# 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.

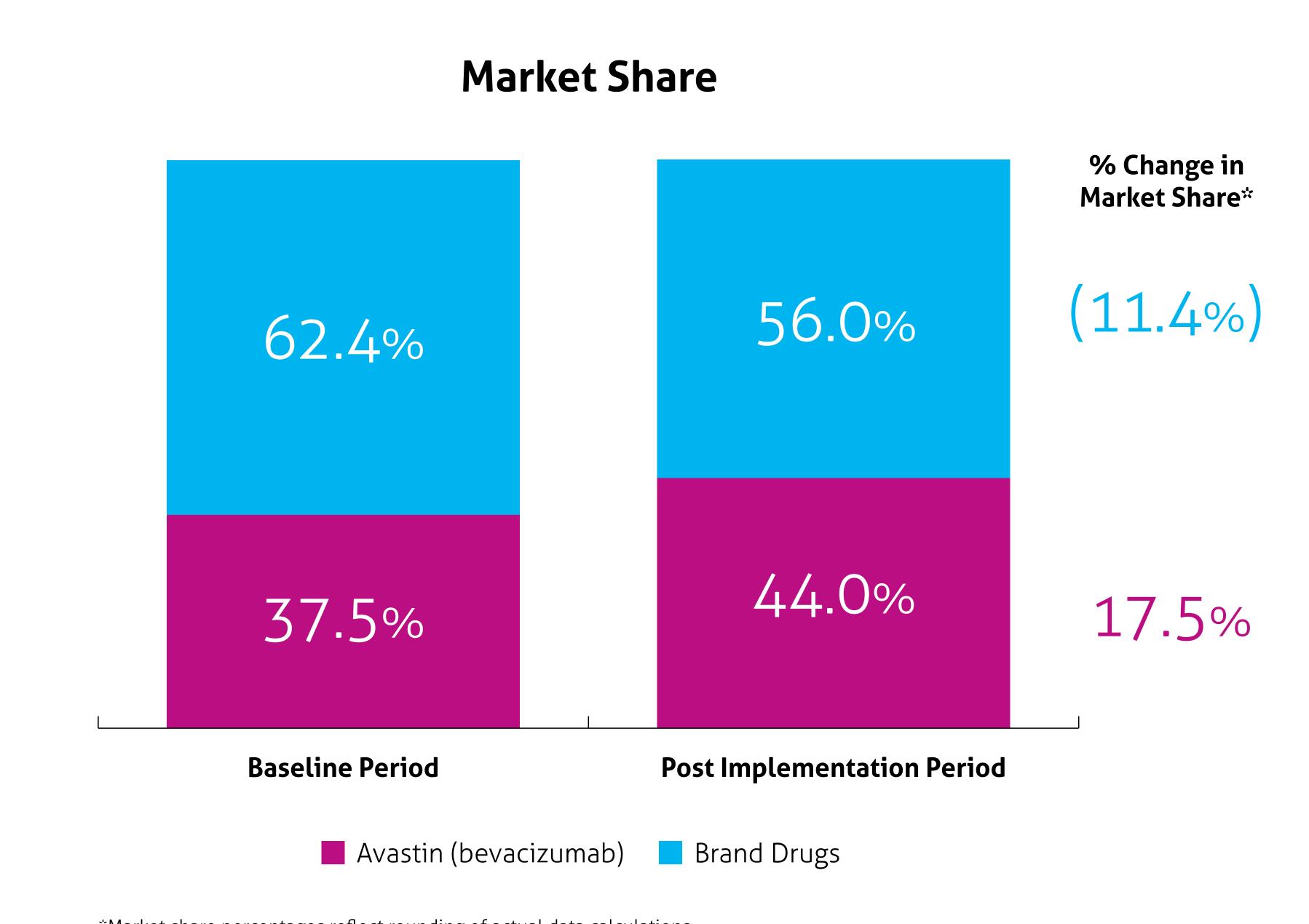
## Purpose

• 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 around 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.

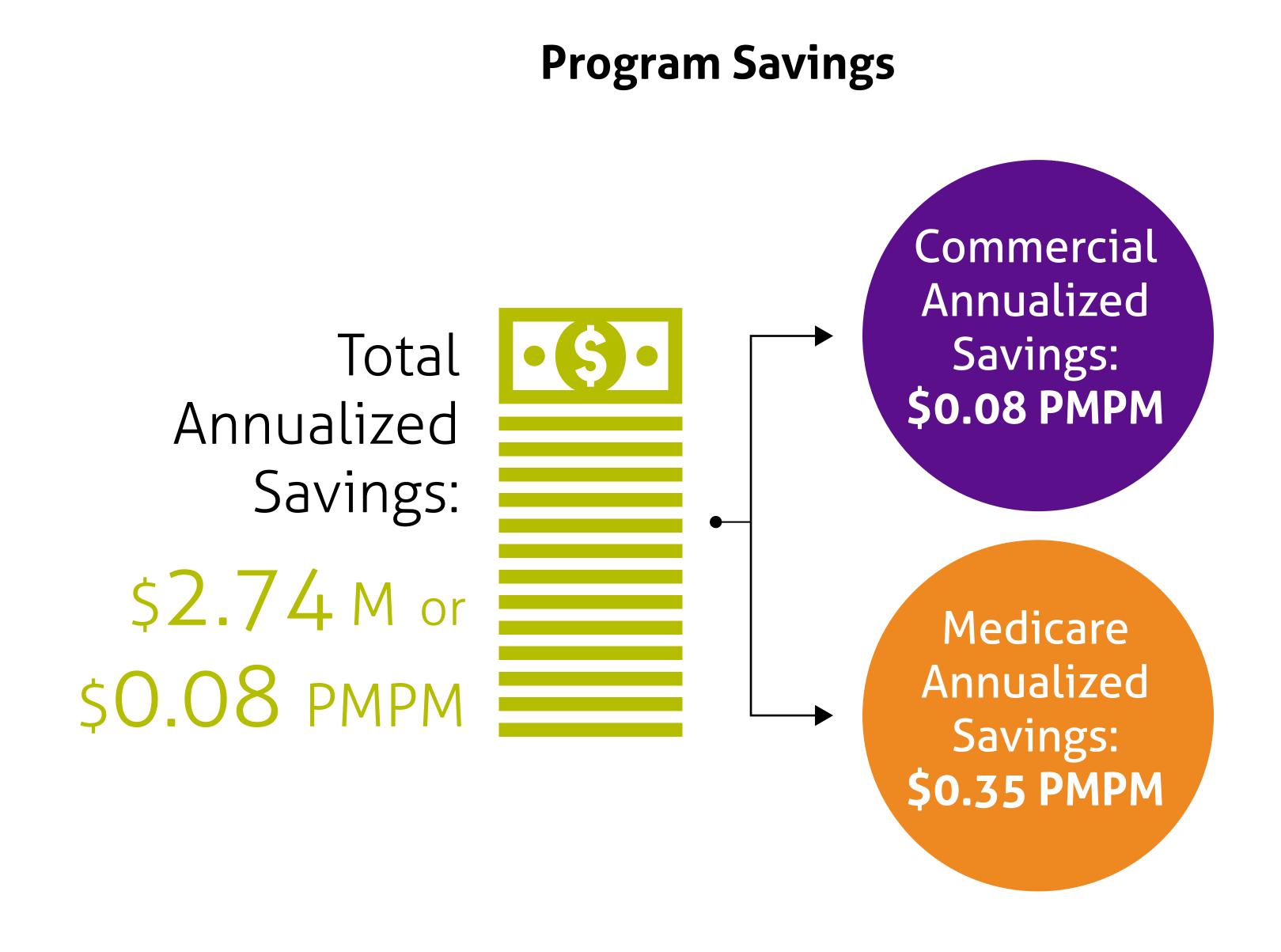
## Results





## Discussion

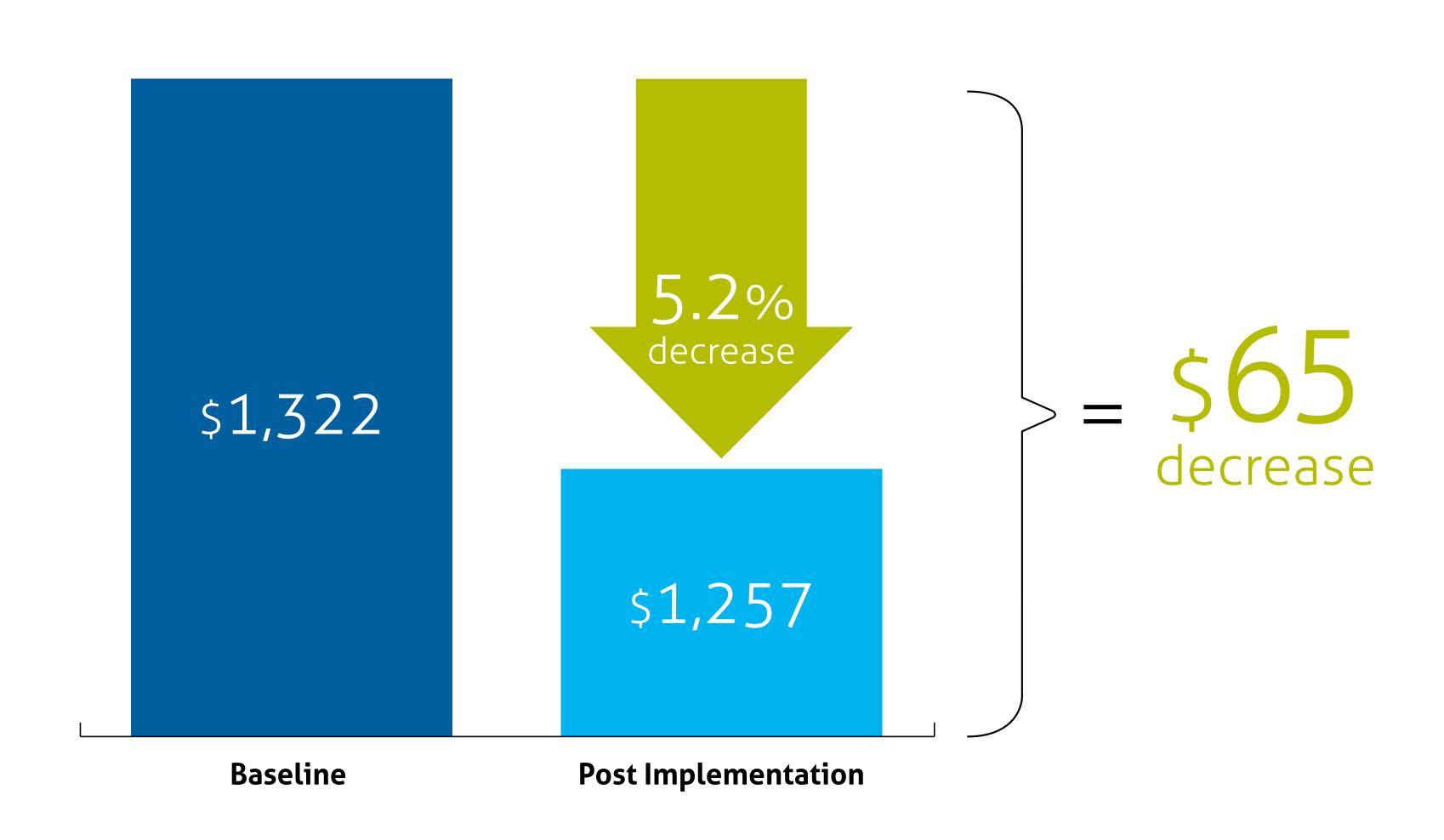
- After 2 years of program implementation, Avastin market share increased by 17.5%, while brand market share decreased by 11.4%.
- Medical claims analysis demonstrated that overall costs reduced at the end of 2 year program experience as compared to the baseline (pre-implementation). The total annualized savings by the plan was approximately \$2.74 million or \$0.08 PMPM.
  - Commercial Savings \$0.08 PMPM
  - Medicare Savings \$0.35 PMPM
- The total cost per claim decreased 5.2% from the start of the program.
- 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 data 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.

## Cost per Claim – Baseline vs Post Implementation Period



#### References

- Magellan Rx Management. Medical Pharmacy Trend Report. 2017 Eighth Edition.
- Magellan Rx Management. Medical Pharmacy Trend Report. 2016 Seventh Edition.
- Internal Company Data.

## Disclosures

• This research was conducted by Magellan Rx Management without external funding.