



What Is Driving Pharmacy Benefit Costs?

Employers trying to keep a handle on their pharmacy benefit costs are finding that one aspect of pharmacy benefit programs is growing at a much faster rate than the rest. Specialty drugs, which include biologics, injectibles and other pharmaceutical innovations, are no longer an emerging category of pharmacy. They are a fact of life and a growing portion of overall pharmacy benefit spending.

What is specialty pharmacy?

Definitions and explanations of “specialty pharmacy” varies, but in general they are high cost, condition specific drugs that are often times self-injectibles. These drugs require a level of patient education to ensure the drug is administered appropriately. It is not uncommon for a monthly supply to cost upwards of \$2,500.

According to a study done by Navitus Health Solutions in Madison, Wisconsin, “specialty drugs still represent less than 20 percent of overall prescriptions—in many cases far lower than that—but these drugs continue to be the primary driver for increased costs”.

These drugs are very important in the treatment for patients suffering from cancer, multiple sclerosis, rheumatoid arthritis, and many other conditions and diseases. It is important that pharmacy drug coverage include coverage for this category of prescription drugs. If patients cannot afford a specific treatment, it could lead to higher percentage of hospitalization and complicated long term medical costs.

What are the Pharmacy Benefit Managers (PBM) doing to control cost?

Specialty PBMs offer a focused expertise by leveraging volume purchase discounts and providing access to patient resources offered by the drug manufacturers. Specialty PBMs also have the ability and knowledgebase to manage patient care and monitor side effects, monitor the effectiveness of a drug therapy and require patients to try a less-expensive therapy prior to trying a more expensive injectible.

What should employers take away from this?

Initial review of this information may lead to concerns of cost spikes, however short-term cost increases should lead to overall long-term savings, especially as new specialty drugs become available to treat common conditions such as Diabetes and heart disease. In addition to long-term cost savings, if an expensive therapy is effective, it could also lead to lower absenteeism and greater productivity, all of which are important to an employer’s bottom line.

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