

# Rx Benefits, High-Cost Therapies and Stop Loss

As more and more self-funded groups face the reality of high-dollar claims associated with high-cost pharmaceuticals and therapies, it's important to be aware of areas that can have a significant bearing on outcomes. Attention should be paid to how medications and therapies are billed and whether or not the plan contains unique verbiage specific to medications, therapies and/or foreign care. HM Insurance Group (HM) believes the following should be taken into consideration by clients reviewing specialty pharmacy costs.

## Billing

High-cost medications and therapies are not exclusively billed to a patient's prescription benefits. There are cases, specifically related to disease states like cancer, hereditary angioedema and hemophilia, as well as gene therapies for those eligible, where the medications are billed to the medical benefits. At HM, we not only experience facilities and providers charging for the medications, but we see specialty pharmacies billing to the medical benefits as well.

To date, all gene therapy claims have been billed under the medical benefits. This includes Luxturna®, Yescarta®, Kymriah® and Zolgensma®. Because the provider may have the option to "Buy and Bill" the product through the Center of Excellence where it is administered, this billing pathway will not be expected to change. Again, even the claims from the specialty pharmacy vendor are billed to the medical administrator for the listed gene therapies.

## Exclusions/Carve-Outs

"Excluding" pharmacy benefits doesn't truly solve the problem of limiting the highest cost therapies. It also doesn't help in the underwriting process where disease severity is validated with the corresponding medications. At HM, a large concern is the highest cost medications and therapies that are usually billed under the medical benefits.

It has been our experience that when pharmacy benefits or pharmacy administrative services are separate from the third-party administrator (TPA), we see opportunities where the medication policies under the medical benefits are stronger (and safer) than those under the pharmacy benefit manager (PBM). Unfortunately, in a case like this, the TPA would not have the capacity to identify cost-saving opportunities since reports would not be received for pharmacy carve-outs. Often, if site of care (or location of care) is not an option, the scenario easily reverses if the PBM and TPA are not working cohesively.

## Medical Tourism

Domestic medical tourism is a powerful tool. Knowing where the most cost effective options are for medications and therapies is wise. That said, some vendors are pushing for international tourism – not only for medications, but also for some non-urgent medical procedures that are being used as an alternative to a necessary procedure or procedures.

Keep in mind that the Food and Drug Administration (FDA) says that medicine bought from foreign sources, such as Internet sellers, businesses that offer to buy foreign medicine for individuals or those purchased during trips outside of the United States, may not be safe or effective. Those medications may be illegal and may present health risks. The FDA cannot ensure the safety, efficacy and quality of medicine from those sources and cannot help consumers who have problems with medicine obtained from outside of U.S. regulation and oversight.

## HMConnects™ Cost Containment Program

It's important to have methods for containing costs in place before a claim is even on the horizon. After all, the ability to control costs may be far less successful when efforts are made after the fact. Unmonitored claims can rise quickly, with significant implications, so incorporating a cost containment strategy from the very beginning enables better management of high-dollar claims that could have the potential to escalate to catastrophic levels.

At HM, we use data and trend observations; smart business practices like the proactive oversight of claims; and knowledge of vendor engagement opportunities to make recommendations that can help our Stop Loss clients and their administrators gain better control of claim outcomes and costs. This approach is executed through our **HMConnects™** cost containment program.

Through **HMConnects™**, our insightful and engaged team of cost containment specialists and our expert, in-house Pharm.D. work with TPAs, plan administrators, ASO providers and others involved in our clients' claims processes to help bring more knowledge of ways to better control the scenarios driving high-dollar medical and pharmaceutical claims.

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