

# Overview of Specialty Pharmacy

Board of Trustees Meeting

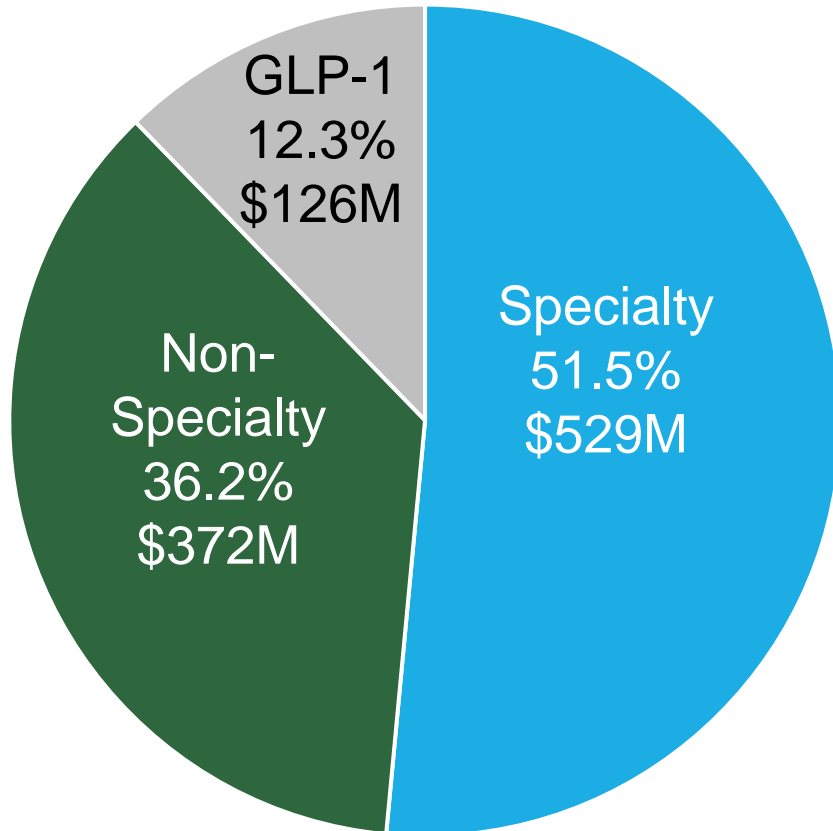
July 25, 2024



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STATE TREASURER OF NORTH CAROLINA  
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# Specialty Claims Total Cost

### 2023 Plan Rx Cost (After Rebate)



### 2023 Specialty Rx Utilization



- As of 2023, 2.7% of members account for 51.5% of Rx cost (net rebates) (\$529M).
- Historically, Specialty Rx claims is 47% – 56% of total spend.
- GLP-1s are **NOT** Specialty
  - For 2024 and beyond, Specialty Rx is likely to increase as a share of the pharmacy spend.

# What Qualifies as a Specialty Medication?

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Medications that meet the criteria below:

- Treats complex medical condition(s);
- Requires frequent clinical monitoring, e.g. dosing adjustments;
- Requires special patient education, training and/or coordination of care; and
- Generally prescribed by a specialist provider.



# What Makes Specialty Pharmacies Unique?

## Accreditation

- From an independent, third-party, nationally recognized accrediting body or bodies
- Ensures compliance and commitment to quality of care

## Medication Support

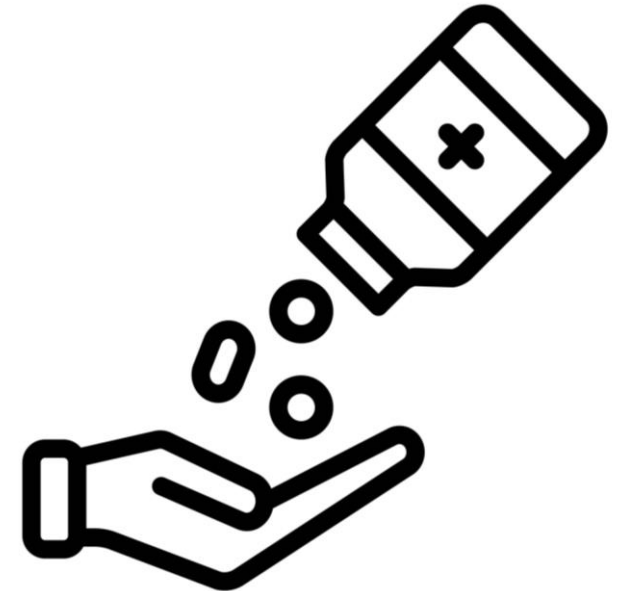
- Monitor drug supply
- Distribution logistics
  - Complex temperature requirements
  - Coordinate the administration of a drug in home or in a doctor's office

## Patient Support

- Adherence assistance
- Prior Authorization support
- Assistance with enrolling in manufacturer discount cards

# Where Can Members Fill Specialty Medications?

- Members are required to use the contracted specialty vendor: CVS Specialty Pharmacy, except for:
  - Chemo medications
  - Limited distribution drugs
- If a pharmacy other than the contracted vendor is used to purchase any specialty medications, members will be responsible for paying the total amount of the prescription at the time of purchase.



# Pharmacy Benefit Cost-Share

Rx Tier	Enhanced 80/20	Base 70/30
Tier 1 – Generics $\leq$ \$150	\$5	\$16
Tier 2 – Preferred Brands & High-Cost Generics	\$30	\$47
Tier 3 – Non-Preferred	Ded/Coins	Ded/Coins
Tier 4 – Low-Cost Generic Specialty	\$100	\$200
Tier 5 – Preferred Specialty	\$250	\$350
Tier 6 – Non-Preferred Specialty	Ded/Coins	Ded/Coins
Preventive Medications	\$0	\$0
Preferred Diabetic Supplies	\$5	\$10
Preferred and Non-Preferred Insulin	\$0	\$0

Overall # of products on the Specialty Medication Formulary:  
 Tier 0-3: 35%  
 Tier 4-6: 65%

Percentage of Specialty Medication Cost based on Tiers:  
 Tier 0-3: 15%  
 Tier 4-6: 85%

# Top 25 Specialty Medications by Cost (through 7/9/24)

Drug Name	Classification	Utilizers	Scripts	Gross Cost (\$M)	Plan Paid (Before Rebates)	MFR Copay Offset	Member Paid	Plan Paid per Script (Before Rebates)	Mem. Paid per Script	Plan Paid PMPM
STELARA	Autoimmune	442	1,297	\$31.8	97.9%	1.8%	0.3%	\$23,980	\$84	8.95
HUMIRA PEN	Autoimmune	1,344	2,433	28.9	96.3%	3.3%	0.4%	11,441	48	8.01
DUPIXENT	Anti-Inflammatory	1,360	5,235	26.2	92.6%	6.6%	0.8%	4,637	38	6.98
SKYRIZI PEN	Autoimmune	515	1,001	20.1	96.1%	3.4%	0.4%	19,272	90	5.55
ENBREL	Autoimmune	423	1,348	13.9	95.9%	3.1%	0.9%	9,918	98	3.85
BIKTARVY	HIV	552	1,972	11.6	99.1%	0.6%	0.3%	5,853	15	3.32
RINVOQ	Autoimmune	408	1,195	11.7	95.7%	3.7%	0.6%	9,360	56	3.22
TREMFYA	Autoimmune	322	826	10.8	95.8%	3.5%	0.6%	12,563	84	2.98
TALTZ	Autoimmune	283	1,163	10.7	96.3%	3.4%	0.3%	8,822	31	2.95
COSENTYX	Autoimmune	229	824	8.6	96.5%	3.1%	0.4%	10,093	41	2.39
TRIKAFTA	Cystic Fibrosis	56	290	8.4	96.9%	0.0%	3.1%	27,977	902	2.33
OTEZLA	Autoimmune	370	1,218	8.0	94.0%	5.2%	0.8%	6,142	52	2.15
KESIMPTA	Multiple Sclerosis	137	528	7.2	97.1%	2.6%	0.4%	13,309	52	2.02
VERZENIO	Cancer	97	462	7.0	91.6%	3.9%	4.4%	13,820	672	1.84
REVLIMID	Cancer	85	350	6.1	98.6%	0.4%	1.0%	17,119	171	1.72
HYRIMOZ	Autoimmune	1,247	2,822	6.8	84.0%	13.6%	2.4%	2,030	58	1.65
XOLAIR	Anti-Asthmatic	388	1,878	6.1	91.0%	7.6%	1.4%	2,958	46	1.60
VUMERITY	Multiple Sclerosis	108	312	5.0	96.9%	2.8%	0.3%	15,445	41	1.39
DESCOVY	HIV	462	1,443	4.9	98.1%	1.5%	0.4%	3,309	13	1.37
SPRYCEL	Cancer	59	293	4.8	97.4%	0.5%	2.1%	15,994	347	1.35
XYWAV	Neurological Agent	57	293	4.8	98.3%	0.0%	1.7%	15,974	273	1.35
TAKHZYRO	Hered. Angioedema	14	82	3.7	99.4%	0.5%	0.1%	44,943	40	1.06
XELJANZ XR	Autoimmune	133	385	3.7	95.0%	4.1%	0.8%	9,150	80	1.01
SKYRIZI	Autoimmune	91	176	3.5	96.1%	3.4%	0.5%	19,365	97	0.98
HEMLIBRA	Hemophilia A	14	90	3.5	95.3%	3.4%	1.3%	36,641	513	0.95

Autoimmune: Plaque psoriasis, Rheumatoid arthritis, Crohn's disease, Ulcerative colitis, Ankylosing spondylitis, Psoriatic arthritis, Non-Radiographic Axial Spondyloarthritis

# Specialty Medication Billing

## Pharmacy Benefit

- Self-Administered
  - Oral medications
  - Auto injections

## Medical Benefit

- Provider Administered
  - Intramuscular injections
  - Intravenous injections
  - Infusion



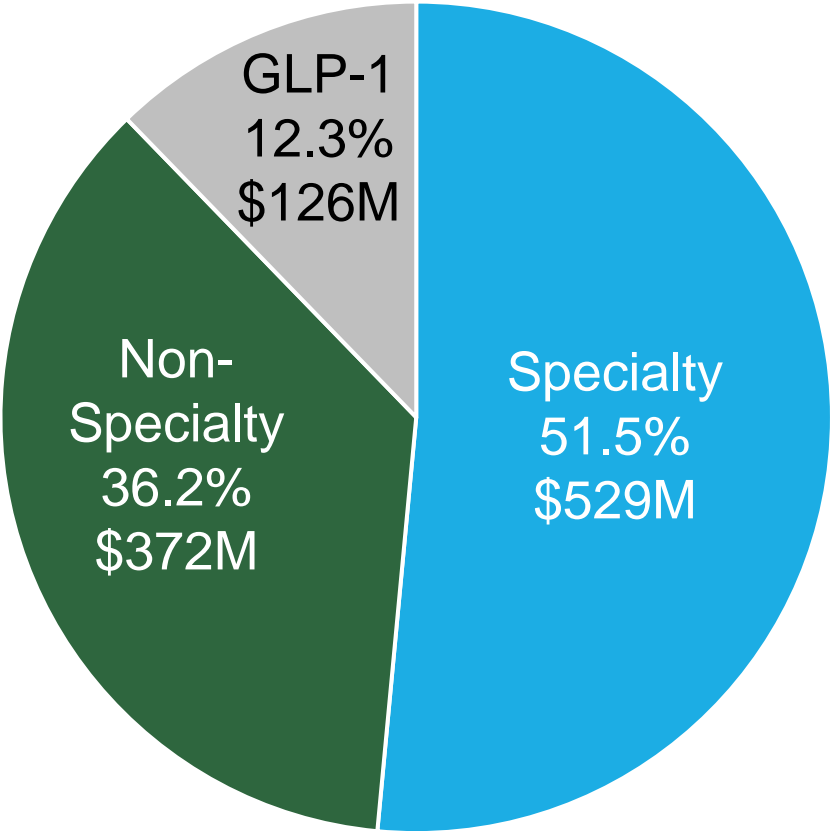
# Cost Containment

- **Utilization Management:** Helps lower costs by promoting less costly, therapeutically equivalent therapies.
  - Evaluated by P&T Committee
  - Prior Authorization
  - Step-therapy
    - Requiring prior use of non-specialty medications
  - Quantity limitations
  - Stringent controls
    - Limiting coverage to select diagnoses
    - Duration of therapy limits
    - Documentation
    - Efficacy Assessment for Renewal

True Accumulation: Copay cards on specialty medications do not count towards a member's deductible and out-of-pocket limits.

# Specialty Claims Total Cost

2023 Plan Rx Cost (After Rebate)

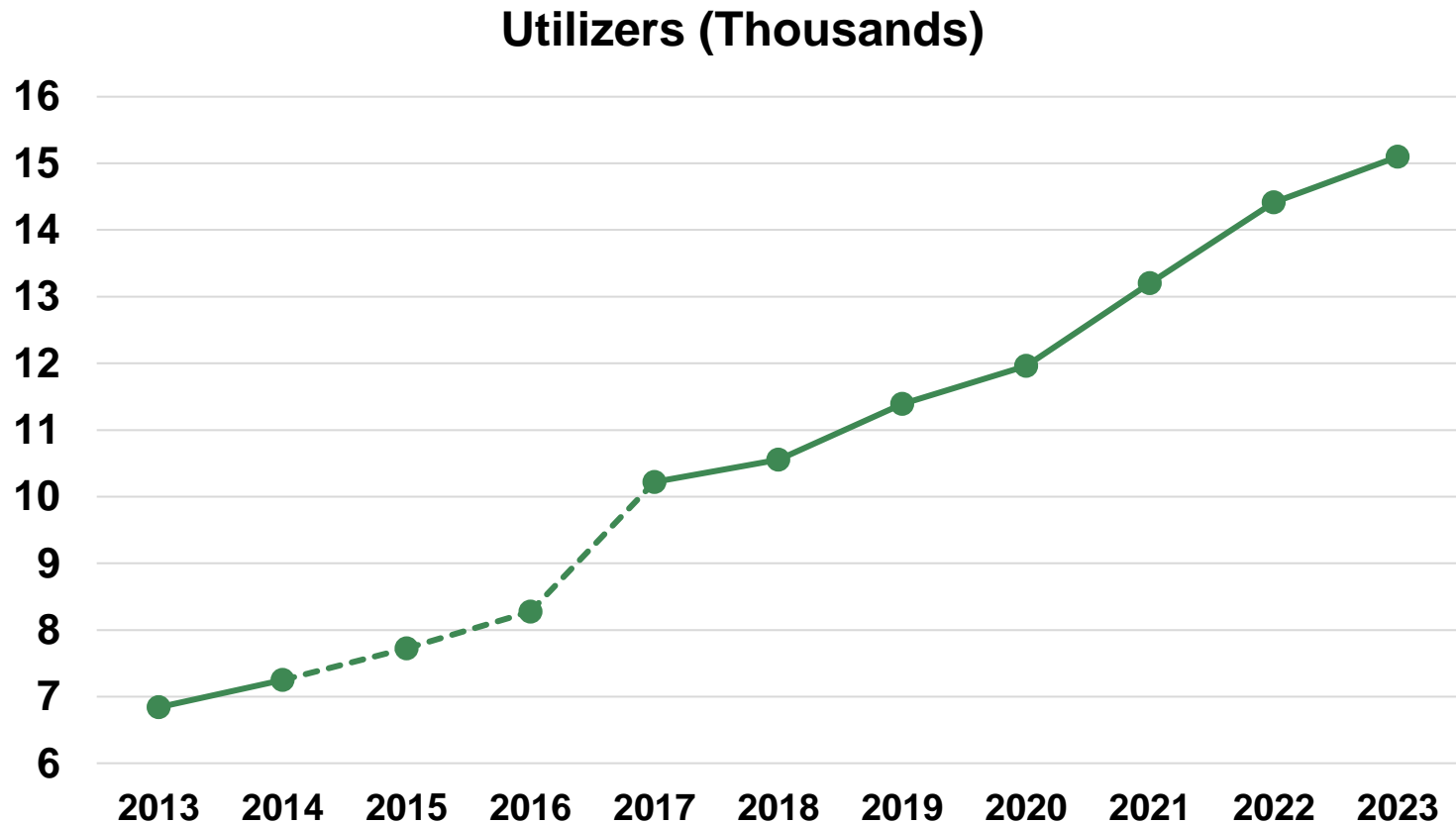


2023 Specialty Rx Utilization



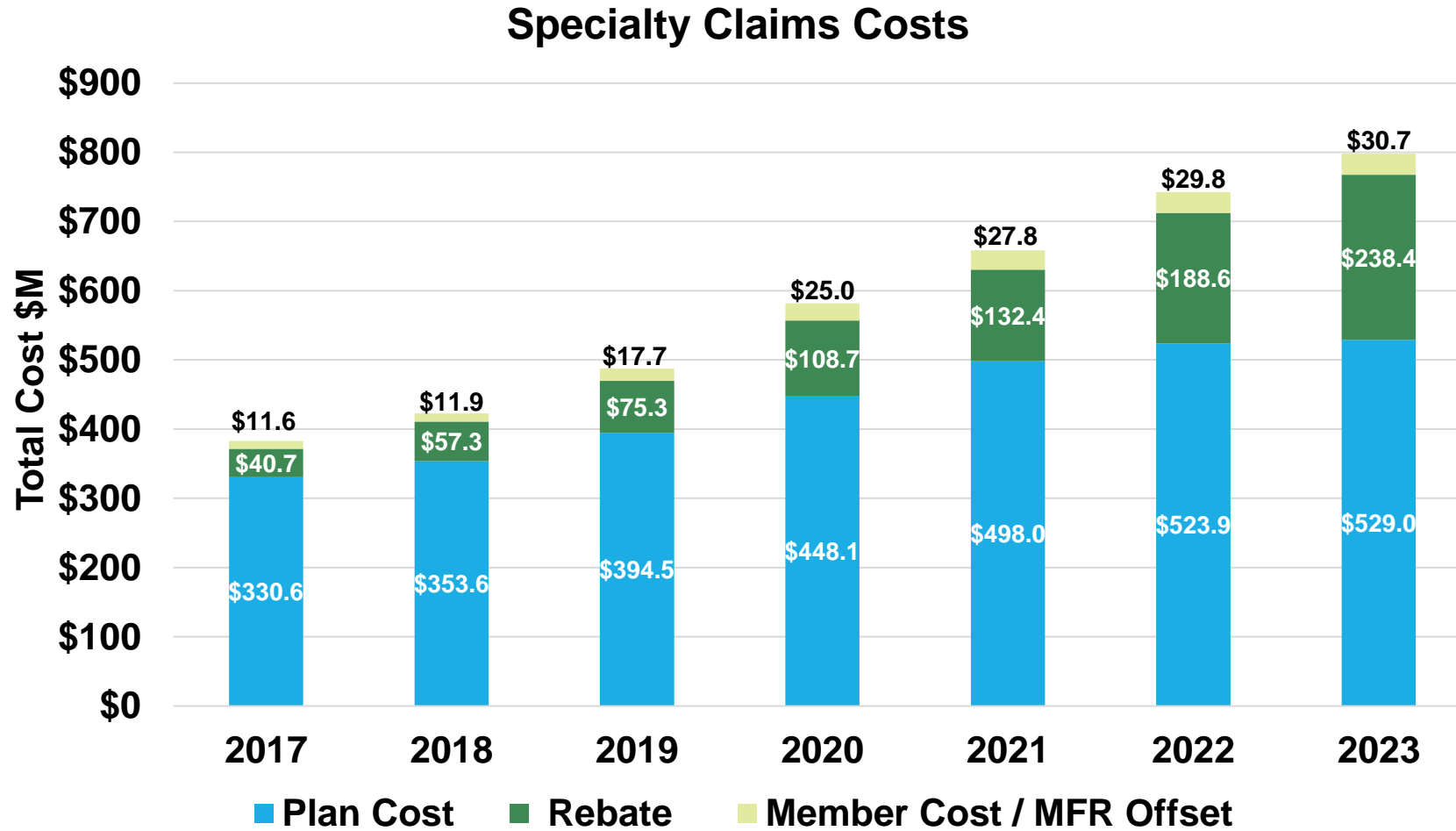
Before rebates, total spending on Specialty Medication was \$767M, with rebates being 31% of that amount.

# Specialty Claims Utilization



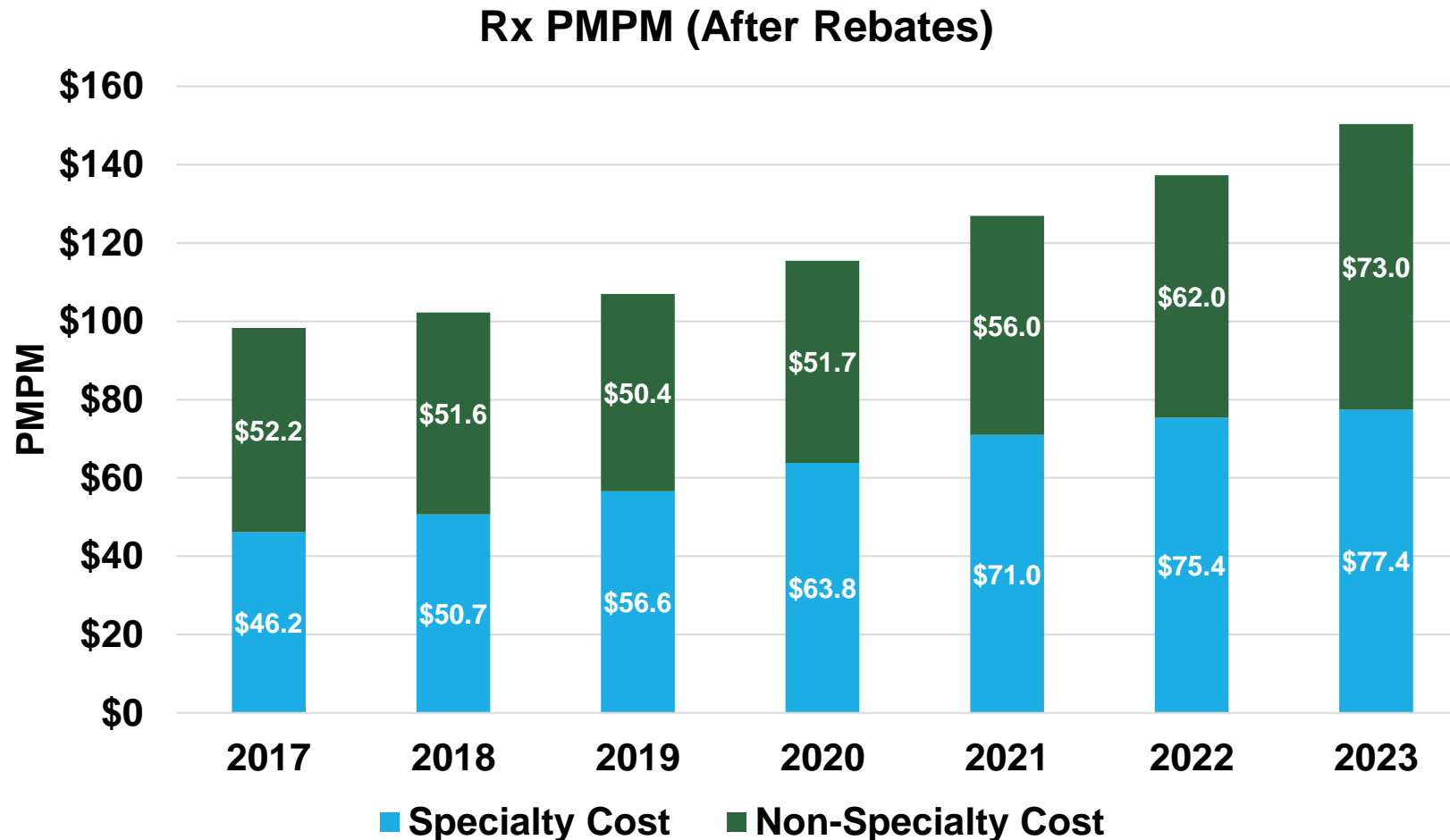
- Number of members taking Specialty medication has more than doubled since 2013.
- 1.2% of members had a Specialty claim in 2013.
- 2.7% of members had a Specialty claim in 2023.
- Prior to 2017: ESI would have different classification of Specialty claims than CVS.
  - 2015 and 2016 numbers estimated.

# Specialty Claims Total Cost



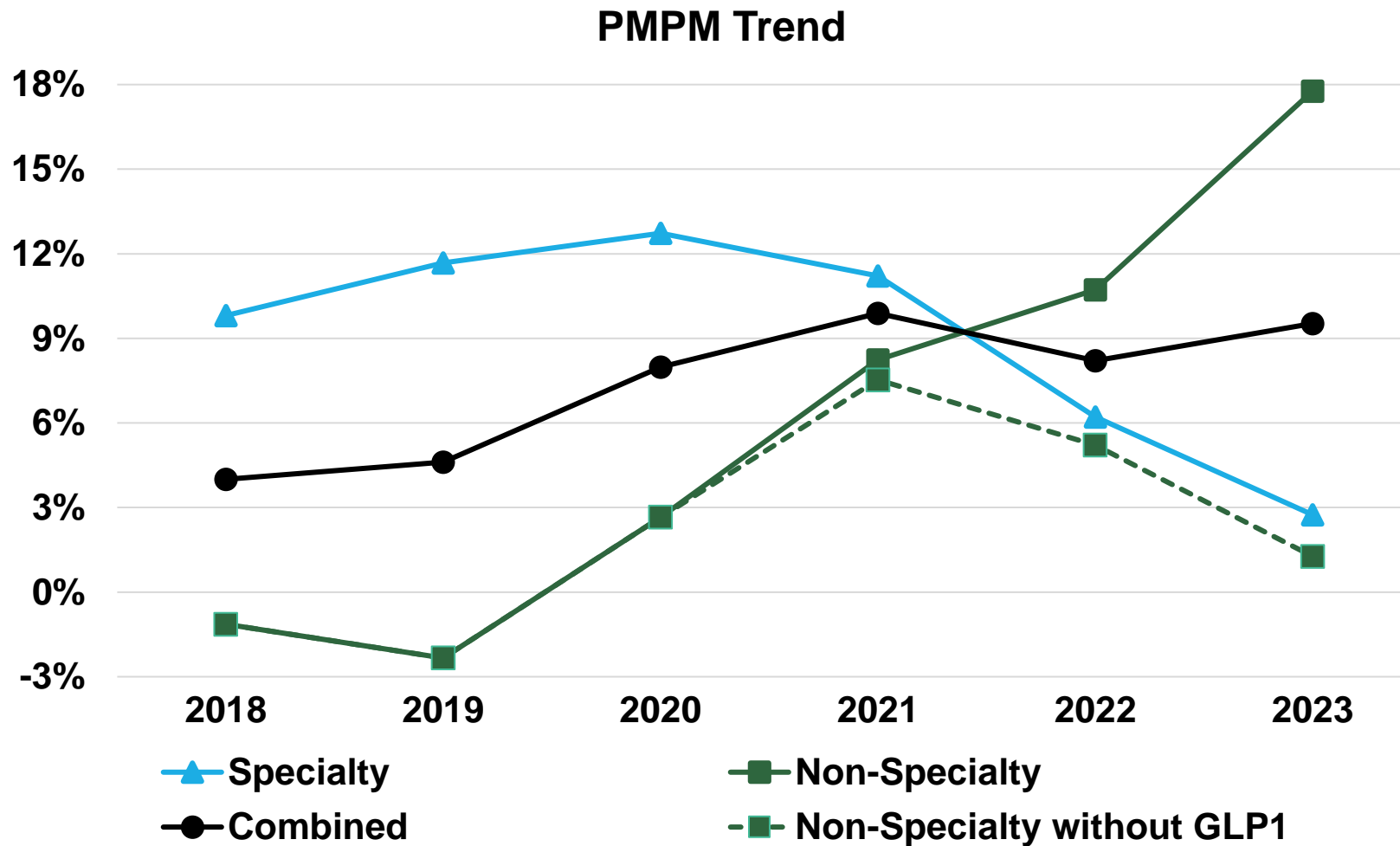
- Gross Specialty costs have doubled since 2017 (\$383M to \$798M) including member cost share.
- Increase in Plan costs have somewhat been offset by increased rebates.
- In 2020, 70/30 member benefits increased copayments for Tiers 4 and 5; Tier 6 changed to Ded. & Coins.

# Pharmacy Claims PMPM



- In 2023, the Plan paid \$77 PMPM for Specialty Rx
  - 2.7% of members
- Total 2023 Rx cost after rebates is \$150.4 PMPM
- 2023 Employer Premiums
  - Active: \$584.96 /month
  - Retiree: \$472.08 /month
- 2022 & 2023 Non-Specialty Rx increased significantly due to GLP-1s

# Pharmacy Year over Year Trend (Net of Rebates)



- Specialty PMPM cost to plan trend is average 9.0% per year since 2018
- Significant Specialty Rebates in 2022 and 2023 have lowered trend
- Total Rx Cost net of rebates has averaged 7.3% per year since 2018
- 2022 & 2023 Non-Specialty trend over 10% from GLP-1s
  - Non-Specialty Rx Spend without GLP1 (Wegovy & Saxenda) stays below Specialty trend