

SPECIALTY PHARMACEUTICALS AND VALUE-BASED INSURANCE DESIGN

SPECIALTY PHARMACEUTICALS

Specialty pharmaceuticals are medications that contain complex molecules, are difficult to administer, and/or are extremely expensive. These drugs are often used to treat serious chronic conditions such as rheumatoid arthritis and multiple sclerosis, as well as potentially fatal conditions like cancer. Costs associated with certain specialty pharmaceuticals can be as high as \$100,000 for a single course of treatment. Most insurance plans require patients to pay a certain percentage of these drugs, irrespective of the potential medical benefit for the patients. As a result, accessing specialty pharmaceuticals can be extremely financially burdensome for patients, as out-of-pocket costs can skyrocket. Prohibitively high levels of cost-sharing for these drugs put many patients at risk for non-adherence or other adverse events.

VALUE-BASED INSURANCE DESIGN

Value-Based Insurance Design (V-BID) is built on the principle of lowering or removing financial barriers to essential, high-value clinical services. V-BID plans align patients' out-of-pocket costs, such as copayments, with the value of services. These innovative products are designed with the tenets of "clinical nuance" in mind. These tenets recognize that 1) medical services differ in the amount of health produced, and 2) the clinical benefit derived from a specific service depends on the consumer using it, as well as when and where the service is provided.

V-BID AND SPECIALTY PHARMACEUTICALS

Value-based approaches to specialty pharmaceuticals show promise in improving access to needed drugs among those patients who stand to benefit the most. The University of Michigan Center for V-BID advocates four main strategies in this domain. Some specialty drugs, like those for common chronic conditions, have high medical value for most patients. In order to encourage appropriate use and discourage non-adherence, V-BID recommends imposing only modest cost-sharing on these drugs for most patients. Other specialty pharmaceuticals, like those for certain cancers, have shown high medical benefit only in a subset of patients. In these cases, V-BID recommends significantly decreasing the burden of cost-sharing only for those patients who stand to benefit from the drugs. When cheaper treatment options are available, patients should be encouraged to first use lower-priced drug options. However, in the event that a patient fails to respond to a lower-cost regimen, cost-sharing on higher priced drug options should be reduced. Finally, V-BID advocates the use of differential pharmaceutical cost-sharing to incentivize patients towards using high-performing providers.

KEYS TO SUCCESS

Successful implementation of clinically-nuanced benefit designs for specialty pharmaceuticals will need to address several challenges. These include preparing for administrative complexity, establishing incentives that engage patients early, integrating provider- and patient-focused initiatives, and recognizing that the perfect must not be the enemy of the good. Despite these challenges, application of V-BID principles to access and pricing of specialty pharmaceuticals aligns clinical effectiveness with overall value, which ensures clinical effectiveness at the right price.