

Specialty Pharmacy

Angela Ward, Rph, MSB, FACHE
VP – Pharmacy Services

MEMORIAL
HERMANN

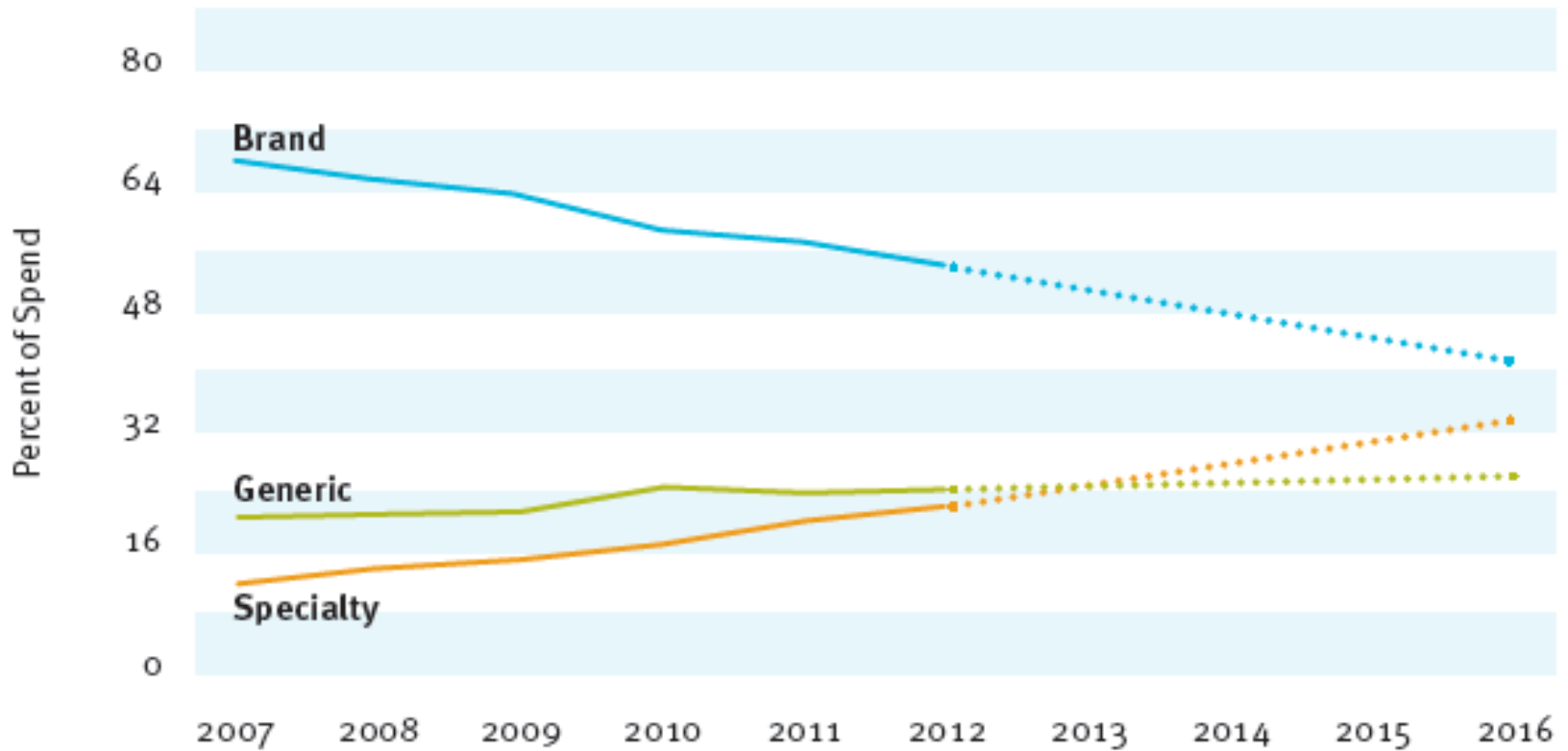
Definition - Specialty

- Expensive
 - Industry benchmark: >\$500/month
 - \$100B marketplace, forecast to hit \$400B by 2020
- Small populations of patients
 - 2% currently, expected to hit 5-6% by 2018
- Intensive patient management requirements
 - Injectable, REMS management, special handling/ordering requirements, drug monitoring, etc.

National Drug Spend

Traditional vs. Specialty Growth

Fig. 17 Pharmacy Benefit Spend, by Drug Type (projected)



- Fragmentation of care impacts cost and quality
 - Hospital Readmissions result from medication mismanagement
 - NEHI Research shows patient medication non-adherence costs health care systems \$290 billion annually
- Global payment models will put health systems at risk for the cost of care and those with health plans must increase value to their employer customers


Importance to Health Systems

- With Population Health – Health Systems will be asked to take risk for outcomes
- Specialty pharmacies have a 20-40% rate of abandonment and a 20-40% lack in compliance
- 3 out of 4 readmissions for patients on oral oncolytics are because of lack of compliance
- Health Systems that send patients to an external Specialty pharmacy hand all the reward away but keep (if not increase) the risk


Emergence Of Specialty Pharmacy In Integrated Systems – A Patient-Centered Model With Significant Potential That Manufacturers Need To Understand And Support

Posted on [April 15, 2015](#)

by [Jason Bogroff, Principal Consultant](#), and [Jennifer Hamilton, Senior Principal, Blue Fin Group](#)



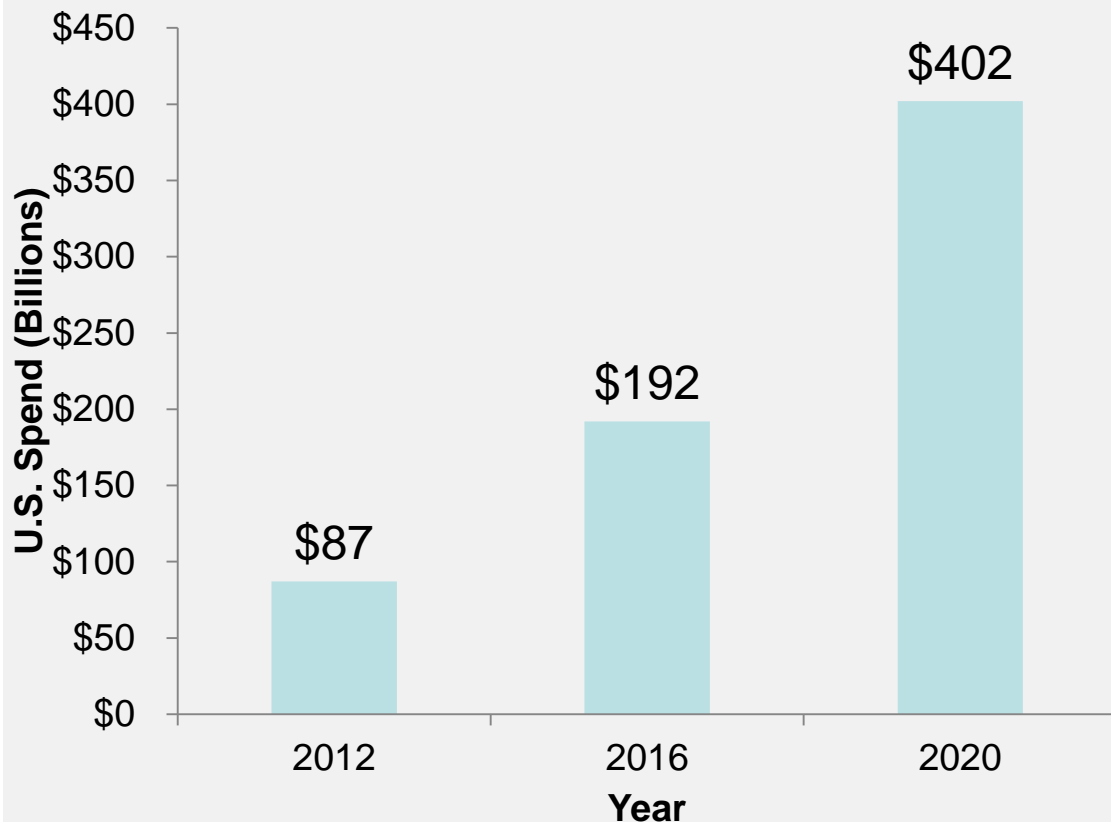
“Integrated systems” like Carolinas HealthCare System, Fairview Health Services and Vanderbilt University Medical Center are developing powerful integrated pharmacy models for key specialty disease states. These emerging models have incredible potential because they embed and integrate pharmacy into the overall clinical care for a patient, which is impossible today in the traditional specialty models that consist of a manufacturer-sponsored patient support HUB and a network of mail order specialty pharmacy providers which are isolated from the patient’s clinical care. Though this emerging integrated system specialty pharmacy model is obviously superior (see Figure 1), it is still very early in its development. For it to grow and mature it requires two things to change:

- 
1. Manufacturers need to figure out how to engage and collaborate with these new specialty pharmacy models, while at the same time continuing to work with their traditional patient support HUB and mail order specialty pharmacy provider models
 2. The integrated systems need to execute a variety of strategies to increase the number of patients that can be fully managed within their models

SPECIALTY MEDICATIONS – DOUBLE DIGIT GROWTH

Key Messages

U.S. Spending on Specialty Drug¹



- Specialty pharmacies are the fastest growing segment in pharmacy
- Specialty three - year CAGR is 66.8% compared to traditional drugs (4.1%)²
- AMCs generate many of the specialty prescriptions
- AMCs across the nation are providing specialty pharmacy programs

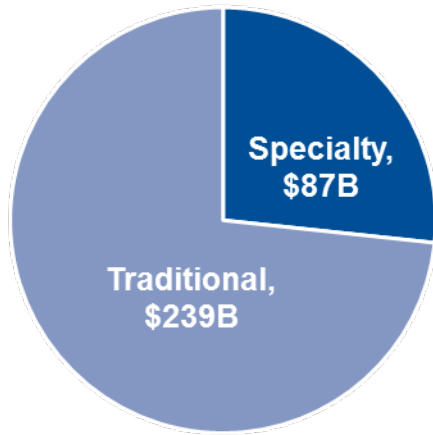
Sources & Notes:

1). CVS Caremark 2). Express Scripts 3). Example AMCs with Specialty Programs include Mayo Clinic, Cleveland Clinic, Johns Hopkins, University of Michigan, Duke, Rush, University of Wisconsin, UNC, Wake Forest, University of KY, University of KS, University of MN

Specialty Pharmacy Market Opportunity

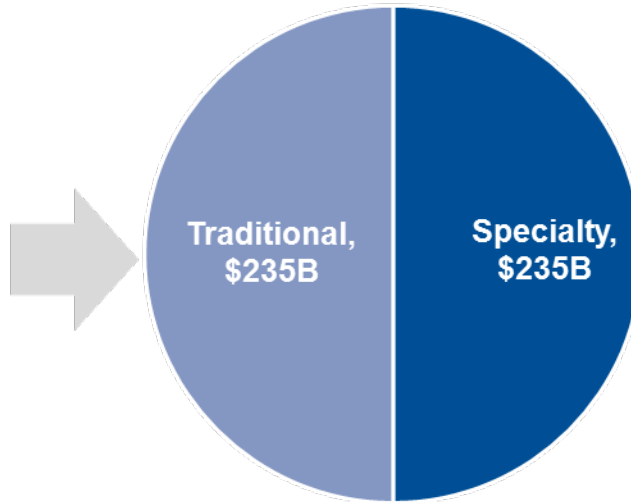
Specialty pharmacy spend will reach \$235 Billion by 2018.

U.S. Prescription Drug Spend 2012 (Billions)



Total 2012 Spend = \$326B¹

U.S. Prescription Drug Spend 2018 (Billions)



Total Expected 2018 Spend = \$470B²

Sources: 1) IMS Health Informatics Institute. 2) Health Affairs, October 2014. 3) Express Scripts 2013 Drug Trend Report.

Key Messages

- In 2012, spending on specialty drugs accounted for more than 25% of total prescription drug spending.¹
- Specialty spend is expected to grow by 170% by 2018, exceeding \$235 billion and accounting for half of total drug spend.²
- Meanwhile, spending on traditional drugs is only growing between 2.4% and 4.1% per year, by various estimates.^{2,3}
- Nearly 70% of FDA approvals in 2013 were for specialty drugs, and 50% of the top 100 drugs will be specialty by 2016.³

Specialty Pharmacy Market Opportunity

The
in five



PRALUENT® (alirocumab) Injection

20

20

Sources: 1) CVS Caremark Insights 2013. 2) Based on IMS numbers and 15% growth rates. 3) IVIG = Intravenous Immunoglobulin. 4) UnitedHealth Center for Health Reform & Modernization.

management.



MEMORIAL[®]
HERMANN

abbvie

centrica



MOGAS®
SEVERE SERVICE BALL VALVES



aetna™



HIGGINBOTHAM
Global Reach. Local Touch. Single Source.



Good things
come from
Sysco®

AIR LIQUIDE



Texas Children's
Hospital®

Creative Oxygen



KBR



The Friedkin Group

VIRROSTI REHAB CENTERS®



Kelsey-Seybold Clinic®
Your Doctors for Life



Alief
Independent School District

DISTRIBUTION
NOW

KING RANCH®

TRI-TECH SURVEYING CO., L.P. | GLOBAL SURVEYORS, INC.



Lilly

R2R
Reason2Race®

TRUVEN
HEALTH ANALYTICS

bioIQ
Connect Measure Achieve

GRAND ROUNDS™
The Cure for Common Healthcare®

MAREK
STRENGTH FROM WITHIN

renew

More Than Data. Answers.

BlueCross BlueShield



MD Anderson
Cancer Center
Making Cancer History®

RICE

TURNER
INDUSTRIES



HALLIBURTON

MEMORIAL
HERMANN

SANOFI

UnitedHealthcare®

CAMDEN.



MERCK
Be well

SILVER EAGLE
DISTRIBUTORS

Willis
Towers
Watson

castlight
HEALTH
Cure Healthcare. Build Business.

HARRISHEALTH
SYSTEM

MetroNational®
Investment/Development/Management