

Rethinking How We Mitigate **HIGH-COST CLAIMS**

The Problem: Few (if any) employers have the size, resources or focus to address rapidly escalating high-cost claims with specialized resources across the spectrum of circumstances. **Since 2016, the number of health plan members with claims \$3M+ has doubled**, heightening sustainability concerns. Elimination of annual and lifetime maximums through the Affordable Care Act and the dysfunction of the reinsurance market has made this a top priority for every employer, purchaser and market.

High-Cost Claims Defined:

- Unpredictable/infrequent for individual employers
- Claims costing \$50,000 or more per year
- Cost outliers that are frequently lasered
- Often for severe, debilitating disease conditions

Facts about high-cost claimants

JUST **1.2%**

OF ALL HEALTH PLAN MEMBERS ARE HIGH-COST CLAIMANTS
...but they make up 1/3 of total health care spending



29x

Average member cost

\$122,382

Average annual cost

53% CHRONIC CONDITIONS

47% ACUTE CONDITIONS

[Wellmark Blue@Work](#)

“High-cost claims are the biggest threat to employer-sponsored healthcare coverage today. Only through collective employer action can these risks be mitigated.”

Michael Thompson
National Alliance President & CEO



Strategies will vary based on duration of expenditures and quality or quantity of options

Long-duration Treatment

Multiple Effective Options

Hemophilia
Multiple sclerosis
Multiple myeloma
Autoimmune
Cystic fibrosis
End-stage renal disease (ESRD)
Hereditary angioedema

Limited Options

Spinal muscular atrophy
Metastatic cancers
Duchenne muscular dystrophy
Immune globulin (palliative)
Congenital anomalies (lifelong)

Short-duration Treatment

Lymphoma
Premature birth
Spine surgeries
Immune globulin (therapeutic)
Inherited retinal dystrophy (RPE65)

Spinal muscular atrophy
Neurotrophic keratitis
Transplant
Congenital anomalies
Idiopathic pulmonary fibrosis
Sepsis
Trauma and burns



National Alliance Offers Tools to Build the Bridge to Sustainability

- [Action Brief: Biosimilars in the Pharmacy Benefit](#)
- [Employer Rx Value Report](#)
- [Employer Rx Value Framework Infographic](#)
- [2020 Employer Roundtables on Drug Management Report](#)

Be Proactive, not Reactive

Saving Strategies for High-Cost Medical Drugs

Learn more: [Achieving Accountability & Predictability on the Medical Side of Drug Benefits](#)

CLINICAL RIGOR

- Separation of dispensing/rebates from clinical functions
- Independent, expert clinical management
- Cost-effective step therapy, when appropriate
- Elimination of waste
- Same level of clinical rigor applied to to specialty drugs on medical side
- Longer term – increased specialization

COST-EFFECTIVE SOURCING

- Better align co-pay and patient assistance programs
- Unrestricted, competitive dispensing options and sources
- Site-of-care optimization for provider-administered drugs
- Longer term – collective management & stewardship

Contracting Strategies

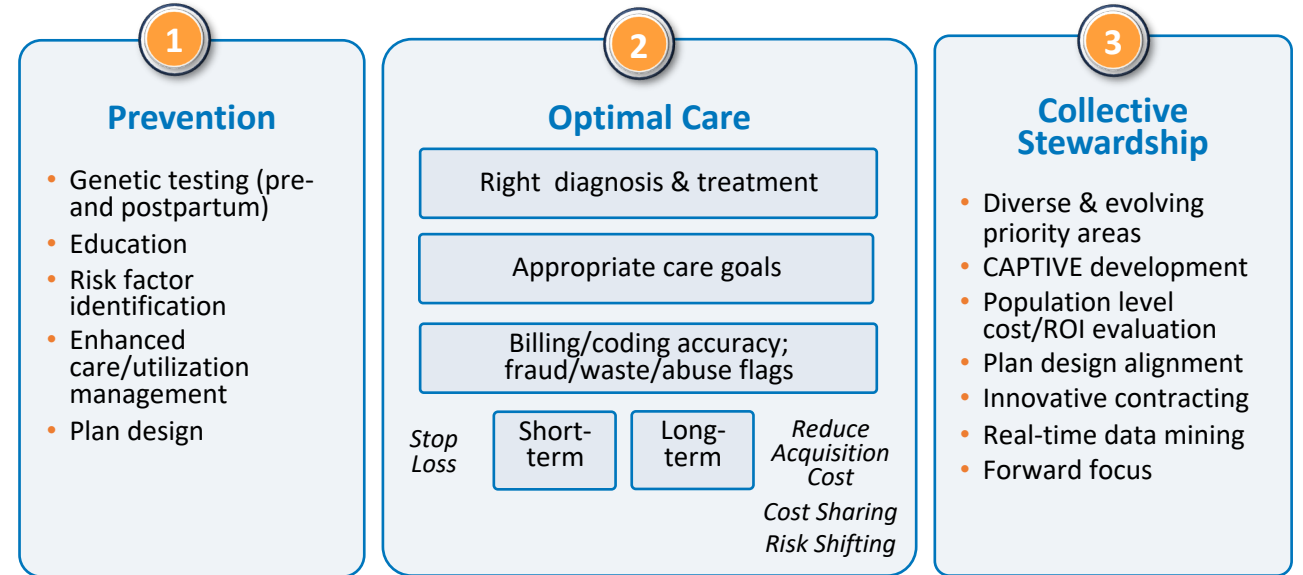
- Deconflict PBM and Medical carrier relationships (fiduciary compliant)
- Reduced / fixed markups for provider buy/bill drugs
- Outcomes-based drug pricing
 - Specialty generics filled in retail, not at specialty pharmacy
 - Payment amortization (pay-over-time)
 - Hospital at home/telehealth
 - Narrow networks
 - More timely and transparent reporting
 - Bill review/negotiation
- Longer term – population-based hybrid contracts

Plan Design Strategies

- All drug management under the pharmacy benefit
- Dose rounding protocols (for injectables)
- More rigorous utilization management for high-cost drugs
 - PA/pre-certification functions
 - Preferred drug lists/formularies
 - Quantity limits
 - Step therapy
 - Specialty carve out
 - Exclusions/coverage limitations
- Aligned financial incentives with plan participants
- Leverage secondary coverage when available (e.g., spouse employer, Medicaid or Medicare)
- Longer term - Steerage to improve quality, appropriateness and reduce impact of middlemen

Integrate Core Pillars of Overall Risk and Cost Reduction

There is **no one-size-fits-all approach** to tackle high-cost claims; a combination of options is needed for each case



CONTINUOUSLY REEXAMINE PATIENT EDUCATION, INVOLVEMENT AND ACCOUNTABILITY TO ENSURE SUSTAINABLE PATIENT ENGAGEMENT

Longer-term Approach

Population Focus

Collective Stewardship

