



# Specialty Medications Update

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April 13<sup>th</sup>, 2017

# Drug Use Approach

Our integrated culture is our differentiator!

Physician-driven, evidence-based  
dynamic process.

Collaboration with Permanente Medical Group Chiefs  
of Services Groups and expert consultants.

Pharmacy Support

Control the Message

Make it Easy to Do the Right Thing

Monitoring

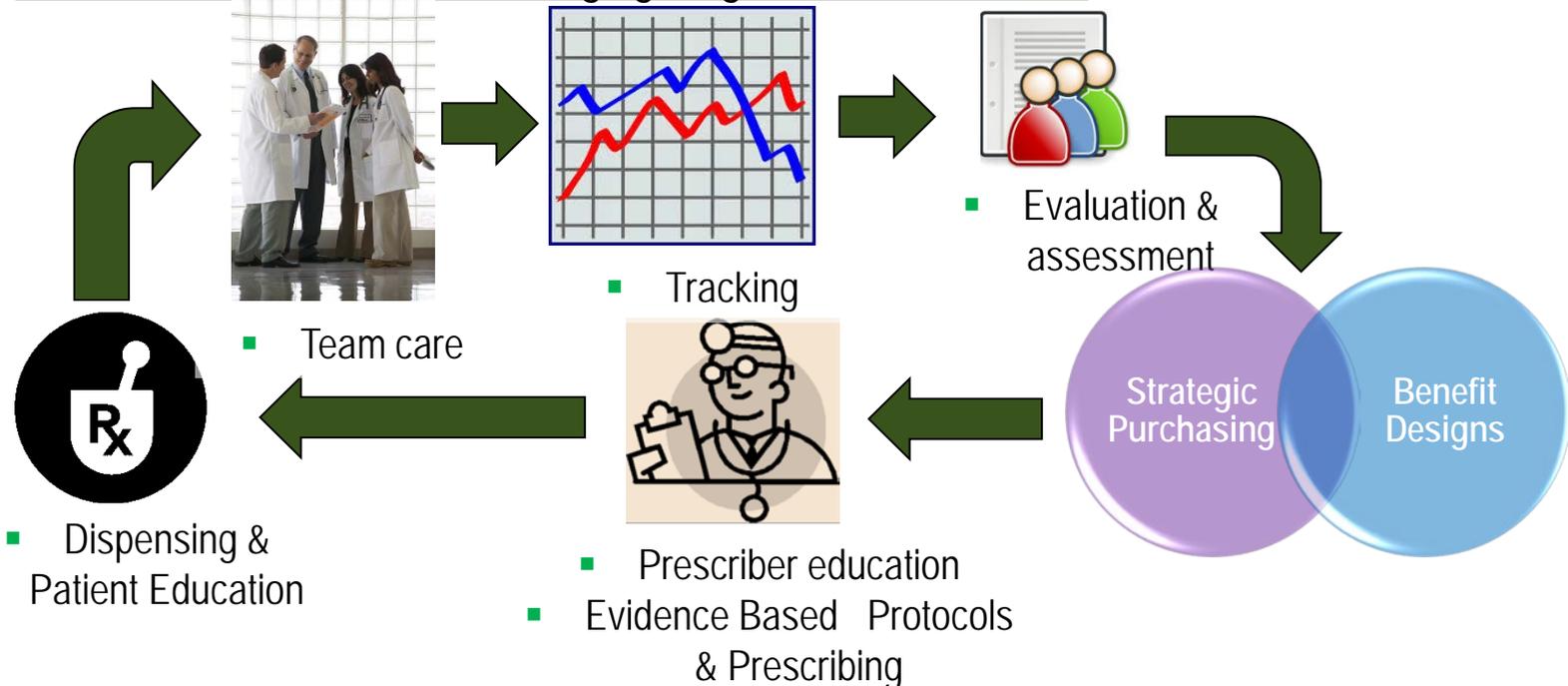


# Kaiser Permanente: Integrated Approach

## Delivering Customer Value on Rx

We are not immune to the rising Rx trends, but we are uniquely positioned as an integrated system to address them, particularly as new drugs enter the market and members continue to be influenced by pharmaceutical marketing.

- Our end-to-end approach to managing drug costs and utilization



Kaiser Permanente is advocating for lower prices nationally and at the state level with pharmaceutical manufacturers as well as policymakers, patient advocates and other stakeholders.

# Tools to Manage Drug Costs

Take Advantage of our Integrated System

- Drug Formulary
- Generic Drugs
- Pharmaceutical Contracting and Supply Chain
- Physician-Pharmacist Teamwork
- Restricted Sales & Marketing Activities
- Extensive Pharmacy Education Programs
- Utilization Tracking and Outcomes Research



# SFHSS Cost Trend

Medical and Prescription Drug Paid Claim Costs  
Non-Medicare, Per Member Per Month



## Percent Change in Per Member Per Month Claim Cost

	Medical	Rx - non-Specialty	Rx - Specialty	Total
2015 to 2016	5.9%	1.4%	-22.4%	4.2%
2014 to 2015	-4.7%	14.8%	61.3%	-1.2%
2013 to 2014	6.4%	5.4%	30.9%	6.9%
2012 to 2013	0.9%	-0.8%	13.1%	1.0%
Compound Annual Growth Rate	2.0%	5.0%	16.7%	2.7%

# Key Points

- Specialty Pharmaceuticals present a challenge to the entire US Health Care system
- Drug Cost Management tools have been utilized and fine tuned in our system for decades
- We are expanding existing tools and implementing new tools as we address Specialty Pharmaceuticals
  - Physician expert review
  - Clinical pharmacists working with physician and patient
  - Appropriate use of non drug therapy
  - Stopping ineffective treatments
- Kaiser Permanente is advocating for lower prices with pharmaceutical manufacturers as well as policymakers, patient advocates and other stakeholders
- Our integrated culture is our differentiator

# Thank You