

## Proving Value in Specialty Pharmacy Practice: A New Yardstick

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### The Focus on the Big Trends Starts with Cost

Unless you've been hiding under a rock, it would not be a surprise to hear that the top growth category in the pharma space is specialty pharmacy. The trends are very clear: On a per-patient basis, the spending on traditional products is declining, while spending is rising on the specialty side (FIGURE 1).

Finding a specialty pharmacy definition on which everyone can agree is challenging. The disease states contained within specialty pharmacy include cancer, rheumatoid arthritis, and multiple sclerosis. Knowing that specialty disease states are complicated, it is safe to assume that these complex drugs can be very expensive. CMS, in response to the growing number of Medicare Part D plans that were using specialty tiers, established a \$670 minimum cost threshold that drugs must meet before plans can place them on a specialty tier. Although cost is an important factor to consider, cost alone could reduce the important service aspects behind successfully caring for a specialty pharmacy patient.

Once a product has been identified as being specialty, another question arises: What is the best practice setting or distribution strategy for that product? Those decisions are most often made by the manufacturer well in advance of the product's approval. The growth in specialty products has closely paralleled the growth in specialty pharmacies; however, we as a profession, in the view of many, lag behind in clearly defining what is, or is not, a specialty pharmacy. Like all good markets, however, the business

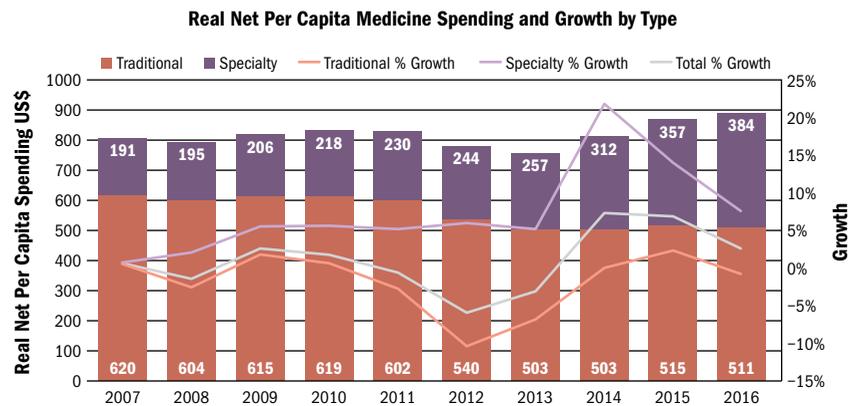
finds a way to create differentiation. In specialty, a key indicator is having obtained accreditation from 1 of the 4 leading accrediting bodies.

### By the Numbers, Accredited Pharmacies and Drug Spend

Growth in accredited specialty pharmacies has been remarkable and pharmacies are chasing the specialty dollar by investing in accreditation (FIGURE 2).

Specialty pharmacies owned by pharmacy benefit managers and health plans fill more than 60% of the total specialty drug spend, principally because of their alignment with a patient's prescription benefit coverage. Specialty is quickly approaching 50% of the spend from less than 3% of the total prescriptions filled, a concentrated mix (FIGURE 3). The more significant the spend on a particular specialty therapy, the greater the probability that the share of dispensing of that product will be disproportionately higher in payer-owned specialty pharmacies.

**Figure 1.** Per Capita Spending on Traditional Medications Has Declined and Been Replaced by Specialty Drugs



Source: QuintilesIMS, National Sales Perspectives; QuintilesIMS Institute; US Census Bureau; US Bureau of Economic Analysis (BEA), Dec 2016.

### Follow the Patient and Their Disease State

In specialty, the common denominator is providing the best patient services possible to assure the best outcomes. It does not matter what “category” of specialty pharmacy one is in, because every operation is committed to being the best they can be.

While we continue to be blessed with existing and emerging products to treat many disease states, the reality, according to IMSQuintiles, is that the top 5 disease states constitute 75% of drug spend (FIGURE 4).

It stands to reason that if a pharmacy is going to be successful, it must incorporate some of these disease states. This is especially true in payer-owned specialty pharmacies, which, unlike the independents, likely offer a broad spectrum of disease programs.

### Measuring Outcomes: Setting Specialty Up for Success

One mantra in specialty pharmacy is, “If you didn’t document it, you did not do it.” Well, that goes for measuring value, often in the form of quality metrics. Only in this way will specialty pharmacy be in a position to demonstrate its positive impact. Each therapeutic class or disease state presents itself with potential measures. Those measures can be based on multiple factors, including quality, improvement/cure, outcomes, adherence, cost, and potentially so many more. Often the measures can be subjective based on how the patient feels.

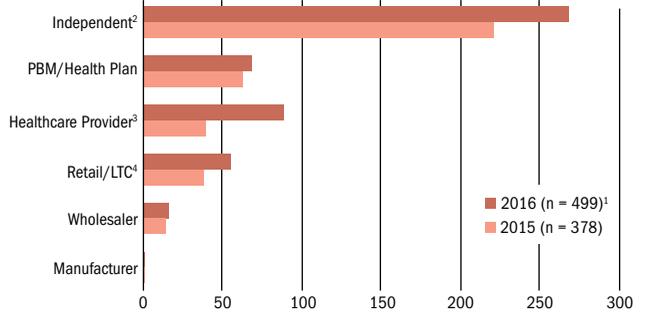
In most cases, the services provided by specialty go far beyond dispensing, and that value must be measured. While focused specialty pharmacies concentrate on key measures in their business, as a whole, standards have not been clearly established as an industry. The Pharmacy Quality Alliance (PQA) released its Specialty Core Measure Set to assess adherence and persistence for several important specialty therapies. These health-plan-level measures fill a gap in the market and will have a positive impact on appropriate medication use and patient outcomes.

The set of PQA-endorsed measures include:

1. Treatment of Chronic Hepatitis C: Completion of Therapy
2. Adherence to Antiretroviral Medications
3. Adherence to Non-Infused Disease-Modifying Agents Used to Treat Multiple Sclerosis

Right around the corner for PQA is Adherence to Non-Infused Biologic Medications Treating Rheumatoid Arthritis (autoimmune). The objective of the Specialty Core Measure Set used in its entirety, or individually, will enable key stakeholders such as specialty pharmacies, health plans, and pharmacy benefit managers to understand

Figure 2. Pharmacy Locations With Specialty Pharmacy Accreditation by Corporate Ownership, 2015 vs. 2016



LTC indicates long-term care

1. Excludes 2051 newly accredited retail pharmacies within the supermarket chains Albertsons, Meijer, and Price Chopper.

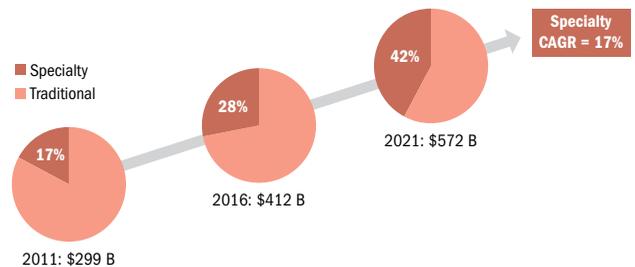
2. Includes private independent pharmacies, pharmacies owned by private equity firms, and independently owned franchise locations.

3. Includes pharmacies owned by hospitals, health systems, physician practices, and providers' group purchasing organizations.

4. Includes pharmacy locations owned by chain drugstores, grocery chains, and national long-term care pharmacy chains

Source: *The 2017 Economic Report on U.S. Pharmacies and Pharmacy Benefit Managers*. Exhibit 44. Includes pharmacy locations accredited by URAC and ACHC.

Figure 3. Pharmacy Industry Prescription Revenues (\$ Billions)



CAGR indicates compound annual growth rate

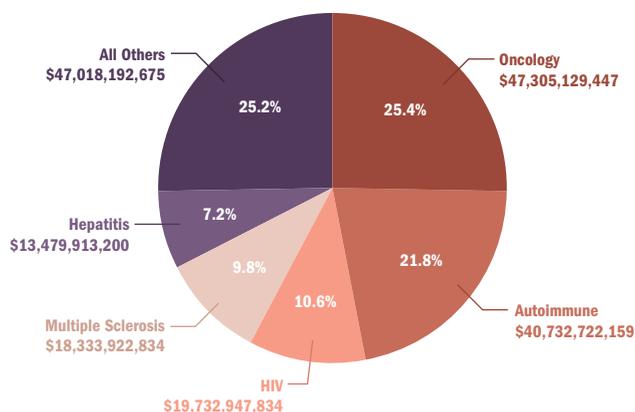
Source: *The 2017 Economic Report on U.S. Pharmacies and Pharmacy Benefit Managers*. Exhibit 66. Includes prescription revenues from retail, mail, long-term care, and specialty pharmacies.

the impact of their quality initiatives to support the health and outcomes of specialty patient populations. Patient adherence to drug therapy is the top mission for all specialty pharmacies. By measuring adherence and persistence on 4 of the 5 top disease states, pharmacies can best assure optimal outcomes for patients. The plan is to leverage these core data sets and pair them with a payer’s service-level metrics, patient experience metrics, or other metrics, to holistically assess plan members’ medication use.

### Value-Based Contracting

Specialty pharmacy has become a focal point of data convergence. In the case of specialty products, the interpretation and action taken by specialty pharmacy in the management of pharmaceutical care—using their professional expertise

**Figure 4.** Five Top Therapy Areas Attribute to 75% of All Specialty Sales Dollars



IMS-Quintiles

to reduce abandonment and improve adherence—is the point of differentiation.

The definition of value is generally understood as the result of quality divided by cost, or the health outcomes achieved per dollar spent. Value-based contracting involves payment or reimbursement based on indicators of value, such as patient health outcomes, efficiency, and quality. To get there, we must focus on key elements, such as: the number of dollars spent on a medication versus other associated healthcare costs.

Finding specific measures and calculating how those measures can be tracked against key benchmarks. For example, one could measure the sustained virologic response test results for hepatitis C products over a period of time to measure cure rates.

Providing portability in these measures as patients may go from one plan to another over the course of their treatment.

### The 4 P's: Patient, Providers, Pharma, and Payers

All 4 of the P's fit in the data mix. Pharma and payers are interested in seeing measurable outcomes for the drugs prescribed to patients. Pharma want to claim that their product—if used correctly—will decrease the progression of disease, reduce visits to the emergency department, and achieve positive outcomes. Pharma wants to compare their product with others on the market to point out its efficacy.

The aligned interests of payers and their specialty pharmacy operations are key. They look for products that decrease cost, reduce hospital admissions, and improve patients' quality of life by lessening their disability and reducing absences from work due to illness. Both pharma and payer stakeholders need access to comprehensive internal data, and they look to specialty pharmacies to provide that service. Specialty pharmacies must improve their ability to better measure outcomes if they want to make valid claims that because of their actions, the health outcome for the patient was improved. Lastly, both pharma and payers are reliant on the data specialty pharmacies provide to demonstrate that a product is having a positive, not negative, impact on the patient's condition. [ajpb](#)

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