



WHITE PAPER

Addressing Total Cost of Care Across the Specialty Population

How Health System Specialty Pharmacy Utilizing an Integrated Care Model Impacts Clinical Outcomes and Total Cost of Care

Specialty drugs span a wide range of disease states, from the more prevalent, yet complex, such as multiple sclerosis, to rare and orphan diseases, such as hereditary angioedema (HAE). Among the most frequently diagnosed complex or chronic conditions treated with specialty medications are those in the areas of oncology, autoimmune conditions, infectious diseases, and transplant medicine, as identified from a large comprehensive medical claims data set of greater than 21 million covered lives.¹

The cost of treating these conditions, both in terms of drug expense and medical expense, can be substantial. The integrated health systems that provide care for many of their internal specialty pharmacy patients are especially sensitive to out-of-pocket (OOP) impacts on their patient populations, as these conditions create a substantial financial burden on patients and their families. In addition, it impacts the organization's revenue when it is responsible for most of a patient's care but is prevented from filling the patient's specialty pharmacy prescriptions, resulting in segmented care. Health plans, meanwhile, are responsible for emergency visits and hospitalizations that might be preventable with better therapy management and coordination of care.

THE MOST COMMON SPECIALTY DIAGNOSES

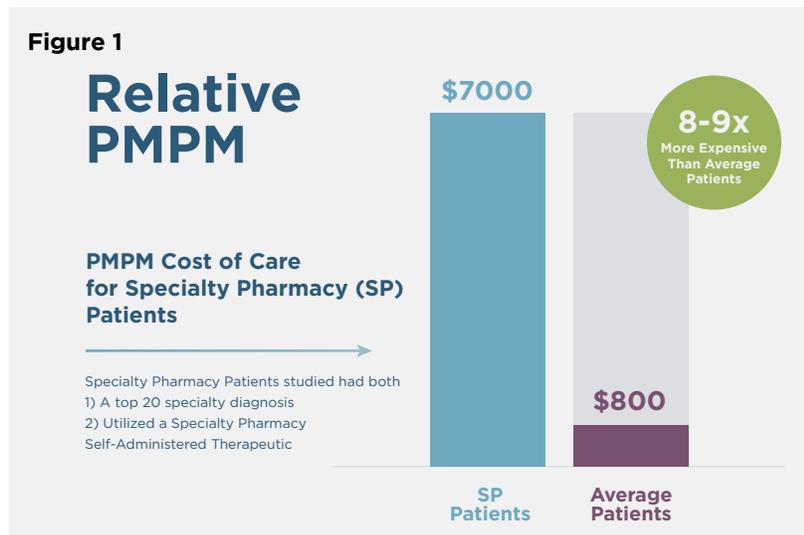
According to our analyses at Shields, the total cost of care for the 20 most common specialty diagnoses averages \$84,000 annually (PMPY). (See Figure 1, below.) The cost of medications is a major contributor to total cost of care. Among the specialty drugs used to treat these patients are, for example, the self-administered medications capecitabine for cancer, at an average cost of about \$500 per month, and adalimumab for various inflammatory conditions, at an average cost of about \$7,000 per month.

WIDE RANGING DISEASE STATES

Specialty drugs span a wide range of disease states, from the more prevalent, yet complex, such as multiple sclerosis, to rare and orphan diseases, such as rare genetic disorders.



Average total cost of care for the 20 most common specialty diagnoses



Specialty patients typically constitute only two to five percent of a given health plan's benefit population, and the average cost of care is \$50,000–\$140,000 per member per year (PMPY). This is eight to nine times higher than the average cost PMPY.²

THE COMPLEXITY OF COST PATTERNS, COVERAGE, AND COMORBIDITIES

The nature of these disease states is such that patients not only have complex medication regimens, but also require numerous outpatient visits and are at risk of frequent and/or lengthy hospitalizations. A high rate of comorbidities, such as diabetes and hypertension, contributes to a heightened risk of hospitalization and complications. In addition, the presence of all these conditions together can lead to polypharmacy which is the simultaneous use of multiple drugs by a patient for one or more conditions. In considering the total health care costs of these patients, both the drug and medical costs, frequently covered by separate benefit plans, depending on the route of medication administration, are relevant.

In considering the total health care costs of these patients, both the drug costs and the costs for medical care (frequently covered by separate benefit plans, depending on the route of medication administration) are relevant.

Complicating matters, but beyond the scope of this discussion, are costs for medical equipment and home health care, with their own arcane reimbursement rules.

Specialty medications typically are both high touch and high cost. Some, such as capecitabine, require frequent and meticulous dose adjustments based on medication side effects, so that persistence and efficacy are maintained. Some are self-administered and require patient and caregiver training, such as subcutaneously delivered adalimumab, which also has special handling requirements, including refrigeration in the patient's home. These medication intricacies underscore the value of a high touch care model to ensure appropriate medication use.

Different cost patterns for the medical benefit and the pharmacy benefit emerge with different diagnoses and disease states. Inflammatory conditions often have a high drug spend but a lower medical spend, while oncology patients might have higher-cost hospitalizations and emergency visits, though these may be less likely with coordination of care through a specialty pharmacy integrated into the health system.

HIGH TOUCH, HIGH COST

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MAKING A DIFFERENCE

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HOW CAN WE MOVE THE DIAL?

High-quality clinical care that is coordinated across the spectrum of medical and pharmacy care improves health outcomes for specialty patients and can make a difference in reducing total cost of care. A growing body of research on the impact of integrated HSSP on clinical outcomes in specialty patients supports this view.

One published analysis on the topic of cost of care notes:

Beyond the cost of specialty medications themselves, patients with specialty conditions incur high medical costs from frequent laboratory or imaging tests to monitor medication safety and effectiveness, hospitalizations or emergency care to treat disease flares, and visits to multiple healthcare providers for comorbid conditions. Patients on specialty medications face various transitions in care, such as changes in providers or medications, or admission or discharge from healthcare facilities. Because lapses in therapy can jeopardize patient safety and treatment efficacy, ensuring adherence to therapy during these transitions is vital.³

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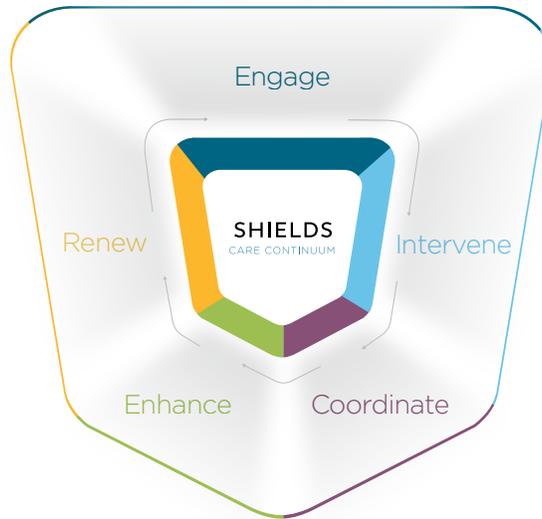
Average Time
to Therapy

Integrated health system specialty pharmacies occupy a space in patient care that is strategically positioned to make an impact on costs and outcomes. Recognizing this, Shields partners with more than 75 health systems nationwide to elevate specialty pharmacy.



Average
Adherence Rate

The Shields Care Continuum integrates multiple touchpoints in patient care. The model has been developed to **engage** with patients in the clinic and at telehealth appointments; **intervene** to optimize therapy management; coordinate insurance benefits, prior authorizations, and financial assistance programs; **enhance** patient care with emotional support and achieving outcomes such as an average time to therapy of less than two days and an average adherence rate of 92%; and **renew** the efficacy of all these touchpoints through ongoing engagement and education.



SHIELDS CARE CONTINUUM

HOW DOES THE MODEL MAKE AN IMPACT?

For health plans, improved outcomes, and excellent quality of care for their population of covered lives are desirable goals that become more achievable, on a practical level, when the actions that result in improved outcomes and excellent quality of care also reduce total cost of care. The Shields Care Continuum is a proven approach to addressing this complex issue.

Shields clinical pharmacists, pharmacy liaisons, and patient support center (PSC) advocates work in conjunction with each health system’s specialty pharmacy staff to improve therapy management and maintain high quality patient care. The clinical team proactively help patients by addressing side effects and assisting patients who need help negotiating the complexities of their medications, progression and complications of their condition, and financial burden. An integrated care model into the health system allows for coordinated care, centralized access to providers and medical information, and improved communication for both the patient and provider. This coordination of care reduces waste and can reduce PMPY cost.²

While it is impossible to know when a specific intervention will prevent an unnecessary emergency visit or hospitalization, work has been done to track the impact of the model on total cost of care. Recently, Shields partnered with Optum Advisory Services to conduct an analysis of claims data. When comparing risk-adjusted data sets, they found a 13% reduction in total health care costs for patients receiving care under the Shields model, compared to a national cohort. Within Shields, our nationwide health system membership is gathering additional insights on an ongoing basis with data aggregated across more than 25 health systems.

HIGH STANDARD OF CARE

Shields clinical care teams work in conjunction with each health system’s own specialty pharmacy staff to improve therapy management and meet high standards of care.



Total health care costs reduction for patients receiving care under the Shields model, compared to a national cohort

By leveraging the power of our nationwide health system footprint, who are well positioned to outperform non-integrated specialty pharmacies both clinically and financially, Shields can also establish relationships directly with payers to improve access for health systems while improving outcomes and lowering the total cost of care.

For example, Shields is collaborating with Prime Therapeutics on their IntegratedRx – Oncology, a clinically integrated program they announced in 2021. The program streamlines the treatment pathway so their members with cancer can receive oral oncolytic and companion medications in the clinical setting directly from their clinic or affiliated hospital pharmacy.⁴ This promotes lower drug costs, quicker time-to-medication, better adherence and an improved patient and provider experience for Blue Plans and their members.

¹ Independent analysis of de-identified comprehensive medical claims data set across US based insurers Commercial and Medicare 2019 to 2020, across 21 Million covered lives.

² Sarah S Hellems, FSA, MAAA, CERA; Apurv Soni, MD, PhD; Dale Fasching, PharmD; Brian S Smith, PharmD; and Dave D McManus, MD, ScM. Association between health system specialty pharmacy use and health care costs among national sample of Medicare Advantage beneficiaries. J Manag Care Spec Pharm, 2022 Feb;28(2):244-254.

³ Zuckerman AD, Carver A, Cooper K, Markley B, Mitchell A, Reynolds VW, Saknini M, Wyatt H, Kelley T. An Integrated Health-System Specialty Pharmacy Model for Coordinating Transitions of Care: Specialty Medication Challenges and Specialty Pharmacist Opportunities. Pharmacy (Basel). 2019 Dec 3;7(4):163. doi: 10.3390/pharmacy7040163. PMID: 31816884; PMCID: PMC6958321.

⁴ Reddan, J and Romig, B. Why Payors Should Evaluate Provider-Based Specialty Pharmacies Seeking Network Access. Specialty Pharmacy Continuum. 2018. <https://www.specialtypharmacycontinuum.com/Opinion/Article/06-20/Why-Payors-Should-Evaluate-Provider-Based-Specialty-Pharmacies-Seeking-Network-Access/53433> (Accessed July 15, 2022).

ABOUT SHIELDS HEALTH SOLUTIONS

Shields Health Solutions is the premier specialty pharmacy accelerator in the country. The Shields Performance Platform, an integrated set of solutions, services and technology, is intentionally designed to elevate payer and drug access for specialty pharmacies, elevate health outcomes for complex patients, and elevate growth throughout the entire health system. As the foremost experts in the health system specialty pharmacy industry, Shields has a proven track record of success including access to over 80 percent of all limited distribution drugs (LDDs) and most (health insurance) payers in the nation; and a clinical model proven to lower total cost of care by 13%. In partnership with more than 70 health systems across the country through national-scale collaboration, Shields has a vested interest in delivering measurable clinical and financial results for health systems.



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