

Northwest Prescription Drug Consortium

Specialty Pharmacy Services – Delivering Care to Communities

The Northwest Prescription Drug Consortium's (Consortium) pharmacy program strives to offer the highest possible value and exceptional service to Participating Programs and their members who need specialty medications. These goals are more important than ever in the current climate of increasing drug costs and the advent of new and expensive groundbreaking therapies that challenge affordability to both payers and members. With its administrator, Moda Health (Moda), and in collaboration with its specialty pharmacy, Ardon Health (Ardon), the Consortium's specialty pharmacy program rests on three principals that provide unparalleled service for Participating Programs and their members:



1 Containing cost and maximizing savings

The Consortium was established in 2006 when Washington and Oregon states agreed to pool their prescription drug purchasing to lower drug costs for groups and individuals. Over time, the Consortium's objectives have expanded to also include efforts to contain cost and maximize savings for high cost specialty drugs. These include:

- ◆ **Pooled purchasing.** The Consortium leverages the purchasing power of over 1 million people in Oregon and Washington to obtain the best price on medications, including specialty medications. This means Participating Programs, no matter their size, benefit equally from savings the Consortium delivers. As more groups join, the Consortium's ability to improve pricing increases.
- ◆ **Pass-through and transparent pricing.** A guiding principal of the Consortium is to ensure Participating Programs pay exactly what a pharmacy is paid for a medication. This is uncommon in today's pharmacy market. Typically payers are billed more than pharmacies are paid and the billing party (usually a Pharmacy Benefit Manager) keeps the difference (the "spread"), which can increase costs for Participating Programs and members. The Consortium's approach removes the hidden "spread" and thereby helps contain payer costs.
- ◆ **Financial guarantees that improve over time.** The Consortium pharmacy program is a multi-year agreement that includes contracted continual improvement of price discount guarantees over time. In addition, guarantees can improve over time as the number of lives covered by the Consortium grows. Today, the Consortium facilitates in excess of \$800 million in annual drug purchases for over 1 million individuals in Oregon and Washington
- ◆ **100% pass-through of manufacturer rebates.** Neither the Consortium nor Moda keep any portion of rebates paid by manufacturers. Participating Programs can be confident that rebates are paid or credited directly to the Participating Programs. This helps Participating Programs arrive at the lowest net cost for prescription medications.
- ◆ **Rebate optimization:** Unlike other PBM rebate programs, the Consortium's pass-through rebate arrangements apply to both traditional and specialty drugs. This arrangement aggressively seeks out cost-optimized agreements with manufacturers which are used in support of an evidence-based clinical approach that focuses on the most therapeutically effective alternative at the lowest net cost to Participating Programs.

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- ◆ **Split fill program.** This program strategically monitors and educates members who use medications that require enhanced Safety, Efficacy, and Adherence Management (SEAM). Medications in this program have documented safety concerns due to side effects, may lose efficacy over time, and/or have outcomes-related issues associated with adherence. The program limits SEAM medications with high discontinuation rates to fills of 14-15 day supplies, to reduce plan and member costs if the therapy is discontinued.
- ◆ **GPO program participation.** The Consortium has developed innovative pharmacy solutions that use even further advantageous Group Purchasing Organization (GPO) pricing. Working with Premier, Inc., one of the nation's largest GPOs, the Consortium has secured lower cost GPO pharmacy pricing agreements for non-profit institutions. Today, these arrangements include certain specialty medications used to treat Hepatitis C. The Consortium expects to add additional therapeutic categories.
- ◆ **Support for voucher programs.** The Consortium enables all programs, including those that do not typically have the ability to benefit from group discounts and manufacturer rebates, to access specialty medications. Specifically, the Consortium's voucher program allows certain entities, such as corrections facilities and behavioral health institutions, to purchase specialty medications for their residents at the Consortium discount guarantees and collect manufacturer rebates on eligible prescriptions. This first-of-its-kind program extends the value of the Consortium to institutions for which access to outpatient specialty medications can be difficult.

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Programs that deliver high level care and better outcomes

Realizing the increasing role that specialty drugs play in managing complex conditions, a key objective of the Consortium is to ensure patients and providers have a specialty pharmacy that excels in the practice of specialty drug management and that aligns with the Consortium's service objectives for members in Washington, Oregon and nationwide. Moda's specialty pharmacy services, in coordination with Ardon's specialty pharmacy, delivers on these objectives and ensures high-touch services through the following:

- ◆ **Clinical program management:** Clinical pharmacists are an especially critical resource in the care team that assists people with multiple chronic conditions, especially conditions treated with high cost specialty medications. The clinical teams at Moda and Ardon work together on behalf of the Consortium providing a range of pharmacy programs that are aggressively managed to enhance the level of care and outcomes for members. These include the application of evidence-based clinical criteria to medication authorizations, direct member outreach, coordination with healthcare providers, active care coordination, individual clinical programs and medication management.
- ◆ **Pacific Northwest based.** Ardon is located in Portland, Oregon. This location provides patients who require specialty medications with convenience and easy access to their critical medications in the same time zone in which they live. Also, Ardon's staff understands the needs and values of individuals who reside in the Northwest and is a local resource for their medication questions. Ardon is licensed in all 50 United States and the District of Columbia.

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- ◆ **Northwest provider knowledge and values.** Ardon's unique local knowledge provides an intimate connection with patients, prescribers, and payers. The Ardon team works with specialists in the Northwest to provide an extension of care to patients. Because of its proximity and familiarity with specialists and their prescribing patterns, Ardon provides a heightened level of expertise to patients and providers.
- ◆ **Focus on patients with complex conditions.** Ensuring patients with chronic and complex conditions receive better care is an important strength and vital role of the Consortium's specialty pharmacy program. Ardon's pharmacists, pharmacy technicians, patient care representatives, and reimbursement specialists all have therapy-specific training.
- ◆ **Patient-specific outreach.** By customizing services to each patient's specific therapeutic needs, Ardon's therapy management program covers the spectrum of care—from proactive monitoring of therapy to counseling on effectively managing side effects. Each month, Ardon speaks with thousands of patients who use specialty prescription services through the Consortium. This allows Ardon to evaluate how patients are responding to their medication therapy, intervene if there are barriers, and schedule medication shipments to ensure members receive maximum benefit from their specialty medication treatment.
- ◆ **Pharmacist-managed medication programs.** Studies have demonstrated that pharmacist intervention in the delivery of medication therapy can boost patient medication compliance¹. Ardon's clinical team of pharmacists intervenes on average once for every 3.9 prescriptions filled.² Interventions positively affect patients by focusing on ensuring patient safety, optimizing therapies, and improving patient outcomes.
- ◆ **Industry-leading medication adherence.** Ardon's focused outreach to members removes issues that can affect treatment and has resulted in outstanding patient medication adherence. From July 2015 through June 2016, Ardon maintained an industry-leading "Medication Possession Ratio" (MPR) of 92%. This contrasts with recent reports showing other specialty pharmacies and retail pharmacies maintain MPRs of 85-90% and 75-82%, respectively³.
- ◆ **Patient Assistance Program Support.** Importantly, Ardon's high-touch approach includes connecting patients with financial assistance to achieve the lowest possible out-of-pocket cost. Lowering these costs is directly associated with improved medication adherence and outcomes⁴. From July 2015 through June 2016, Ardon obtained over \$5.2 million in assistance for over 85% of its commercially insured patients. As a result, average patient out-of-pocket cost fell 89%, decreasing from \$172 to \$19 per prescription.

¹ Tschida SJ, Aslam S, Lal LS, et al. Outcomes of a specialty pharmacy program for oral oncology medications. *American Journal of Pharmacy Benefits*. 2012;4(4):165-174; Barlow FJ, Faris RJ, Wang W, et al. Impact of Specialty Pharmacy on Treatment Costs for Rheumatoid Arthritis. *Am J Pharm Benefits*. 2012;4(Special Issue):SP49-SP56.

² As measured by Ardon Health, July 2015 through June 2016.

³ Visaria J, Frazee SG. Role of pharmacy channel in adherence to hepatitis C regimens. *American Journal of Pharmacy Benefits*. 2013;5(1):17-24; Understanding and Improving Adherence for Specialty Products: IMS. Accessed January 2016.

⁴ Tan H, Yu J, Tabby D, Devries A, Singer J. Clinical and economic impact of a specialty care management program among patients with multiple sclerosis: a cohort study. *Mult Scler*. 2010 Aug;16(8):956-63; World Health Organization, "Adherence to therapies is a primary determinant of treatment success. Poor adherence attenuates optimum clinical benefits and therefore reduces the overall effectiveness of health systems", http://www.who.int/chp/knowledge/publications/adherence_report/en/.

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3 Programs that deliver transparency to drug price negotiations

Beyond the savings that pooled purchasing can achieve, the Consortium is committed to partnering with Participating Programs and facilities to deliver competitive and sustainable prescription drug pricing. The Consortium's pharmacy program is a fully open and transparent arrangement that guarantees pass-through pricing for prescription drugs and manufacturer rebates. The Consortium has been at the forefront in creating industry leading prescription drug transparency to assist Participating Programs and consumers with access to better prices on their prescription drugs. Leading transparency initiatives include:

- ◆ **Transparent pharmacy agreement.** The Consortium established a fully transparent pharmacy program that guarantees pass-through pricing on pharmaceuticals and manufacturer rebates, and visibility into financial transactions related to pharmacy benefit management. It was a first-of-its-kind agreement among state governments and remains so today.
- ◆ **A fixed administration fee.** Participating Programs can select from 3 administration program options. Depending on the program selected, Moda, the Consortium's administrator, receives a flat fixed fee for each prescription claim that it processes and approves for payment. This makes it easy to understand so that Participating Programs can budget what they are paying to administer their pharmacy benefit. The administration fee is fixed over the life of the Consortium agreement.
- ◆ **Annual market checks.** In order to understand marketplace trends and ensure Participating Programs always have competitive pharmacy reimbursement rates, each year the Consortium contracts with an independent third party to perform a market price check of network rates, including specialty medications. If Consortium pricing is outside a defined range, new pricing is negotiated.
- ◆ **Robust financial audits.** The Consortium validates the transparency of its contracts each year with annual financial audits to ensure guarantees are met. In addition, the Consortium agreement includes provisions that allow for robust audits of financial terms and performance on contractual guarantees, claim adjudication, and manufacturer rebates. These terms ensure that Participating Programs can be confident the Consortium pharmacy agreement works on their behalf.

Prescription drugs play a critical role in health care, keep people healthy, improve quality of life, and save lives. At the same time, spending on prescription drugs comprises a substantial and rapidly-growing portion of health care costs. The Consortium is committed to ensuring that its pharmacy programs include new, innovative, and appropriate strategies to combat these costs. These programs include specialty pharmacy services that deliver high value and savings for Participating Programs.