

Magellan Health Services Releases ICORE's 2011 Medical Injectable & Oncology Trend Report

Report: Site of service for medical injectables administration is a key cost driver for payors

AVON, Conn.--(BUSINESS WIRE)-- As the pipeline of oncology and medical injectables continues to grow, health care payors are increasingly concerned about the clinical management and cost of these drugs, which are paid under the medical benefit rather than the pharmacy benefit. Taking proactive steps to manage these costs, payors are turning their attention to the settings in which the injectables are administered, and seeking data to guide their reimbursement strategies. Today, Magellan Health Services (NASDAQ: MGLN) released its second annual [Medical Pharmacy & Oncology Trend Report](#) from ICORE, a unit within the company's recently combined Magellan Pharmacy Solutions division. The report is the only industry benchmark of its kind to effectively analyze both medical and pharmacy data to explain the trends surrounding specialty drugs such as those used to treat complex chronic conditions such as cancer, rheumatoid arthritis and multiple sclerosis.

"Our customers recognize that the management of these specialty drugs will be vitally important to controlling health care costs, given the increasing demand and availability of these drugs," said Kim Mageau, president of Magellan Pharmacy Solutions. "The trend report highlights how payors develop and implement their cost, site of service and utilization management strategies. And on one thing nearly all of these payors agree: finding the best ways to manage medical benefit drugs will be critical in the years to come."

To compile the 2011 report, ICORE surveyed 60 medical, pharmacy and clinical directors, representing health plans that provide medical and pharmacy benefits for 153 million lives, and evaluated paid claim files for health plans' medical benefit injectables. This edition also provides a comparison between data from 2011 and 2010, the first year this report was issued.

"For 2011, we've been able to add comparisons to last year's data which has helped to establish solid benchmarks to better track the direction of the industry. The trend report provides a data-driven analysis of how payors are responding to specialty pharmacy challenges," said Michael Waterbury, president of ICORE.

Key findings of the report include:

Site of service has significant cost implications. The cost per claim varies widely among many injectables depending on where the service to the patient occurs. Medical injectables delivered within a hospital or infusion facility are nearly twice as costly as those same products administered in a provider's office. Payors are seeking ways to manage these costs: nearly two-thirds of members were enrolled in a plan that has implemented programs to encourage provision of care in the provider or home setting. These programs could become even more important as more hospitals seek to acquire independent oncology practices.

While copays and coinsurance are increasing, payors are looking to strike a balance. Approximately two in five payors don't require members to contribute to medical injectable costs, and this year, more of the remaining payors are only asking members to pay either a coinsurance or copay — not both. While the average member is paying a slightly higher coinsurance share (17 percent in 2010, 20 percent in 2011) or copay (\$43 in 2010, \$46 in 2011), a new trend is emerging in which payors cap out-of-pocket coinsurance at between \$2500 and \$3000 annually. Data suggest that higher costs for the patients will negatively impact their compliance.

Screenings and genomic testing are being used to increase positive outcomes and manage costs. Genomic testing is increasingly the established standard of care to determine patient potential for positive outcomes. Eighty-four percent of lives covered by surveyed plans receive HER2 testing for breast cancer and 82 percent receive KRAS testing for colon cancer. Most members (83 percent) also are enrolled in plans with HEDIS cancer screening or prevention programs.

For more information about the 2011 Medical Pharmacy & Oncology Trend Report and to download a copy, please visit www.ICOREHealthcare.com.

About Magellan Health Services: Headquartered in Avon, Conn., Magellan Health Services Inc. is a leading specialty health care management organization with expertise in managing behavioral health, radiology and specialty pharmaceuticals, as well as public sector pharmacy benefits programs. Magellan delivers innovative solutions to improve quality outcomes and optimize the cost of care for those we serve. Magellan's customers include health plans, employers and government agencies, serving approximately 31.2 million members in our behavioral health business, 16.3 million members in our radiology benefits management segment, and 5.5 million members in our medical pharmacy management product. In addition, the specialty pharmaceutical segment serves 41 health plans and several

pharmaceutical manufacturers and state Medicaid programs. The company's Medicaid Administration segment serves 25 states and the District of Columbia. For more information, visit www.MagellanHealth.com.

Magellan Health Services Inc.
Christopher Pearsall, 860-507-1923
cmpearsall@magellanhealth.com

Source: Magellan Health Services Inc.

News Provided by Acquire Media

<https://magellanhealth.mediaroom.com/2012-01-04-Magellan-Health-Services-Releases-ICOREs-2011-Medical-Injectable-Oncology-Trend-Report>