Popping Pimples without Breaking the Bank

Practical, Cost-effective Management Strategies for Acne and Rosacea

July 27th, 2019 3:30-5:30pm
Questions

- What determines the cost of acne/rosacea drugs?
- What are the causes of increasing costs?
- What are the patient resources for access to medications?
COST?

- Dollars (insurance, out of pocket, industry, society)
- Time (patient, family, provider, staff, pharmacy)
- Morbidity (patient, family, provider)
Why are CO$T$ rising?

- Lack of regulation of prices
  - (Some) drug company practices
  - Middle men
- FDA approval not contingent upon affordability or supply/demand
- Increasing number of specialty drugs
- Deductible drug plans
- Even generics?
  - Supply/demand, manufacturing issues
  - Consolidation of businesses
  - Secondary patents
  - FDA regulations, more quality control
  - Middle men

- “Systems”, kits, subscriptions
Pharmacy benefit managers (PBM)

- **3rd party administrator of Rx drug programs for health plans**
  - Develop/maintain formulary, contract with pharmacies, negotiate discounts/rebates with drug manufacturers, and process and pay Rx drug claims
  - Work with self-insured companies and government programs striving to maintain or reduce pharmacy expenditures of the plan while concurrently trying to improve health care outcomes

- **PBMs paid in triplicate by patients?**
  - Insurance premium, copay, taxes

- **Subcontractors, little transparency in business practices, no federal/state regulation of their contracts with pharmacies**
  - Ex: CVS Caremark, ExpressScripts
Responsibilities of a PBM

- **Operate mail order**, so medications are delivered directly to the patient’s doors.
- **Ensure Patient Compliance** so that medication is taken as prescribed.
- **Manage Distribution** among a network of pharmacies.
- **Negotiating** rebates to get the most affordable options.
- **Process Claims** from patients and pharmacies.
- **Manage Formularies**, so individuals know what medications are covered through their health plans.
Gag clauses

- Pharmacist contracts with insurers and PBMs that (used to) prohibit sharing Rx price discrepancies with vs. without insurance with patients
  - Steep penalties for pharmacies if contract broken

- “Patient Right to Know Drug Prices Act”, bipartisan bill signed into law Oct 10, 2018 (S.2554)
  - Addresses issues of cost, adherence, ethical practice, and avoidance of kickbacks/clawbacks for PBMs
**Middlemen | The role of pharmacy-benefit managers**

**Consumers**
Individuals pay premiums to their employer/plan sponsor or health insurer.

**Pharmacy-benefit manager**
- Individuals cover their prescription-drug copay, or pay cash to the pharmacy.

**Pharmacy**
The pharmacy negotiates with the drug maker or a wholesaler for drug costs, as well as discounts and rebates based on the volume of drugs the pharmacy handles.

**Insurers**
The insurance company pays the PBM to manage its drug costs, and get rebates from manufacturers. (The PBM often retains a portion of the rebate.)

**Manufacturer**
The PBM negotiates with the pharmacy over reimbursement for drugs and dispensing fees.
The PBM also negotiates prices with the manufacturer, which then pays rebates to the PBM for preferred placement on a plan's formulary.

*Source: Avalere Health LLC*
How Drug Distribution Works

A complex supply chain determines how prescription drugs are paid for in the U.S.

Wholesaler or drugmaker negotiates price with pharmacy → Pharmacy dispenses to consumer and collects copay → Consumers

Individuals pay premiums to their health insurer or employer

Drugmaker sells to wholesaler at small discount to list price → PBM negotiates with the pharmacy over reimbursement for drugs and dispensing fees

The PBM negotiates to receive rebates from drugmaker → Insurer or employer pays PBM to manage drug costs, and the PBM passes back some or all of the rebates to the health insurer or employer

Sources: Avalere Health

THE WALL STREET JOURNAL.
Sharing the Wealth

Here is how profits are shared from a brand-name drug with a list price of $300*. Of the middlemen involved in the process, a pharmacy benefit manager gets the biggest gross profit of $18.

Start  $ Payment  $ Gross profit**

Plan sponsor (Health insurer or employer)

- $185

Patient  Out-of-pocket

- $35

Pharmacy

$16

Pharmacy-benefit manager

$18

Helps design benefit plans and negotiates rebates from drugmakers, sharing them with other middlemen.

Wholesaler

$3

Drugmaker

$137

Lists drug for $300

*No one pays the full list price because of rebates and incentives that are negotiated by the pharmacy benefit manager and paid out by the drugmaker.

**The amount of the payments don’t add up to the gross profits in part because of various markups and discounts taken during the filling of a prescription.

Sources: Pembroke Consulting; WSJ staff reports
Legislative Conference 2018

Attendees:
- 183 people from
- 37 states
- 133 physicians
- 36 residents
- 45 attendees from the Coalition of Skin Diseases, including dermatology nurses
- 5 members of ADAM (Association of Dermatology Administrators and Managers)

ASKS:
- Legislation to increase transparency on the part of Pharmacy Benefit Managers (PBMs)
- Legislation to streamline electronic prior authorizations (ePA) in Medicare
- A letter to HHS to encourage streamlined reporting and data-sharing in the Merit-based Incentive Payment System (MIPS)

Congressional meetings:
- 229
- 157 House of Representatives offices
- 72 Senate offices
Coupon cards

❖ Many variations
  • Copay assistance, $ off or payment maximum
  • Coinsurance, % off with max allowable
  • Discount on cash price

❖ Sources
  • Manufacturer
  • Specialty pharmacy
  • Apps/discount databases
Examples: manufacturer
<table>
<thead>
<tr>
<th>PRODUCT</th>
<th>SIZE</th>
<th>COMMERCIAL UNRESTRICTED</th>
<th>UNINSURED PAYMENT</th>
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<tbody>
<tr>
<td>Oracea® (doxycycline, USP) 40mg Capsules</td>
<td>30 count</td>
<td>$35</td>
<td>$75</td>
</tr>
<tr>
<td>Doxycycline® USP 40mg Capsules†</td>
<td>30 count</td>
<td>$0</td>
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</tr>
<tr>
<td>Soolantra® (Ivermectin) Cream, 1%</td>
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<td>$75</td>
</tr>
<tr>
<td>Epiduo® Forte (adapalene and benzoyl peroxide) Gel, 0.3%/2.5%</td>
<td>45 g pump</td>
<td>$0</td>
<td>$75</td>
</tr>
<tr>
<td>Mirvaso® (brimonidine) Topical Gel, 0.33%</td>
<td>30 g pump</td>
<td>$35</td>
<td>$75</td>
</tr>
<tr>
<td>Tri-Luma® (fluocinolone acetonide 0.01% hydroquinone 4%, tretinoin 0.05%) Cream</td>
<td>30 g</td>
<td>$35</td>
<td>$125</td>
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</tbody>
</table>
Other manufacturers

- Bioequivalents or generics
- Contract with specific pharmacy
Specialty pharmacy

- Often brand name Rx
- Fixed/max price
Discount websites/apps

GoodRx collects prices & discounts from over 60,000 U.S. pharmacies

Print free coupons
Or send coupons to your phone by email or text message

Save up to 80%
Show the coupon to your pharmacist for massive savings on your meds
Differin  Adapalene

Adapalene (Differin) is an expensive drug used to treat mild to moderate acne. This drug is slightly more popular than comparable drugs. It is available in generic and brand versions. Generic adapalene is covered by most Medicare and insurance plans, but pharmacy coupons or cash prices may be lower. Over-the-counter Differin Gel is now available without a prescription. The lowest GoodRx price for the most common version of generic Differin is around $80.28, 65% off the average retail price of $232.65.
Conclusions

- Acne/rosacea “costs” comprise many tangible and intangible variables to consider at each visit.
- The drug supply chain, business practices/contracts, legislative parameters, and patient and provider resourcefulness all contribute to drug costs per month.
- Combinations of OTC and Rx therapies can be affordable and in compliance with current acne guidelines.
- GOOD LUCK, it’s a jungle out there.


