



### THE MOST EXPENSIVE DRUGS ARE GETTING EVEN MORE EXPENSIVE

Specialty drugs are some of the most expensive medicines on the market. Prices are rising faster than inflation and faster than prices for other prescription drugs. Last year, the wholesale price of specialty drugs rose 8.7%, which is three times the rate of inflation. The price of non-specialty, branded drugs rose 7.4%, while the price of generic drugs fell by -9.6%. These figures are based on prices of more than 140 specialty drugs commonly used by Medicare beneficiaries.

#### COMMENTS:

Use these inflation factors to benchmark your 2007 cost increases. If your benefits increase faster than these benchmarks, run a drug review year-over-year to see where you increased more than the benchmarks. Then ensure that you have adequate purchasing agreements and utilization management programs for the highest trend agents.

### HEALTH CARE COSTS TO RISE IN 2009

American workers with job-based health insurance can expect to spend 8.9% more for their health care in 2009, according to a study. The cost to businesses of providing health care benefits will rise by 6.4% on average in 2009, Hewitt Associates Inc. predicts. That brings the average annual premium cost per employee to \$8,863, up from \$8,331 now. Hewitt predicts employees, on average, will contribute \$1,946, or 22%, toward health-insurance premiums in 2009, compared with \$1,806, or 21.6%, now.

In addition, employees will likely face steeper out-of-pocket costs through higher copays, annual deductibles, and co-insurance of \$1,880 next year, compared with \$1,707 now.

#### COMMENTS:

Cost shifting to employees may reach a ceiling in the current economy. Review compliance with prophylactic medical care and drug use to ensure that cost shifting has not decreased care. You are paying for benefits; make sure that you are getting the benefits that you are paying for.

### DIABETES CASES ALMOST DOUBLED OVER 10 YEARS

New cases of diabetes have almost doubled in 10 years, a trend exacerbated by high rates of obesity. (Ref: *Morbidity and Mortality Weekly Report*.) The report found that:

- U.S. diabetes cases increased from 4.8 / 1,000 people in 1995 through 1997 to 9.1 cases per 1,000 people in 2005 through 2007.
- West Virginia had the highest rate of diabetes – 13 of every 1,000 people – while Minnesota had the lowest – 5 out of 1,000.
- States with the highest rates of diabetes, adjusted for age, were largely in the South, including: Alabama, Florida, Georgia, Kentucky, Louisiana, South Carolina, Tennessee, and Texas.
- Southern states also rank high in measures of obesity and lack of exercise.

#### COMMENTS:

Obesity, smoking, exercise, and diet are shown time after time to impact health, absenteeism, and presenteeism/productivity. Benefits must be re-evaluated for measurable and sustainable improvements in these conditions. Wellness and disease management programs exist, but they must be advocated as a company vision and every effort should be made to improve the number of people in these programs.

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### CHECK YOUR PHARMACY INVOICE LIKE YOU CHECK YOUR SUPPLY INVOICES

Invoices for payments to PBMs and Health Plans for prescriptions filled by their network pharmacies (both retail and mail), should be checked the same as you would a grocery receipt.

The assumption that electronic claim adjudication is without errors is dangerous for both medical and pharmacy claims. Pro Pharma's experience indicates that at least 5-7% of drug spend is incorrectly paid. Prime areas for errors are eligibility, pricing, claim validity, payments for benefit exclusions, etc.

Pro Pharma screens pharmacy invoices within 72 hours to validate invoices prior to payment.

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#### JCODE x NDC BRIDGE

*Every entry on the JCode Calculator™ has a field that allows for Medical Claims Payment Teams to click once to access all JCodes that pertain to that drug...*

The Pro Pharma quarterly update for the JCode Calculator™ product removes the "hassle factor" from pricing and paying claims. The list now contains ASP, Part B HCPCS codes and updated AWP, WAC and complete search capability on all fields. You can also get NDC's grouped by category to project costs for treating various diseases. Pro Pharma clients report savings of over 40% over claims paid on a billed basis, and have decreased adjuster and/or examiner time and hassle. Pick your format from paper, Excel, text for legacy systems, or web based. For information call Carol Stern at: (818)701-5438 or via e-mail at [carol.stern@propharmaconsultants.com](mailto:carol.stern@propharmaconsultants.com) to order your copy with monthly/quarterly updates.

**Pro Pharma Pharmaceutical Consultants, Inc. has assisted Payers and Providers for over 22 years to Maintain Quality while Controlling Costs.**