

Advanced strategies to reduce barriers to patient access

FirstView Financial



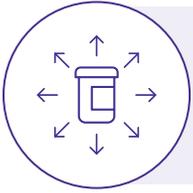
Overview

Biopharma companies are now facing complex issues at the pharmacy that make it even more difficult for patients to start and stay on therapies. Such complications contribute to prescription abandonment by pharmacies, providers, and patients, limiting medication access for patients.

Traditionally, biopharma companies implement a patient affordability program – like a copay card program – or use a consignment model to help patients overcome access and affordability issues. However, in today's complex payer environment, there are often behind-the-scenes barriers that render these programs less effective at preventing prescription abandonment, and may end up becoming prohibitively costly to biopharma companies.

Furthermore, biopharma companies often receive limited information about the access and affordability issues getting in the way of dispensing the script, resulting in uncertainty about how they should respond to prescriptions that are being abandoned.

Advanced, efficient solutions have emerged to provide more control and insight to help biopharma companies better orchestrate the prescription journey for patients. These include:



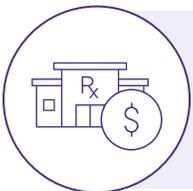
New approaches to distribution to make **narrow networks of pharmacies** more accessible



Digital pharmacies that can help coordinate between healthcare providers and dispensing pharmacies to deliver ready-to-fill prescriptions



Dynamic claims adjustment solutions to help ensure pharmacies are sufficiently reimbursed for medications



New approaches to **consignment** that avoid some of the challenges of the traditional consignment model

These solutions can give biopharma companies the control and insight they can use to address prescription access barriers. Read on to uncover best practices for using these advanced approaches.

Narrow network distribution

An early commercialization decision for biopharma companies involves how a product will be distributed.

Primary distribution strategies



Retail

Product is widely distributed to big box and/or independent pharmacies.



Narrow network

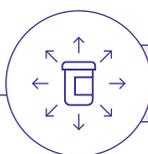
Product is selectively distributed to a defined network of pharmacies, such as specialty and/or independent pharmacies.

In a retail distribution strategy, a biopharma company is seeking the widest distribution of its product to reach as many patients as possible.

In a **narrow network distribution strategy**, also referred to as a defined pharmacy dispensing strategy, the biopharma company partners with a focused group of pharmacies serving as its primary dispensing point. This smaller population of pharmacies may concentrate on stocking products and serving patients in specialty areas, such as dermatology, ophthalmology, or neurology.

There is no single distribution strategy that works for all products. Selecting the optimal distribution strategy – or combination of strategies – for a particular medication involves several factors. When choosing a distribution strategy, biopharma companies typically consider factors such as:

- What are the prescribers used to?
- What is the approach typically used for the product's specialty?
- Will the sales team be able to handle the distribution approach?



Best-practice recommendation for narrow network distribution

Biopharma companies should also consider how their distribution strategy will affect their options to address prescription journey barriers for patients. A narrow network gives the biopharma company opportunities to implement solutions that are not readily available in retail distribution, such as the solutions described in this paper: digital pharmacies, dynamic claims adjustment, and new approaches to consignment.

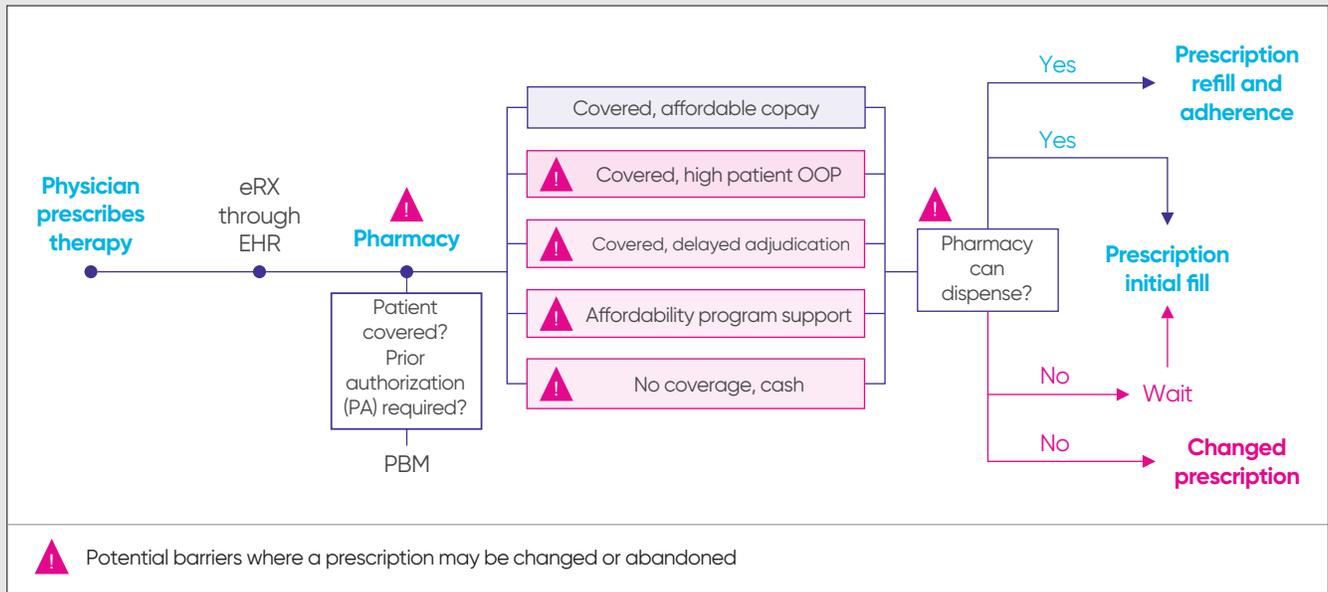
It can be a challenge for a biopharma company to build and manage a narrow network of pharmacies. However, advanced options exist to help take advantage of existing networks and outsource the management of them. Partnering with a digital pharmacy could allow for the opportunity to efficiently plug into a managed narrow network distribution strategy.

Digital pharmacy

The increasingly complicated payer landscape continues to create barriers even after a medication has been distributed to the pharmacy (Figure 1). These barriers at the pharmacy can prevent a patient from starting or staying on therapy.

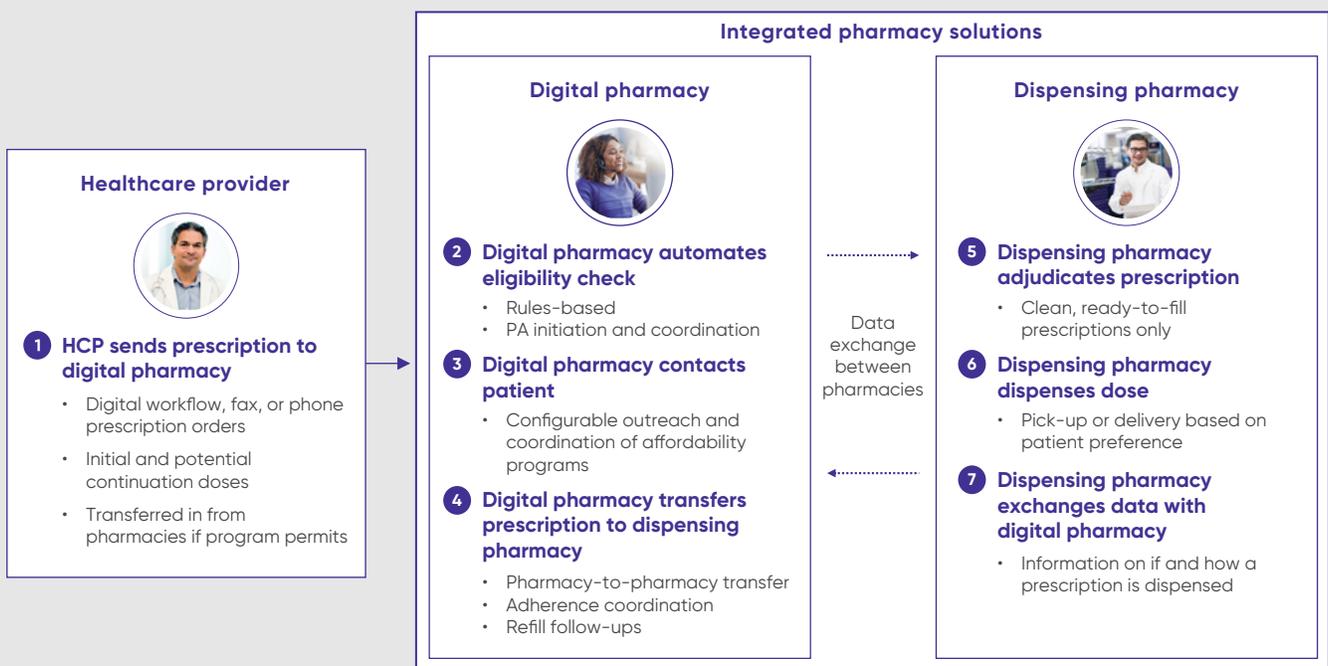
A **digital pharmacy** is a HIPAA-covered entity that integrates with pharmacy management software to coordinate between providers and dispensing pharmacies (Figure 2). Digital pharmacies facilitate speed to therapy by addressing the variety of access and affordability issues in the prescription journey. They also provide actionable insights about those issues.

Figure 1
Barriers in the prescription journey



Digital pharmacies can help biopharma companies ensure that dispensing pharmacies receive clean, ready-to-dispense prescriptions for new or existing therapies, or digital therapies. They also enable an exchange of data between the healthcare provider and dispensing pharmacy, delivering more robust data to stakeholders to better understand the barriers that exist at the pharmacy.

Figure 2
Digital pharmacy coordination between providers and dispensing pharmacies in the prescription process





Best-practice recommendation for digital pharmacy

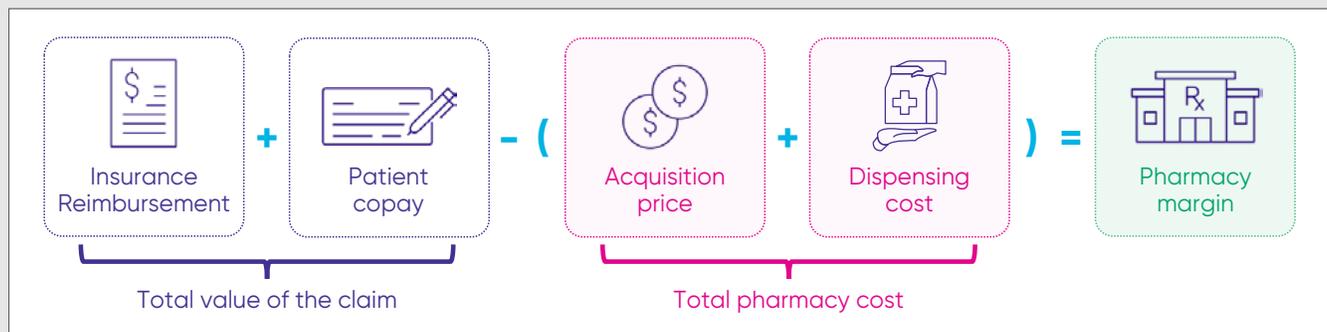
To optimize the benefits of working with a digital pharmacy, we recommend making a digital pharmacy part of the commercialization strategy from the beginning, prior to launch. This enables patients and providers to establish the habit of using the alternate routing of a digital pharmacy from the start. Establishing a digital pharmacy early also allows biopharma companies to ensure that dispensing pharmacies have a financial model that encourages participation and compliance.

Dynamic claims adjustment

Before a patient is able to pick up a prescription, there are issues that affect the pharmacy's ability to offer the prescription such as the under-reimbursement of a biopharma company's product that results in a negative margin for the pharmacy (Figure 3).

Figure 3

Pharmacy margin formula



To determine a pharmacy's margin for a medication, the total pharmacy cost – which includes the cost to the pharmacy to acquire the medication and the overhead to dispense medications – is subtracted from the total value of the claim – which includes the copay from the patient and the reimbursement from the insurer. When the pharmacy's total cost is greater than the total value of the claim, the pharmacy endures a margin loss.

The increasing frequency of margin loss is driven by a trend of tightening reimbursement rates across pharmacy benefit managers (PBM) that drive down the value of the claim.¹ Furthermore, the total pharmacy cost is increasing with rising acquisition costs.²

Pharmacies are likely to stop carrying products that result in an underpayment, which has been tied to limiting drug availability.³ Alternatively, pharmacies may transfer the prescription to another pharmacy without the biopharma company's knowledge, which delays and complicates a patient's access to the medication.



Best-practice recommendation for dynamic claim adjustment

We recommend biopharma companies use **dynamic claim adjustment** to address pharmacy under-reimbursement. Dynamic claim adjustment provides targeted support for only those specific prescriptions that are being under-reimbursed. If a biopharma company does not address under-reimbursement of its products, pharmacies may be forced to choose options that will delay or limit patient access, such as referring patients to another pharmacy or abandoning the medication altogether.

To implement dynamic claim adjustment, we also recommend that biopharma companies use a solution that seamlessly integrates into pharmacy workflows. A pharmacy's staff is more likely to adopt a solution that is embedded in its normal adjudication process.

Consignment

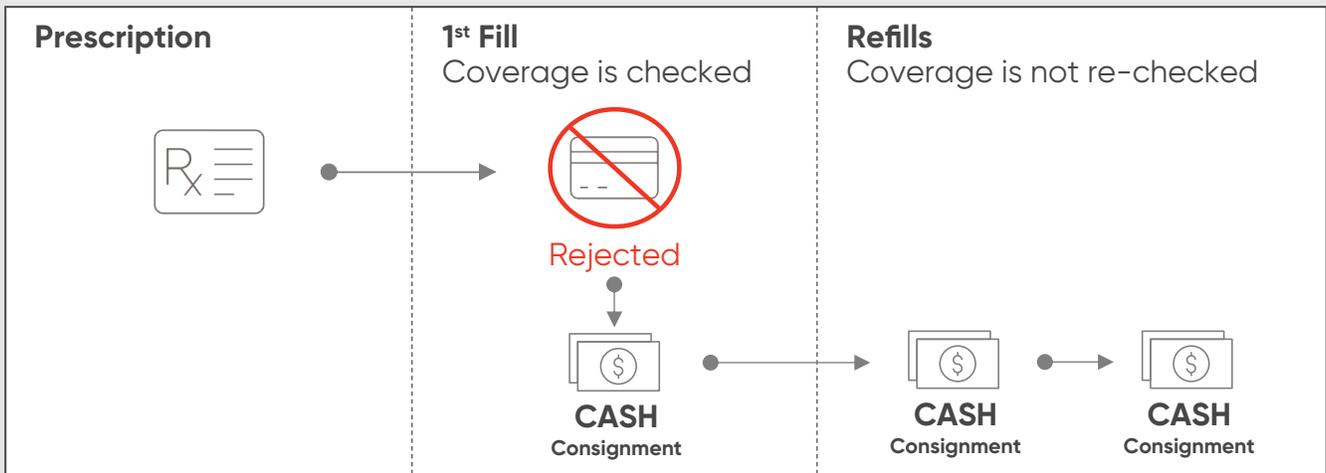
Some biopharma companies – especially those with specialty products – use a **consignment** model to address prescription barriers caused by high out-of-pocket costs. Under a consignment program, the financial ownership of the drug remains with the biopharma company until the product is dispensed to the patient. This removes the financial risk for pharmacies to carry a medication and gives the biopharma company more control. In particular, it gives biopharma companies the ability to lower the cost of medications for those patients who aren't covered or who experience a delay in coverage.

Otherwise, these patients may be required to pay the full cash price, at which point they may abandon the prescription. In other cases, the pharmacist or patient may ask the provider to prescribe a less expensive alternative. Consignment gives biopharma companies the opportunity to provide these patients with a lower consignment cash price.

However, the traditional approach to consignment may lead to costly unintended consequences. Pharmacy management systems are designed to refill prescriptions the same way they were filled previously. Prescriptions previously dispensed with a consignment price, will continue to be dispensed that way, even for patients who have later been determined to have coverage after the first fill (Figure 4).

Figure 4

Traditional consignment model

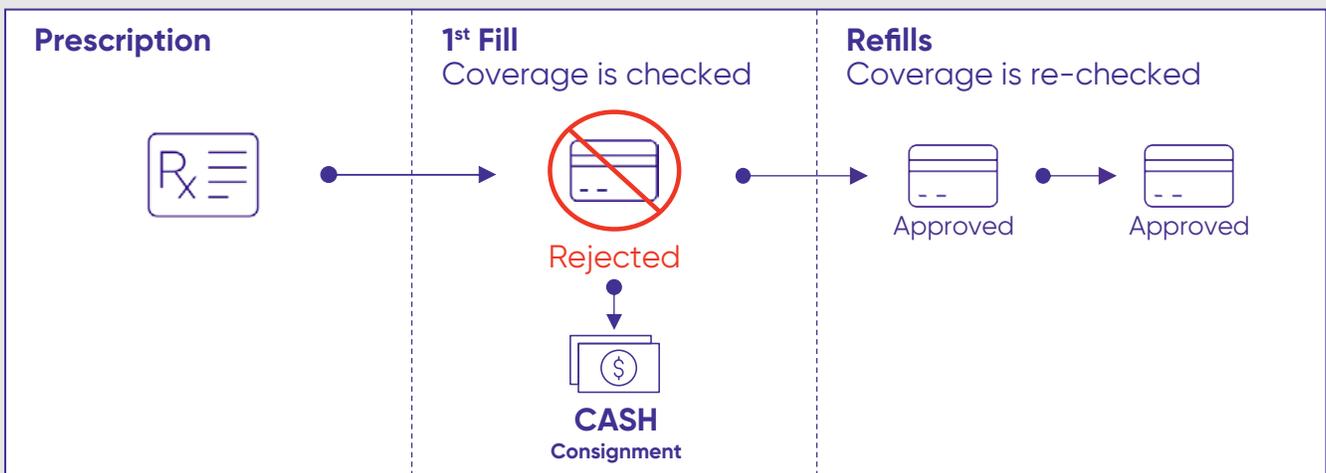


Pharmacies that initially dispensed a fill with a consignment cash price, will continue to dispense that way even for patients who have later been determined to have coverage.

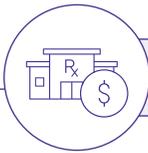
As a result, the attempt to address medication affordability with consignment can backfire. The medication may be more expensive for patients, who may be paying the higher price with consignment than they would with the coverage they have.

Figure 5

Recommended consignment model



Pharmacies check the coverage status for each script (even those that were previously dispensed with a consignment price) and use the coverage if it becomes available for a patient's refills.



Best-practice recommendation for consignment

We recommend setting up a consignment process where the pharmacy checks the coverage status for each prescription, even those that were previously dispensed with a consignment price. If coverage becomes available for a patient after an initial fill, it will be applied for subsequent fills (Figure 5).

New approaches to consignment are being developed for biopharma companies that automatically check coverage for every prescription. These approaches also give biopharma companies the control to provide medications at a consignment cash price without the risks from managing dual inventory and auditing physical inventory traditionally required in consignment.

Conclusion

As the barriers along the prescription journey become more challenging, new advanced solutions are available to biopharma companies to help better mitigate those barriers. New approaches to narrow network distribution, digital pharmacy, dynamic claims adjustment, and consignment provide biopharma companies with important tools to address challenges to patient medication access.

To learn more about how FirstView Financial's advanced solutions can help you mitigate the barriers caused by the increasing complexities in healthcare, [contact us](#) or [get more information on how to improve medication access.](#)

References

1. Commonwealth Fund. Competition, Consolidation, and Evolution in the Pharmacy Market: Implications for Efforts to Contain Drug Prices and Spending. 12 August 2021. Accessed 27 February 2023. Available online at: <https://www.commonwealthfund.org/publications/issue-briefs/2021/aug/competition-consolidation-evolution-pharmacy-market#10>
2. ASPE Office of Health Policy Issue Brief. Price Increases for Prescription Drugs, 2016–2022. 30 September 2022. Accessed 27 February 2023. Available online at: <https://aspe.hhs.gov/sites/default/files/documents/d850985c20de42de984942c2d8e24341/price-tracking-brief.pdf>
3. Lovelace, B and Abou-Sabe, K. Ozempic shortages? Some pharmacists are choosing not to stock the drug at all. NBC News. 2 March 2023. Accessed 14 March 2023. Available online at: <https://www.nbcnews.com/health/health-news/ozempic-wegovy-shortages-pharmacists-not-stocking-rcna71610>