Midwest Business Group on Health
*Nationally focused...Regionally led*

- Founded in 1980 as a 501(c) (3) not-for-profit coalition
- Over 130 jumbo, large and medium sized self-insured public and private organizations
- Members annually spend more than $4 billion on health care for over 4 million lives
- Represent the employer purchaser perspective – *human resources and health benefits professionals* – offering:
  - Education, networking and benchmarking
  - Health benefits research, tools and demonstration pilots
  - National and community-based initiatives on health improvement, patient safety and quality outcomes
  - Buyers groups and health benefits service offerings
What Employers Need to Know...

...To Better Manage Specialty Pharmacy

National Employer Initiative on Biologics & Specialty Drugs

Developed by employers for employers
Biologic/Specialty Drug Costs

One Employer Experience (35K ee’s)
MBGH Employer Member Survey 2015

Priorities in next 12 to 24 months

- Avoid the 2018 ACA excise tax: 57% (High Priority, 16%)
- Reduce/manage health benefits costs: 56% (High Priority, 21%)
- Manage specialty/biologic drugs: 45% (High Priority, 19%)
- Create a culture of health: 36% (High Priority, 21%)
- Create effective communications: 35% (High Priority, 29%)
- Offer targeted wellness programs: 35% (Medium Priority, 23%)
- Integrate vendor data: 23% (High Priority, 19%)
- Offer price transparency tools: 23% (High Priority, 16%)
- Coordinate vendor programs: 36% (High Priority, 12%)

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National Employer Initiative on Biologics & Specialty Drugs - 2011 to 2016

Employer-driven initiative providing knowledge and no-cost resources to support cost management efforts and patient outcomes

- Employer Advisory Board & Multi-stakeholder Council
- Annual Employer Benchmarking Surveys
- Online Toolkit – [www.specialtyrxtoolkit.com](http://www.specialtyrxtoolkit.com) to help employers:
  - Seek innovative benefit coverage approaches for total cost of care and patient outcomes
  - Manage specialty drug costs in both the medical and pharmacy benefit
  - Address transparency in benefit design and contracting gaps with vendors

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National Employer Initiative on Biologics & Specialty Drugs - 2011 to 2016

- National Educational Outreach
- Employer-Driven Research through Coalition Pilots
  - Employers’ Health Coalition – Arkansas
  - Employers Health Coalition – Ohio
  - Florida Healthcare Coalition – Florida
  - Healthcare 21 – Tennessee
  - Mid-America Coalition on Health Care – Kansas
  - Midwest Business Group on Health – Midwest
  - Additional coalitions to participate 2016
88% of employers still use traditional plan designs but willing to try new strategies

<table>
<thead>
<tr>
<th>Plan design strategies</th>
<th>Currently Offer</th>
<th>Would Consider</th>
<th>Won't Consider</th>
<th>Don't Offer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Narrow network that assumes risk</td>
<td>7%</td>
<td>11%</td>
<td>14%</td>
<td>14%</td>
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<tr>
<td>SP as carve-out</td>
<td>7%</td>
<td>14%</td>
<td>16%</td>
<td>15%</td>
</tr>
<tr>
<td>Shift more cost to employees</td>
<td>7%</td>
<td>14%</td>
<td>16%</td>
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<tr>
<td>Include vendor performance guarantees</td>
<td>7%</td>
<td>14%</td>
<td>15%</td>
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<tr>
<td>No drug formulary-costs based on lifestyle, business preserving,...</td>
<td>3%</td>
<td>24%</td>
<td>27%</td>
<td>24%</td>
</tr>
</tbody>
</table>

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5th Annual Employer Survey

Oncology plan design strategies

- Integrated PBM manages benefits (HP PBM): 37%
- Required use of specialty pharmacy to get Rx: 25%
- Physician-based model using PA from list: 21%
- Independent PBM receives reports from health plan on integrated use: 17%
- Oncology carve-out: 0%
- Narrow formulary to include preferred oncology drugs: 0%
Future Impacts on Employers

- Specialty drugs will become the main driver of overall cost trends
- Mergers and acquisitions will continue to occur
- Biologic products will begin to go off patent; biosimilars will not offer the discounts hoped for
- Benefit designs will drive mandatory specialty pharmacy use and drive people to lower cost sites of care
- Intensive case management will be critical to successful and cost-effective patient outcomes
- Employers will require suppliers to go at risk for not meeting certain performance measures – improved outcomes for drugs and related treatments, clinical utility, quality of life measures
- Employers and employer coalitions will continue to influence the marketplace
Questions

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Employer Toolkit
www.specialtyrxtoolkit.com