

Cost and Access to Novel Therapeutic Agents; Where are the Obstacles

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Baptist Health South Florida

Overview

- Non-for-profit 12-hospital health system
- More than 100 outpatient centers, urgent care facilities and physician practices
- Four counties: Monroe, Miami-Dade, Broward & Palm Beach
- More than 24,000 employees
- More than 4,000 affiliated physicians
- Centers of excellence in Cancer, Cardiovascular, Orthopedics and Sports Medicine and Neurosciences



National Recognition

- 100 Best Companies to Work For – *Fortune Magazine* (21 years)
- 100 Best Companies – *Seramount* (29 years)
- World's Most Ethical Companies – *Ethisphere Institute* (11 years)
- Most Wired Hospitals and Health Systems - *Hospital & Health Networks* (19 years)
- Magnet designation – *American Nurses Credentialing Center* (5 hospitals)
- Best Hospital Rankings with 48 High-performing Honors – *U.S News & World Report* 2021-2022



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Learning Objectives

- 1 Review emerging transformation in buy-and-bill market
- 2 Discuss provider-payer competitive trends
- 3 Review practice management considerations vital for sustainability



Background

Vertical Business Relationships Among Insurers, PBMs, Specialty Pharmacies, and Providers, 2023



1. Since 2021, Prime's Blue Cross and Blue Shield plans have had the option to use Express Scripts or AllianceRx Walgreens Pharmacy for mail/specialty pharmacy services. In Dec. 2021, Walgreens purchased Prime Therapeutics' 45% ownership interest, so this business had no PBM ownership as of 2022. Effective June 2022, the company was rebranded as AllianceRx Walgreens Pharmacy.

2. Centene has announced that it would outsource its PBM operations to Express Scripts in 2024. In 2023, Centene rebranded its pharmacy benefit subsidiary as Centene Pharmacy Services.

3. In 2021, Centene sold a majority stake in its U.S. Medical Management to a group of private equity firms.

4. Since 2020, Prime has sourced formulary rebates via Ascent Health Services. In 2021, Humana began sourcing formulary rebates via Ascent Health Services for its commercial plans.

5. Previously known as Evernorth Care Group and Cigna Medical Group.

6. In 2021, Cigna's Evernorth business acquired MDLive.

7. In 2022, Cigna invested \$2.7 billion for an estimated 14% ownership stake in VillageMD. Walgreens owns a majority of VillageMD.

8. In September 2022, CVS Health announced its acquisition of Signify Health. In February 2023, CVS announced its acquisition of Oak Street Health. Both transactions closed in 2023.

9. Previously known as IngenioRx.

10. In 2021, Partners in Primary Care and Family Physicians Group businesses were rebranded as CenterWell Senior Primary Care.

11. In 2022, Kindred at Home was rebranded as CenterWell Home Health. In 2022, Humana announced an agreement to divest its majority interest in Kindred at Home's Hospice and Personal Care Divisions to Clayton, Dubilier & Rice. Humana also announced plans to close a majority of its SeniorBridge home care locations.

Source: *The 2023 Economic Report on U.S. Pharmacies and Pharmacy Benefit Managers*, Exhibit 234. Companies are listed alphabetically by corporate name.



From “Partner” to “Competitor” The Birth of “Payviders”

Legacy Healthcare Systems



Tech & Retail Disruptors



Emerging Pay-viders



Shift to Medicare Advantage (MA)

- ~4000 MA plans being offered nationwide
 - MA growing faster in rural and micropolitan areas*
- MA reaches 35 million enrollees
 - > 1/2 the Medicare population

*How can MA plans be economically viable if they pay providers same or slightly better than the Traditional Medicare rate?
(106% of ASP)*

- Utilization management
- Denials*

* Per growth rates from 2019 to 2023

** Several MA plans being probed by lawmakers over their high denial rates
Hospitals Sour on Medicare Advantage: 8 Things to Know. Becker's Healthcare



Emerging SC Formulations

- Cost
- Reimbursement
 - Drug ASP
 - Infusion charges
- Medical vs. pharmacy benefits
 - Facility impact
 - Patient impact
- Provider administered vs. self-administration
- Vulnerability to payer product management policies



Care Delivery Shifts

- Bi-specifics
 - Acute care utilization
 - Community oncology capabilities
 - Off-the-shelf product
- Gene therapies
 - Ultra high-cost
 - Curative intent
 - Disease management



Emerging 505b(2) Drugs

- Enhancement
 - Formulation
 - Practice efficiency
 - Unique j-code; independently managed ASP
- Impact on drug shortages and supply sustainability
- Developing payer policy response
- Open access patients



White and Brown Bagging Policies; Patient Out-of-Pocket Impact



Research Letter | Oncology

Financial Outcomes of “Bagging” Oncology Drugs Among Privately Insured Patients With Cancer

- **50** cancer drugs w/ highest spending in 2020
 - **113 076** patient-drug pairs
 - **53.1%** – immunotherapy / targeted therapy
 - **27.6%** – supportive therapy
 - **19.3%** – other anticancer drug
- Medicare Part B Spending Dashboard



White and Brown Bagging Policies

- On average, payors paid \$2,000 less for white-bagged oncology drugs
- Patient out-of-pocket was higher for white-bagged products vs. buy-and-bill

Pharmacy Benefits

- Co-insurances
- Deductibles for specialty drugs

Medical Benefits

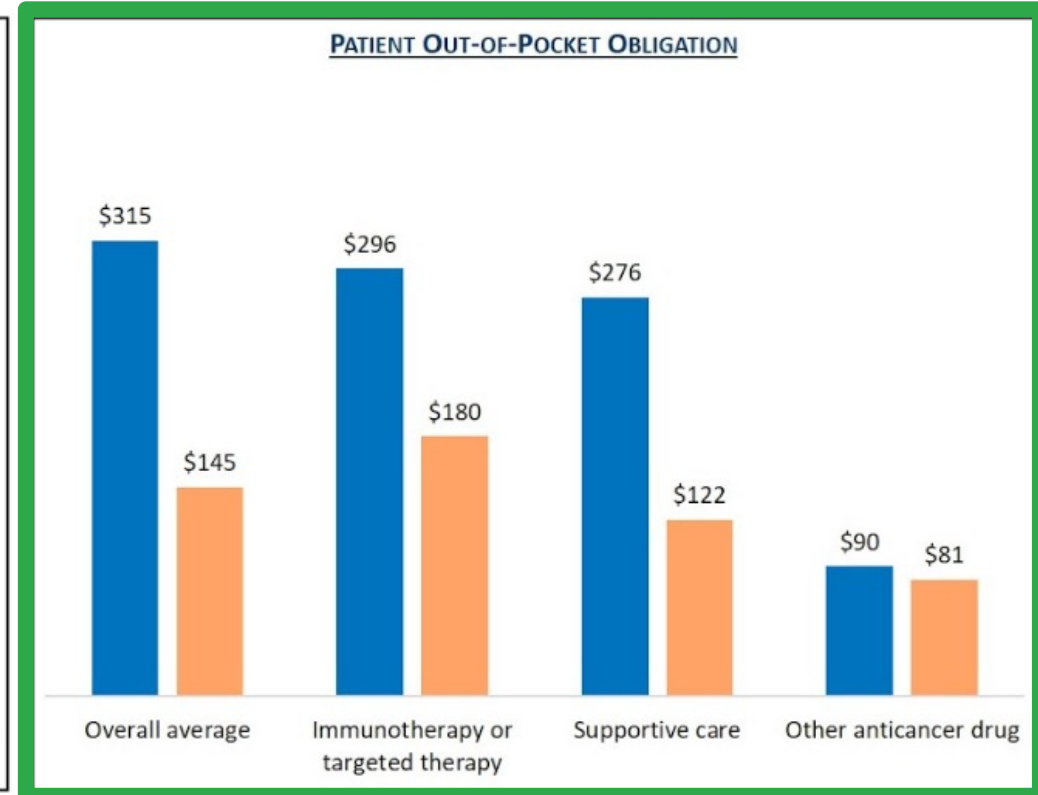
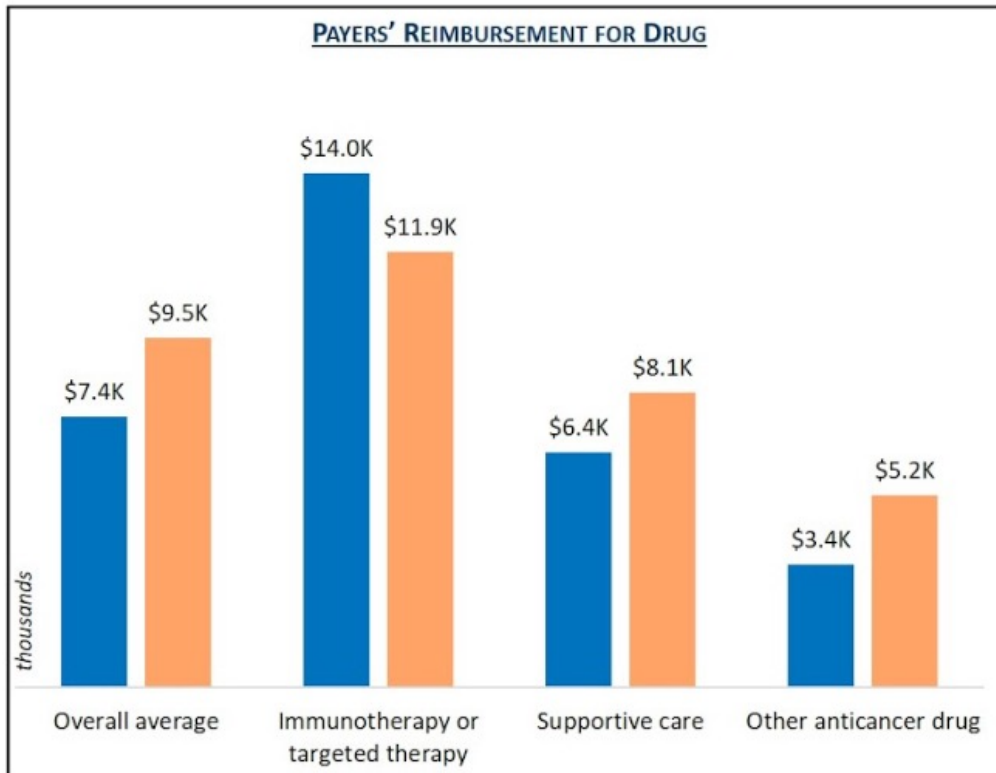
- Minimal to no patient cost sharing



White and Brown Bagging Policies

Payer Reimbursement and Patient Out-of-Pocket Obligation for Oncology Drugs, White Bagging vs. Buy-and-Bill, 2020

■ White bagging ■ Buy-and-bill



Source: Drug Channels Institute analysis of "Financial Outcomes of 'Bagging' Oncology Drugs Among Privately Insured Patients With Cancer," *JAMA Network Open*, September 2023. Patient out-of-pocket obligation excludes any manufacturer copayment support. Payer reimbursements in thousands.

Published on *Drug Channels* (www.DrugChannels.net) on September 13, 2023.



Site-of-Care Policies

A mandate, or not?

Cigna

Alternate (non-hospital) site of care required for 24 oncology drugs

Aetna

“In certain cases” checkpoint inhibitors must be infused outside of hospital facilities

United Healthcare

Members can opt to receive monoclonal antibodies or checkpoint inhibitors at home

Anthem BCBS Virginia

Patients will be voluntarily redirected from HOPD to home infusion for certain checkpoint inhibitors



Home Infusion

Driver:

- Payor tactic to mitigate cost

Barriers:

- Quality and safety
- Access
- Reimbursement
- RN Staffing
- Model Economic Viability



Home Infusion



CVS-CTCA Pilot Offers In-Home Infusion of Cancer Therapies



INNOVATION

CVS Health Partners with National Oncology Network to Offer In-Home Chemotherapy



Accelerating the Delivery of Cancer Care at Home During the Covid-19 Pandemic



CENTER FOR HEALTH CARE
**Transformation
& Innovation**

Cancer Care @ Home

Safe, efficient, life-extending care in the comfort of home

1. <https://chti.upenn.edu/cancer-care-at-home> Accessed January, 2024.
2. <https://nhia.org/about-infusion-therapy/> Accessed January, 2024
3. <https://catalyst.nejm.org/doi/full/10.1056/CAT.20.0258> Accessed January, 2024
4. <https://homehealthcarenews.com/2021/01/cvs-health-partners-with-national-oncology-network-to-offer-in-home-chemotherapy/> Accessed January, 2024
5. <https://www.mmitnetwork.com/aishealth/spotlight-on-market-access/cvs-ctca-pilot-offers-in-home-infusion-of-cancer-therapies-2/>



Infusion Centers / Emerging Professional Organizations



1. <https://infusioncenter.org/> Accessed January, 2024
2. <https://ivxhealth.com/> Accessed January, 2024
3. <https://pureinfusionsuites.com/> Accessed January 2024
4. <https://nhia.org/> Accessed January 2024



Practice Management Evolution

- Costing and pricing
- Payer single-case agreements
- Payer risk-sharing contracts
- Life sciences companies risk-sharing contracts
- Vital utilization management evolution

Providers need to get a whole lot better at utilization management

In-depth understanding of drug reimbursement economics



Other Market Dynamics Changing Oncology Care Delivery

- Payor Demands for Hefty Rebates in Exchange for Formulary Access
 - ASP Erosion
 - Kills provider reimbursement
 - Risking product viability
- Enhancing Oncology Model
 - Only for those participating today; experiment; potentially impacting all later
- Federal Trade Commission (FTC) PBM report.



Summary

- Payor benefit design impacts:
 - Drug access
 - Care delivery
 - Site-of-care
 - Quality of care and patient outcomes
 - Practice operations
 - Practice economics
 - Patients out-of-pockets
 - Practice market-share
- Practice and utilization management evolution is vital for sustainability
- Advocacy and legislative action needed to protect access to oncology care



Thank You



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