

Specialty Pharmacy

by Michael Medel, PharmD, MBA

Meeting the Care Management Challenge

Editor's note: This month, we present the first installment of a new column that will appear quarterly and is devoted to cost and management issues related to specialty pharmacy and specialty pharmaceuticals.

It is no secret that the specialty pharmaceuticals market has experienced massive growth and consolidation in recent years. With annual growth around 20% and revenues upwards of \$40 billion being forecast for 2006, most PBMs have bought heavily into the specialty market through acquisitions and are now an integral part of the distribution matrix.

There are some positive aspects surrounding these activities. PBMs, especially the largest ones, are well positioned to succeed in the specialty pharmacy market. Their strengths in purchasing power, covered lives, systems capabilities, relationships with pharmaceutical manufacturers, clinical knowledge, and distribution channels make them powerful players in the delivery of specialty pharmacy. The resources of PBMs can benefit both purchasers and consumers in terms of cost management, distribution, and coordination of services.

However, there are also some possible negatives that present challenges as the specialty pharmacy component becomes an ever-increasing part of overall health care. One of the most crucial challenges is meeting the need for effective care management in the distribution process. The entrance of PBMs into the specialty pharmacy marketplace has sparked a shift toward centralization of the service model. The danger is that the very benefits they bring to the table—streamlined distribution and purchasing power—may also form the locus of the greatest challenge in the future of specialty pharmacy, which is how to provide quality clinical care to specialty patients.

A fundamental difference between specialty pharmaceuticals and pharmaceuticals delivered via retail and mail (apart from their characteristic high cost) is the complexity of the therapy. Rigorous clinical oversight and ongoing care management are needed to ensure that patients taking specialty pharmaceuticals are using them properly and maximally benefiting from treatment. Some products, notably infusion medicines, cannot

be self-administered but require clinical expertise. In other words, delivery of these medicines requires a local presence.

This need for a local presence and direct involvement in each patient's treatment regimen does not seem to mesh well with the distribution process common among PBMs. The primary focus of PBMs has been to manage costs and open up new revenue streams, not to provide personalized health care. One look at a standard PBM contract illustrates this.

As the specialty pharmacy market continues to grow and also consolidate, PBMs will need to avoid the temptation to simply commoditize specialty products. We need to make sure that the focus remains on delivery of personalized patient care. Such an approach needs to be much more than having an automated phone system that provides general information or refill reminders.

The real need is for individualized treatment plans much like the Medication Therapy Management programs covered under Medicare Part D. Obviously, there is a cost involved with administering these programs, and the jury is still out on who pays for these types of services and how much. Nevertheless, it does not take much imagination to realize that positive outcomes and savings would result from individualized support and product selection in many specialty classes. These personalized services include developing broader clinical capacities, exploring opportunities for providing home-infusion services, and expanding direct-to-physician programs and support.

Some specialty providers have been actively developing strategies to provide more personalized clinical oversight to the patients they serve. By offering services that meet the demand for the personal interaction needed, these providers are gaining a significant competitive advantage over specialty firms (including some owned by PBMs) that are more heavily driven by cost containment and maximizing efficient distribution.

The need for such clinically oriented services underscores the impression that national, centralized distribution of specialty pharmacy products according to a mail order-type model will not be the best solution going forward. For the broader PBM industry, this presents both a challenge and an opportunity. The challenge is for PBMs to broaden their focus from mere process control and cost containment to a more locally minded

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approach anchored on “patient-centric” outreach. Indeed, not only would this focus enhance the overall health outcomes of patients with chronic conditions, it would ultimately result in further growth opportunities for specialty pharmacy.

The challenge for payers is to determine which specialty pharmacy has the programs and processes that will best fit the needs of its member populations. One way to determine the capabilities of a specialty pharmacy is asking the right questions. Because payers generally already know the makeup of their specialty patient population, they can ask specific questions that will help determine how a specialty pharmacy supplier could best serve a specific population.

For example, payers with a large number of covered persons who have multiple sclerosis (MS) should ask about the value of MS-related clinical interventions. What is the formulary for MS drugs? What criteria are used for prior authorization? How are determinations made regarding the success of the therapy? What types of patient/physician education efforts are supported? What local services can be tapped to further address patients’ needs? What are some specific examples of out-

comes associated with the programs they have in place that are of particular interest? What are the costs of these programs? In the case of “shared savings” programs, find out about and come to agreement concerning the method and timing of the outcomes measurement.

As increasingly complex biotechnology agents become available, patients will naturally demand greater personal attention. While cost will always be a factor, patients will want the reassurance of qualified clinical expertise and personal care management. Specialty pharmacy providers that are able to foster long-term patient relationships with knowledgeable caregivers will be in high demand, while the more impersonal, nonlocal telephone outreach programs associated with traditional mail order will not be viable.

Going forward, it is my hope that the challenge of providing effective clinical care management to the current specialty pharmacy distribution model will be addressed. Positive patient outcomes are crucial for meeting the challenge that the growing specialty market presents. In turn, this process can result in both business growth opportunities and more effective health outcomes. ■