

FAIR Health Overview of Specialty Drug Prices

May 31, 2018



FAIR Health Mission

- **Origins:** Established as a conflict-free, independent, national not-for-profit
- **Mission:** To bring transparency and integrity to healthcare costs and health insurance information
- **Action:** Fulfills mission with robust data products and custom analytics, award-winning consumer tools and research platform



The FAIR Health Private Claims Repository

>26B*

**Procedures from 2002 to the Present
from Medical and Dental Claims**

**Updated on a monthly basis*

>150M

Covered Lives

493

**Geozip Regions
Reflecting Local
Billing Patterns**



Insights into the Private Claims Repository



Coverage

- All 50 States and District of Columbia,
- US Territories – Puerto Rico, US Virgin Islands



60 Contributors

- National and regional payors
- Third-party administrators



Private Insurance Claims

- Fully insured and self-insured/ERISA plans
- Cover 75% of privately insured US population



Quality Testing and Control

- Data validated with expert-vetted tests for completeness, volume, accuracy, etc.
- Recognized statistical outlier methodologies exclude excessive low and high values that distort distribution

FAIR Health: Certified CMS Qualified Entity

- Entitled to receive Parts A, B and D Medicare data for all 50 states and Washington, DC
- Issue probing reports on key aspects of healthcare industry/provider performance
- Powerful synergies between our private claims data and Medicare collection of claims
- Over 55 million beneficiaries; data from 2013 to present



Applied Uses of FAIR Health Data

Management & Operational Support

- Plan, Benefit and Provider Network Design
- HR/Benefits Administration
- Premium Rate Review
- ACO/Bundled Payment Modeling
- Support Public/Private Exchanges
- Management of CDHPs/HSAs
- Value “Add-Ons” for Plan Members
- Strategic Planning
- Market Research



Fee Schedules & Reimbursement

- Medicaid Reform
- In-/Out-of-Network Provider Fee Schedules
- Balance Billing Negotiations with Providers
- Dispute Resolution
- Reference Pricing
- Auto Liability Fee Schedules
- Workers’ Compensation Fee Schedules
- Medicare Gap Fill



Public Health & Consumer Engagement

- Consumer Transparency Tools
- Educational Materials
- Public Health/Education Campaigns
- Support Open Enrollment
- Advocacy Materials
- Syndromic Surveillance
- Design Interventions



Policy & Research

- Support Pharmaceutical Research and Development
- Consumer Protection Laws
- Health Economics and Policy Research
- Evaluate Legislative and Regulatory Action
- Analyze Health and Cost Disparities
- Statutory Benchmark for State Programs
- Epidemiologic Heat Maps
- Study Treatment Protocols



FAIR Health State Applications

State	Purpose
Alaska	<ul style="list-style-type: none"> Workers' compensation fee schedule Out-of-network claims pricing under the state health insurance plan
Arizona	<ul style="list-style-type: none"> Dental claims reimbursement for disabled pediatric patients
California	<ul style="list-style-type: none"> Benchmark for emergency care for low-income patients
Connecticut	<ul style="list-style-type: none"> FAIR Health 80th percentile benchmark designated as UCR for emergency services
Florida	<ul style="list-style-type: none"> FAIR Health consumer website transparency featured by Insurance Consumer Advocate Ground and air ambulance data comparisons and analytics
Georgia	<ul style="list-style-type: none"> Worked with the state to update and distribute their workers' compensation fee schedule
Kentucky	<ul style="list-style-type: none"> Data support workers' compensation fee schedule

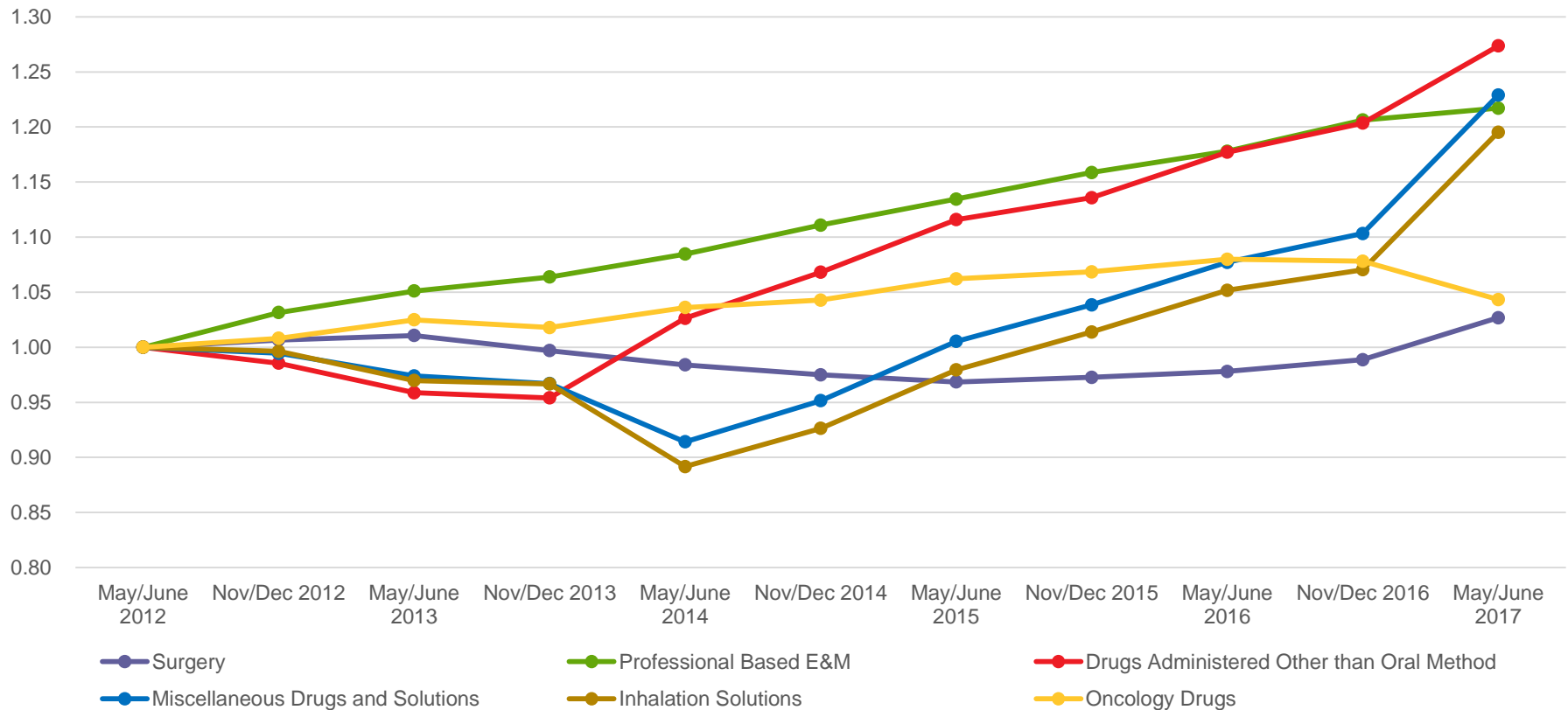
State	Purpose
Mississippi	<ul style="list-style-type: none"> "Usual and customary" charges under workers' compensation fee schedule are based on the FAIR Health 40th percentile
New Jersey	<ul style="list-style-type: none"> Authorized personal injury protection (auto liability) reimbursement standard Department of Banking and Insurance recognizes FAIR Health as consumer information source
New York	<ul style="list-style-type: none"> Medical indemnity fund for birth-related neurological impairments Benchmark for consumer cost transparency and dispute resolution Medicaid program support
North Dakota	<ul style="list-style-type: none"> Data used to inform the state's workers' compensation fee schedule
Pennsylvania	<ul style="list-style-type: none"> "Usual and customary" standard in the workers' compensation program is based on the FAIR Health 85th percentile
Texas	<ul style="list-style-type: none"> Department of Insurance links consumers to FAIR Health for help with surprise bills
Wisconsin	<ul style="list-style-type: none"> Certified for use for workers' compensation fees

Data in Action

Specialty drugs

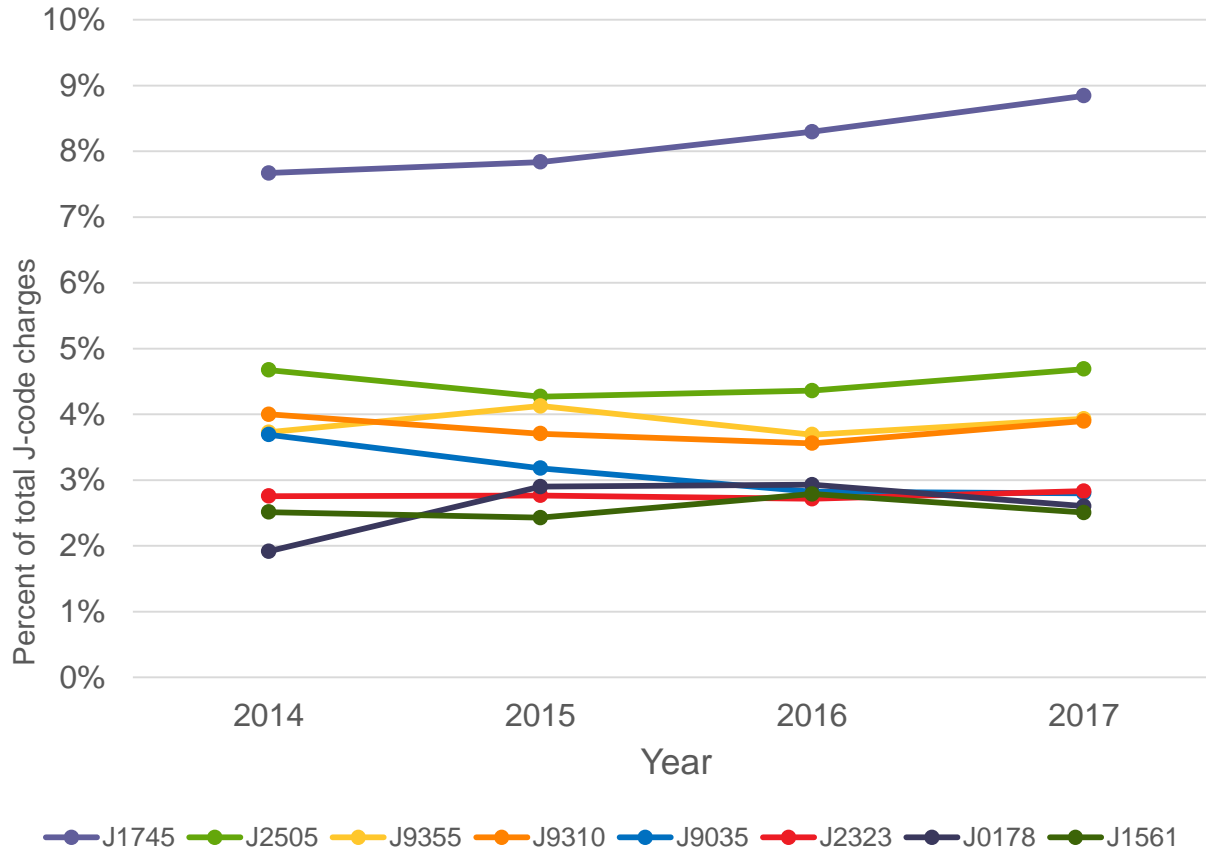
* It should be noted that the data presented on the subsequent slides do not include any rebate or coupon information.

Comparison of Price Increases in Specialty Drugs, E&M and Surgery – 2012-2017



- Charges for the largest grouping of specialty drugs, Drugs Administered Other than Oral Method, increased 27 percent from 2012 to 2017—more than E&M, which increased 23 percent, and surgery, which increased 3 percent
- Charges for Inhalation Solutions and charges for Miscellaneous Drugs and Solutions increased, respectively, 20 percent and 23 percent from 2012 to 2017
- Charges for Oncology Drugs increased at a lower rate—four percent from 2012 to 2017

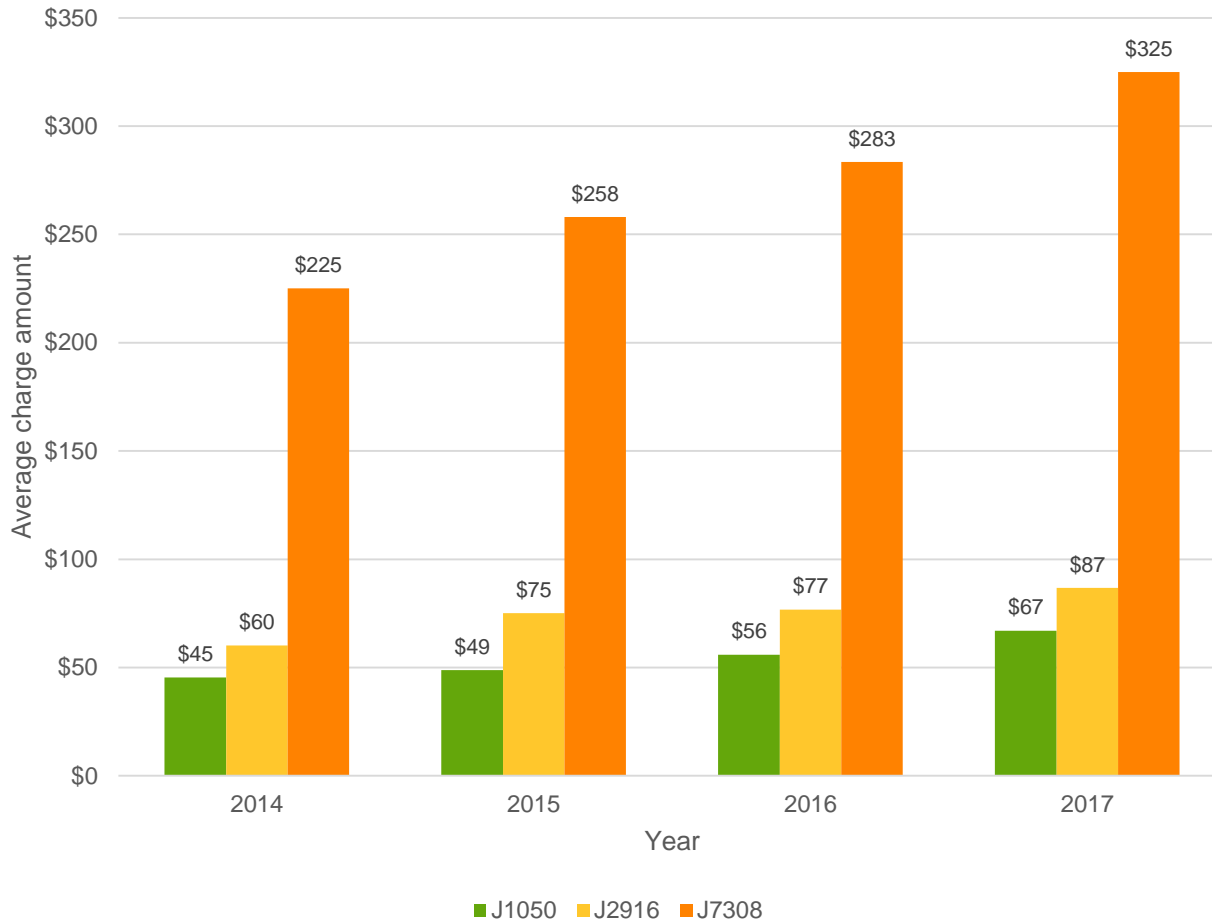
Top Specialty Drugs in New York State by Total Charges



- These specialty drugs represent the largest percentage of total specialty pharmacy charges
- J1745 makes up between 7.5 percent and 8.5 percent of all J-code charges
- J2505, J9355 and J9310 each make up between 3.5 percent and 4.5 percent of all specialty drug charges
- Other chemotherapy and autoimmune disease medications round out the top of the list

Procedure Code	Description	Percent Change from 2014 to 2017	Drug Uses
J1745	INFLIXIMAB INJECTION		15% Immunosuppressive drug
J2505	INJECTION, PEGFILGRASTIM 6MG		0% Helps to create white blood cells
J9355	TRASTUZUMAB INJECTION		5% Chemotherapy drug
J9310	RITUXIMAB INJECTION		-3% Treats autoimmune conditions
J9035	BEVACIZUMAB INJECTION		-24% Chemotherapy drug
J2323	NATALIZUMAB INJECTION		3% Treats Crohn's and MS
J0178	AFLIBERCEPT INJECTION		36% Chemotherapy drug
J1561	GAMUNEX-C/GAMMAKED		0% Treats primary humoral immunodeficiency

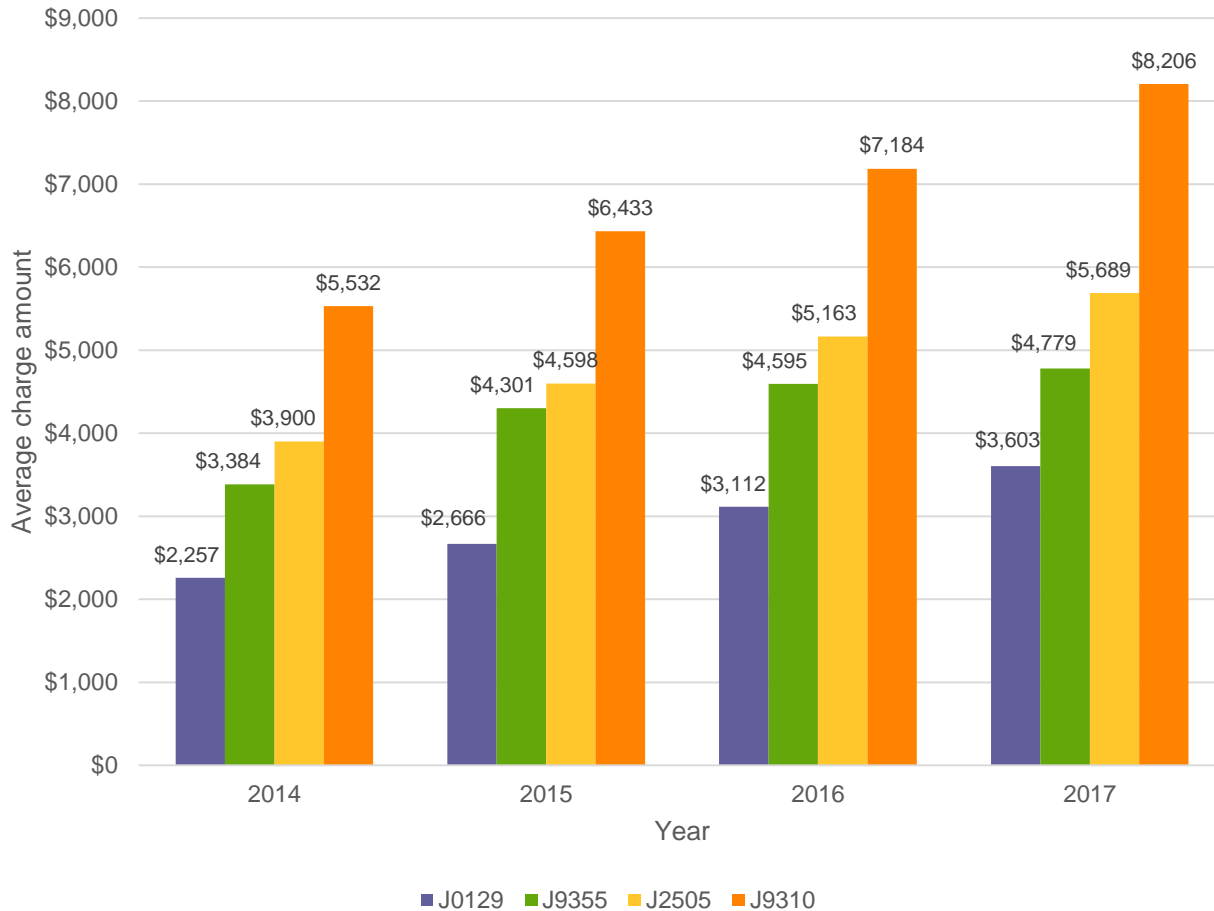
Low-Cost Specialty Drugs with Greatest Price Increases 2014 to 2017



- J1050 changed from \$45 to \$67—a 47 percent increase
- J2916 changed from \$60 to \$87—a 44 percent increase
- J7308 changed from \$225 to \$325 – a 44 percent increase

Procedure Code	Description	Percent Change from 2014 to 2017	Drug Uses
J1050	Injection, medroxyprogesterone acetate, 1 mg		47% Birth control
J2916	Injection, sodium ferric gluconate complex in sucrose injection, 12.5 mg		44% Treats anemia
J7308	Aminolevulinic acid hcl for topical administration, 20%, single unit dosage form (354 mg)		44% Treats actinic keratosis

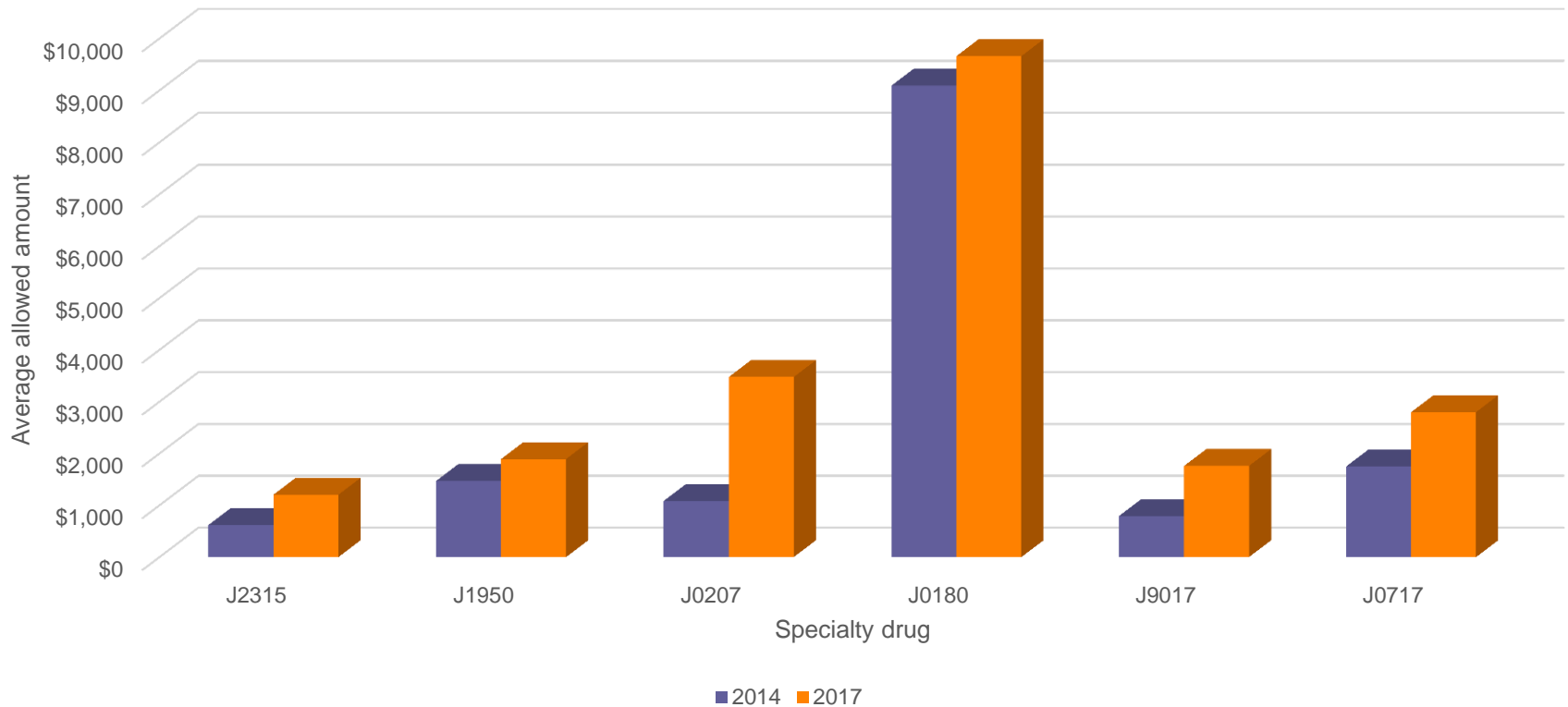
High-Cost Specialty Drugs with Greatest Price Increases 2014 to 2017



- J0129 increased roughly \$1,350—a 60 percent change
- J9355 increased almost \$1,400—a 41 percent change
- J2505 increased \$1,788—a 46 percent change
- J2505 increased roughly \$2,675—a 48 percent change

Procedure Code	Description	Percent Change from 2014 to 2017	Drug Uses
J0129	Injection, abatacept, 10 mg; Orencia		60% Treats autoimmune diseases
J9355	Injection, trastuzumab, 10 mg		41% Chemotherapy drug
J2505	Injection, pegfilgrastim, 6 mg		46% Helps to make white blood cells
J9310	Injection, rituximab, 100 mg		48% Treats autoimmune diseases

Top Specialty Drugs with Highest Total Allowed Amount Growth in New York State – 2014 to 2017



Procedure Code	Description	Percent Change from 2014 to 2017	Drug Uses
J2315	NALTREXONE, DEPOT FORM		744% Opiate antagonist
J1950	LEUPROLIDE ACETATE /3.75 MG		210% Treats hormonal issues
J0207	AMIFOSTINE		177% Protects kidneys from cisplatin
J0180	AGALSIDASE BETA INJECTION		133% Treats Fabry disease
J9017	ARSENIC TRIOXIDE INJECTION		126% Chemotherapy drug
J0717	CERTOLIZUMAB PEGOL INJ 1MG		80% Reduces pain and swelling

- J2315—one of the top increasing specialty drugs in New York as a percent of all J-code charges
- J0180—highest-cost drug of the top increasing drugs by charges

J2315 – Opiate Antagonist

	Year-over-Year Change from 2014 to 2016
Volumes	388%
Charges	1,092%
Allowed Amounts	1,216%

The volume of claim lines increased almost 400 percent while the charges and associated allowed amounts increased between 11 and 12 times

J0207 – Medication to Protect Kidneys

	Year-over-Year Change from 2014 to 2016
Volumes	-11%
Charges	291%
Allowed Amounts	187%

The volume of claim lines decreased 11 percent while the charges and associated allowed amounts increased between almost 300 percent and 200 percent, respectively

J9017 – Chemotherapy Drug

	Year-over-Year Change from 2014 to 2016
Volumes	35%
Charges	219%
Allowed Amounts	335%

The volume of claim lines increased 35 percent while the charges and associated allowed amounts increased between 220 percent and 335 percent, respectively

J0717 – Treatment for Inflammation

	Year-over-Year Change from 2014 to 2016
Volumes	17%
Charges	155%
Allowed Amounts	125%

The volume of claim lines increased 17 percent while the charges and associated allowed amounts increased between 155 percent and 125 percent, respectively

J1557– Strengthens the Immune System

	Year-over-Year Change from 2014 to 2016
Volumes	17%
Charges	155%
Allowed Amounts	125%

The volume of claim lines increased 17 percent while the charges and associated allowed amounts increased between 155 percent and 125 percent, respectively

Breast Cancer Drug Changes

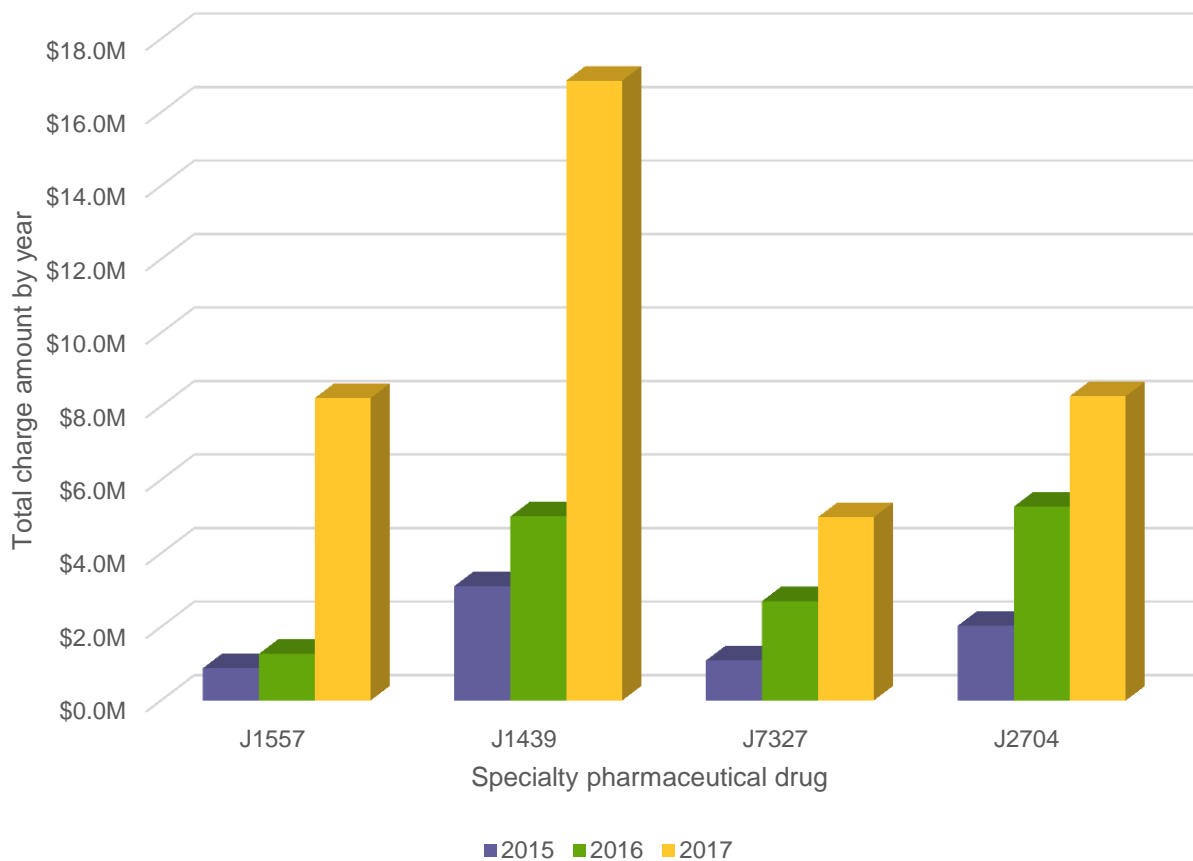
	Year-over-Year Change from 2005 to 2016
Volumes	-2%
Charges	1,284%
Allowed Amounts	1,105%

Although volume of claim lines for breast cancer drugs decreased slightly, charges and allowed amounts rose more than 10 times from 2005 to 2016.

This group includes, but is not limited to, the following specialty pharmaceutical chemotherapy drugs for breast cancer:

HCPCS Code	Description	Drug Use
J9355	Trastuzumab injection	Chemotherapy drug
J9070	Cyclophosphamide injection, 10	Chemotherapy drug
J9171	Docetaxel injection	Chemotherapy drug
J9264	Paclitaxel protein bound	Chemotherapy drug
J9395	Fulvestrant injection	Chemotherapy drug
J9250	Methotrexate sodium injection	Chemotherapy drug
J9267	Paclitaxel injection	Chemotherapy drug
J9260	Methotrexate sodium injection	Chemotherapy drug

Top Specialty Drugs Introduced in 2015 in New York State with Greatest Total Charge Increases



- Specialty drugs with the largest growth as a percent of all specialty drug charges, since introduction in 2015
- J1557 increased 835 percent
- The other medications on this list increased between 442 percent and 307 percent

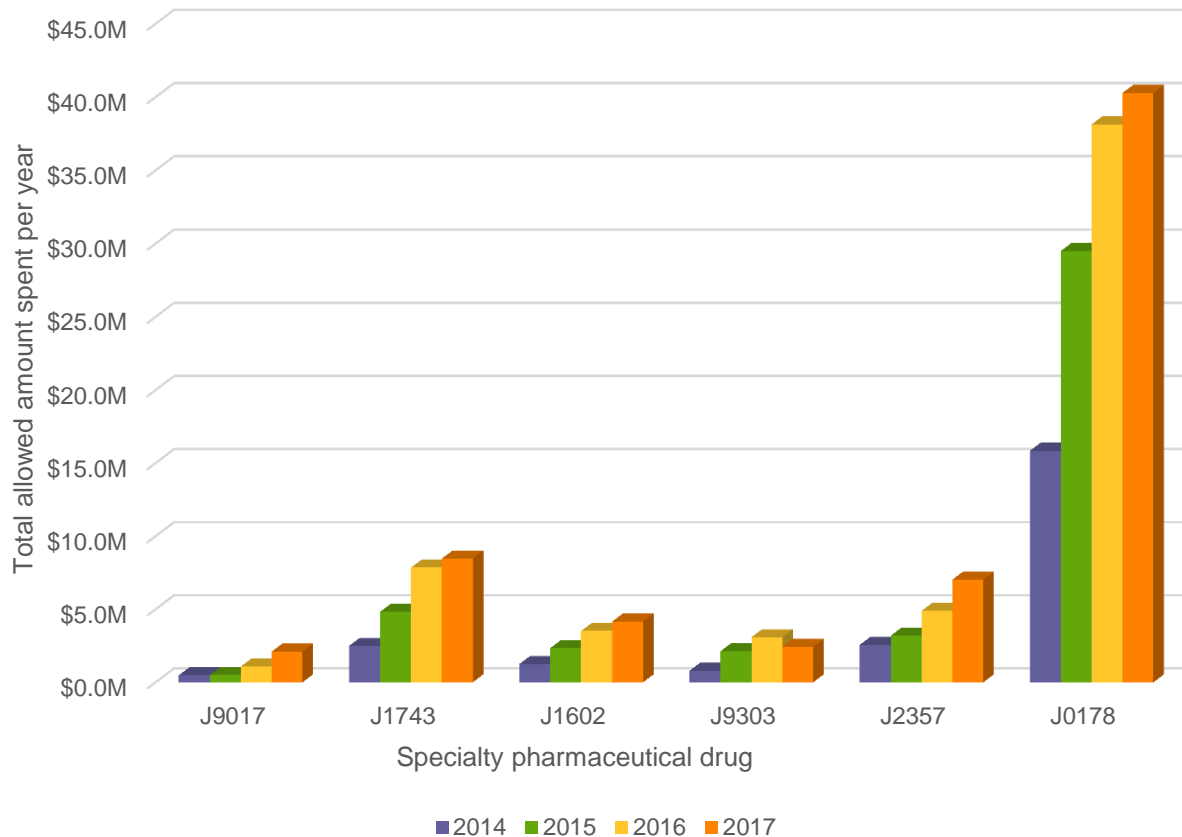
Procedure Code	Description	Percent of Total J-Code Charges 2015	Percent of Total J-Code Charges 2016	Percent of Total J-Code Charges 2017	Percent Charges Change from 2015 to 2017 Drug Uses
J1557	GAMMAPLEX INJECTION	0.03%	0.04%	0.23%	835% Strengthens the immune system
J1439	INJ FERRIC CARBOXYMALTOS 1MG	0.11%	0.15%	0.47%	442% Treats anemia
J7327	INJECTION HEMIN 1 MG	0.04%	0.08%	0.14%	358% Reduces porphyria attacks
J2704	INJ, PROPOFOL, 10 MG	0.07%	0.15%	0.23%	307% Anesthetic

J1439 – Treats Iron Deficiency Anemia

	Year-over-Year Change from 2015 to 2017
Volumes	218%
Charges	442%
Allowed Amounts	282%

The volume of claim lines increased 218 percent while the charges and associated allowed amounts increased between 442 percent and 282 percent, respectively

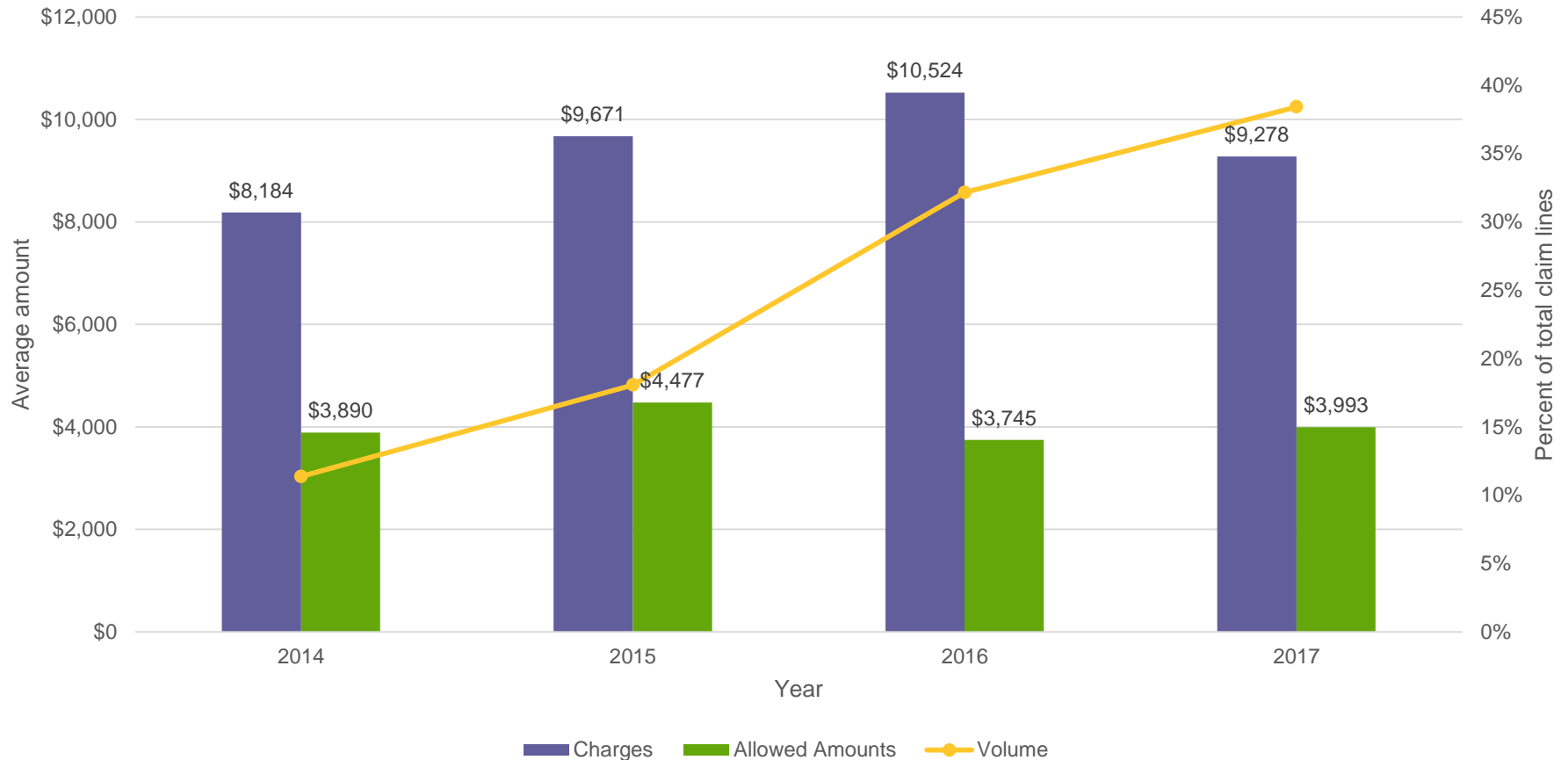
Top Growing Specialty Drugs in New York State by Allowed Amounts



- Specialty drugs that increased their percentage of J-code allowed amounts significantly
- J0178—the largest percentage of total allowed amount spend
- J9017—significant growth, with a 335 percent increase since 2014

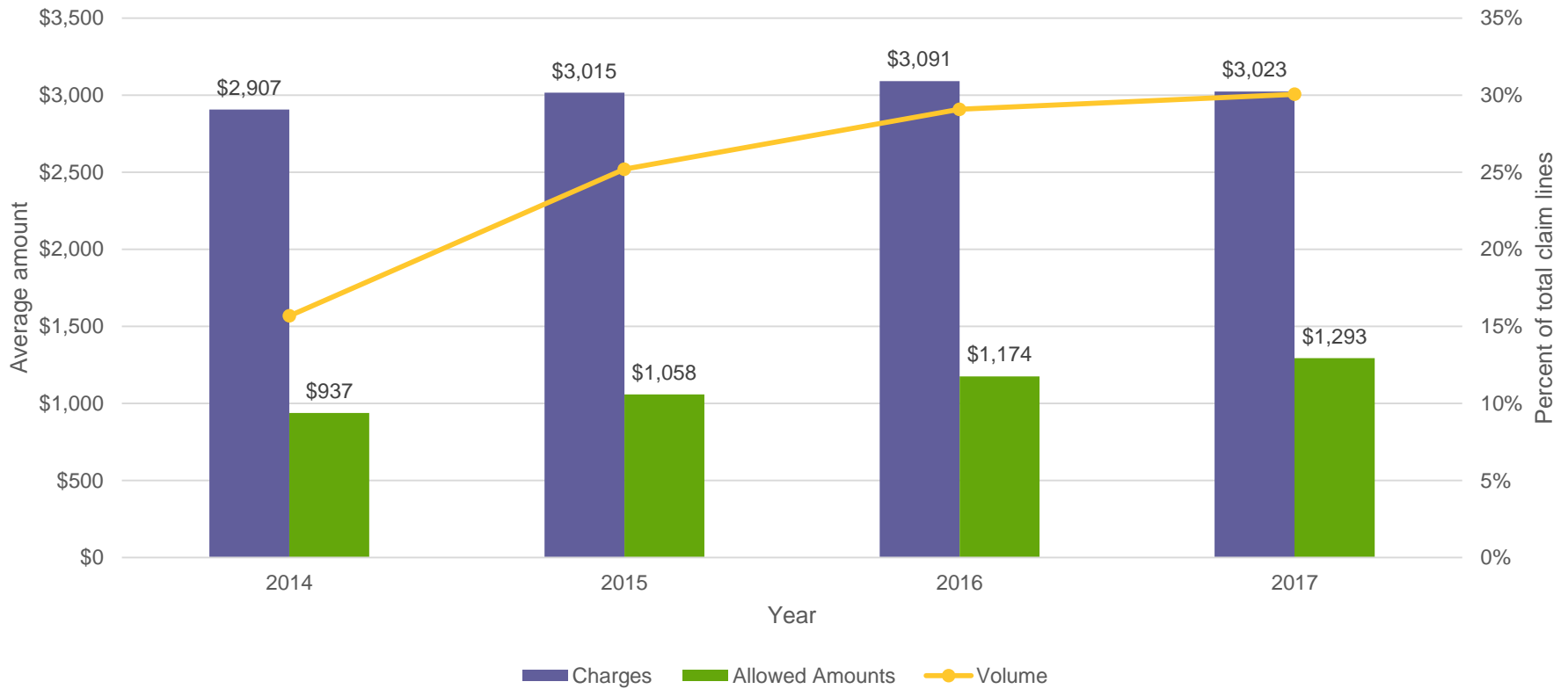
Procedure Code	Description	Percent Change from 2014 to 2017	Drug Uses
J9017	ARSENIC TRIOXIDE INJECTION		335% Chemotherapy drug
J1743	IDURSULFASE INJECTION		240% Treats Hunter syndrome
J1602	GOLIMUMAB FOR IV USE 1MG		234% Treats autoimmune diseases
J9303	PANITUMUMAB INJECTION		207% Chemotherapy drug
J2357	OMALIZUMAB INJECTION		175% Treats asthma
J0178	AFLIBERCEPT INJECTION		154% Chemotherapy drug

J1602 – Autoimmune Treatment – Changes over Time



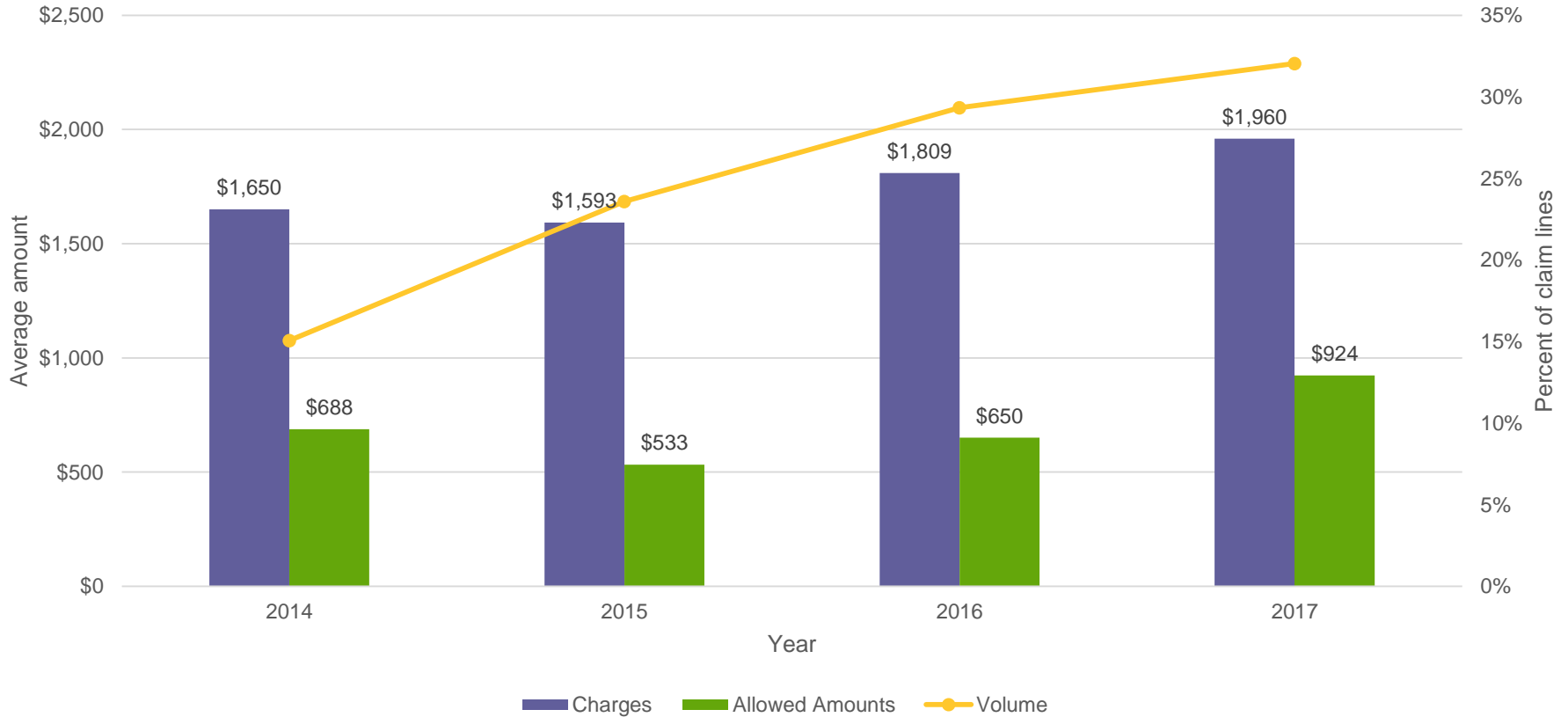
- J1602 increased in volume of claim lines as well as in charges and allowed amounts
 - The average charge amount increased from \$8,184 to \$9,278
 - Volume of claim lines increased 238 percent

J0178 – Chemotherapy Drugs – Changes over Time



- J0178 increased in both volume of claim lines and per claim line charges and allowed amounts
 - The average allowed amount increased from \$937 to \$1,293
 - Volume of claim lines increased 92 percent

J2357 – Asthma Treatment – Changes over Time



- J2357 increased in volume of claim lines as well as in charges and allowed amounts
 - Charges increased from \$1,650 to \$1,960
 - Allowed amounts increased from \$688 to \$924
 - Volume of claim lines increased 114 percent

Top Growing Specialty Drugs in New York State Introduced in 2016 by Allowed Amounts



- Due to cost and usage, these specialty drugs introduced in 2016 make up a significant portion of total allowed dollars for specialty drugs

Procedure Code	Description	Drug Uses
J9271	INJECTION PEMBROLIZUMAB, 1MG	Chemotherapy drug
J9042	BRENTUXIMAB VEDOTIN INJ	Treats Hodgkin lymphoma
J0221	LUMIZYME INJECTION	Treats Pompe disease
J3380	INJECTION, VEDOLIZUMAB	Treats auto-immune diseases

Thank You

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