Cost of Care Initiative: Analyzing a Least Cost Alternative (LCA) Program with Specialty Ophthalmic Injections under the Medical Benefit

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Background

• In 2015, approximately 50% of the annual specialty drug spend was billed under the medical benefit. Meanwhile, physician-administered specialty medications have gained an increasing role in the management of many chronic diseases, especially in ophthalmology.

• Ophthalmic injections had one of the largest 2015-2016 commercial per member per month (PMPM) trends, at 31%, and are the second highest Medicare PMPM cost for medical benefit drugs behind Oncology.

• As a top spend for payers, Eylea and Lucentis represent the 5th and 6th highest drug spend for Medicare in 2016.

• Avastin (bevacizumab), for ophthalmic use, is a cost-effective option used to treat retina disorders when clinically appropriate.

• Shifting utilization to a cost-effective alternative through academic detailing and positive fee schedule adjustments to providers can result in significant savings to health plans without compromising quality of care.

References

• Internal Company Data.

Discussion

• After 2 years of program implementation, Avastin market share increased by 17.5%, while brand market share decreased by 11.4%.

• Medical claims analysis demonstrated that overall costs reduced at the end of 2 year program experience as compared to the baseline (pre-implementation). The total annualized savings by the plan was approximately $2.74 million or $0.08 PMPM.

• This program takes an opposite approach to the recently proposed CMS Part B reimbursement adjustment that was blocked. Instead of penalizing physicians through reimbursement reductions for higher cost therapies, an increased fee schedule for a cost effective therapy, bevacizumab, removed the financial disincentive.

Conclusion

• Following the initiation of the least cost alternative cost of care program on 7/1/15, a reduction in total spend, brand market share and cost per claim was observed, constituting significant savings without compromising the quality of care and maintaining physician autonomy.

• Implementing a new fee schedule methodology along with pharmacist engagement with retina specialists through utilization and clinical analytics shifted an increase in market share of bevacizumab by 18% and saved the plan approximately $2.74 million or $0.08 PMPM per year.

• This is a versatile program that can be executed for many drug categories as a tool for medical pharmacy strategy and as more biosimilars are launched into the market, this strategy will continue to be important.

Purpose

• Analyze the impact of a least cost alternative cost of care program in a regional health plan.

Methods

• A least cost alternative program implemented a new fee schedule methodology for the intravitreal anti-VEGF injections, bevacizumab, Eylea and Lucentis for a regional health plan with 2.7 million total members.

• This increased the reimbursement of bevacizumab from the previous market rate to provide a dollar margin comparable to the higher cost brand products.

• Retina specialist groups could voluntarily bill up to the new rate as this was not mandated.

• Pharmacists educated these provider groups in scope of the program through utilization data and clinical analytics showcasing collaboration toward value based care.

• Program launched on July 1, 2015 and medical claims from July 1, 2015 to June 30, 2017 were analyzed and compared to a baseline period of April 1, 2015 to June 30, 2015 to measure the shift in product market share and savings.

Commercial Savings

<table>
<thead>
<tr>
<th></th>
<th>Baseline</th>
<th>Post Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avastin (bevacizumab)</td>
<td>$1,322</td>
<td>$1,257</td>
</tr>
<tr>
<td>Brand Drugs</td>
<td>$65</td>
<td>$5.2 PMPM</td>
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</tbody>
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$65 decrease

Baseline Period

Post Implementation Period

Commercial Annualized Savings: $0.08 PMPM

Medicare Annualized Savings: $0.35 PMPM

Total Annualized Savings: $2.74 M or $0.08 PMPM

% Change in Market Share:

Avastin (bevacizumab) 17.5%

Brand Drugs 56.0%