharmacogenomic testing can provide insight into whether it will.

PGx testing may be expensive, but it is saving money. Based on 16 months of claims data for comparator groups, TRS saw a 14% reduction in the charged amount for those involved in the PGx program, compared to a 3.2% increase among those not participating.

However, PGx testing is not a silver bullet, Larson says. As a diagnostic tool used in conjunction with a process of care like CMM, it can dramatically improve our approach to the treatment of disease and management of medications. The current trial-and-error method will one day give way to personalized, targeted medication use.

"We need to be transformative and disruptive, and we can do that through the pharmacy benefit."

Cheryl Larson, President and CEO, Midwest Business Group on Health (MBGH), Employer Toolkit Taskforce, GTMRx Institute

Rethinking drug benefit design

Employers need to ensure that their benefit plan designs ensure safe, effective, efficient and affordable use of medications.

That begins with effective prevention, and identification and management of medication therapy problems—which is precisely what CMM offers.

It requires aligning incentives to achieve employee and employer value. She offers a simple example of an approach many of her members use. If you have a person on chronic disease medications, you can put a value-based benefit design in place so there's no out-of-pocket costs as long as they continue to take the right medication as directed. But ensuring it is the *right* medication in the first place requires evaluation.

Aligning incentives make vendors accountable as well. Outcomes-based contracting can help achieve this. To hold vendors accountable, you need metrics that matter—such as improvement in blood pressure, HbA1c results, etc. Often, the metrics that vendors want to share are meaningless. For instance, the number of people who participate in a program is a metric that provides no value to the patient or to the employer.

Increasingly, employers must look at the *appropriate* prescribing and use of gene therapies. One step toward accomplishing this is integration of companion and complementary diagnostics to target correct therapies. The goal is to achieve long-term sustainable savings for these high-priced drugs—which can be cost prohibitive for both employer and patient.

By spending less on low-value medications and those that don't work at all, she says, we can afford to pay for high-value care. It's up to employers to make this happen. "We need to be transformative and disruptive, and we can do that through the pharmacy benefit." Larson distills this into five purchaser Rx policy principles from the National Alliance:

> **"Network with partners that share a complete commitment to optimize medication use. Work with other employers to identify and partner with primary care and specialty societies that support team-based person-centered care."**
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- **Full transparency**—Understand direct and indirect costs and cost offsets of each drug.
- **No conflicts of interest**—Intermediaries should act in the best interest of the benefit plan's limited assets.
- **Pricing equity**—Better worldwide pricing equity is needed for all U.S. purchases—not just Medicare.
- **Defined value**—Consider individualized appropriateness, real world outcomes and relative costs against other treatment options.
- **Competitive market dynamics**—As patent protections expire, policy must better enforce and support a competitive market

A fresh start?

What next? Larson makes a compelling case for change—in particular, medication management reform, providing examples from larger employers and employer coalitions. But, adds GTMRx Executive Director Katherine H. Capps, they aren't the only ones who can drive change. Capps shares several tips employers of all sizes can use.

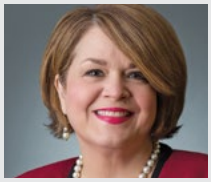
- **Identify the carriers who are doing it right.** "Ask brokers or benefits consultants to identify carriers that select, monitor and evaluate network providers offering CMM services and encourage them to reward providers for safe, effective and appropriate use of medications and gene therapies. Be specific", Capps counsels. "Many insurance carriers offer adherence programs, but that is woefully inadequate. Let your broker know you want comprehensive medication management services."
- **Start with at-risk employees.** When reviewing your cost drivers, focus on the "poly problems[4]"—those individuals that have multiple chronic conditions, take numerous medications and see many physicians. "These employees represent a significant cost driver," she says. Connecting them with CMM services can help you control costs and help them reach optimal health.
- **Ask vendors about monitoring.** Talk to your vendors about strategies used in provider networks to track and manage medication therapy problems—especially for those most at risk. And, adds Capps, don't be afraid to ask directly whether they are willing and able to work with you to identify those most at risk.
- **Ask about process.** Ask vendors to explain how they evaluate, measure, track, report—and resolve—medication therapy problems such as wrong dose or wrong drug.
- **Network.** You don't have to do this alone. "Network with partners that share a complete commitment to optimize medication use. Work with other employers to identify and partner with primary care and specialty societies that support team-based person-centered care."

Yes, it involves considerable effort, acknowledges Capps. But the ROI in better health and lower costs makes it a smart investment.

Larson agrees. "Employers need to really hunker down and focus on waste, misuse and inappropriate or low-value care." Now is the time to get back to the basics. COVID-19 presents an opportunity for us to create a new normal and to rethink how we deliver health care. "We want to fix what isn't working and enhance what is. I know we can do it." GTMR

[4] Shane RR. Why is the patient here? What do they need? Am J Health Syst Pharm. 2020 Jun 4;77(12):901-902. doi: 10.1093/ajhp/zxaa095.

About the Expert



Cheryl Larson

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Cheryl Larson is the president and chief executive officer of the Midwest Business Group on Health (MBGH), a non-profit organization of over 130 mid to jumbo, self-funded, regional and multi-state, public and private employers. Coalition activities include educational programs, health benefits research, bench-marking and community-based initiatives focused on increasing the value of health benefits and health care services to MBGH Members—represented by human resources, health benefits and health care professionals.

Larson oversees all coalition activities including advocacy, membership, administration, research projects and educational activities, working closely with MBGH's employer-led Board of Directors to establish the strategic direction of the coalition. Larson joined MBGH in 1983 as the director of membership development, returning in 2006 as vice president, after spending 10 years with a population health management company.

Larson leads MBGH's National Employer Initiative on Specialty Drugs, the first major purchaser-driven research project that supports employers in managing the higher costs of biologic and specialty drugs by helping them make critical and informed decisions. She is a nationally recognized speaker on employer best practices in managing specialty drugs, value-based benefit design, wellness, well-being, consumerism, engagement and benefit communications. Larson currently serves on multiple boards and committees representing the purchaser perspective, including the Task Force on Low-Value Care for VBID (Value-Based Insurance Design) Health and the Oncology Medical Home Steering Committee for the Community Oncology Alliance.

Our **VISION** is to enhance life by ensuring appropriate and personalized use of medication and gene therapies.

Our **MISSION** is to bring critical stakeholders together, bound by the urgent need to optimize outcomes and reduce costs by *getting the medications right.*

GTMRx Institute™
Get the medications right

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About the GTMRx Institute

The GTMRx Institute is a catalyst for change that brings critical stakeholders together, bound by the urgent need to get the medications right. We are physicians, pharmacists, caregivers, health IT innovators, drug and diagnostics companies, consumer groups, employers, payers and health systems—aligned to save lives and save money through comprehensive medication management, or CMM. By showcasing evidence and innovation, we motivate practice transformation and push payment and policy reform. Together, we ACT to champion appropriate, effective, safe and precise use of medication and gene therapies. Learn more at gtmr.org.

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