

Use of a Biosimilar Pricing and Reimbursement Dashboard for Financial Planning and Forecasting



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Learning Objectives



- Examine the value of developing a biosimilar pricing and reimbursement dashboard
- Determine what components should be included
- Evaluate the frequency and methods for updating the dashboard
- Describe how biosimilar dashboard can be used in formulary decision making



Terminology



- **Billing Units**
- **CPT/HCPCS Codes**
 - J-Codes
 - Q-Codes (i.e. Biologics, Contrast)
 - A-Codes (i.e. Nuclear Meds)
- **Revenue Codes**
 - 636
 - 250
- **Status Indicator**
 - K, N, G
- **Pass-through Status**
 - Payment incentive provided for new drugs - Expires after a set time

Drug	Package Size	Billing Unit
Rituximab	100mg 500mg	10mg
HCPCS	Rev Code	Status Indicator
J9312	636	K



Background



- **Patent expiration** of biologics reaching >\$20 billion in global annual spend
- Biosimilars expected to assume **majority of market share**
- **Innovator companies** pursue biosimilar development
- Unsustainable and rising healthcare cost calls for **cost containment strategies**
- Similar cost trend conflict 30 years ago with synthetic drugs
 - Resolved by generics post patent expiration
- Biosimilars have new characteristics that **do not fit previous regulatory frameworks**

1. Ledon, N., Lage, A. *Biosimilars and the Real World*. MEDICC, Vol 19, No 4. October 2017.
2. Wish, J. *Understanding the Ever-Changing World of Biosimilars*. Journal of managed Care medicine. Vol. 21 No. 3
3. Lyman, G., Balaban, E., Diaz, M., Ferris, A., Tsao, A., Voest, E., Zon, R., Francisco, M., Green, S., Sherwood, S., Harvey, D., Schilsky, R. American Society of Clinical Oncology Statement: Biosimilars in Oncology. Journal of Clinical Oncology. Vol. 36 No. 12 April 2018.

Dashboard Creation Roadmap



Biosimilar List Under Consideration



Biosimilar Data Points



Drug Cost Comparison



Purchase History



Projected Reimbursement



Biosimilar List and Data Points



- Once a list of biosimilars under consideration is solidified, general data points are selected for reference
- The data points below were chosen to provide general information, as well as to connect various informational sources, such as a purchase history, or the Center for Medicare and Medicaid Services (CMS) Addendum B

Drug	Vial Size	Billing Units per Vial	HCPCS	NDC (-)	SI
Trastuzumab	150 MG	15	J9355	50242-0132-01	K
Trastuzumab-qyyp	150 MG	15	Q5116	00069-0308-01	G
Trastuzumab-anns	150 MG	15	Q5117	55513-0141-01	G
Trastuzumab-dkst	150 MG	15	Q5114	67457-0991-15	G
Trastuzumab-dttb	150 MG	15	Q5112	00006-5033-02	G
Trastuzumab-pkrb	150 MG	15	Q5113	63459-0303-43	G



Drug Cost Comparison



- A drug cost comparison allows for an easy analysis of which product is currently the lowest cost per vial
- Additional benefit, an analysis of how drug cost has evolved over time can also be easily created with this information

Drug	Vial Size	Billing Units per Vial	HCPCS	NDC (-)	SI	WAC	GPO	340B
Trastuzumab	150 MG	15	J9355	50242-0132-01	K	\$1,600	\$1,000	\$900
Trastuzumab-qyyp	150 MG	15	Q5116	00069-0308-01	G	\$1,300	\$800	\$600
Trastuzumab-anns	150 MG	15	Q5117	55513-0141-01	G	\$1,450	\$1,200	\$1000
Trastuzumab-dkst	150 MG	15	Q5114	67457-0991-15	G	\$1,430	\$1,100	\$850
Trastuzumab-dttb	150 MG	15	Q5112	00006-5033-02	G	\$1,440	\$1,150	\$650
Trastuzumab-pkrb	150 MG	15	Q5113	63459-0303-43	G	\$1,420	\$900	\$500

Note: Drug costs above are provided for illustrative purposes only.



Purchase History



- Including purchase history will allow for projections to be made
- This information will provide insight on how products are purchased and what potential savings are available if a formulary change were made utilizing current drug costs

Drug	Vial Size	Billing Units per Vial	HCPCS	NDC (-)	SI	WAC	GPO	340B	Drug Spend	Drug Spend Savings	WAC Purchases	GPO Purchases	340B Purchases
Trastuzumab	150 MG	15	J9355	50242-0132-01	K	\$1,600	\$1,000	\$900	\$5,688,000		80	160	6000
Trastuzumab-qyyp	150 MG	15	Q5116	00069-0308-01	G	\$1,300	\$800	\$600	\$3,832,000	\$1,856,000	5	40	2000
Trastuzumab-anns	150 MG	15	Q5117	55513-0141-01	G	\$1,450	\$1,200	\$1,000	\$6,308,000	(\$620,000)	0	0	0
Trastuzumab-dkst	150 MG	15	Q5114	67457-0991-15	G	\$1,430	\$1,100	\$850	\$5,390,400	\$297,600	0	0	0
Trastuzumab-dttb	150 MG	15	Q5112	00006-5033-02	G	\$1,440	\$1,150	\$650	\$4,199,200	\$1,488,800	0	0	0
Trastuzumab-pkrb	150 MG	15	Q5113	63459-0303-43	G	\$1,420	\$900	\$500	\$3,257,600	\$2,430,400	10	30	4200

Note: Drug costs and purchases above are provided for illustrative purposes only.



Projected Reimbursement

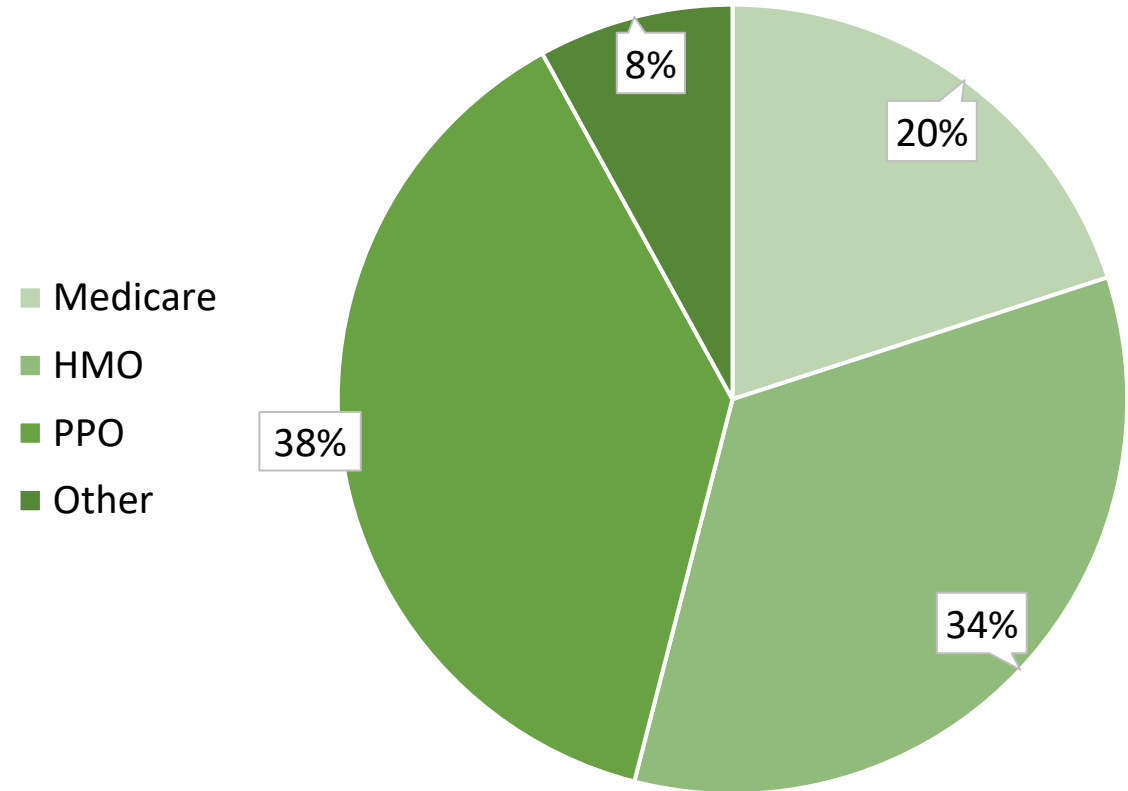


What is your Payor Mix?

- The payor mix can be estimated by utilizing one year's worth of utilization data, and calculating the percentage of the financial classes (i.e. HMO, PPO, Medicare) in the report

Payor	# of Vials	% of Vials
Medicare	1248	20%
HMO	2122	34%
PPO	2371	38%
Other	499	8%
Total	6240	100%

Note: Payor mix is for illustrative purposes only.



Projected Reimbursement



Medicare Part B:

- Medicare reimbursement is based on the number of billing units charged
- The amount Medicare will pay is outlined in their Average Sales Price (ASP) Pricing File and CMS Addendum B
- These files are updated quarterly, and available at <http://www.cms.gov>
- The pass-through status and ASP can be trended over time to determine how payments have shifted historically

Drug	Vial Size	Billing Units per Vial	HCPCS	NDC (-)	SI	ASP - 22.5%	ASP	ASP + 4.3%	ASP + 6%	Estimated Medicare Reimbursement
Trastuzumab	150 MG	15	J9355	50242-0132-01	K	\$984.96	\$1,270.91	\$1,325.56	\$1,347.17	\$984.96
Trastuzumab-qyyp	150 MG	15	Q5116	00069-0308-01	G	\$657.26	\$848.08	\$884.55	\$898.97	\$884.55
Trastuzumab-anns	150 MG	15	Q5117	55513-0141-01	G	\$583.26	\$752.59	\$784.95	\$797.75	\$784.95
Trastuzumab-dkst	150 MG	15	Q5114	67457-0991-15	G	\$656.99	\$847.73	\$884.18	\$898.59	\$884.18
Trastuzumab-dttb	150 MG	15	Q5112	00006-5033-02	G	\$729.85	\$941.75	\$982.24	\$998.25	\$982.24
Trastuzumab-pkrb	150 MG	15	Q5113	63459-0303-43	G	\$628.44	\$810.89	\$845.76	\$859.55	\$845.76



Projected Reimbursement



Commercial Payors:

- Knowledge of commercial payor contracts is essential to determining how to forecast reimbursement
- Partnering with managed care is imperative to forecasting the most appropriate commercial reimbursement
- Contract agreements for pharmacy products can be specific to a percentage of charges, medication specific, or a combination of several elements

Commercial Payor Cost Impact:

Unit of Cost (i.e. ASP, GPO, WAC) x markup = \$Charge

Reimbursement = % of Charge

Product	Cost	Charge	Reimbursement
Reference	\$1,000	\$4,000	\$1,200
Biosimilar	\$800	\$3,200	\$960

Note: Charge is based on 4x markup. Reimbursement rate calculated at 30% of charges for illustrative purposes only



Projected Reimbursement



Commercial Payors:

Drug	Vial Size	Billing Units per Vial	HCPCS	NDC (-)	SI	Charge	HMO Payment	PPO Payment
Trastuzumab	150 MG	15	J9355	50242-0132-01	K	\$4,000	\$1,200	\$1,600
Trastuzumab-qyyp	150 MG	15	Q5116	00069-0308-01	G	\$3,200	\$960	\$1,280
Trastuzumab-anns	150 MG	15	Q5117	55513-0141-01	G	\$4,800	\$1,440	\$1,920
Trastuzumab-dkst	150 MG	15	Q5114	67457-0991-15	G	\$4,400	\$1,320	\$1,760
Trastuzumab-dttb	150 MG	15	Q5112	00006-5033-02	G	\$4,600	\$1,380	\$1,840
Trastuzumab-pkrb	150 MG	15	Q5113	63459-0303-43	G	\$3,600	\$1,080	\$1,440

Note: HMO reimbursement rates calculated at 30% and PPO reimbursement rates calculated at 40%. Drug charges and payment above are provided for illustrative purposes only.



Projected Reimbursement



- The total projected reimbursement can be calculated by multiplying the reimbursement per vial by the number of vials appropriate for that financial class based on the payor mix

Drug	Vial Size	Billing Units per Vial	HCPCS	NDC (-)	SI	Medicare (1248 Vials)	HMO (2122 Vials)	PPO (2371 Vials)	Total Projected Reimbursement
Trastuzumab	150 MG	15	J9355	50242-0132-01	K	\$1,229,230	\$2,545,920	\$3,793,920	\$7,569,070
Trastuzumab-qyyp	150 MG	15	Q5116	00069-0308-01	G	\$1,103,918	\$2,036,736	\$3,035,136	\$6,175,790
Trastuzumab-anns	150 MG	15	Q5117	55513-0141-01	G	\$979,618	\$3,055,104	\$4,552,704	\$8,587,426
Trastuzumab-dkst	150 MG	15	Q5114	67457-0991-15	G	\$1,103,457	\$2,800,512	\$4,173,312	\$8,077,281
Trastuzumab-dttb	150 MG	15	Q5112	00006-5033-02	G	\$1,225,836	\$2,927,808	\$4,363,008	\$8,516,652
Trastuzumab-pkrb	150 MG	15	Q5113	63459-0303-43	G	\$1,055,508	\$2,291,328	\$3,414,528	\$6,761,364

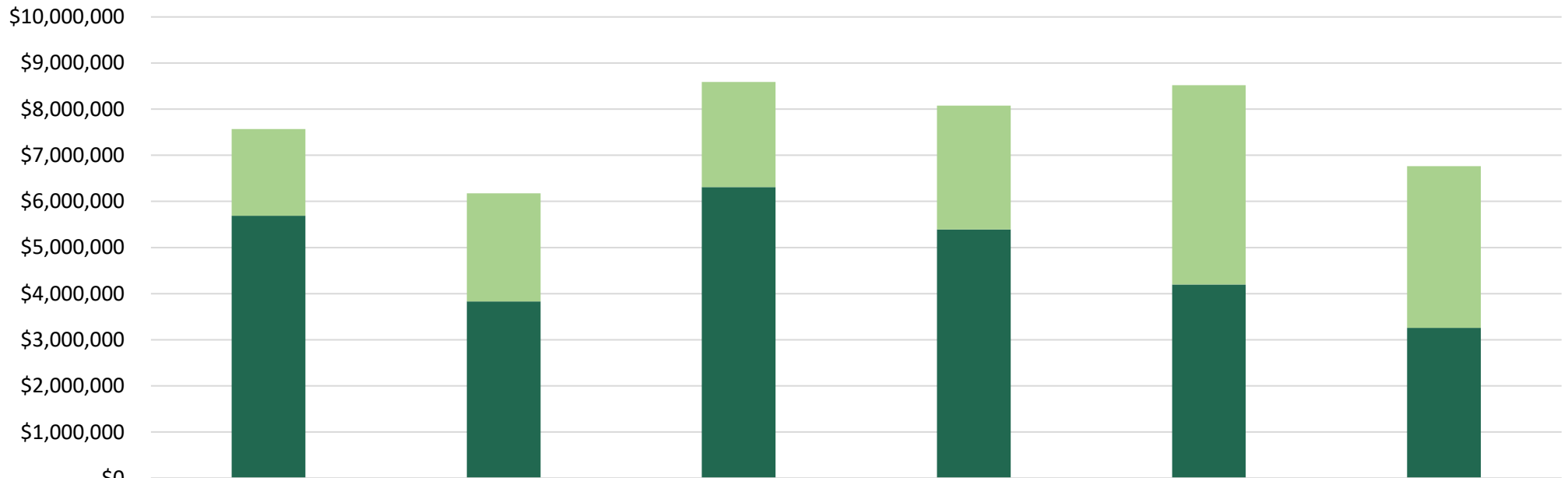
Note: Reimbursement amounts above are for illustrative purposes only



Value of Biosimilar Dashboard



Trastuzumab Drug Margin



	Trastuzumab	Trastuzumab-qyyp	Trastuzumab-anns	Trastuzumab-dkst	Trastuzumab-dttb	Trastuzumab-pkrb
Estimated Drug Margin	\$1,881,070	\$2,343,790	\$2,279,426	\$2,686,881	\$4,317,452	\$3,503,764
Drug Spend	\$5,688,000	\$3,832,000	\$6,308,000	\$5,390,400	\$4,199,200	\$3,257,600
Total Projected Reimbursement	\$7,569,070	\$6,175,790	\$8,587,426	\$8,077,281	\$8,516,652	\$6,761,364

■ Drug Spend ■ Estimated Drug Margin Total Projected Reimbursement

Note: Above amounts are for illustrative purposes only



Value of Biosimilar Dashboard



- Total at-a-glance biosimilar comparison
- Develop projections inclusive of payor preference
- Trend ASP and drug cost over time
- Trend purchase history and utilization over time
- Negotiate manufacturer contracts and rebates based on organizational data



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