SPECIALTY DRUG OP-ED

THE ELEPHANT in the room is THE FOX

Eliminating the Specialty Drug Conflict of Interest

In the complex world of health plan management, employers have long been vigilant in ensuring that medical procedures and treatments are both necessary and cost-effective for their employees. It is common practice to employ independent pre-certification for surgeries and hospital stays, ensuring that decisions are made without any conflict of interest. These strategies are designed to protect the health of the members and to ensure prudence of Health Plan spend.

However, there is a significant oversight in the current pharmacy benefit model. In the current industry model, many pharmacy benefit managers (PBMs) own the specialty pharmacy and they complete the prior authorization of the specialty drugs. The approval of specialty drugs can produce revenue for the PBM in the fulfillment of the drug via their specialty pharmacy and through potential rebate/revenue arrangements with drug manufacturers. This situation, while not necessarily implying any wrongdoing, raises serious concerns about the objectivity of the prior authorization. The PBMs' decision to approve or deny a specialty drug can directly and positively impact their own revenue. Critical to note, plan sponsors need to assess if the existence of this conflict of interest could potentially subject the Plan to fiduciary responsibility challenges.

Recent lawsuits against Fortune 100 companies have Plan sponsors actively rewriting the script to remove conflicts of interest and misaligned incentives in their pharmacy benefit programs. Plan sponsors are implementing solutions that have patient protection and financial prudence working hand in hand.

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Carving out the prior authorization review of specialty drugs from the services provided by the PBM is an easy first step that many Plan sponsors are taking. **A third-party entity completing the prior authorization review introduces a layer of objectivity and independence…essentially removing the concept of the fox guarding the hen house.** By carving out the prior authorization review of specialty drugs to an independent entity, employers can ensure members have access to medications proven safe and effective while providing cost control. The ultimate goal, of course, is to make certain patients are getting the right drug at the right time to achieve the best clinical outcome.

Key characteristics Plan sponsors should consider when selecting a prior authorization service provider:

- Patient safety is paramount
- Time sensitivity and efficiency in the completion of the prior authorization review
- Evidence-based clinical criteria and expertise
- Data driven financial and utilization insights
- Active pharmacy and therapeutics committee reviewing the drug pipeline and current peer-reviewed research
- Independently developed clinical prior authorization criteria without PBM or drug manufacturer influence
- Access to collaborative medical expertise, literature and clinical research
- Understanding of the Plan sponsors responsibility to patient safety and financial prudence
- Proven track record of successfully integrating independent prior authorization services with PBMs

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Identifying a service provider with no conflicts of interest:

- Service provider has no financial ties to pharmaceutical manufacturers
- Service provider has no financial ties to pharmacy benefit managers
- Service provider has no financial ties to pharmacies filling prescriptions—specialty, retail and/or mail order
- Pharmacy and therapeutics committee members have no financial ties to pharma
- The service provider's only source of revenue is a transparent administrative fee

Plan sponsors and benefit consultants are looking for proven solutions to effectively and efficiently manage specialty drug spend and utilization. A carved-out prior authorization review of specialty drugs removes conflicts of interest and provides:

1. Proactive, patient protection from unnecessary specialty drugs that are often powerful, potent medications with potentially harsh side effects
2. Mitigated risk and fiduciary responsibility in managing the plan assets
3. Financial savings/discounts from stop loss carriers who also encourage an independent prior authorization review of specialty drugs
4. Potential savings for both the Plan and the participant

An independent prior authorization review of specialty drugs that leverages evidence-based medicine and data-driven financial insights helps Plan sponsors ensure access to medications proven safe and effective while at the same time providing cost control.