

# Cost Savings Analysis from a Fully Implemented Site of Service (SOS) Management Program

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## Purpose

- Describe the impact of a site of service program for a health plan after 12 months.

## Background

- Physician-administered specialty medications have gained an increasing role in the management of many chronic diseases such as inflammatory disorders and immunodeficiencies.
- These products are billed under the medical benefit, typically infused by a nurse and can be administered in several different sites including hospital outpatient facilities, physician offices, ambulatory infusion suites, or the patient's own home.
- It has been predicted that over 50% of all drug spend will occur on the medical benefit by 2020, highlighting the need for effective management<sup>1</sup>.
- Due to marketplace dynamics, hospital outpatient facilities are usually reimbursed for drugs based on a percent of charges. This dynamic can result in drug costs being twice as expensive and administration costs being up to four times the amount seen in other sites where fee schedules are utilized<sup>2</sup>.
- Shifting utilization to more cost-effective sites can result in significant savings to health plans without compromising quality of care.

## Methods

- A voluntary site of service program was implemented for a regional health plan with approximately 2.5 million commercial lives on July 1, 2015 and included infliximab and all intravenous immune globulin (IVIG) products.
- When a prior authorization (PA) request is approved for an eligible product, a site of service case is automatically generated. Once the patient's insurance benefits are confirmed, a nurse case manager will conduct patient and provider outreach to provide information related to different sites of care and help coordinate care to the new site of service.
- Data from July 1, 2015 to June 30, 2016 was analyzed.
- Savings is calculated as follows:
  - First, the average client rate for the original rendering provider Tax ID Number (TIN) in the pre-intervention period is calculated based on HCPCS code and line of business.
  - Next, the average client rate for the referred provider TIN is calculated for the measurement period based on HCPCS code and line of business.
  - Using these average rates, the savings number is derived by taking the difference in cost for the number of approved units (based on PA) at the original site of service compared to the new site of service.

## Disclosures

- This research was conducted by Magellan Rx Management, Newport, RI, without external funding.

## Results

### Population and Outreach Results

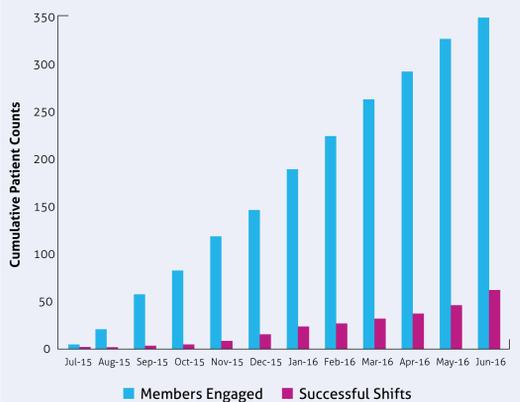
Number of Eligible Patients*	480
Number of Patients on Infliximab	384 (80%)
Number of Patients on IVIG	96 (20%)
Number of Patients Engaged	338
Engagement Rate <sup>3</sup>	70%
Number of Successful Shifts	60
Transition Rate <sup>†</sup>	18%

\*Eligible patient is defined as a commercial fully-insured or self-funded patient receiving a drug in scope of the program at hospital outpatient facility or out-of-network provider.

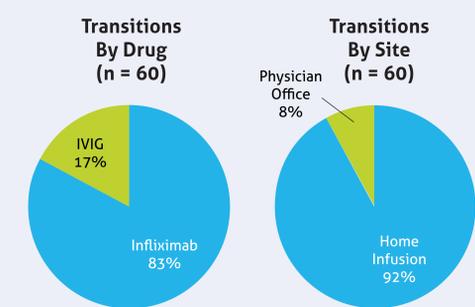
<sup>3</sup> Engagement rate is defined as the number of patients who were reached and discussed a site of service intervention out of the eligible patient population.

<sup>†</sup> Transition rate is defined as the number of patients who transition site of service to a new site out of the engaged patient population

### Cumulative Engagement and Success by Month



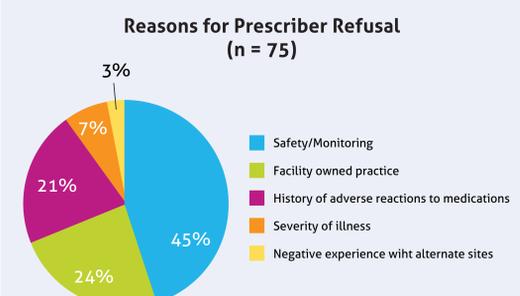
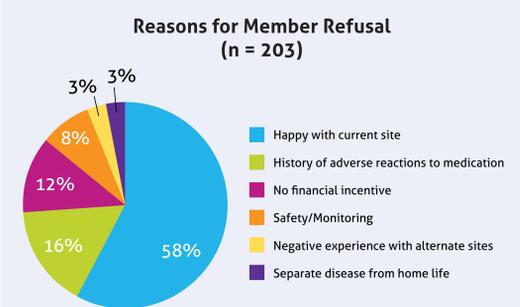
### Transition Analysis



### Program Savings

Average Savings Per Patient (Infliximab)	\$24,482
Average Savings Per Patient (IVIG)	\$95,837
<b>Average Savings per Patient</b>	<b>\$36,992</b>
Total Annualized Savings (Infliximab)	\$1,224,130
Total Annualized Savings (IVIG)	\$958,370
<b>Total Annualized Savings</b>	<b>\$2,182,500</b>

### Barrier Analysis



## Discussion

- Through 12 months of program experience, 480 patients were considered eligible for inclusion in the program.
- Magellan Rx Management was able to successfully engage 338 (70%) patients through targeted outreach.
- In total, 60 of the 338 (18%) patients decided to change site of service after gaining a better understanding of the benefit design and potential cost implications.
- Patients agreed to change site primarily for convenience, but several patients also experienced reductions in total out-of-pocket costs.
- The plan is expected to realize a total annualized saving of approximately \$2.2M or \$0.07 PMPM.
- Several patients and providers refused to change site of service for a variety of reasons.
  - Top patient refusal reasons included comfort level with the current site (58%), a history of infusion reactions (16%), and lack of a financial incentive (12%).
  - Top provider refusal reasons included safety concerns or requirements for additional monitoring (45%), affiliation with the hospital or facility (24%), and a history of infusion reactions (21%).

## Conclusion

- Due to practice consolidation and marketplace dynamics, the cost of receiving infused medications is significantly higher in the hospital outpatient setting compared to other sites of service.
- Implementing a voluntary site of service program can produce significant cost savings without compromising the quality of care.
- Magellan Rx Management has developed a comprehensive site of service management solution that includes high-touch patient and physician engagement to ensure patients are receiving infusion services at the most convenient, cost-effective, and high-quality sites.

## References

- Specialty Pharmacy Solutions, LLC
- Magellan Health 2015 Trend Report: Figure 12
- Internal Company Data