

Case Study

Impact of Moving Selected Medications Traditionally Billed Under the Medical Benefit to the Pharmacy Benefit

Walgreens Specialty Pharmacy has the flexibility to provide plan-specific solutions designed to meet the cost-saving goals of payors while providing members with access to prescription medication and support services designed to achieve optimal healthcare. Not a one-size-fits-all model, Walgreens Specialty Pharmacy recognizes that different medications and health conditions require different approaches based on payors' needs and priorities.

Objective

To illustrate savings achieved when billing and management for select medications is moved from the medical to pharmacy benefit.

Background

Specialty medications can be covered under the medical or pharmacy benefit. Medications billed under the medical benefit are traditionally associated with higher costs than those billed under the pharmacy benefit.

Working with a large public school system client, we performed an analysis to identify and compare the average price per unit for select specialty medications by utilizing medical and pharmacy claims. We subsequently recommended shifting those medications to the pharmacy benefit because as an employer group, the client did not have the ability to control the medical benefit reimbursement model ("buy and bill") as a health plan could.

Methods

A retrospective study design was employed for this case study. It was conducted using one year of medical and pharmacy claims data, i.e., all medical and pharmacy claims for patients on specialty medications adjudicated from November 1, 2005 through October 31, 2006.

Specialty medications included for this case study were identified using the following criteria:

- Specialty medications found in both medical and pharmacy claims
- Specialty medications for which a minimum of 10 claims were found in both medical and pharmacy claims databases
- Specialty medications for which only one particular strength or dose was available[†]

For each specialty medication, average price per unit from medical and pharmacy claims were computed from the respective claims databases and were statistically compared.

Results

A total of five specialty medications that met the inclusion criteria and for which our client shifted their coverage from medical to pharmacy benefit were included in the analysis. Average price per unit for each specialty medication was determined and compared across medical and pharmacy claims with the following results:

- Across all specialty medications included in this study, the price of the medications under the pharmacy benefit was about 6 percent lower than under the medical benefit.

- Additionally, per member per year (PMPY) savings to the client for each of the five specialty medications ranged from \$0.14 to \$5.83 (see Table below).

Conclusion

Average price per unit for all the specific specialty medications under the pharmacy benefit was found to be significantly lower compared to that billed under the medical benefit. Average price per unit for medications

under the pharmacy benefit was about 6 percent lower than under the medical benefit. This case study suggests that there is potential for certain clients to achieve similar or even greater savings if specialty medications were covered under the pharmacy benefit instead of the medical benefit.

Table: Per Unit Cost Savings and PMPY Savings Calculated for Specific Specialty Medications

Specialty Brand-Name Medication	Amevive®	Hyalgan®	Ovidrel®	Synvisc®	Xolair®
Medical Condition	Psoriasis	Osteoarthritis	Infertility	Osteoarthritis	Asthma
Quantity* Dispensed Through Pharmacy Benefit Plan	84	15,827	187	9,309	20,264
Quantity* Dispensed Through Medical Benefit Plan	26	191	7	135	38
Per Unit Cost Savings	5.67%	5.95%	9.10%	9.02%	0.83%
PMPY Savings	\$0.17	\$3.58	\$0.14	\$5.83	\$2.59

*Per syringe/vial

*Because of the issues associated with J-codes, study analyses were restricted to those specialty medications that were available in a single dose or strength with a single AWP.



For more information, call 866-728-5795,
e-mail rxservices@walgreens.com,
or visit us at www.walgreensspecialtyrx.com.