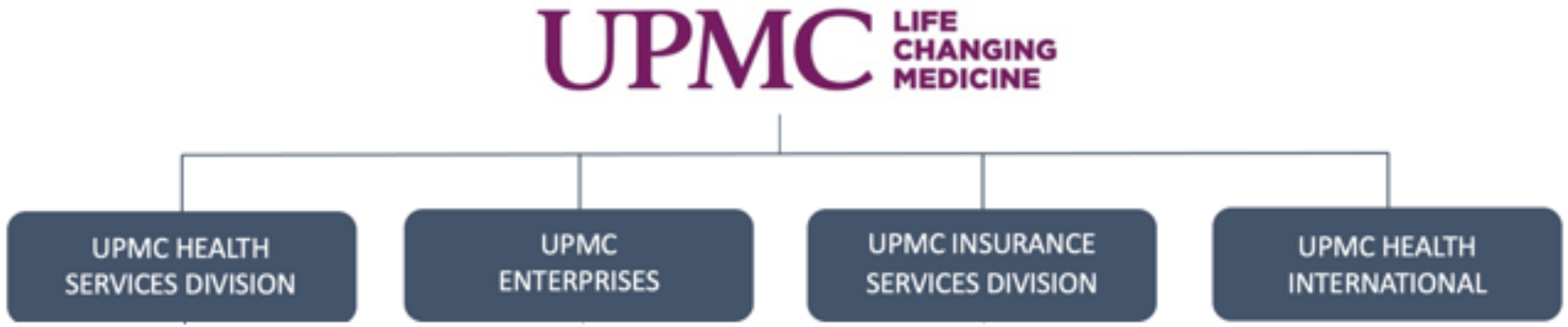
Key Themes Impacting Drug Affordability and Access

Chronis Manolis RPh
SVP Pharmacy, Chief Pharmacy Officer

UPMC
LIFE CHANGING MEDICINE

UPMC Today

Unique Ecosystem and Assets — Payer, Provider, Academic Medical Center



$24B
Annual Operating Revenue

6.1M
Outpatient Visits

40
Owned Hospitals

24M
Prescriptions Processed

4.1M
Health Plan Members

15,000
Employer Groups

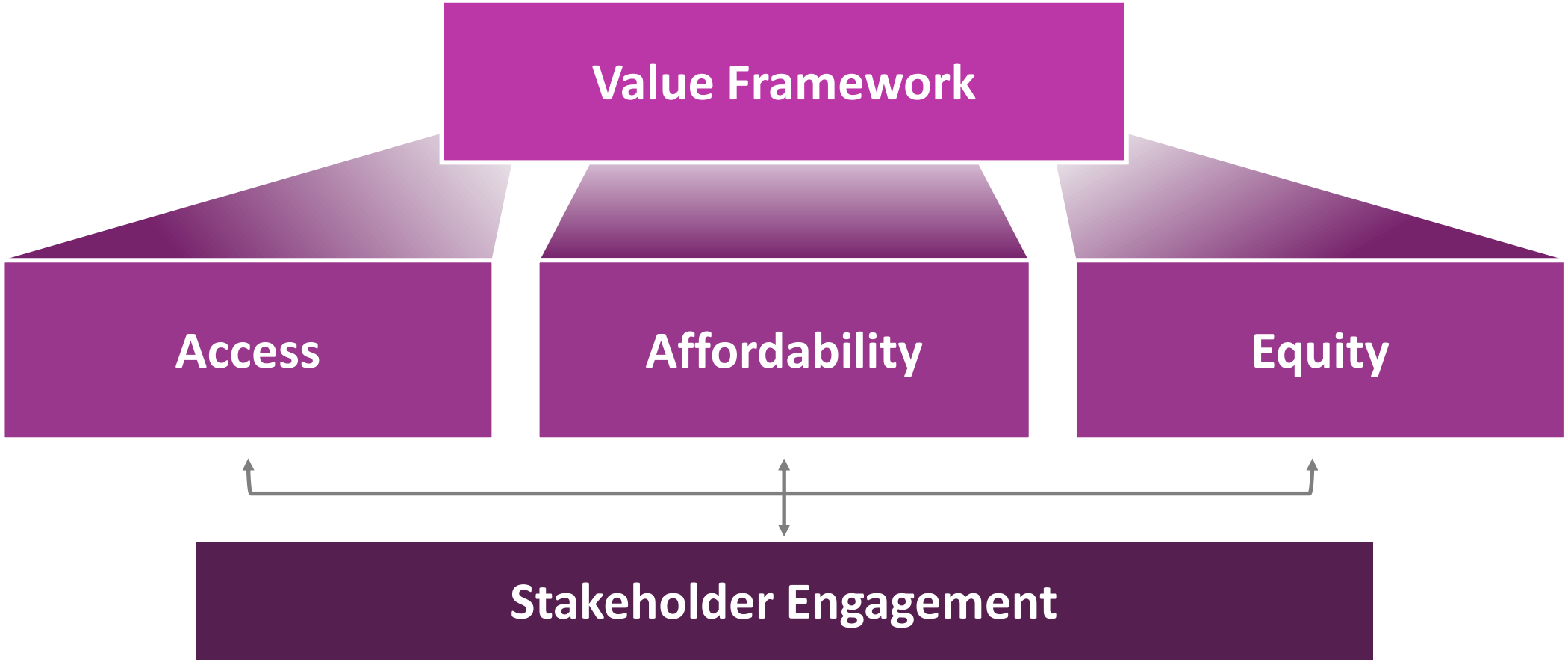
94K
Employees — Largest Private Employer in Pennsylvania

~$4B
Annual Gross Prescription Spend

$2.2B
Annual Gross Specialty Prescription Spend

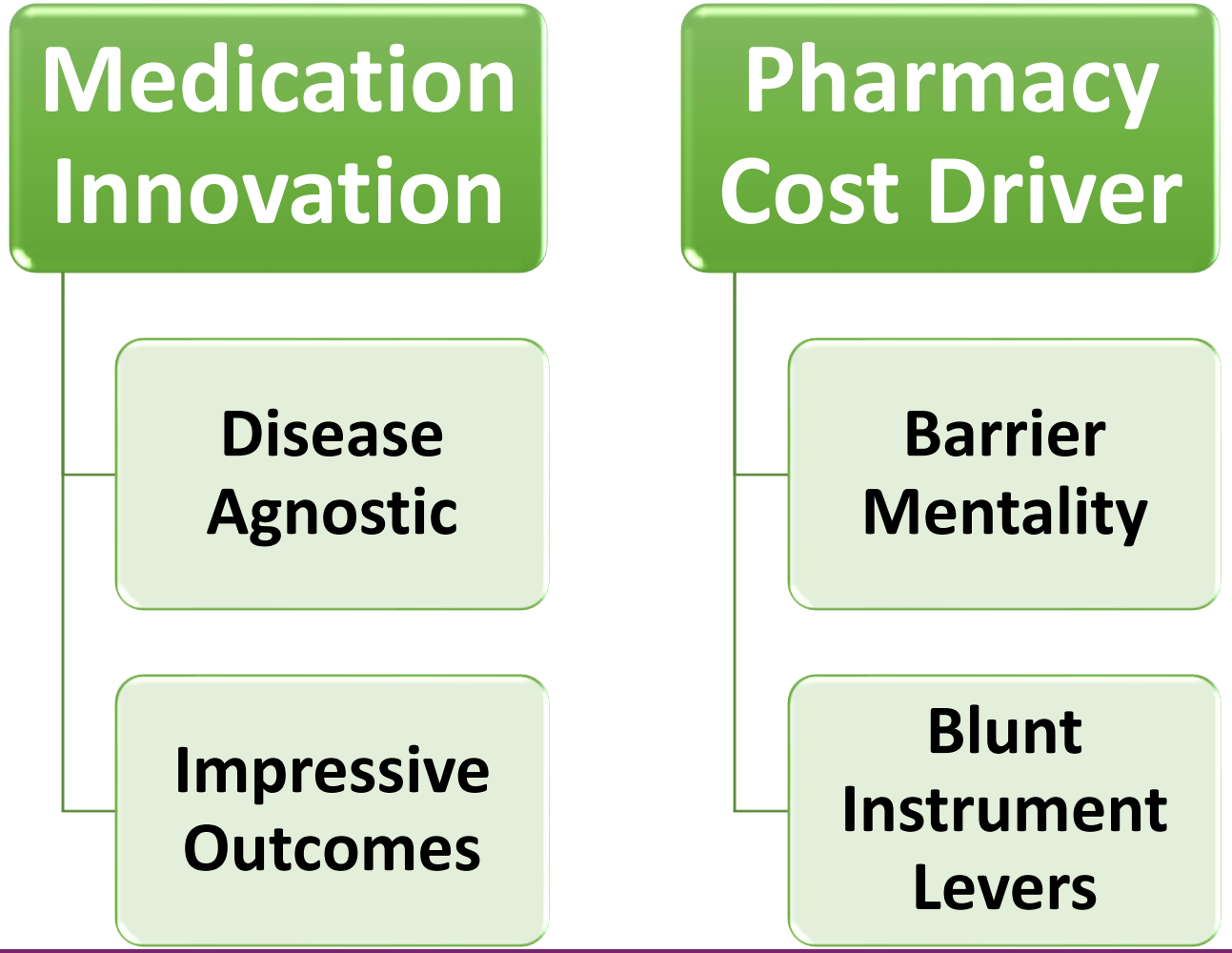
As of 7/27/2022

Priority Compass



Industry Conundrum

Innovative Drugs Yet Significant Stakeholder Angst Towards Pharmacy Costs



Unprecedented Pharmaceutical Industry Complexity Impacting All Stakeholders

Pipeline

Innovation | Transformational | Access | Affordable

Pipeline Snapshot

Overview of drugs with anticipated FDA approval through 2023

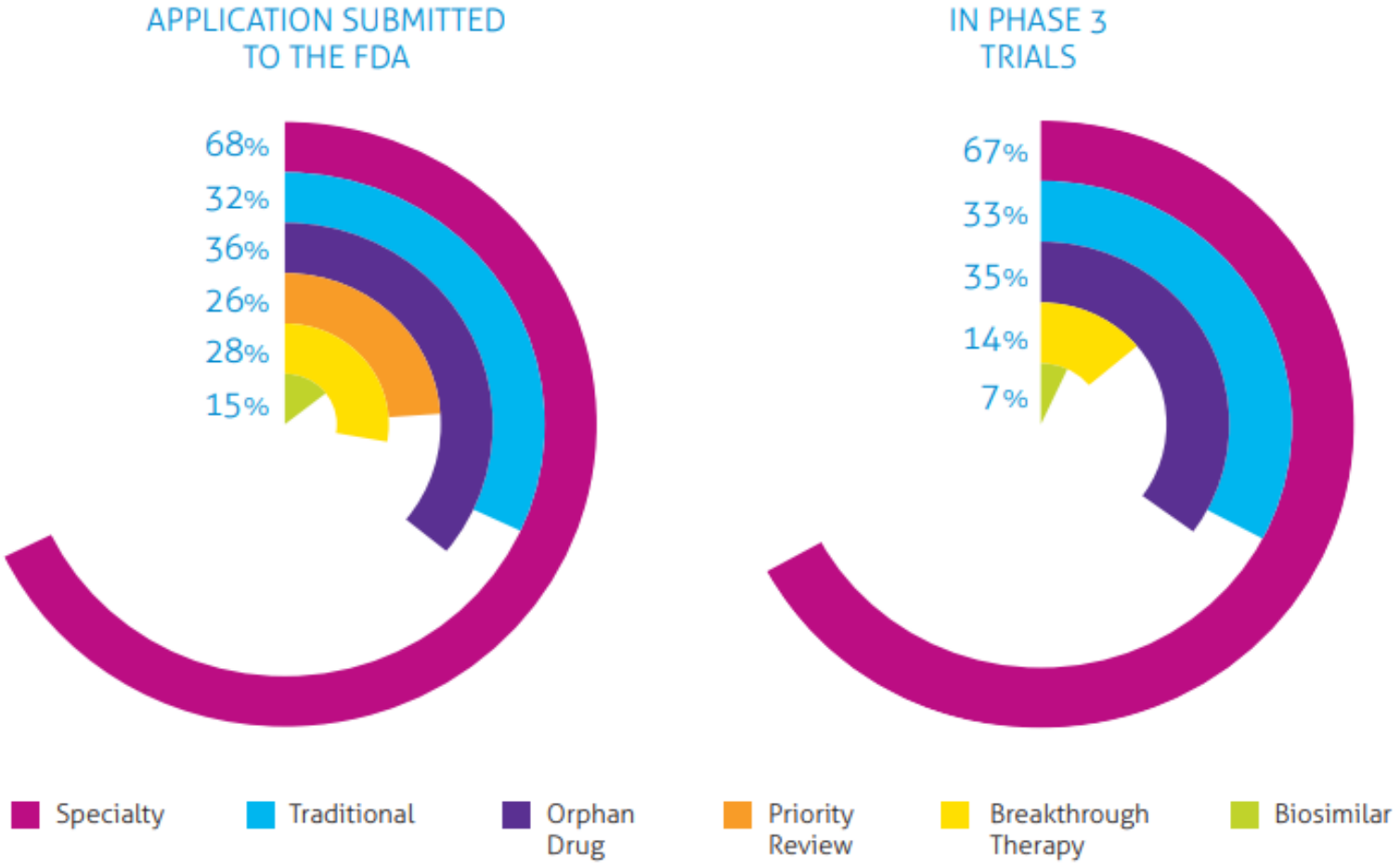
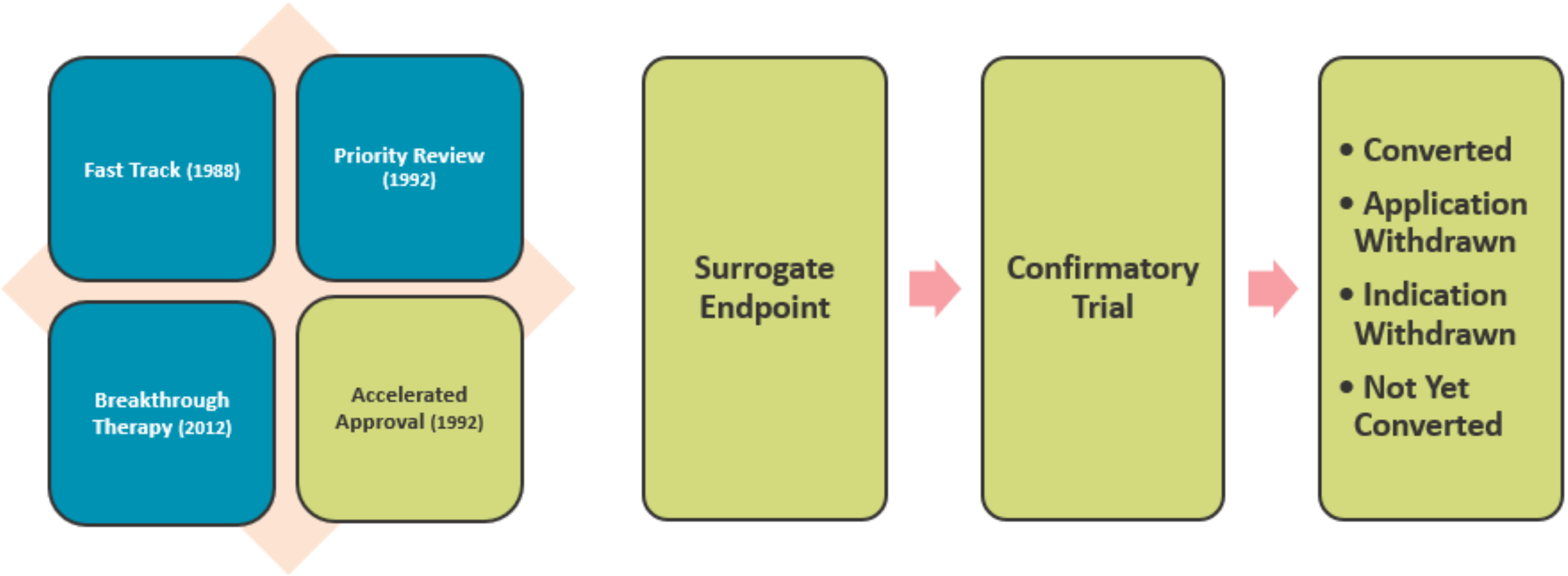


Figure adopted from: MRxPipeline April 2022. Magellan Rx. Available at: https://www1.magellanrx.com/read-watch-listen/read/our-publications/mrx-pipeline. Accessed June 2022.

Expedited Drug Development and Approval Programs



Areas of Focus

Cell & Gene Therapy

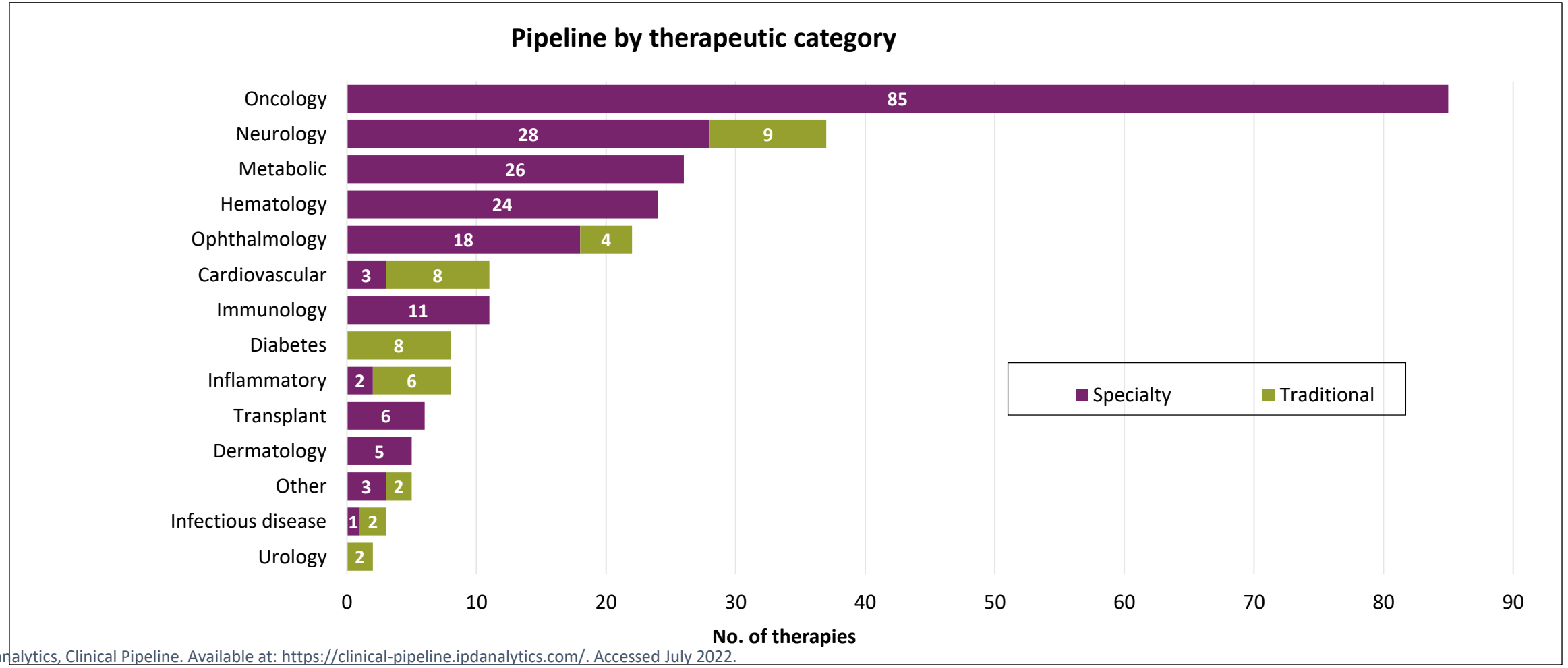
Alzheimer's Disease

Diabetes

Biosimilars

Cell and Gene Therapy (CGT) Pipeline

UPMC Health Plan Pharmacy team currently tracking 250+ CGTs in development



IPD analytics, Clinical Pipeline. Available at: https://clinical-pipeline.ipdanalytics.com/. Accessed July 2022.

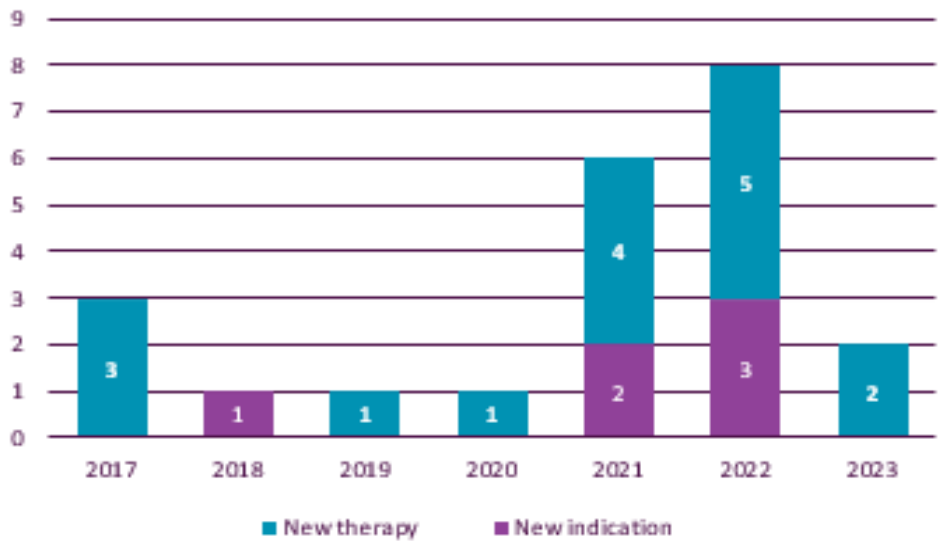
IPD analytics, Clinical Pipeline. Available at: https://clinical-pipeline.ipdanalytics.com/. Accessed July 2022.

Update on Cell and Gene Therapy

What stood out in 2022?

- 3 new gene therapies for rare diseases
- Carvykti supply/demand mismatch
- 3 CAR-Ts received new indications, with 2 approved as earlier-line treatments

History of Approvals



IPD Analytics, Recent Brand Approvals. US Recent brand approvals (ipdanalytics.com). Accessed May 2023.
Approved Cellular and Gene Therapy Products. U.S. Food & Drug Administration. Accessed May 2023.
The Sector Snapshot: April 2023. Alliance for Regenerative Medicine. May 2023.

2022 Approval Summary

	Drug	Category	Indication	Cost/dose[a]
New therapy	Zynteglo	Gene therapy	β-thalassemia	$2,800,000
	Skysona	Gene therapy	CALD	$3,000,000
	Hemgenix	Gene therapy	Hemophilia B	$3,500,000
	Carvykti	CAR-T	Multiple myeloma	$478,950
	Adstiladrin	Gene therapy	Bladder cancer	TBD
New indication	Breyanzi	CAR-T	2nd line BCL	$447,227
	Kymriah	CAR-T	3rd line FL	$427,048
	Yescarta	CAR-T	2nd line BCL	$424,000

CALD=cerebral adrenoleukodystrophy, BCL=B-cell lymphoma, FL=follicular lymphoma
[a] WAC pricing

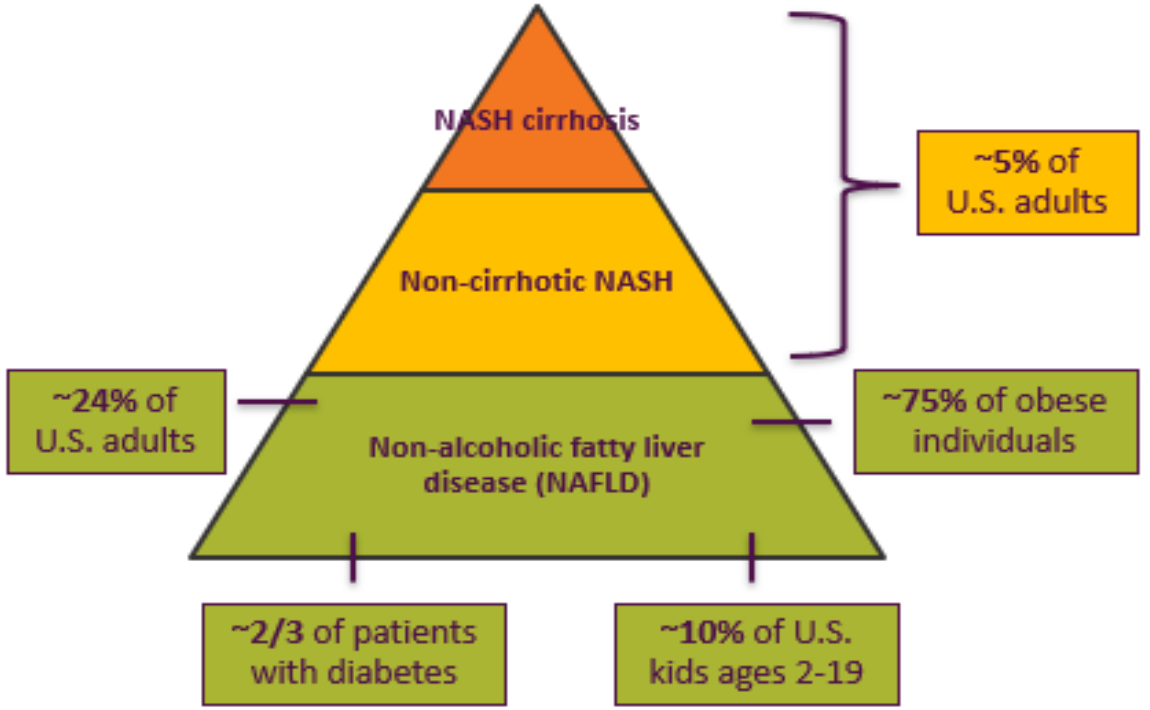
Biosimilar Adoption – Multi-Stakeholder Alignment Needed

Specialty Areas To Watch

Non-alcoholic steatohepatitis (NASH)

- Leading indication for liver transplant in those ≥ 65 years and women of all ages
- High prevalence in metabolic conditions
- Unmet need, no FDA-approved therapies
- Disease management
  - Lifestyle modification
  - Control of comorbidities (e.g., DM, CVD)
  - Minimize alcohol use
  - Use of available medications (GLP-1 RAs)

Understanding the Impact



Chalasani, et al. The diagnosis and management of nonalcoholic fatty liver disease: Practice guidance from the American Association for the Study of Liver Diseases. *Hepatology*. 2018. doi:10.1002/hep.29367
Younossi ZM, et al. Global epidemiology of nonalcoholic fatty liver disease-Meta-analytic assessment of prevalence, incidence, and outcomes. *Hepatology*. 2016. doi:10.1002/hep.28431
IPD Analytics, Hepatology: Non-alcoholic Steatohepatitis (NASH) – Payer and Provider Insights. Hepatology: Non-alcoholic Steatohepatitis (NASH) (ipdanalytics.com) Accessed May 2023.

GLP-1 Category in the News

News > Medscape Medical News

Wegovy US Supply Shortage Strikes Again

Perspective > MDedge

COMMENTARY

Ozempic: The Latest Weight Loss Craze and How Overprescribing Is Harming Patients

News > WebMD Health News

The TikTok Trend That Triggered a Diabetes Drug Shortage

News > Medscape Medical News

Obesity Drug Shortage Triggers Frustrations, Workarounds

FIERCE Healthcare

Providers | Health Tech | Finance | Payers | Regulatory | Special Reports | Podcasts

PAYERS

Ozempic could cost Medicare an extra $26.8B per year if coverage were expanded: analysis

By Paige Minemyer • May 22, 2023 03:30pm

THE WALL STREET JOURNAL.

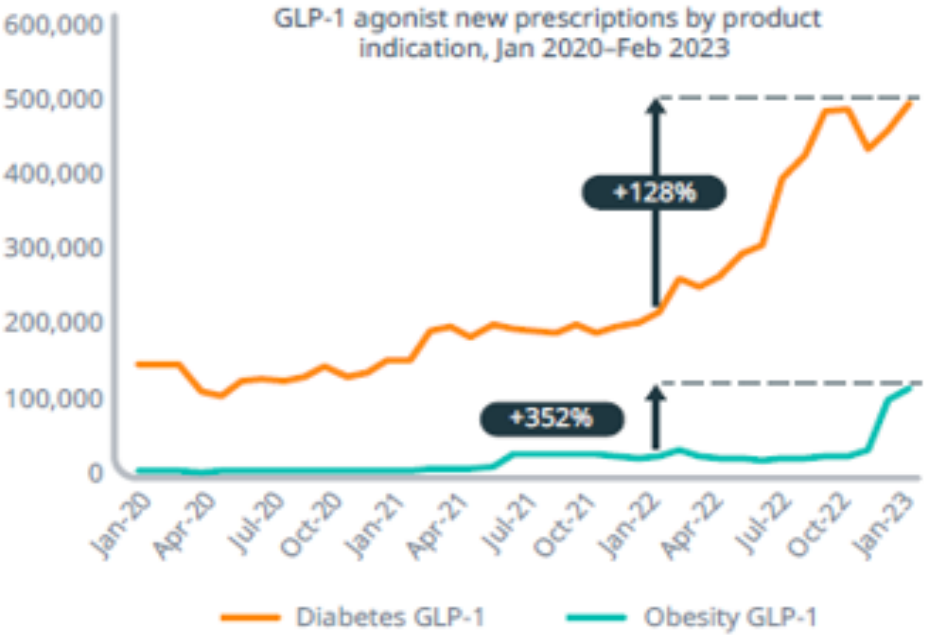
Home World U.S. Politics Economy Business Tech Markets Opinion Books & Arts

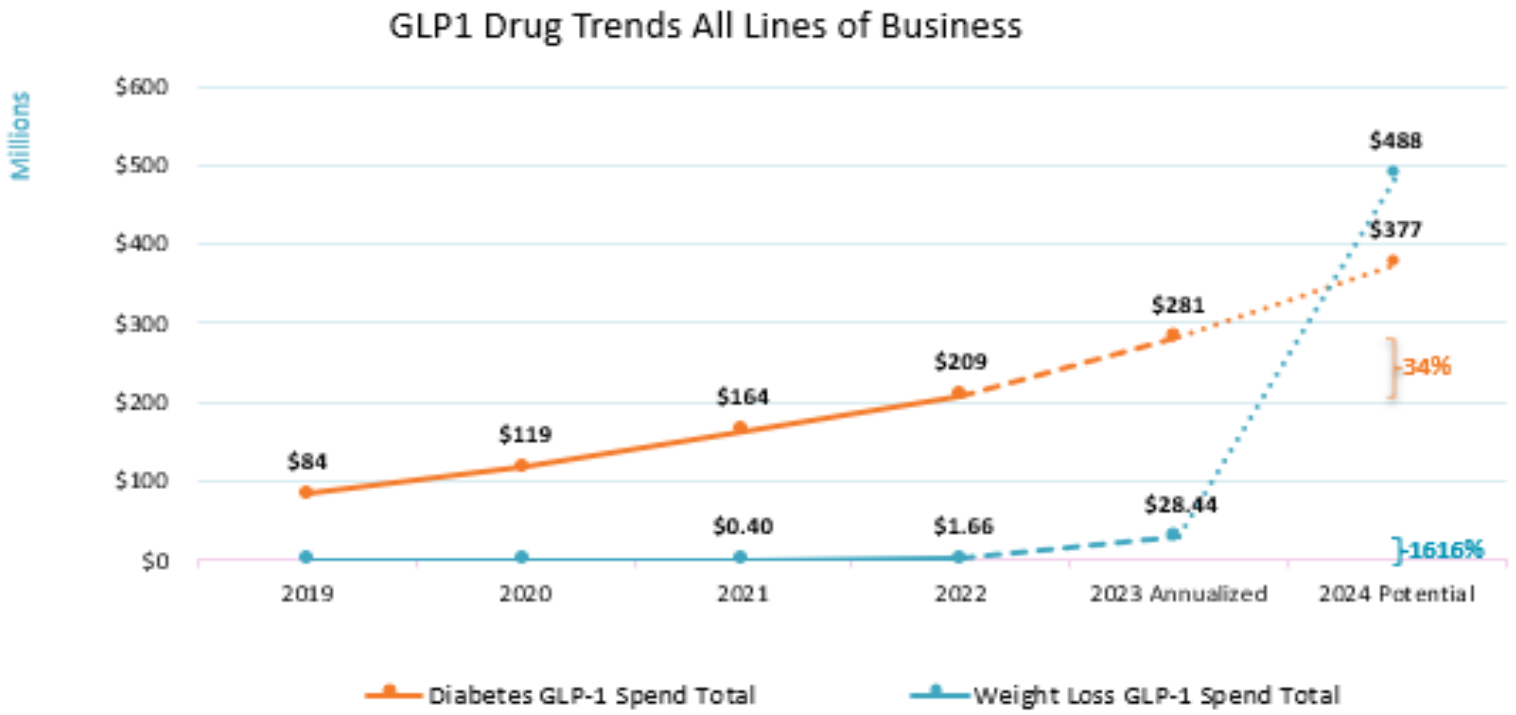
How a Diabetes Drug Became the Talk of Hollywood, Tech and the Hamptons

Ozempic and other injections meant to treat chronic medical conditions are in high demand among elites looking to lose a little weight. 'This is the Hollywood drug.'

Employers grapple with the weight loss drug craze

Diabetes and Obesity GLP Overview

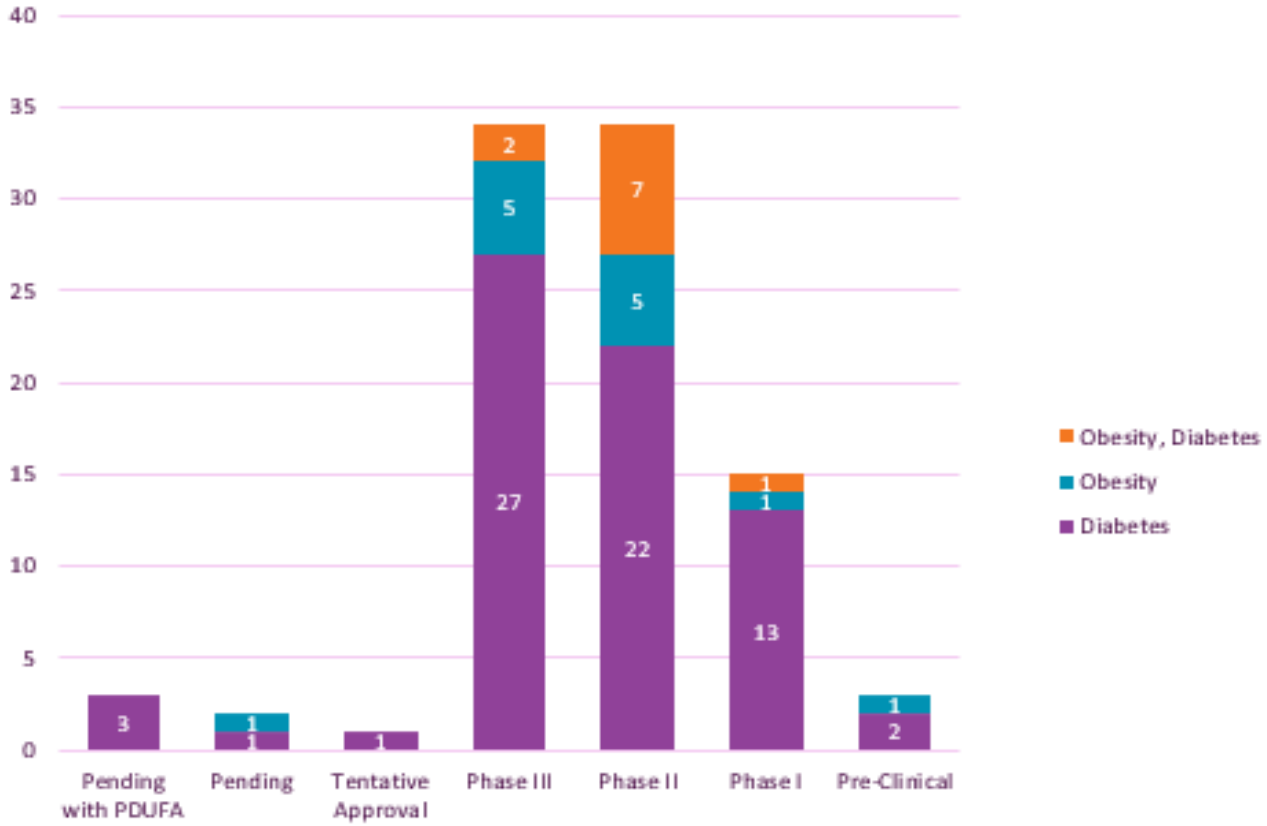




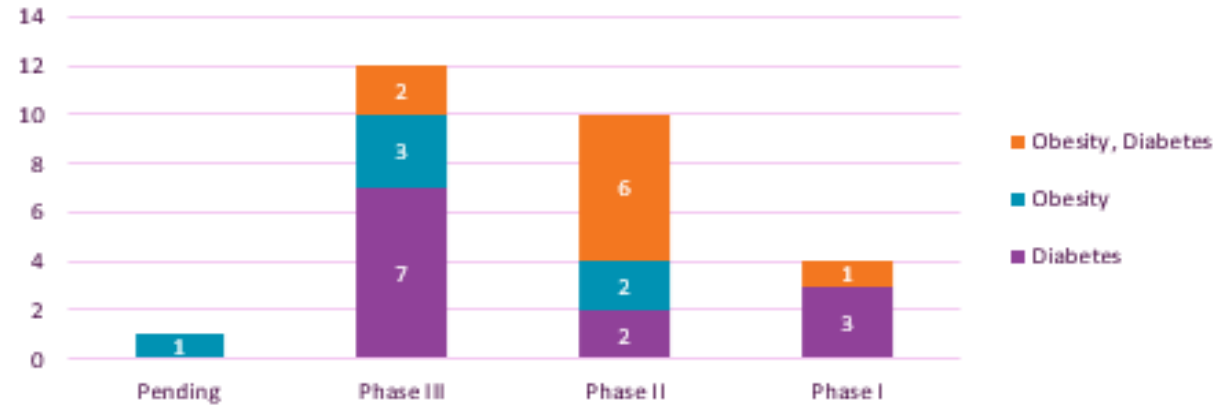
IQVIA National Prescription Audit, Feb 2023. IQVIA Institute, Mar 2023.
Medscape articles. https://www.medscape.com. Accessed May 2023
UPMC data on file

Diabetes and Obesity Pipeline

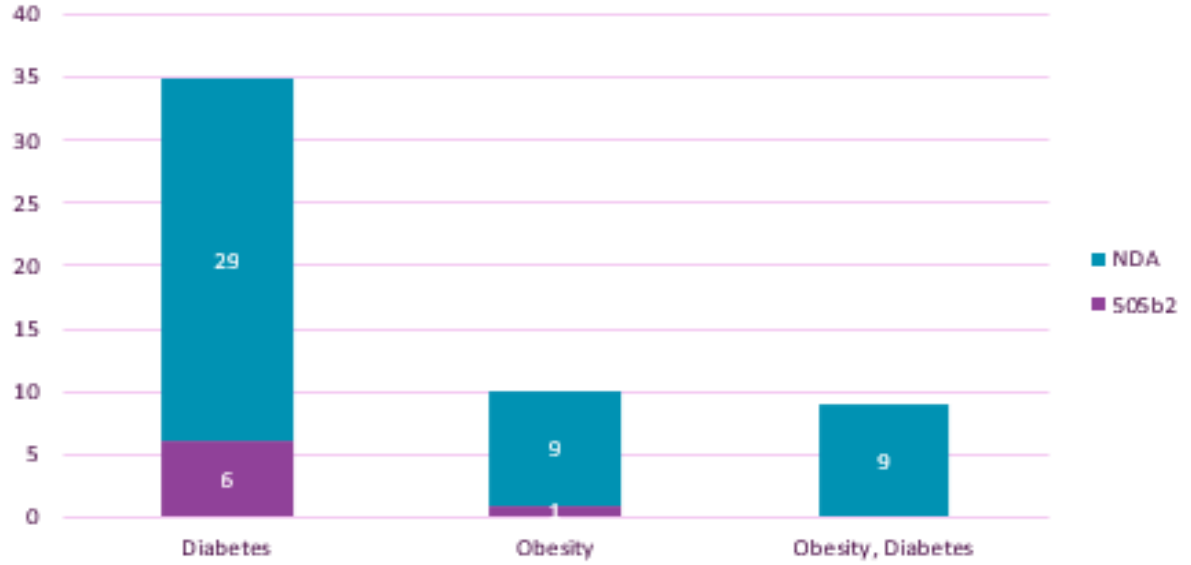
Pipeline Outlook by Disease State



GLP Pipeline Outlook by Disease State

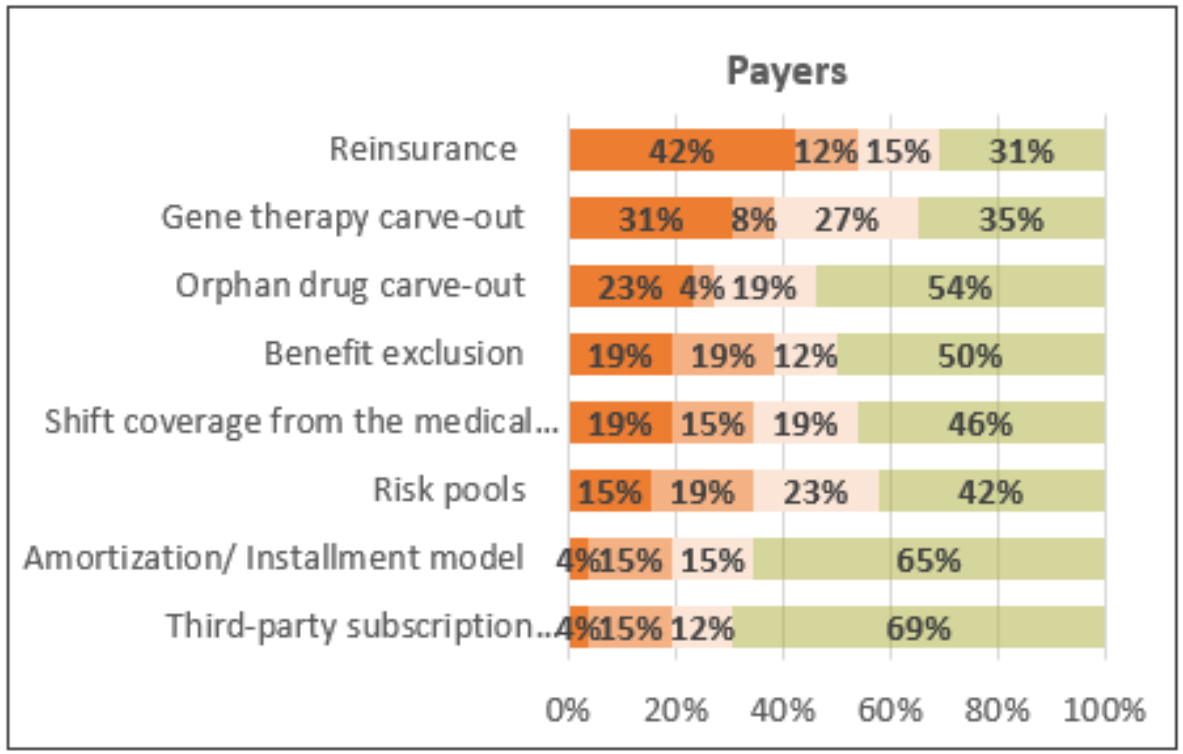


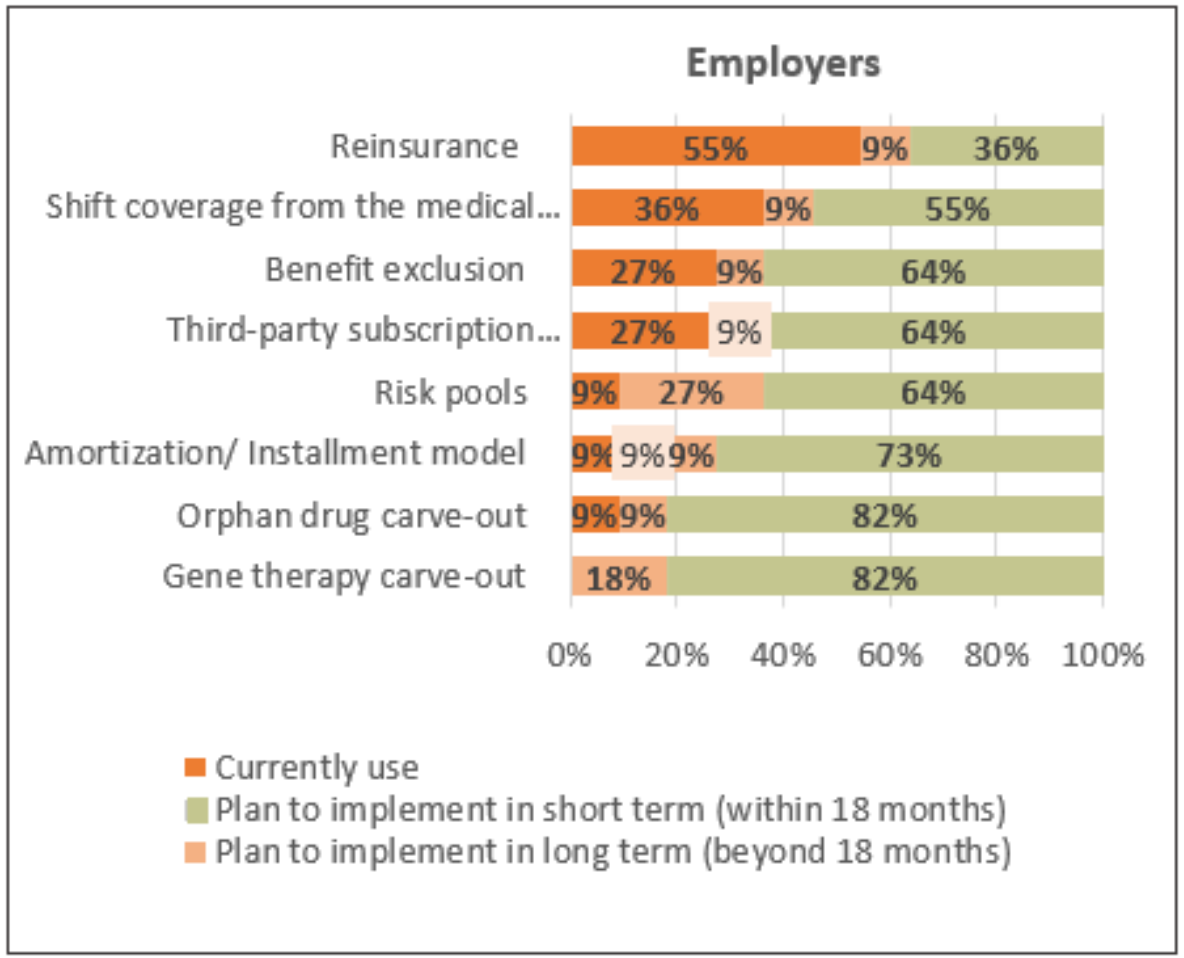
Submission Type by Disease State



IPD Analytics, Clinical Pipeline. US Clinical Development (ipdanalytics.com) Accessed May 2023.

Stakeholders are Considering New Models of Payment to Support Affordability of Specialty Treatments





Payers n = 26 **Employers** n = 11

Q9: Does your organization currently utilize or plan to utilize any of the following strategies to maintain plan affordability as more rare/orphan disease products become available?
https://www.jmcp.org/doi/full/10.18553/jmcp.2021.20553?mobileUi=0

Financial Considerations: Paying for 'Cures' Incongruence Between Activity and Perceived Need

MODEL	DESCRIPTION	ADVANTAGES
Pay-Over-Time Model	Stakeholders are actively exploring **amortized payment arrangements that dilute the one-time financial impact;** typically of interest for high-cost therapies	Allows a payer to **spread the cost over a defined period** to offset single, upfront costs
Subscription Model	Stakeholders are exploring subscription models where an **unlimited volume of drug would be available for an agreed-upon amount**	Encourages a payer to **broaden access** to a drug to achieve public health goals, **while limiting financial exposure**
Reinsurance "Stop-Loss"	Plans are increasingly considering **reinsurance options to protect organizations against financial risk, particularly** associated with cell and gene therapies	**Mitigates risk** associated with higher-than-expected utilization
OBC/VBA, Warranty Model	Stakeholders are exploring contracting frameworks that **tie financial risks to defined milestones**. OBCs are a subset of VBAs that tie reimbursement to clinical outcomes, while VBAs can include other measures of value such as financial outcomes	Addresses payer uncertainty surrounding long-term treatment efficacy, **shares outcomes risk** with manufacturers
Center of Excellence (COE) Model	Stakeholders are considering contracting options that would include COE networks, **designed to help plans sponsors negotiate with providers** and **includes access to providers with expertise in specialty care**	Ensures **consistent quality of care** and improvement in patient outcomes, **creates incentives for cost-effective care**

Abbreviations: OBC=outcomes-based contracts; VBA=value-based arrangements

Figure adopted from: the Evolving Cell & Gene Therapy Market webinar. Presented by Avalere Health, May 2022. Available at: https://avalere.com/webinars/navigating-the-evolving-cell-gene-therapy-market.

MIT NEWDIGS Paying for Cures Toolkit. Precision Financing Solutions. Available at: https://payingforcures.mit.edu/toolkit-overview/precision-financing-solutions/#principles. Accessed July 2022.

Drug Pricing

Equitable | Transparent | Rational | Affordable

Drug Pricing — Misaligned Incentives and a Broken Supply Chain

PBMs sue U.S. to keep prescription drug prices hidden from public

By Brendan Pierson

KHN

CSRXP: BIG PHARMA DOUBLES DOWN ON BUSINESS-AS-USUAL AS JANUARY 2023 PRICE HIKES CLIMB TO 587

FEDERAL TRADE COMMISSION
PROTECTING AMERICA'S CONSUMERS

FTC Launches Inquiry Into Prescription Drug Middlemen Industry

Employers Use Patient Assistance Programs to Offset Their Own Costs

STAT

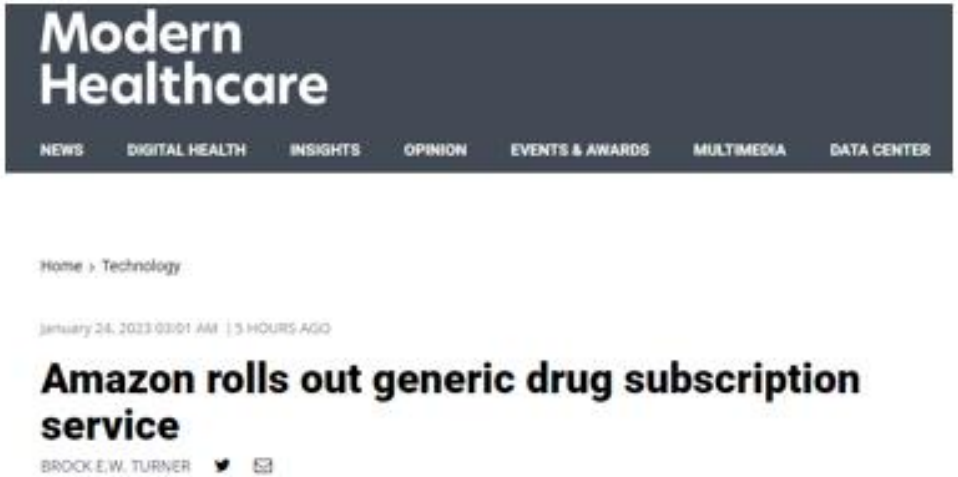
340B is a Well-intentioned Drug Discount Program Gone Awry

Disintermediation of the Drug Benefit Creating Troublesome Drug Blind Spots

How GoodRx Profits from Our Broken Pharmacy Pricing System

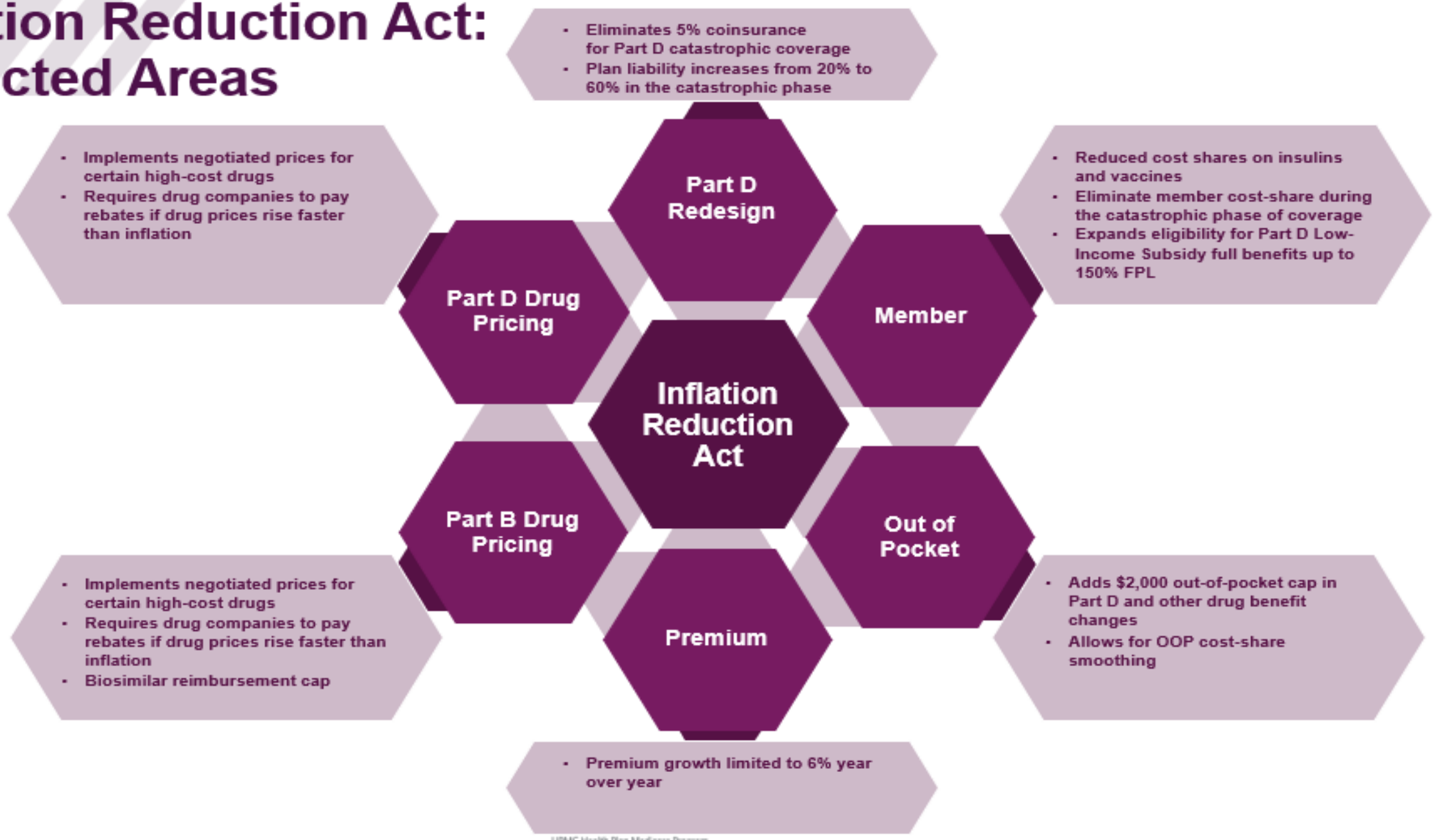
MARK CUBAN
COST PLUS
DRUG COMPANY

Payer Matrix can save in excess of 50% of specialty spend

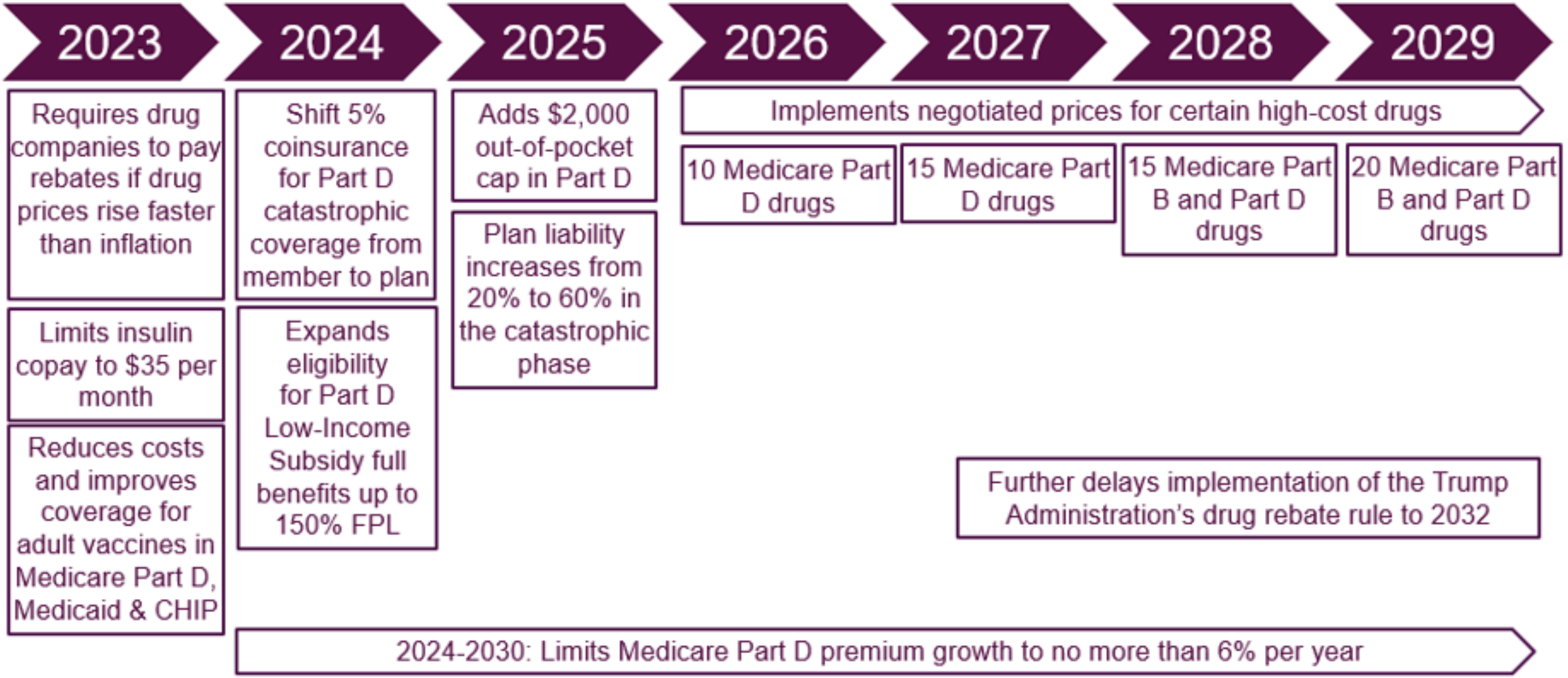


Regulatory Environment

Inflation Reduction Act: Impacted Areas



Implementation Timeline of the Prescription Drug Provisions in the Inflation Reduction Act



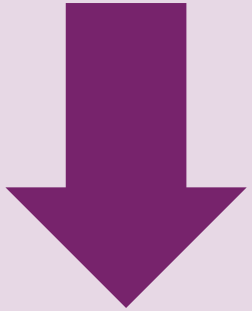
Stakeholder Engagement

Traditional Tools Not As Effective and Won't Be Enough

Combine traditional tools with evolving innovation

New Innovative Tools

- **Value and Engagement Construct at Center of Strategy**
  - Value-Based Provider networks
  - Pharmacists as extensions of the Care Teams
  - Whole-Person focused interventions
  - Technology-Driven engagement tools



Traditional Tools

- Formulary Management
- Utilization Management
- Medication Therapy Management
- Network, Unit Cost, Rebates
- Channel Management

Leveraging Engagement to Support Business Objectives

~24 Million Prescriptions Annually – Most Widely Used Benefit

Improve Medication Adherence

Increase Star Ratings

Total Cost of Care

Value Evolution

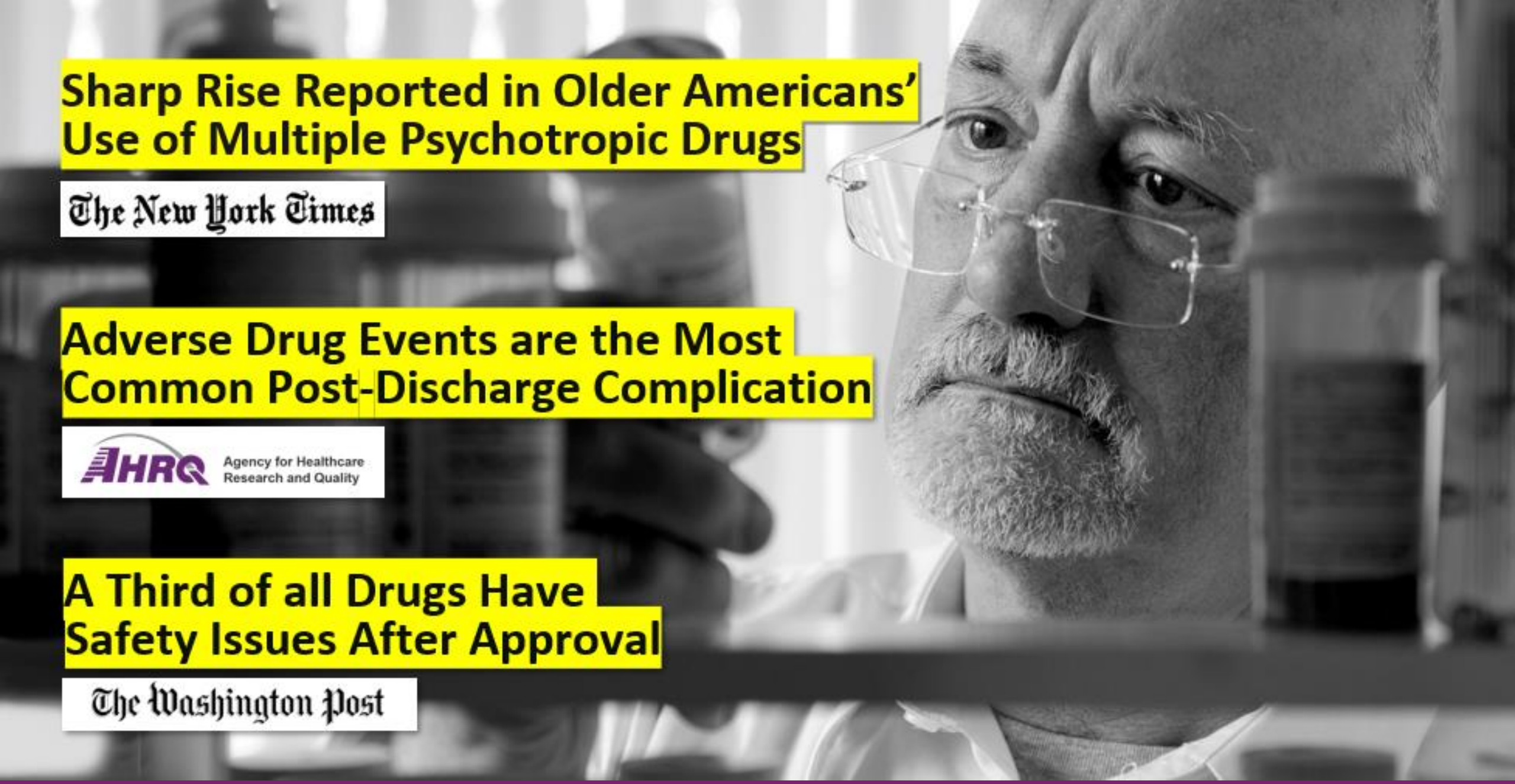
Affordability/Access

Clinical Innovation

Enhancing Member Satisfaction

Whole-Person, Team-Based Care

1. The Lown Institute. "Medication Overload: America's Other Drug Problem." 2020.RxAnte analysis of CMS Star Ratings measures, 2020.
2. Jonathan Watanabe et al. "Cost of Prescription Drug-Related Mortality and Mortality." Sage Journals. March, 2018.


Sharp Rise Reported in Older Americans' Use of Multiple Psychotropic Drugs
The New York Times
Adverse Drug Events are the Most Common Post-Discharge Complication
AHRQ
Agency for Healthcare Research and Quality
A Third of all Drugs Have Safety Issues After Approval
The Washington Post

WHAT WE SEE IN THE HOME

Pharmacy Engagement Roadmap

Optimizing the environment to improve drug use

Clinical Pharmacist Outreach

- Enables Whole-Person Team-Based Care
- Augmenting Clinical Strategies

Consumer Engagement Drug Access

- Addressing Affordability
- Adherence Challenges Complex

Pharmacy Network

- Movement from Volume to Value
- Leveraging a Critical Stakeholder

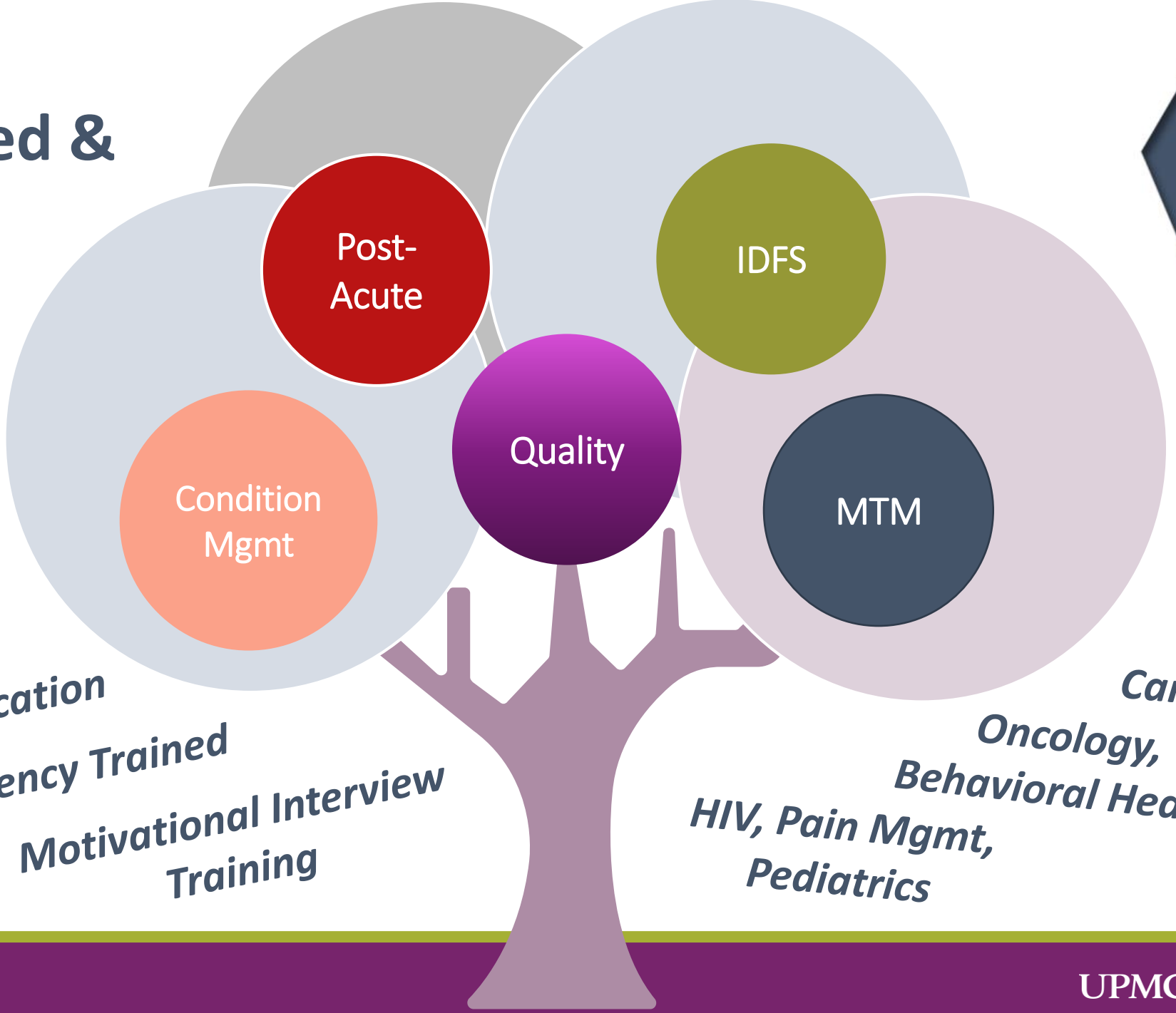
Provider Network

- Information Transparency at Point of Prescribing
- Prescribing Accountability

Affordable Medications are Table Stakes

FORMULARY	A comprehensive formulary that meets the needs of older adults
GENERICS	$0 copay on many of the medications older adults take
INSULIN	Low generic copay on Insulin copays (including through the Medicare Coverage Gap) in select plans
BRANDS	Low brand copays with up to 90-day supply savings
MEDICARE + MEDICAID	$0 copays for all medications for dual-eligible members

Clinically Differentiated & Passionate



Board Certification

Residency Trained

Motivational Interview Training

Cardiac

Oncology,

Behavioral Health

HIV, Pain Mgmt,

Pediatrics

Innovative Clinical Programs Centered Around Pharmacy

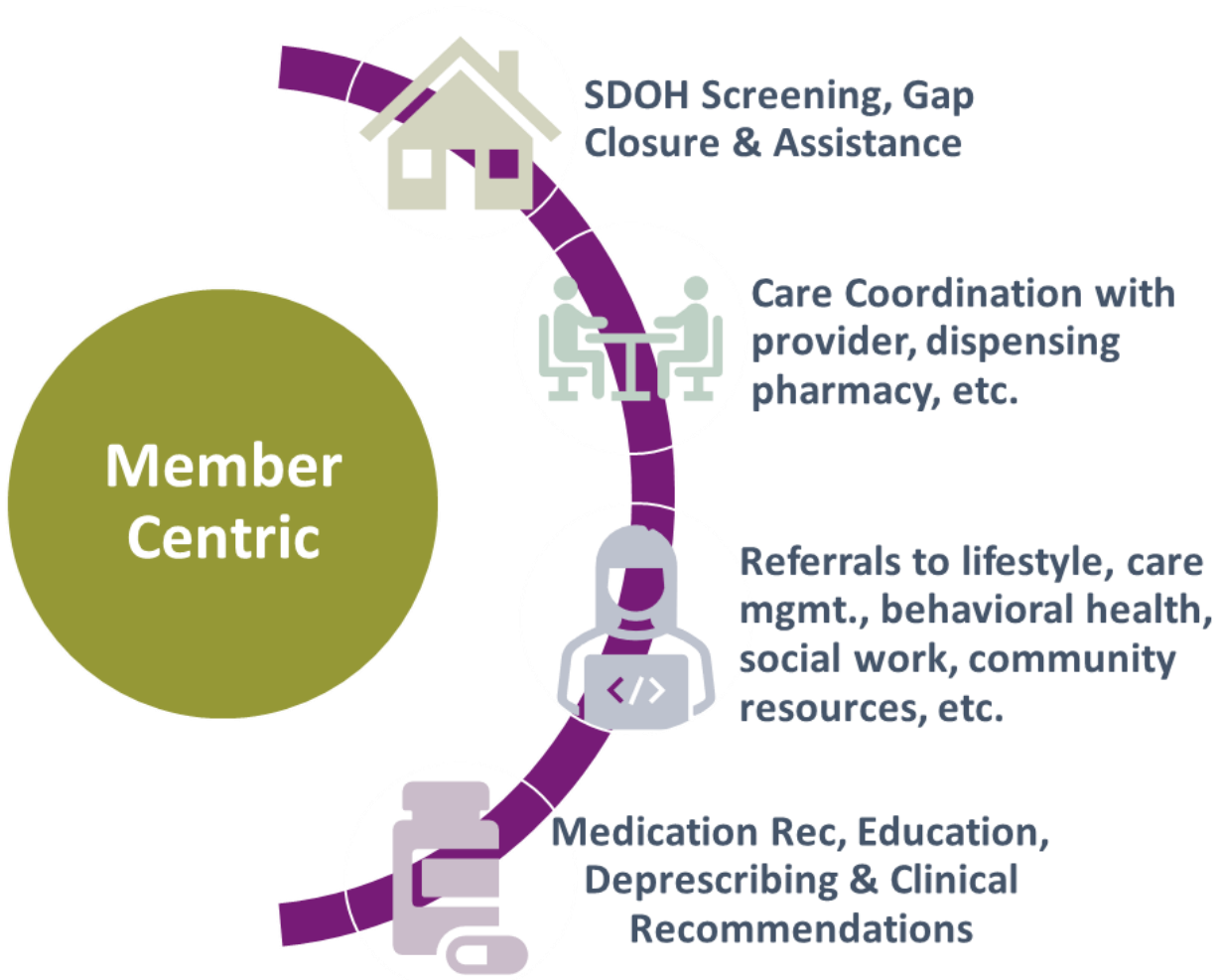
CLINICAL & BEST PRACTICE GUIDELINES AND LITERATURE REVIEWS

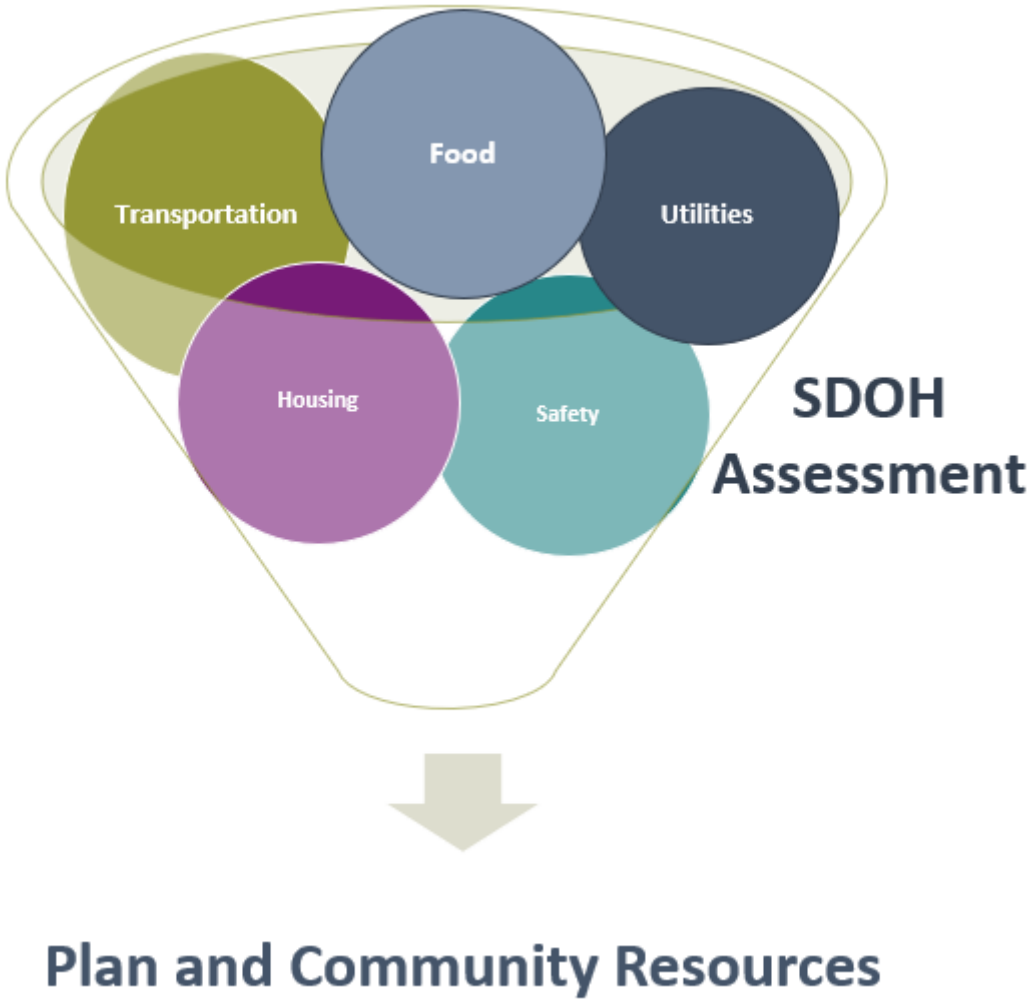
FDA OR INDUSTRY RELATED WARNINGS OR SAFETY ALERTS

SPECIFIC GOALS (EX: QUALITY, HIGH COST)

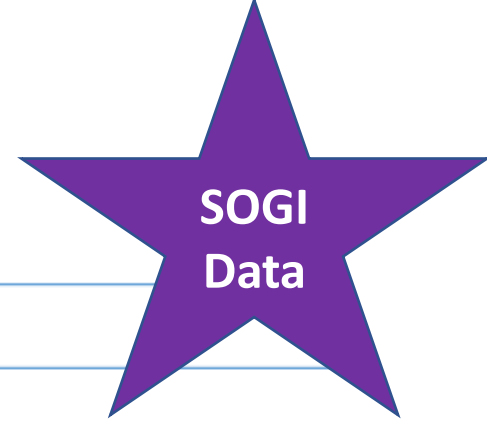
HEALTH SYSTEM SPECIALIST RECOMMENDATIONS AND FEEDBACK

Embedding Pharmacists into the Care Team





Closing the Gap on Health Disparities



- Race, Ethnicity, Preferred Language Data
- Digital Tools and Personalizing Recommendations
- Staff Training
- Bilingual Staff Based on Patient Population
- Leveraging Data to Inform Outreach
- Community Partnerships

Health Inequities Translating into Adherence Barriers

Trust

Language Barriers

Affordability

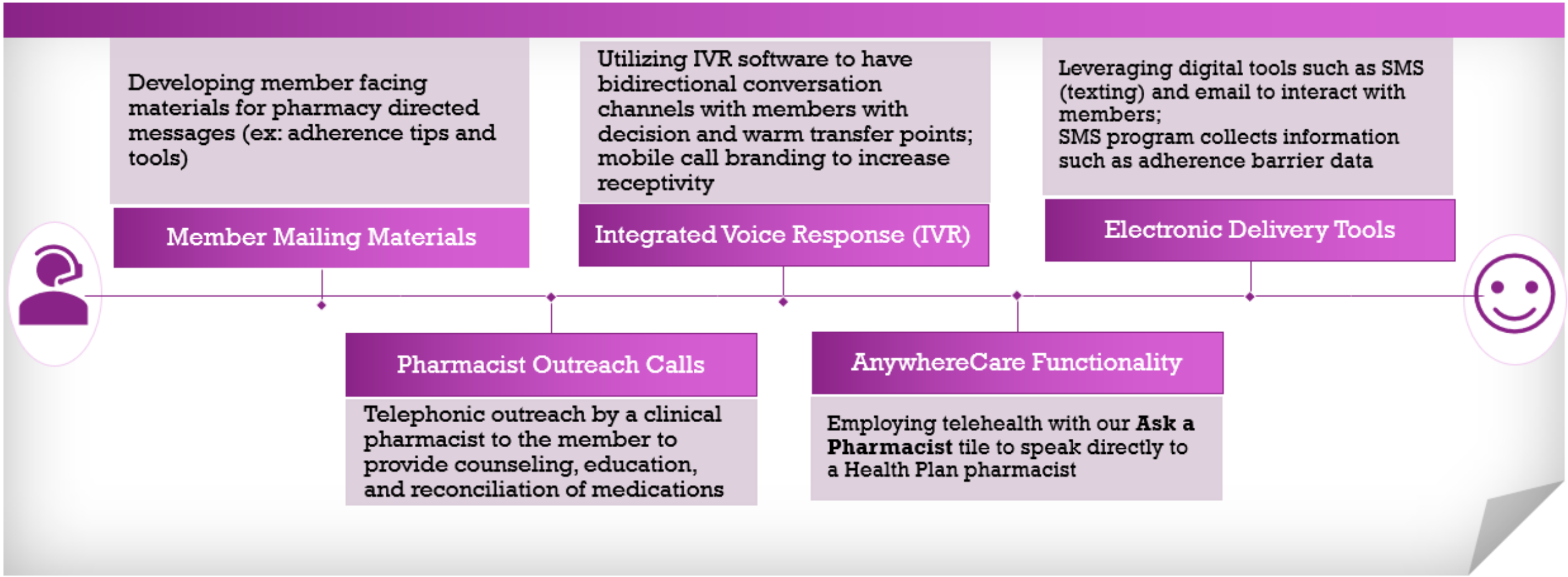
Health Literacy

Access

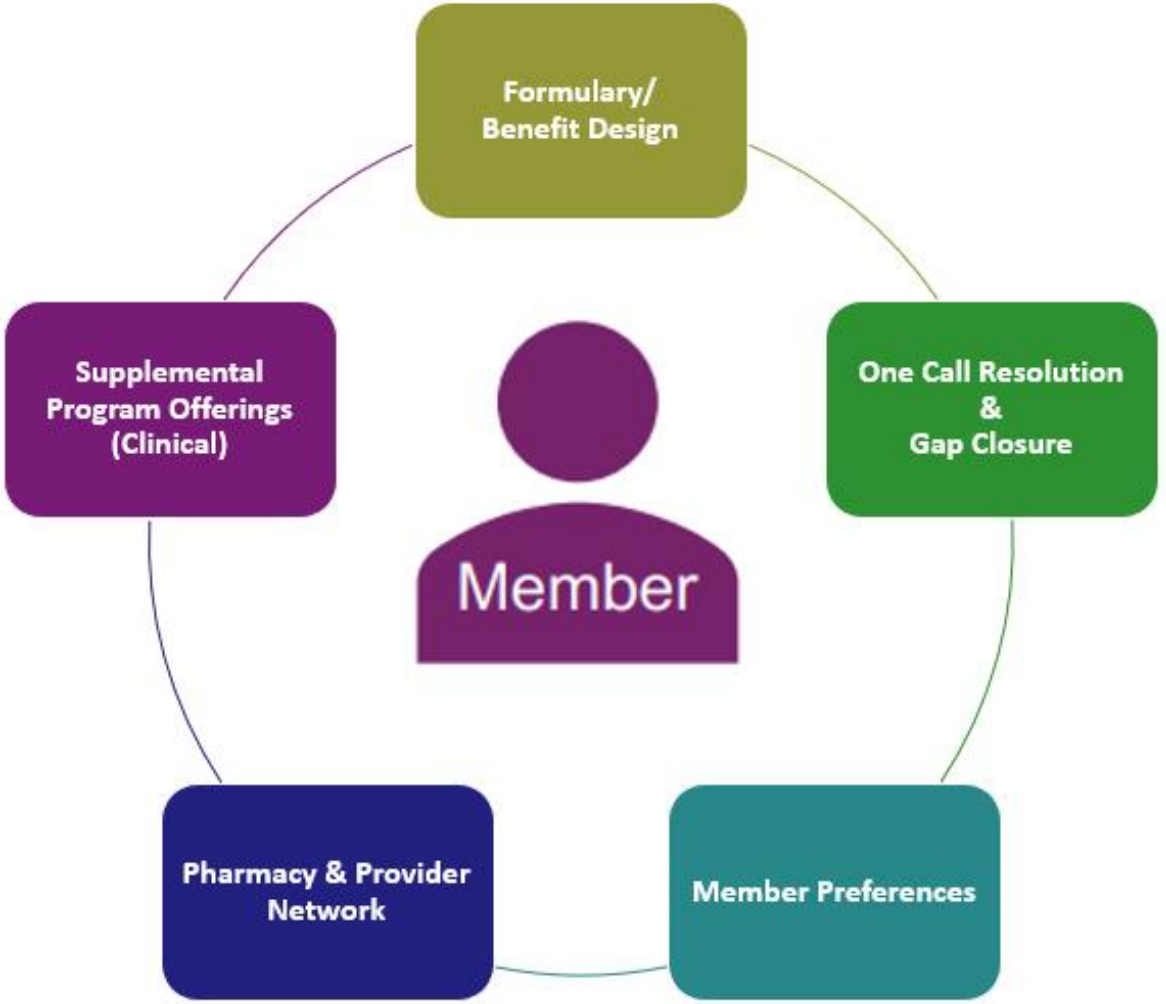
1.Ding A, et al. "The role of integrated medical and prescription drug plans in addressing racial and ethnic disparities in medication adherence." Journal of Managed Care & Specialty Pharmacy. https://www.jmcp.org/doi/full/10.18553/jmcp.2022.28.3.379. Accessed April 21, 2023

2.Kahler, L., & LeMaster, J. (2021). "Understanding Medication Adherence in Patients with Limited English Proficiency." Kansas Journal of Medicine, 15, 31-36. https://doi.org/10.17161/kjm.vol15.15912. Accessed April 21, 2023

Tailoring Member's Preferences to Outreach Modality



Keeping Member Experience at the Center



THANK YOU
merci
danke
gracias
dziękuję
dank u
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takk
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asante
kiitos
terima kasih
köszönöm
ngiyabonga
salamat
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