

## Medical Specialty Management is Key to Managing Drug Spend and Trend

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In 2015, approximately half of all specialty drug spend was billed under the medical benefit.<sup>1</sup> In that same year, the FDA approved a record-setting 45 novel medications, including 6 biologic agents, besting its ten year average approval rate of 28 novel drugs per year.<sup>2</sup> In 2016, the FDA approved 13 new drugs that fell under the medical benefit. These approvals included four drugs in the oncology space, three drugs for bleeding disorders, and two for rare pediatric neuromuscular disorders.

With the flood of specialty biologics to the market, drugs billed to the medical benefit continue to be cost drivers for the overall drug trend. Since 2011, drug spend on the medical benefit has increased by 55%.<sup>3</sup> The overall per member per month spend for commercial members for medical benefit drugs was \$23.68 in 2015, with oncology agents making up approximately half of that spend.<sup>3</sup> Other specialty categories such as biologic drugs for autoimmune disorders, immune globulins, antihemophilic factor products, multiple sclerosis, and rare and orphan disease agents also make up a large chunk of the drug spend on the medical benefit, representing about 76% of the total medical drug spend in 2015.<sup>3</sup> Because of these factors, effective management of specialty drugs on the medical benefit is critical to controlling drug spend and trend.

A variety of strategies can be used to manage specialty spend on the medical benefit including appropriate utilization management through prior authorization and claim editing, site of care management, and reimbursement strategies that drive utilization towards generics and low cost alternatives. Identification of high cost members and outlier management can be another crucial component to effectively management cost. Overall, effective management strategies can yield a 10%-20% savings on medical benefit drug spend.

### Biography:

Dr. Jan is the clinical professor at Ernest Mario School of pharmacy at Rutgers University of NJ and leads the Horizon Blue Cross Blue Shield of New Jersey pharmacy clinical management program as a Clinical Director with over 19 years of experience in health care management and research and academics. She has implemented many clinical programs such as Opioid management, Rheumatoid arthritis, Star measures, MTM, adherence and childhood obesity initiatives in the state of New Jersey in addition to serving as a consultant to many industry foundations and committees. Dr. Jan has a Masters in Pharmacology from St John's University and a doctorate in Pharmacy from Rutgers State University of New Jersey.