

Strategies to Manage Heterogeneity from the Health Plan Perspective (and there must be some)

J. Russell Teagarden

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Objectives

- Describe how and why heterogeneity matters in health plan management (with emphasis on Rx drug coverage)
- Identify where heterogeneity matters in managed care environments (hint: it's not just CER)
- Describe strategic and procedural approaches to accommodate heterogeneity in health care plan coverage policy and management

Limits must be set, limits will be set

- Managing health plans involves setting and administering limits to health care coverage
- Limits are necessary...
 - Demand exceeds scope and purpose of health plan
 - Demand exceeds resources
 - Justice/fairness requires limits
- Decisions must be made, decisions will be made (and not everyone will be happy with them)

Limits set for populations, limits administered for individuals

- Coverage policies aim at covering most needs for most people for most of the time (within scope of plan)
 - “Greatest good” principle (exclude rare diseases?)
 - Unfortunately, there are unintended consequences of coverage limits

Limits set for populations, limits administered for individuals

- Heterogeneity in patient responses and plan approaches can place individuals outside coverage limits when they wouldn't be by plan intent or by most people's sense of fairness

Where and how heterogeneity emerges in health plan management of Rx drugs

- Purpose of plan
- Categories covered
- Drugs covered
- Indications covered
- Use considerations

Limits: Drug Categories

- Limits set at drug categories and subcategories; discernable by members
- Specifies pharmaceutical needs a plan aims to meet; broadly defines scope of benefit; sets out very general priorities
- Examples:
 - Drugs for cardiovascular disease
 - Drugs for infertility
 - Vaccines
 - Herbal and other alternative remedies

Limits: Individual Drugs

- Limits set by individual drugs from among covered categories and subcategories
- Recognizes relevant elements or justifications to drug selection for coverage
 - Drugs selected among those considered interchangeable in most situations; leads to aggregate benefit
 - Justifiable reasons for excluding drugs that could benefit covered population (e.g., fair exceptions process, value judgment)
- Examples:
 - Varying costs among similar agents
 - Convenience elements among similar agents

Limits: Drug Indications

- Limits set by specific indications for covered drugs
- Recognizes different uses of drugs may not all conform to benefit plan aims and objectives, may not meet safety/effectiveness requirements; further refines benefit scope and derives from priorities/primary distinctions
- Examples:
 - Topical tretinoins
 - Growth hormones
 - Contraceptives

Limits: Use Considerations

- Limits set by features related to distribution source, covered indications, dosage forms (and can be specific to indication)
- Based on factors relevant to coverage policies that vary among drugs without effect on desired outcomes
- Examples:
 - 4 doses of triptan/30 days
 - Single daily dose statin, not twice daily dose
 - Certain prescriptions obtained from select pharmacies (network, mail, specialty)
- Implications on adjudication precision

Legitimacy Problem

“Why or when--under what conditions--should a patient or clinician who thinks an uncovered service is appropriate or even ‘medically necessary’ accept as legitimate the limit setting decision of a health plan or district authority?”

Fairness Problem

“When does a patient or clinician who thinks an uncovered service appropriate or even ‘medically necessary’ have sufficient reason to accept as fair the limit-setting decisions of a health plan or public authority?”

Daniels N, Sabin JE. 2008. Setting limits fairly: Learning to share resources for health, 2nd ed. Oxford: Oxford University Press.

Contexts for Coverage Policy Decisions

- General considerations:
 - Tradeoffs necessary for competing needs among more seriously ill patients and patients who may benefit more
 - Distinctions between treatments for illnesses or conditions linked to serious pathophysiologically-based problems and enhancements to “normal” health, functioning, appearance
 - Willingness to cover unproven treatments and under what conditions
 - Requirements for effectiveness, cost-effectiveness, cost-worthiness

Contexts for Coverage Policy Decisions

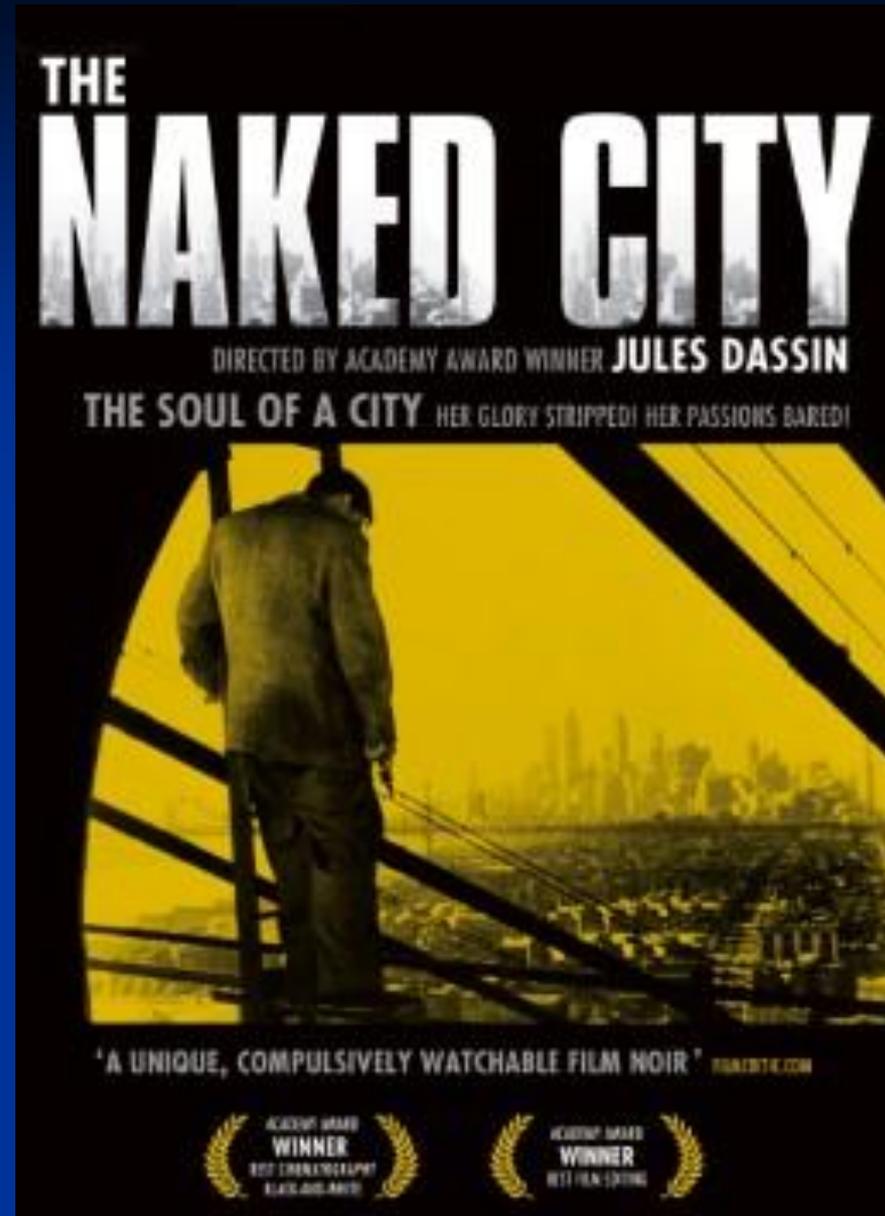
- **Political considerations**
 - Public programs (e.g., Medicare, Medicaid)
 - Local/organizational-specific issues
- **Benefit payer objectives/considerations**
 - Recruit and retain employees/members
 - Address worker productivity
 - Meet contractual obligations
- **Regulatory considerations**
 - Mandated coverage
 - Procedural requirements (e.g., Medicare Part D)

Procedural Principles for Coverage Policies

<i>Daniels/Sabin</i>	<i>Emanuel</i>	<i>Fleck</i>
Policies and their rationales are public to individuals affected	Policies reflect fair consideration given to each individual in affected population	Policies are public or explicit
Rationales for policies are relevant to individuals affected	Policies and rationales are public to individuals affected	Policies are rationally justifiable
Policies and decisions are revisable	Affected individuals are given opportunity to participate in policy development	Policies are autonomously imposed
Principles are enforced voluntarily or through regulatory processes	Mechanisms are available to appeal policies and decisions	Policies are impartially generated and applied

Managing heterogeneity at individual level

- Evidence
- Plan intent
- Last resort
- Biologic plausibility
- Special circumstances
 - Plan
 - Patient
- Minimizing variability in managing heterogeneity



"There are eight million stories in the naked city. This has been one of them."

Heterogeneity in Managing Heterogeneity

*Factors that place individuals
outside the limits*



Randomized
controlled trials

Comparative
effectiveness
research

Observational studies

Plan rules

Exception rules

Language

Circumstances

Summary

- **Limits to coverage necessary in health plan management**
- **Heterogeneity occurs naturally in health plan management and is important where limits to coverage exist**
- **Coverage limits and heterogeneity require approaches that balance individual needs and obligations imposed on populations to meet those needs**
- **In absence distributive justice principles, procedural principles required to manage limits and accommodate heterogeneity**
- **Managing to accommodate heterogeneity is as much a habit of mind as methodological, and an ethical imperative**