Bringing Control to Chronic Healthcare Services

Judi A. Grupp, president and CEO of ActiveCare Network

With no end in sight to double-digit percentage increases in health insurance premiums, it's no surprise that making healthcare more affordable is a hot button topic for the 2008 presidential race. But instead of finding more money to pay for healthcare, the industry can and should take responsibility for finding creative ways to control costs. One target for such improvement is the treatment of chronic conditions.

A significant component of increasing healthcare costs is the rising price tag for treating chronic conditions such as rheumatoid arthritis and psoriasis that require clinical oversight and regular treatments as often as twice a week, over a lifetime. Payors and employers can pay up to $350,000 per patient for just one year of treatment[1]. Patients, too, share the burden, in some cases shouldering 50 percent of the bill in deductibles and co-pays.

This problem – like chronic disease – won't disappear anytime soon. Chronic biologics are penetrating mainstream working populations: By 2010, it is estimated that 1 in 25 people will be on biologics, accounting for 60 percent of drug spending[2]. To date, nearly 200 specialty drugs have been approved by the FDA and an additional 800 are in development, according to AON[3].

What's behind the high costs? Much of the public spotlight has been on the lack of biogenerics to provide price competition for established biologics. That's certainly a part of the puzzle, although insurers have done a good job leveraging their specialty pharmacy providers to negotiate steep discounts on the drugs with the pharmaceutical industry.

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[1] www.bcbsnc.com

[2] Crain's Chicago Business, "There Oughta Be A Law", January 2, 2006

[3] Specialty Pharmacy Trends and Management Strategies, "Pharmaceutical Care Management Association," April 2006

The bigger problem is often overlooked and buried in the medical spend - the price of **servicing** the patient, which can cost many times more than the price of the drug itself. Specialty drugs are usually administered by injection or intravenous infusion in a doctor's office, hospital inpatient or outpatient setting or at a home under the care of a visiting or home health agency nurse. Doctors are less likely to provide infusion and injection services today, homecare is often inappropriate and inconvenient for patients, forcing plans and patients to pay for costlier options such as hospital outpatient settings. On May 25, the *Wall Street Journal* reported that infusing doctors were exiting the business because Medicare reimbursements weren't allowing them to break even on drug costs. In truth, doctors had been giving up infusions and injections ever since health plans eliminated "buy and bill" practices that added thousands of dollars to drug costs.

The current shortage of infusing doctors means a shift to hospitals for ongoing treatment of chronic conditions. Hospitals are the highest cost infusion service site, as they mark up drugs and charge facility and nursing fees on top of high infusion rates. The practice of marking up these therapies is ripe for abuse as these line items are often buried in medical claims that are vague and difficult for health plans to scrutinize.

High cost is not the only barrier to patient access to quality chronic services. Oversight and accountability is a huge problem. Once patients enter into treatment - whether in the hospital, physician office, or homecare - no information is provided to the health plan or doctor on how that patient was treated, including valuable clinical and usage data that could ensure better management of the overall care of the patient.

Lastly, patients with chronic conditions are still productive members of society who can go to work if properly treated. But that routine is impaired when they're forced to take time off work because of a hospital's, physician's, or homecare nurse's limited availability, as they rarely have opportunities for weekend and evening services. Even something as simple as scheduling an appointment can turn into a time-consuming process that takes weeks.

A Three-Fold Problem

The problems with chronic healthcare are three-fold: prohibitively high costs, poor oversight and limited access. Thus, insurers often try inexpensive "step therapy" as a

way to avoid infusions and injections. Ultimately, patients are paying the price in the form of non-compliance. This dropout rate catches up with the patient and plan providers in the form of higher costs and suffering when the chronic condition intensifies to the point that it requires hospitalization or lost work days.

Fortunately, the industry has produced a paradigm-shifting solution that at once broadens access and keeps a lid on costs.

The solution currently being rolled out is a centrally managed national network that leverages clinics and eliminates high hospital infusion costs. The network keeps drug prices low by leveraging a plan's existing Specialty Pharmacy discounts while also eliminating service mark ups through complete transparency. Instead of thousands of dollars in deductibles and co-insurance, only a small co-pay for the drug and service is required from the patients.

In today's system, once patients learn that they need chronic medication, they are often responsible for calling their health plans to find and schedule their infusion appointments – all with little or no education to inform their decision. Under the new model, leveraging a sophisticated software system, the patient can be scheduled quickly, on-line – often while in their physician's office. What's more, patients can choose convenient evening and weekend hours, minimizing disruption to the workday and lifestyle.

The new system reports actual services provided and is available for online review for both the referring physician and health plan. This enables true accountability of the patient service including set pricing, true medication utilization, dose optimization, side effect profile, clinical measurements, as well as assisting in improved patient compliance. The reports allow health plans to truly manage the therapy with clear visibility of not only the cost of the drug cost, but the cost and impact of the biologic service.

As healthcare costs continue to soar, it is incumbent upon the industry leaders to think creatively. Problems don't always require more money. Sometimes, a little ingenuity and collaboration is enough. The example of this network's approach to chronic care proves the point.

About Judi A. Grupp

Judi Grupp is the founder, president and CEO of ActiveCare Network (www.activecarenetwork.com). ActiveCare Network represents a paradigm shift in the way chronic biologics are managed and administered. ACN provides access to over 1,400 centrally managed National Infusion Clinics, resulting in unparalleled control for chronic biologic services, including infusions, injections/training, and diagnostic testing. Our unique model leverages plan distribution relationships, offers lower service costs, and enhances oversight and accountability, enabling control of the total biologic spend.

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