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. 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.

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

High-Cost Claims Defined:
• Unpredictable/infrequent for individual employers
• Claims costing $50,000 or more per year
• Cost outliers that are frequently lasered (i.e., stop-loss insurance covers only the first year of claims, then will cover everything except that claim)
• Often for severe, debilitating disease conditions

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

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)

Long-duration Treatment

Short-duration Treatment

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

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

National Alliance Offers Tools to Build the Bridge to Sustainability
• Mitigating High-cost Claims: A Closer Look at Hemophilia
• Employer Rx Value Report and Value Framework Infographic
• Hospital Payment Strategies: Setting Price & Quality Expectations
Be Proactive, not Reactive

Specific Saving Strategies for High-Cost Medical Drugs
Learn more: Achieving Accountability & Predictibility on the Medical Side of Drug Benefits

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

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 specialty drugs on medical side
- Longer term – collective management & stewardship

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

Integrate Core Pillars of Overall Risk and Cost Reduction
There is no one-size-fits-all approach to tackle the broad spectrum of high-cost claims; a combination of options is needed for each case

Prevention
- Genetic testing (pre- and postpartum)
- Education
- Risk factor identification
- Enhanced care/utilization management
- Plan design

Optimal Care
- Right diagnosis & treatment
- Appropriate care goals
- Billing/coding accuracy; fraud/waste/abuse flags

Collective Stewardship
- Diverse & evolving priority areas
- CAPTIVE development
- Population level cost/ROI evaluation
- Plan design alignment
- Innovative contracting
- Real-time data mining
- Forward focus

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

Longer-term Approach

Population Focus
- Managing Value & Risk for HIGH-COST CLAIMS

Individualized Support
- Supply Chain Engagement/Contracting
- Shared Risk/Captives

Collective Stewardship
- Fiduciary Flexibility
- Preventing & Case Management
- Stop Loss
- Short-term 
- Long-term
- Reduce Acquisition Cost
- Cost Sharing
- Risk Shifting

Fiduciary Flexibility

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