Setting a limit on specialty drug waste

Manage dispensing quantity to minimize cancer drug waste, reduce excess costs

BACKGROUND: Increased use and higher prices have made oral oncology one of the fastest-growing categories of drugs at Prime Therapeutics (Prime). From 2010 to 2011, spending on these orally-administered cancer treatments increased 18.9 percent across Prime’s book of business.

Oral oncology drugs are specialty medications taken by mouth in order to treat various kinds of cancer. These medications can be life-saving, but typically come at a high cost. During 2011, the average ingredient cost for a one-month supply of a brand-name oral oncology drug was $4,175, and these costs are growing at a rate of 18 percent per year.

Oral medications are often preferred by patients as an alternative to injected or infused cancer drugs. However, like all cancer treatments, oral drugs can have unpleasant side effects including nausea, vomiting and severe skin rash. Because of the drugs’ side effects, some patients stop taking their prescribed medication prior to completing treatment, resulting in drug waste and excess cost. Yet some benefit designs require dispensing 90-day supplies of oral oncology drugs.

Prime conducted a study to learn whether dispensing limits would reduce drug waste and deliver cost savings.

The study compared the difference in drug waste across three health plans for oral oncology drugs Tarceva® (erlotinib) and Gleevec® (imatinib) when dispensed as 30-day versus 90-day supplies. On average, 90-day supply quantities were projected to have 28 more days of waste compared to 30-day supply quantities. The average excess cost per member who receives a 90-day supply is $3,430.

Based on this study, limiting patients to a 30-day supply of medication instead of a 90-day supply might have saved $0.013 total paid per member per month. For the plans in this study, total projected savings were $1,433,723.

Example of calculation of waste

| 30-day Rxs | 1 | 2 | 3 | 4 | 5 |
| Days | 30 | 60 | 90 | 120 | 150 | 180 |
| 90-day Rxs | 1 | 2 | Termination of treatment |

Average days to termination = 122

30-day claims
150 = total days supply (30 x 5 Rxs)
28 = waste (150 – 122)

90-day claims
180 = total days supply (90 x 2 Rxs)
58 = waste (180 – 122)

continued
Limiting treatment is not the answer

With oral oncology drugs costing thousands of dollars per month, these drugs are taking a toll on rising health care costs as well as patients’ pocketbooks. In fact, thirty-three percent of families report difficulty in affording their cancer treatment. But these drugs can play a critical role in treating cancer. With treatment, disease progression may be delayed, which reduces the need for hospitalization and other costly procedures. In the best scenario, timely and consistent drug therapy may even lead to partial or complete cancer remission.

Clearly, limiting access to treatment is not the answer. However, limiting the quantity of medication dispensed at any one time can help reduce the amount that goes to waste if patients stop taking these costly drugs before completing the full course of treatment.

The Prime difference

Many benefit designs encourage or even require the dispensing of 90-day supplies for all chronic conditions, including oral oncology drugs. However, as this analysis suggests, 90-day supplies for oral oncology drugs can lead to waste and excess cost.

Through thoughtful analysis and a big-picture view, Prime helps insurers understand the sometimes hidden implications of specialty benefit design.

Based on findings from this study, Prime recommends excluding oral oncology drugs from mandatory 90-day dispensing rules and limiting dispensing quantities to 30-days. The impact of this change on members is minimal, but the savings can quickly add up.

Prime’s “split fill” program is another option for some oral oncology drugs. The first prescription is split in two so that if the dose is changed or the patient cannot tolerate treatment, less medication is wasted.

Study methods

- Population: 5.7 million members from three commercial Blue Cross and Blue Shield Plans
- Claims analysis: Claims for members who newly initiated erlotinib or imatinib therapy were analyzed
- Method: For each qualifying member (418 total), total days supply, waste (the difference between total days supply and days to termination date) and cost associated with waste were determined
- Time frame: First quarter 2006 through first quarter 2010

Oral medications offer alternatives for patients with cancer. However, these new treatments also increase the potential for significant waste. Excluding oral oncology drugs from mandatory 90-day supply requirements and maintaining tight control over the quantity of drugs dispensed can help plan sponsors reduce waste and cut excess cancer therapy costs.

References

1 Prime Therapeutics commercial book of business data, 2011