Specialty Drug Spending is on the Rise.

By 2020, specialty drug spending is expected to increase 361%

And, there are nearly 700 specialty products in the pipeline...

Here at MJ Insurance, we’re working hard to help employers with specialty drug spending that could soon exceed $400 billion!

the CHALLENGE

PRICE INFLATION. That’s one of the main drivers of increasing specialty drug spending. National trends show a lack of regulation has led to double-digit price increases.

Some have accused Pharmacy Benefit Managers (PBMs) of playing the middleman and contributing to the rising cost of prescription drugs. That is because PBMs are compensated by rebates passed along to them by drug makers if they choose to favor one drug over other competitors.

Landing on a PBM’s approved list of drugs, known as a formulary, means drug makers gain access to all of the insured members within a network. And pharmaceutical companies are certainly willing to pay to be on that list... millions in rebates.

Two big problems:
1. There are no rules or regulations that specify how much a rebate can be for a certain drug.
2. PBMs don’t have to disclose or share any amount of rebate money they receive with employers.

When companies can’t see the acquisition price for a drug, they can’t see if they’re getting a deal.

The following example outlines a case that MJ Insurance has found to be all too common when it comes to dozens of PBMs around the country.

MJ Insurance has a unique solution that allows our clients to turn the tables on these drug manufactures and help control the cost of their prescription programs.
A Case Study

The Problem

- Self-funded manufacturing company
- Employee diagnosed with Hepatitis C and prescribed Harvoni
  - Harvoni is a three month regimen that costs a total of $100,000
  - The company paid the entire cost of this drug which met their specific deductible
- Unaware of their PBM’s compensation structure, the company did not realize that the PBM received a $30,000 rebate from the drug manufacture for administering the drug
  - The PBM walks away with a $30,000 profit on their client’s $100,000

MJ’s Solution

- MJ placed the company with a new PBM that has a completely transparent pricing model
- Changes were made to their current plan language to divert expenses and assist the employee
- We leveraged a formulary guard and specialty care program to lower the cost of the drug

The Result

- The total cost of Harvoni decreased from $100,000 to $30,000
- The employee received their full prescription of Harvoni without being adversely impacted
- The client’s total drug spend decreased for the first time in four years because of the impact the entire program had on their plan

60% decrease in cost of Rx

decreased total drug spend

It’s clear - specialty drug spending is out of control.
What’s not clear... How to make it better.

MJ Insurance can help.

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