

Tom Doran:

Hi, I'm Tom Doran, Chief Operating Officer of Highmark Health Plan and welcome back to Hitting a Higher Mark. The podcast explores topics that are transforming how healthcare is delivered, used, and paid for. If you missed our last episode on social determinants of health, be sure to check it out. Today, we're sitting down with Sara Marche, Senior Vice President of Pharmacy and Clinical Strategy at Highmark Health Plan to talk about why integrating medical and pharmacy benefits can make such a big difference for both members and employers. Sara, welcome. Thank you for joining us. And let's get started on today's topic.

Sara Marche:

Thank you, Tom.

Tom Doran:

First, what does it mean to integrate medical and pharmacy benefits?

Sara Marche:

So integrated medical and pharmacy benefits are when our customers have Highmark for both their medical and their pharmacy coverage. Our self-funded customers have the ability to carve out their benefits and they have the ability to choose whether they use Highmark for pharmacy coverage or not. For those clients who choose to use Highmark, we call them integrated or carved in, and for those clients that choose to go directly to a PBM, a pharmacy benefits manager, like Optum or Express Scripts or CVS, we call them non-integrated or carved outs. So that's what it means to not have integrated benefits.

Tom Doran:

What are the benefits of combining medical and pharmacy for both members and employers?

Sara Marche:

There's really several benefits that we speak about. Number one, integrated benefits will lead to cost savings. Primarily we think about cost savings on the medical side of the business, and that is being driven by the fact that our members that are part of an integrated benefit see improved health outcomes, and we know that improved health outcomes drive lower costs. And then finally for both our employer group customers, as well as our members, we see just administrative simplification of the process by the fact that they have the same vendor for both their medical and pharmacy coverage.

Tom Doran:

Can you talk a little bit more about the streamlining of care that you just referenced for members and employers?

Sara Marche:

Yeah. If you think about it, you have your insurance card or I think now people even have digital cards, they don't even have cards anymore, but when you go to the pharmacy or you go to the doctor's office, healthcare has become complicated enough and the last thing you want to be worried about is which card do I use to get this drug or to get this medical service? So the fact that you're working with one vendor or one entity is really helping streamline the process. Or even if you're a member of figuring out who do I call? Do I call my medical insurer? Do I call this pharmacy benefit manager? And so again, that's further simplification because there's more and more drugs that are coming out in the market these days that are actually being administered under the medical benefit. I think we typically think about

drugs only being administered in the pharmacy benefit. So those drugs that you go into the pharmacy to pick up, but more and more are actually drugs that you have to get infused. And it's a little bit confusing, having to, as a member or a patient think where do I get this drug? So having one carrier to cover both is streamlining the process.

So we implemented a program for hemophilia because hemophilia drugs are typically being given under the medical benefit. But when we looked at it further, we saw that patients were actually self administering these drugs. So they really more appropriately fit under the pharmacy benefit where you take a pill, you give yourself an injection. And when we did that, when we moved the drugs from covered under the medical to the pharmacy, it allowed us actually to negotiate better unit cost pricing, which resulted in cost savings. It allowed us to apply utilization management at the point of sale, which improved or made sure that utilization was appropriate, and it allowed us to implement a hemophilia case management program that further drive cost savings, because we were able to ensure that members, before they got that drug, did not have supply on hand, further decreasing in the cost of treating hemophilia patients. So without the integrated benefits, it would have been really difficult to ensure that the drug was being given under the optimal benefit.

Tom Doran:

Yeah. I think that's a great example of where Highmark we're at our best, right? We do what's right for the member, we hold costs down, we provide the right side of service, I think is a great example.

Tom Doran:

Thank you for that. Can you go into a little bit more about when we're integrating benefits, do we have the ability to work with vendors and other partners?

Sara Marche:

Yeah. You know, when we go out and talk to drug manufacturers, we are able to come from a different perspective. For us to really ensure that we're treating a disease appropriately, we really need to have a full view of that patient and full view of the different drug options under each benefit.

Sara Marche:

So we take the pharmacy claims data, we marry it up with the medical data, which shows clinical outcomes, and we're able to say to a manufacturer, "Yes, this drug performed as it was supposed to, or no, it didn't." So we've got some contracts with manufacturers where we say, if this drug did not perform as it was supposed to, let's say it's supposed to prevent hospitalizations, and the patients were hospitalized more than expected, then we would ask for payment back from the manufacturer.

Sara Marche:

Another way that we can work with manufacturers differently is by through the ability to see total cost of care. So without the ability to look at both the medical and the pharmacy benefits integrated, we can't measure total cost of care as easily. And a lot of the times, even though we see drug costs increasing, we're able to show that along with the drug costs increasing, we're seeing a lower total cost

of care to treat that disease and manufacturers see that is extremely valuable to be able to see that whole picture.

Tom Doran:

Thanks, Sara. We've talked a lot about cost, but can I just ask you as a medical professional, can you explain the health benefits of combining the points of care?

Sara Marche:

More and more diseases are primarily being treated with drug therapy and those drugs are crossing both medical and pharmacy. So imagine being a nurse or even a pharmacist, case manager, and you're engaging with a member or a patient, but you can only see one side of the equation. You only see those services that they've received on the medical side. You're missing a huge part of the treatment of that disease. So how can we appropriately engage those patients, manage those patients care without seeing that whole picture?

Sara Marche:

The other thing, if you think about drugs, drugs are often the first indication that a patient has a new diagnosis. So maybe they get started on a diabetic medication or a medication to lower their cholesterol or lower their blood pressure. They might not have a hospital stay, a hospital claim, but sometimes that first indication is that a nurse or pharmacist case manager sees the prescription drug claim, and that gives them a clue that the patient has a new diagnosis that needs to be managed. So it allows us to in a more timely way, reach out to patients, identify gaps in care, identify duplicate therapy, that's another potential that we see, and that again, by having a more robust data set across both the medical and pharmacy, we're just better able to coordinate that patient's care and manage that patient's disease condition.

Tom Doran:

Thanks for that. Can you talk about some of the results we've seen with integration?

Sara Marche:

Yeah. And this is actually probably what's most exciting for us. We compared the medical costs of our members that were part of an integrated benefit compared to the medical costs of the members that were part of an employer group that had carved out their pharmacy benefits. And were able to demonstrate that members or groups that were part of an integrated benefit saved money on their medical care costs.

And we saw that they save anywhere from \$150 to \$230 per member per year. And that's significant. So, even though these groups are seeing a rise or an increase in prescription drug costs, when they're part of an integrated benefit, to be driving lower or improved health outcomes, we're driving lower medical costs.

Tom Doran:

So Sara, I know Highmark, your team specifically has been very innovative in the pharmacy space and recently there was an announcement about Highmark and four other Blue Cross Blue Shield plans coming together to work on a new pharmacy venture called Evio. Can you tell us some more about this?

Sara Marche:

Yeah. I would say part of the pharmacy strategy at Highmark has always been to be innovative and to think about the development of solutions that are going to, again, lower costs and improve health outcomes for our members and just continue to make Highmark more competitive in our market because drug spend is now about 30% of overall healthcare spend. So a couple of years ago, Highmark got together with four other Blues that was Blue Cross Blue Shield of Michigan, Massachusetts, California, and Independence Blue Cross in Philadelphia. And we said, what can we do together that will actually help address some of the health industry challenges that we're facing? And while we explored several options, but pharmacy really rose to the top as really an that had a lot of issues. We're seeing a lot of increased costs, and we really felt like we could make an impact and we could make a difference.

Sara Marche:

So these five plans came together and formed a new company called Evio Pharmacy Solutions. We're going to challenge Evio to develop solutions that we can then take and deploy into our own respective markets to help us be more competitive, improve the patient experience, improve the provider experience, ultimately helping to lower the cost of healthcare and to improve health outcomes for our members. But yeah, they'll be creating solutions. Our goal is to better leverage all of the data that we have in order to gain more insights that will help us drive more impactful solutions for our members.

Tom Doran:

Thank you very much, Sara, for the conversation and the time. I'd like to thank everybody for joining us and learning more about the benefits of integrating medical and pharmacy care. And if you'd like to listen to an extended video version of this interview, visit us at youtube.com/highmarkinc. The link will be in the description of the show. And again, I'm Tom Doran and thanks for listening to Hitting a Higher Mark.