NIXON BENEFITS
LEADING CHANGE
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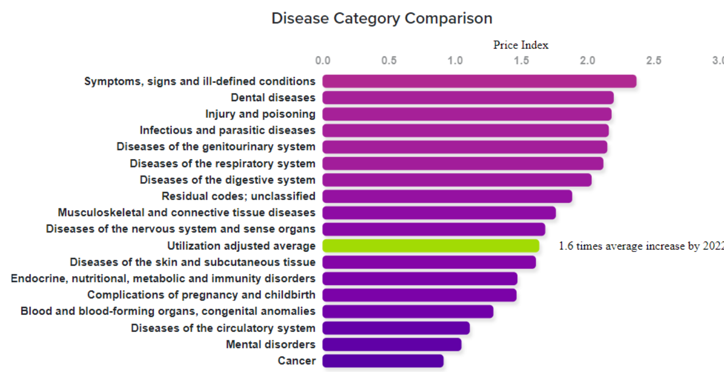
News & Notes
Summer 2022

Cost of Treating Disease Grew 60% Over Two Decades

A new analysis examines cost changes for diseases tracked in the Bureau of Labor Statistics' (BLS) Disease Based Price Index (DBPI). A DBPI measures changes in the average price level to treat an episode of specific disease. It is calculated by estimating the average expenditure for all medical services used to treat a specific medical condition. The analysis compares data from 1999 to 2022. On average, the cost to treat any episode of disease increased 60% from 1999 to 2022.

Changes in the cost for treating disease are generally based on three factors: Inflation/deflation, more/less intensive treatments due to rising/falling disease severity, and changes in medical coding of diseases over time.

For example, the DBPI for intestinal infections increased 4.3 times as severe infections have become relatively common due to the rise of antibiotic resistant bacteria.



Some DBPI's have become less costly to treat due to 1) substituting generic drugs for more expensive drugs, 2) technological advances in treatment such as treatments being performed in outpatient versus inpatient, and 3) better preventive care.

HealthCare.com https://bit.ly/392T2I9 & *HealthLeaders* https://bit.ly/3PUUr45

PBM Practices Are Keeping Consumers From Generics Savings

Pharmacy Benefit Managers (PBM) say they save money by negotiating down steep pharmaceutical prices. But these middlemen are being accused of increasing healthcare spending and are facing increasing scrutiny for their practices from both legislators in Congress and regulators in the Federal Trade Commission.

Generic drugs make up more than 90% of prescriptions in the U.S. but just 18% of drug spending. By one estimate, the use of generic and biosimilar drugs in place of their branded equivalents saved the healthcare system $338 billion in 2020 alone. However, despite generics driving down prices relative to branded drugs, there is a growing body of evidence showing that consumers overpay for generics, as pharmacy benefit managers game opaque and arcane pricing practices to pad profits.

Considering these facts, a few conclusions:

- Generic prescriptions aren't saving U.S. consumers much money, primarily due to the practices of pharmacy benefit managers acting as industry middlemen between drug manufacturers and health plans.
- Formularies often advantage branded drugs over generics, as branded medicine comes with manufacturer rebates.
- Practices like spread pricing and copay "clawbacks" add up to billions in overpayment. Copay "clawbacks" are when copayments paid by commercially insured patients exceed a drug's cost. Spread pricing is when a PBM charges a health insurer a higher price for a drug than it reimburses a pharmacy. In both cases, PBMs pocket the difference.
- Consolidation is a critical issue driving the profit-focused practices by PBMs. The three largest PBMs — which process almost 80% of all retail prescription claims — are all owned by large insurers: CVS Caremark by CVS Health, which owns Aetna; Express Scripts by Cigna; and OptumRx by UnitedHealth Group, which operates the largest private payer in the U.S., UnitedHealthcare.

Healthcare Dive https://bit.ly/38QqSjy

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E-Cigarette Use Costs U.S. $15 Billion Per Year, Reports UCSF in First Study of its Kind

According to a study from the UC San Francisco School of Nursing, use of electronic cigarettes costs the United States $15 billion annually in health care expenditures. The study focused on health care expenditures for adults 18 years and older and found health care expenditures for individuals who use e-cigarettes are $2,024 more per year than for a person who doesn't use any tobacco products; and those costs are greater than estimates of health care costs attributable to cigar and smokeless tobacco (chew or snuff) use.

Possibly of greater concern is that e-cigarettes are a relatively new product whose impact is likely to increase over time. Researchers noted that from 2013 to 2018, e-cigarette use among high school students, excluded from the study, soared from 4.5% to 21%. Estimates were based on health care costs and utilization on data from the 2015-2018 National Health Interview Survey. Health care utilization included nights in the hospital, emergency room visits, doctor visits and home visits.

EurekAlert! https://bit.ly/3PSACup

Telehealth's Newest Frontier: Emergency Medicine

The emergence of COVID-19 yielded a rapid uptake in telehealth/telemedicine; that is patients being "seen" online via computer, tablet, or smartphone, rather than in-person. Given that the nature of Emergency Medicine (EM) requires a greater degree of observation and intervention, telehealth doesn't exactly sound like something the practice of Emergency Medicine would or could embrace. Surprisingly enough, the specialty of Emergency Medicine is adapting to better utilize this transformative technology. Here are some of the top telehealth uses in the world of EM.

1. Tele-Triage: using telehealth to determine the acuity of a patient's injuries and the care and resources required.

2. Tele-Emergency Care: connecting providers at a central hub emergency department to providers and patients at spoke hospitals (often small, remote or rural) through video or similar telehealth technology.

3. Virtual Rounds: monitoring emergency department patients remotely, reducing the number of physical providers and physicians needed on-site.

4. E-Consults: providers and physicians can seek consultations or specialty management for patients.

5. Telehealth for Follow-Up Care: providing follow-up care for patients who were triaged but not sent to the emergency department, or for patients after they are discharged from the emergency department.

Forbes https://bit.ly/3ahq3k4

Employers Cautioned as Suits Over COBRA Coverage Notices Add Up

Benefits attorneys are noticing a rising threat of litigation against employers regarding the notices they provide about how former workers can continue their health coverage, specifically COBRA notices. Plaintiffs' law firms seem to be targeting larger companies such as Amazon, General Motors, and Target, due to the potential for significant damages.

The lawsuits allege deficiencies in COBRA notices. Most of the cases are based on the allegations that the COBRA notices don't contain required information, that they are too complicated for people to understand, or that they are designed to scare people from filing for COBRA by warning against filing false information.

While COBRA allows former employees to keep their health insurance for limited periods, few do because they must pay the full cost. It appears that most of these COBRA notice cases are being brought incidental to some other employment litigation, in which a former employee has a dispute about their termination, then the COBRA notice litigation is added on to increase the pressure on employers to settle.

Bloomberg Law https://bit.ly/3apLOOU