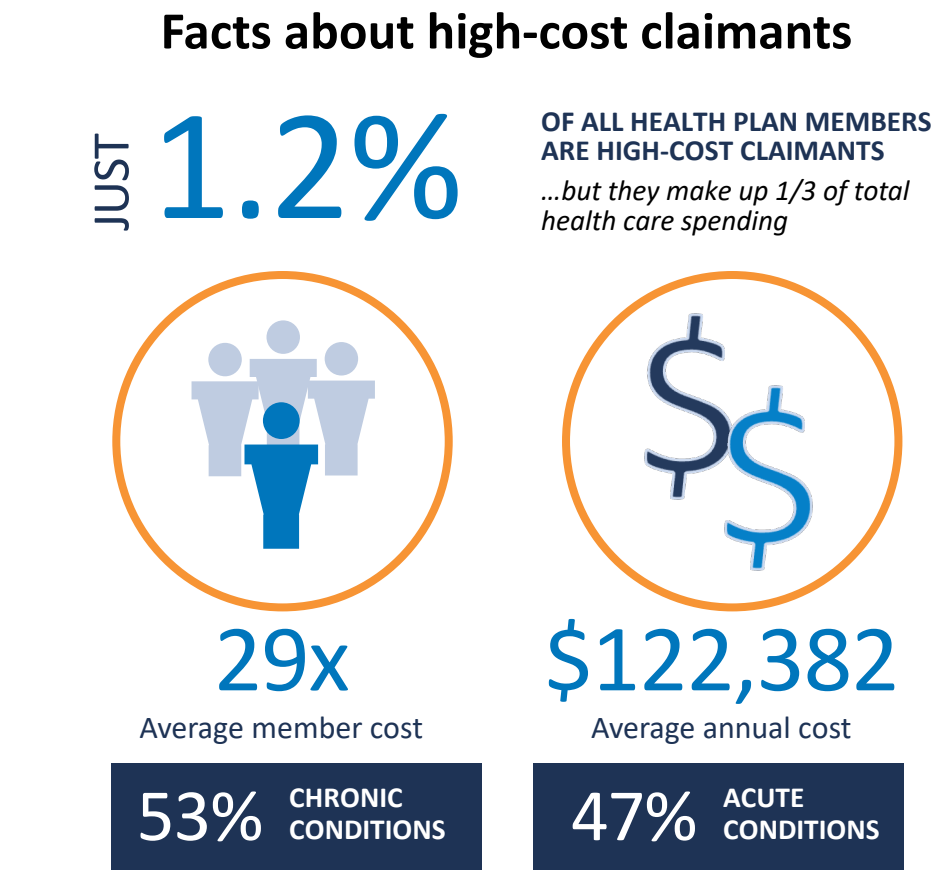


# Rethinking How We Mitigate *HIGH-COST CLAIMS*

**The Problem:** Few (if any) employers have the size, resources or focus to address rapidly escalating high-cost claims. *Since 2016, the number of health plan members with claims \$3M+ has doubled*, heightening sustainability concerns. Elimination of annual and lifetime maximums through the Affordable Care Act and the dysfunction of the reinsurance market has made this a top priority for every employer, purchaser and market.

- High-Cost Claims Defined:**
- Unpredictable/infrequent for individual employers
  - Claims costing \$50,000 or more per year
  - Cost outliers that are frequently lasered (i.e., stop-loss insurance covers only the first year of claims, then will cover everything except that claim)
  - Often for severe, debilitating disease conditions



## Strategies will vary based on duration of expenditures and quality or quantity of options

	Multiple Effective Options	Limited Options
Long-duration Treatment	Hemophilia Multiple sclerosis Multiple myeloma Autoimmune Cystic fibrosis End-stage renal disease (ESRD) Hereditary angioedema	Spinal muscular atrophy Metastatic cancers Duchenne muscular dystrophy Immune globulin (palliative) Congenital anomalies (lifelong)
Short-duration Treatment	Lymphoma Premature birth Spine surgeries Immune globulin (therapeutic) Inherited retinal dystrophy (RPE65)	Spinal muscular atrophy Neutrotrophic keratitis Transplant Congenital anomalies Idiopathic pulmonary fibrosis Sepsis Trauma and burns



### National Alliance Offers Tools to Build the Bridge to Sustainability

- [Mitigating High-cost Claims: A Closer Look at Hemophilia](#)
- [Employer Rx Value Report](#) and [Value Framework Infographic](#)
- [Hospital Payment Strategies: Setting Price & Quality Expectations](#)

*“High-cost claims are the biggest threat to employer-sponsored healthcare coverage today. Only through collective employer action can these risks be mitigated.”*

**Michael Thompson**  
National Alliance President & CEO

# Be Proactive, not Reactive

## Specific Saving Strategies for High-Cost Medical Drugs

Learn more: [Achieving Accountability & Predictability on the Medical Side of Drug Benefits](#)

CLINICAL RIGOR

- Separation of dispensing/rebates from clinical functions
- Independent, expert clinical management
- Cost-effective step therapy, when appropriate
- Elimination of waste
- Same level of clinical rigor applied to to specialty drugs on medical side
- Longer term – increased specialization

COST-EFFECTIVE SOURCING

- Better align co-pay and patient assistance programs
- Unrestricted, competitive dispensing options and sources
- Site-of-care optimization for provider-administered drugs
- Longer term – collective management & stewardship

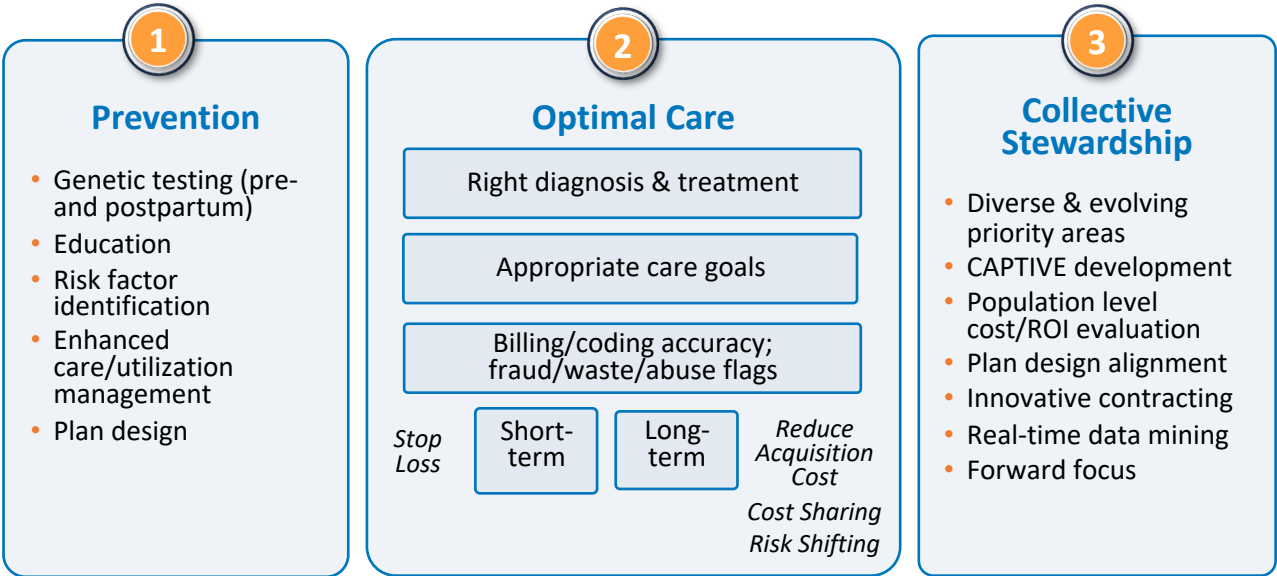
### Contracting Strategies

- Deconflict PBM and medical carrier relationships (fiduciary compliant)
- Reduced/fixed markups for provider buy/bill drugs
- Outcomes-based drug pricing
  - Specialty generics filled in retail, not at specialty pharmacy
  - Payment amortization (pay-over-time)
  - Hospital at home/telehealth
  - Narrow networks
  - More timely and transparent reporting
  - Bill review/negotiation
- Longer term – population-based hybrid contracts

### Plan Design Strategies

- All drug management under the pharmacy benefit
- Dose rounding protocols (for injectables)
- More rigorous utilization management for high-cost drugs
  - PA/pre-certification functions
  - Preferred drug lists/formularies
  - Quantity limits
  - Step therapy
  - Specialty carve out
  - Exclusions/coverage limitations
- Aligned financial incentives with plan participants
- Leverage secondary coverage when available (e.g., spouse employer, Medicaid or Medicare)
- Longer term - Steerage to improve quality, appropriateness and reduce impact of middlemen

Integrate Core Pillars of Overall Risk and Cost Reduction  
There is *no one-size-fits-all approach* to tackle the *broad spectrum of high-cost claims*; a combination of options is needed for each case



CONTINUOUSLY REEXAMINE PATIENT EDUCATION, INVOLVEMENT AND ACCOUNTABILITY TO ENSURE SUSTAINABLE PATIENT ENGAGEMENT

### Longer-term Approach

