Employers Lack Awareness and Understanding of Specialty Drugs and Costs

MBGH survey identifies knowledge and benefit design gaps

CHICAGO – September 29, 2011 – Twenty-five percent of employers have little or no understanding of specialty pharmacy and 53 percent have only a moderate understanding of this challenging benefit according to a new survey released by the non-profit Midwest Business Group on Health (MBGH), one of the nation’s leading business groups of private and public employers. The vast majority of the 120 employers – ranging in size from 500 to 25,000 employees – that responded to this national survey indicated they did not know how much their company was spending on specialty pharmacy medications through their medical or pharmacy plans. Additionally, almost 30 percent indicated that they did not know how much their total specialty claim costs had increased in the past three to five years.

The employer-driven survey was conducted by MBGH, with guidance from Randy Vogenberg, PhD, principal at the Institute for Integrated Healthcare. The objectives of the survey were to identify and assess the level of knowledge and benefit design gaps of employer plan sponsors in the area of specialty pharmacy medications and biologic products used to treat conditions such as multiple sclerosis and arthritis. These drugs present significant cost challenges to employers, as well as logistical issues for patients, physicians, pharmacies and manufacturers, as these medications often require special approvals for their use, instructions on dosing and side effects, and appropriate storage and distribution.

“ In addition to the uncertainty and challenges that health reform and the economy are placing on employers, health plans and pharmacy benefit managers (PBMs), the real driver of drug cost trend growth for employers lies in biologics and specialty pharmacy,” said Cheryl Larson, MBGH vice president. “Our research confirms there is a broad lack of awareness and specific knowledge about benefit design related to specialty pharmacy that illustrates key gaps that need to be addressed.”

Additional findings:

- Most employers are still using a traditional benefit design, including tiered formularies, copayments and coinsurance for specialty drugs instead of value-based or innovative benefit designs that may be more appropriate for biologic/specialty pharmacy medications.
• Vendor costs are the most important criteria employers cited when contracting with a specialty pharmacy.
• Forty-two percent of employers reported using PBMs to manage their specialty benefit, with 22 percent using their health plan and 18 percent using a combination of both.
• Only 13 percent of employers are using a specialty pharmacy provider.
• Seventy-six percent of employers don’t offer employees an incentive to ensure proper compliance to medication and adherence to treatment for use of biologic/specialty medications.

Next Steps
MBGH is piloting educational programs and developing an employer toolkit for testing in the Chicago and Baltimore markets. The toolkit will provide objective information on Education & Awareness (understanding Biologics/Specialty Pharmacy Benefits); Planning and Contracting (effectively contract and partner with health plans, PBMs and specialty pharmacies); and, Employee Management & Communication (understanding the importance of managing at-risk populations through effective programs and communications).

In early 2012, MBGH will conduct the Second Annual National Employer Survey to measure the degree of success or additional areas of work that will need to be done in addressing biologics and specialty pharmacy benefits management.

About the Midwest Business Group on Health
Celebrating more than 30 years of advancing value in health care and health benefits management, the non-profit Midwest Business Group on Health (MBGH) is one of the nation's leading business groups of private and public employers. MBGH's more than 100 members represent over 3 million lives, spending more than $3 billion on health care benefits annually. MBGH member benefits include educational workshops for health benefits management, networking opportunities, research, demonstration projects and community initiatives. MBGH is a founding member of the National Business Coalition on Health. www.mbgh.org

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