

Managing the Risk of High-Cost Specialty Medications



High-cost specialty medications are a constant worry for employers who self-fund their benefit.

Just one high-cost specialty medication could break the budget of a self-insured plan sponsor. And specialty claims aren't a rare occurrence; in fact, in 2022, over 50% of RxBenefits clients had a member with an annual claim in excess of \$100,000. Over 20% had a member with an annual claim of over \$200,000.

Specialty medications are driving increased pharmacy spend and trend. Even though only 2% of the population uses a specialty medication, they are responsible for roughly 50% of the total drug spend. In the next few years, more than 50 new drugs are expected to be approved, with many of them being specialty medications.



52% of RxBenefits clients had a member with an annual pharmacy claim in excess of \$100,000 in 2022



According to IQVIA, the specialty market made up approximately 55% of total drug spend in 2021, is fast-growing, and driving overall trend

Making matters more challenging, specialty pharmacy claims can have a uniquely severe impact on traditional stop-loss insurance, which is designed to provide coverage for expensive, yet short-duration claims. Pharmacy has changed that dynamic. For most pharmacy-related claims, the cost is high and the duration is long, creating a vexing issue for stop-loss carriers and employers: how to continue providing sustainable and affordable coverage.

Underlying conditions that drive specialty claims may continue for years, and since up to 90% of claimants remain on the plan, premiums can increase significantly. The stop-loss carrier may limit their future liability by significantly raising premiums or "lasering" large claims – a common practice of increasing the deductible for an individual participant due to known ongoing conditions – which leaves the employer largely exposed.



RxPharmacy Assurance is a flexible, accessible supplemental stop-loss solution designed to provide long-term protection from costly specialty claims.



Part of a multifaceted approach for effective specialty management, RxPharmacy Assurance provides an additional layer of protection against catastrophic specialty pharmacy claims and can serve as the primary stop-loss coverage instead of the traditional stop-loss insurance.

Features include:

- A choice of deductibles ranging from \$100,000 to \$250,000.
- Virtually all specialty conditions are covered, including most of the specialty medications used to treat them.
 - More than 130 conditions and 1,100 medications are covered.
- Multi-year protection.
- As a result of RxPharmacy Assurance protecting against the financial impact of specialty claims, there is the potential for:
 - A reduction in the likelihood of high renewal rate increase.
 - Lower traditional stop-loss premiums, subject to individual circumstances.

RxPharmacy Assurance covers eligible pharmacy claims in excess of the deductible up to \$1 million

per year per condition per claimant

up to \$3 million

per condition per claimant lifetime

RxPharmacy Assurance Provides Multi-Year Protection

Traditional Stop-Loss
(with Lasering)



Total employer plan payout, 3 years = **\$1.575M**

With RxPharmacy Assurance



Total employer plan payout, 3 years = **\$525K**

Difference **1.05M** in savings

RxPharmacy Assurance Offers Protection that Traditional Stop-Loss Does Not

Multi-year protection extends beyond traditional stop-loss coverage

(example illustrates potential claim experience when employer chooses a \$175,000 deductible and has a \$700,000 claim)