Employer Town Hall: 
Mitigating High-cost Claims to Achieve Better Healthcare Value

July 14, 2021
Speakers

Michael Thompson
Moderator
National Alliance of Healthcare Purchaser Coalitions

Chris Syverson
Moderator
Nevada Business Group on Health

Michael Baldzicki
Ascella Health

Christine Hale
Lockton

Mark Mincy
US-RX Care

Bob McCollins
Employers’ Advanced Cooperative on Healthcare

Mark Simpson
AbbVie

Kollet Koulianos
National Hemophilia Foundation
High-Cost Claimants Advisory Group

- Chris Syverson, Nevada Business Group on Health
- Bob McCollins, EACH
- Dr. Christine Hale, Lockton
- Renzo Luzatti, US-RX Care
- Mark Simpson, Abbvie
- Ray Casambre, Pfizer (new member)
- Lisa Coe, Genentec (new member)
- Kollet Koulianos, National Hemophilia Association
- Kyle Wagner, Curant Health
- Michael Baldzicki, Ascella Health
- Margaret Rehayem, National Alliance
- Michael Thompson, National Alliance
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 healthcare spending

**29x**

Average member cost

**$122,382**

Average annual cost

53% CHRONIC CONDITIONS

47% ACUTE CONDITIONS

“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

---

**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**

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

**Short-duration Treatment**

- Spinal muscular atrophy
- Neurotrophic keratitis
- Transplant
- Congenital anomalies
- Idiopathic pulmonary fibrosis
- Sepsis
- Trauma and burns

**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

Wellmark Blue@Work
Be Proactive, not Reactive

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

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 – increased specialization

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

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

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

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

2. Optimal Care
   - Right diagnosis & treatment
   - Appropriate care goals
   - Billing/coding accuracy, fraud/waste/abuse flags
   - Stop loss
   - Short-term
   - Long-term
   - Reduce Acquisition Cost
   - Cost Sharing
   - Risk Shifting

3. 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

Collective Stewardship

Shared Risk/Captives

Individualized Support

Fiduciary Flexibility

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

Collective Stewardship

Shared Risk/Captives

Individualized Support

Fiduciary Flexibility

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

Collective Stewardship

Shared Risk/Captives

Individualized Support

Fiduciary Flexibility

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

Collective Stewardship

Shared Risk/Captives

Individualized Support

Fiduciary Flexibility

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

Collective Stewardship

Shared Risk/Captives

Individualized Support

Fiduciary Flexibility
1.2% of all health plan members are high-cost claimants... but they make up 1/3 of total health care spending.

Average member cost: $122,382
Average annual cost: $29x

53% Chronic Conditions
47% Acute Conditions
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.

It includes a focus on:

- Medical cost
- Drugs
- Total Person Health
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.

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

2. **Optimal Care**
   - Right diagnosis & treatment
   - Appropriate care goals
   - Billing/coding accuracy; fraud/waste/abuse flags
   - Short-term
   - Long-term
   - Acquisition Cost
   - Cost Sharing
   - Risk Shifting

3. **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
- Collective Stewardship
- Supply Chain Engagement/Contracting
- Managing Value & Risk for HIGH-COST CLAIMS
- Shared Risk/Captives
- Prevention & Case Management
- Individualized Support
- Fiduciary Flexibility

Managing Value & Risk for HIGH-COST CLAIMS

National Alliance of Healthcare Purchaser Coalitions
Driving Health, Equity and Value
Upcoming Webinars & Events

Mental Health Index National Webinar
July 16 | noon-12:30 p.m. (EDT)

How Employers can Support People with Heart Disease: A Closer Look at Aspirin Dosing Effectiveness and Beyond
July 20 | 11:00 a.m. -12:00 p.m. (EDT)

Fiduciary Check In National Webinar
August 19 | 1:00 p.m. - 1:30 p.m. (EDT)