



September 14, 2017

INNOVATION UPDATE: SPECIALTY DRUG GUIDING COALITION



The Action Group convenes employers, health plans, provider organizations, pharmacy benefit managers, specialty pharmacies, and manufacturers in its Specialty Drug Guiding Coalition to identify real opportunities to collaborate for positive change in the specialty drug marketplace.

When it comes to specialty drug affordability and access challenges, the blame game is alive and well. But over 40 Specialty Drug Guiding Coalition members from more than 20 organizations have been working together since February, putting a stop to the blame game, and elevating the discussion to find solutions that work for all.

As one coalition member said, "We're sharing our ideas and expertise – essentially, our secret sauce – which is only possible because of a real feeling of camaraderie and trust, and a commitment to making things better."

As a bonus, Dr. Stephen Schondelmeyer, renowned pharmacy economics expert from the University of Minnesota and long-time advisor to The Action Group attends the Guiding Coalition meetings. He offers insights into complex topics such as class of trade, which enables pharmaceutical manufacturers to vary the price of their products, depending on the type of customer, or the channel products flow.

Because of the specialty drug market complexities, there will be no quick fix to ensuring we get the [Five Rights Right](#): Right Drug, Right Price, Right Place, Right Support, Right Data. This is why The Action Group is convening key stakeholders who have each made a commitment to meeting mutually agreed-upon goals for 2017 and 2018. These goals can be found on the following pages.

**Class of Trade:
Why Employers Should Care**

The class of trade concept is important for employers to understand and discuss with their vendors when considering the variables, incentives and implications of various distribution channels. For example, physicians and hospitals typically get the lowest price when purchasing drugs, and retail and mail order pharmacies typically pay the most. Drug price transparency is based on understanding the difference between acquisition cost and what the purchaser or consumer is charged.

Action Group @ Work!

Even with the climate of uncertainty about the future of health care in America, on one thing we can all agree: Everyone deserves to live the healthiest life possible. That's why the nonpartisan Action Group unites the public and private sectors, fostering partnerships that lead to proactive, collaborative strategies focused on a common end point: Better, more affordable health care solutions for all. To learn more, please visit mnhealthactiongroup.org.

2018 Goals: Building on Our Momentum

As the group continues to gel and momentum grows, members of the Specialty Drug Guiding Coalition will be tackling the remaining goals in 2018. Additionally, we will be working closely with the National Alliance of Healthcare Purchaser Coalitions and its adapted "[5 Rights Framework](#)" to drive national collaboration with key stakeholders to bring a measure of control back to the specialty drug marketplace. The 10 goals for 2018 are as follows:

HEALTH PLANS:

- Align total cost of care (TCOC) and accountable care organization (ACO) provider contracts, so practitioners select and/or administer high-value drugs.
- Involve employers in key decisions that affect their overall costs.

PROVIDER ORGANIZATIONS:

- Align TCOC/ACO contracts to include drugs, so practitioners select and/or administer high-value drugs.
- Ensure practitioners better know drug prices (what employers and consumers are paying) at the point of care to support the use of high-value drugs.

PBM:

- Provide complete claim-level reporting, including all data fields, for employer ad hoc analysis.
- Involve employers in key decisions that affect their overall costs.

SPECIALTY PHARMACIES:

- Make operational processes and decisions on behalf of the purchaser, independent of the specialty pharmacy parent organization's financial interests.
- Provide/improve patient education and support that includes timely instruction on drug administration and emotional/social support to increase adherence and improve outcomes.

MANUFACTURERS:

- Ensure that price increases over time do not exceed the Consumer Price Index (CPI).
- Develop and implement value-/performance-based pricing.

National Alliance of Healthcare Purchaser Coalitions Adapts Action Group's 5 Rights Framework

"Specialty drugs are the fastest growing area of spend for employers today. While these new drugs are truly innovative and important, the specialty drug marketplace itself is dysfunctional with high cost, high variation and high waste. We need to collaborate with stakeholders to wring out the costs of poor quality and unwarranted cost, complexity and conflicts."

~ Mike Thompson, National Alliance president and CEO

To drive collaboration to control costs, reduce waste, and maximize the effectiveness of specialty drugs, the National Alliance adapted The Action Group's stakeholder guidelines and engagement framework targeting critical issues and opportunities. To learn more about the national initiative, visit <http://www.nationalalliancehealth.org/initiatives/initiatives-national/specialty-drug-marketplace>.

A FUTURE VISION FOR THE SPECIALTY DRUG MARKETPLACE

The National Alliance, working with its coalition, is promoting a "Five Rights" framework for specialty drug stakeholders to improve value for healthcare purchasers

RAISING THE STAKES

Specialty drugs are one of the fastest growing areas of spending for both private & public purchasers

- Some drug prices grow at 500% or more
- US buys more and pays more than any other country

High Cost, High Variation, High Waste

- Variation in management of formulary, specialty list, utilization, clinical pipeline, etc.
- Wide variation in price 2x-25x
- Up to 30% not filled, 50% not taken, 10% admissions due to poor adherence

Complexity, Middlemen, Conflicts

- Employers are often left without the needed data and information to manage specialty drug use and cost
- Our "stewards" contribute to these issues by adding complexity and cost to an inefficient supply chain.

Specialty Drug Stakeholders

- Health Plans
- PBMs
- Providers
- Specialty Pharmacies
- Manufacturers

High Value THE FIVE RIGHTS FRAMEWORK

Right Drug Right Price Right Place Right Data Right Support

- Base practices and decisions on clinical efficacy and safety independent of conflicted interests/PBMs accept ERISA fiduciary status.
- Cover testing that supports improved assessment of correct drug, doses and duration of treatment for specific patient.
- Require purchaser transparency and engagement on key issues and National Drug Codes used by all providers, in all settings related to: prior authorization, utilization management, payment & rebates, claim level reporting, data analysis, provider contracts, patient outcomes, and quality improvement
- Align value based contracting with performance and adherence to high value drugs with correct doses and duration consistent with guidelines.
- Require cost parity or benefit differentials across sites of care for same drugs and services.
- Support patients on drug administration and needed emotional/social support to increase adherence and improve outcomes.
- Discontinue conflicting practices such as low value coupon programs, drug price increases more than Consumer Price Index, and exclusion of high value delivery options.