

2023 VIZIENT CONNECTIONS SUMMIT

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# Big Molecules and Big Data Lead to Big Savings

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# Learning Objectives

- Discuss the financial impact analysis model published by the Professional Society for Health Economics and Outcomes Research (ISPOR) Task Force.
- Explain how to evaluate the efficacy, safety and cost-effectiveness of subtherapeutic classes of medication with high clinical and financial impact.
- Outline how electronic health record tools guide clinical practice.

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# Big Molecules and Big Data Lead to Big Savings

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# Agenda

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The big molecule biologics are the leading cause of high drug spend in US

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Sutter Health's innovative Formulary and Utilization Management (UM)

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Biosimilars may help to reduce big molecule biologic drug spend

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Sutter Health success story

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Key takeaways

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# The Primary Cause of High Drug Cost is Biologics

- Total drug spend reached \$429 billion last year in US
- Biologic medications accounted for 55% spend
- 12.5% increase in recent years
- More and more new biologics are coming
- The most expensive biologic approved last year exceeds \$3 million per dose
- The global biologic medication spend is expected to exceed \$600 Billion in the next 5 years
- That equals to a 54% increase

**Controlling biologic spend is key to managing high drug costs**

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# Challenges of Formulary Management for Biologics

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Acquisition cost is only one piece of the puzzle

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Unique Regulation requirements of big molecule drugs

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Payer coverage challenges

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ASP based biosimilar reimbursement

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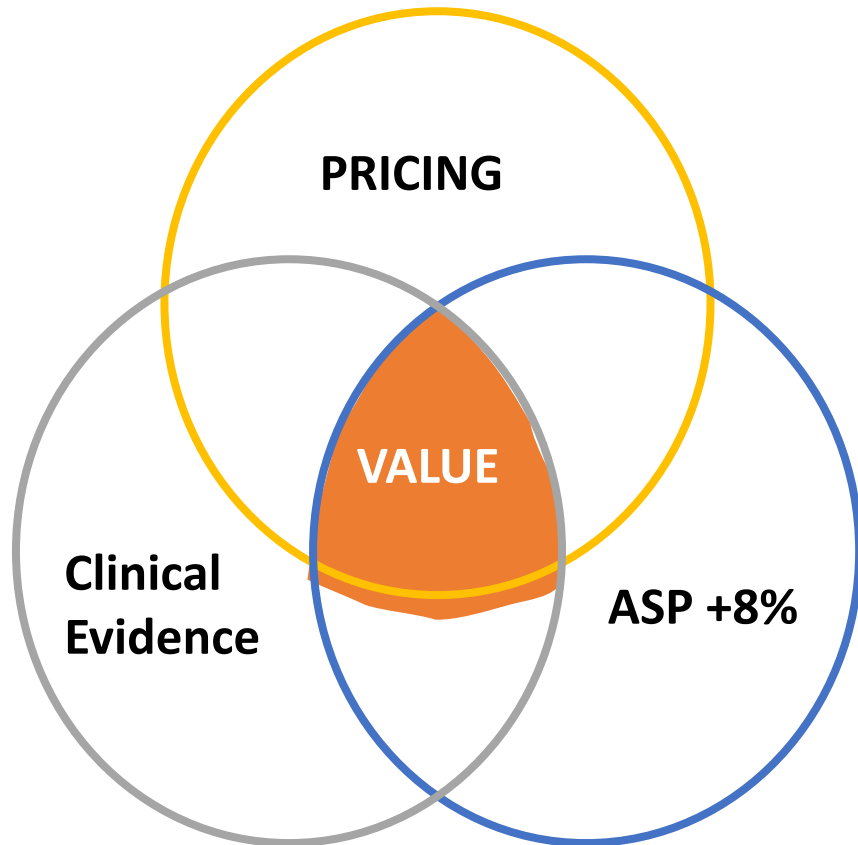
Innovative formulary management strategies are necessary for the new environment

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# Benefits of Biosimilars



Highly similar to brand name biologic products

Have no meaningful clinical difference from the reference products

Reduce overall molecule cost, and have higher reimbursement under the new IRA

Post Market studies have overwhelmingly proven their efficacy and safety

ASP: Average Sale Price  
IRA: Inflation Reduction Act

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# Sutter Health Pharmacy Team Answers the call

Sutter Health is a non-profit healthcare organization in Northern California

A large IDN with \$15 Billion Operating Revenue

Cares for more than 3.3 Million patients per year

Across 27 acute care locations, 300 clinics, ambulatory surgery centers, urgent care and 17 infusion centers

The system pharmacy division developed and implemented a formulary and utilization management program

IDN: Integrated Delivery Network

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# Strong Executive Leadership Support

System Pharmacy Vice President

1. Obtained System CEO & Chief Physician Executive support for the principle of one mission, one system, one formulary.
2. Promoted formulary management goals within the pharmacy division to enhance adherence and improve performance.
3. Connected formulary team with physician leadership groups, informatics experts, data analyst leaders, and other stakeholders.

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# One Size Does Not Fit All

- Ideal State: One system, one formulary, all UM initiatives are built in EHR
- Real World Variance:
  - Practice setting
  - Unique patient population
  - Payer mix
  - Prescribing habit among specialties
  - Data availability and reliability
  - Pharmacy staff shortage
- Redesign and implement financial impact analysis tools
- ISPOR best practice golden standard was utilized
- Measure, evaluate, adjust and expect flexibility

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# Innovative Formulary and Utilization Management

- Standardize Formulary & Medication Utilization Management process
- System Pharmacy Formulary Management and Clinical Program Team
  - Annual therapeutic class review
  - High Impact subclass identification and review
  - Utilization initiative development from subclass review
- System Pharmacy and Therapeutic Committee expanded membership to
  - Enhance local hospital representation
  - Recruit physician champions for system P&T
  - Build lasting relationship with specialty groups
- Pharmacy Leadership Team:
  - Connect system, regional and local pharmacy leaders
  - Establish objective, quantifiable performance measures for formulary management

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# Driving Operational Rigor

- Clear and timely communication
- Robust system-level support
- Clear timelines and expectations
- Structured analytics for transparency
- Monthly operational reviews for accountability
- Appropriate escalations

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# Sutter Health Biosimilar Program Success Story

- High level executive backing
- Physician confidence
- System P&T streamline process
- Electronic Medical Record Tools
- Full pharmacoeconomic analysis (ROI)
- Area and local affiliate pharmacist engagement
- Financial and infusion service prior authorization (PA) support

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# Sutter Health System Pharmacy Success Story

- All UM initiatives were classified into two categories and savings reported monthly
- UM dashboard established for system wide visibility
- Formulary team members trained with ASHP and AHRQ best practice principles
- High impact biologics were identified
- System wide biosimilar adoption rate reached
  - 90% for cancer treatment biologics
  - 41% for autoimmune biologics
- 2022 total reduction UM initiatives savings > \$12.5 Million
- 2022 annualized biosimilar savings > \$18 Million

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# Lessons Learned

- Full pharmacoeconomic analysis is the foundation of Utilization Management
- Formulary Management is a team sport
- Continuous process improvement is crucial for long term success
- Formulary evaluation should happen as close to product launch as possible
- Time is money, so act fast when the market changes

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# Key Takeaways

- Change is constant, so anticipate it, and be ready for it
- Payer relation is key to biosimilar program success
- Electronic Health Record tools can simplify physician workflow and improve adoption
- Communicate, communicate and communicate

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# Questions?



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