

# 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.

## 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

## 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

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



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

### Long-duration Treatment

#### 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)

### Short-duration Treatment

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

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](#)



**National Alliance**  
of Healthcare Purchaser Coalitions  
Driving Health, Equity and Value

# 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 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

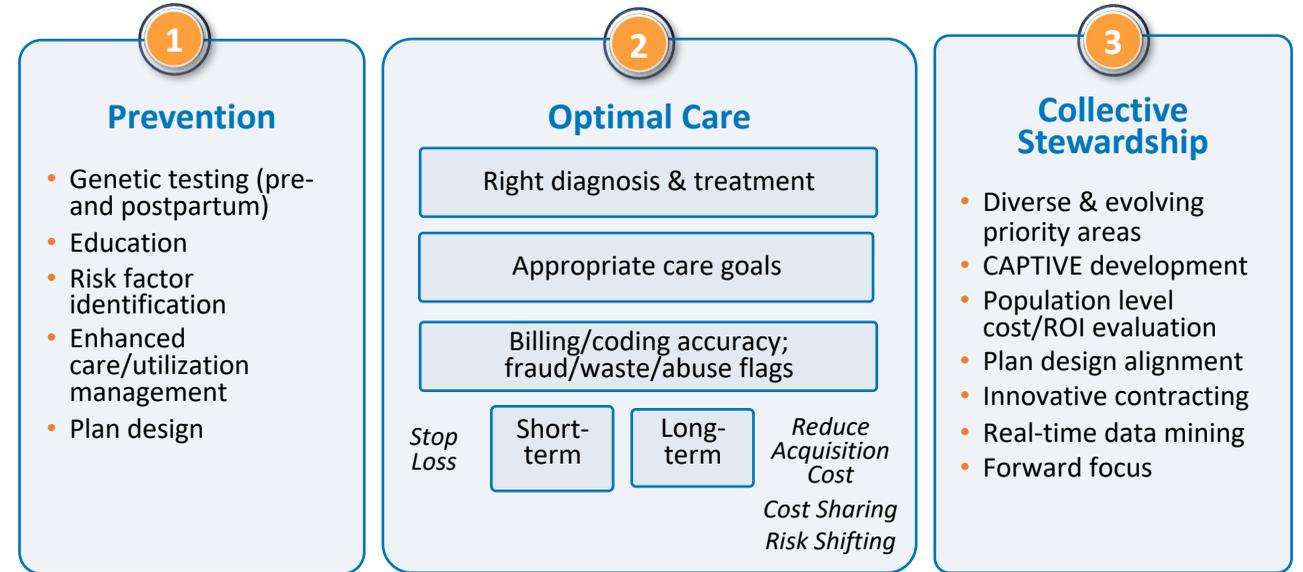
### Contracting Strategies

- 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



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

Longer-term Approach

Population Focus

Collective Stewardship

