

Effective Health Plan Design: Reducing Plan Risk & Costs & Improving Care for Employees

June 26, 2023

George Huntley
CEO, Diabetes Leadership Council

DIABETES LEADERSHIP COUNCIL



Former leaders of national diabetes organizations who provide policy expertise for lawmakers & advocates

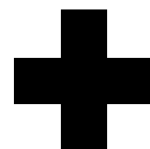
NATIONAL LEADERSHIP & NETWORKS

- American Diabetes Association
- Association of Diabetes Care & Education Specialists
- Certification Board for Diabetes Care and Education
- Children with Diabetes
- Diabetes Dietetic Practice Group of the Academy of Nutrition and Dietetics
- Diabetes Patient Advocacy Coalition
- JDRF

MEDICAL & SCIENTIFIC EXPERTS

- Diabetes Care & Education Specialists
 - Dietitian
 - Pharmacist
 - Registered Nurse & Dietitian
- Dietitian
- Internal Medicine & Diabetes Specialist
- Pediatric Endocrinologist
- Research Scientist & Professor of Molecular Physiology and Biophysics

PARTNERS FOR WIDER REACH



**POLICY
ADVOCACY**

**Patient-centered policy
expertise for lawmakers,
employers & advocates**
501(c)(3)

**GRASSROOTS
ADVOCACY**

**Turn knowledge into
action through advocacy**
501(c)(4)

AGENDA

DIABETES BASICS

COST OF DIABETES

INNOVATION LANDSCAPE

**MARKETPLACE DYNAMICS
INFLUENCING CARE & COSTS**

PLAN DESIGN OPTIONS

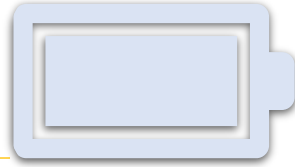
Q & A

DIABETES BASICS

WHAT IT IS

40% OF AMERICANS

- 37 million, diabetes
- 96 million, prediabetes



Affects how the body converts food into energy



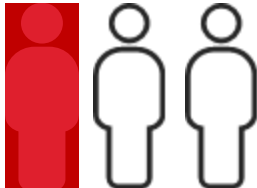
Recognized disability under federal ADA & IDEA laws



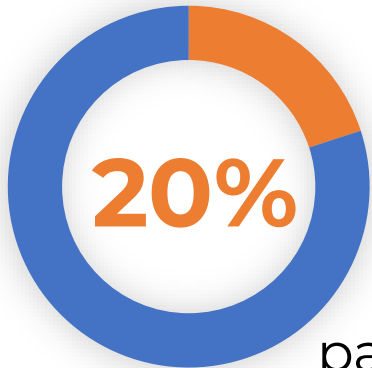
No cure (yet) but innovation is reshaping the diabetes management & prevention landscape

INSULIN IS THE KEY

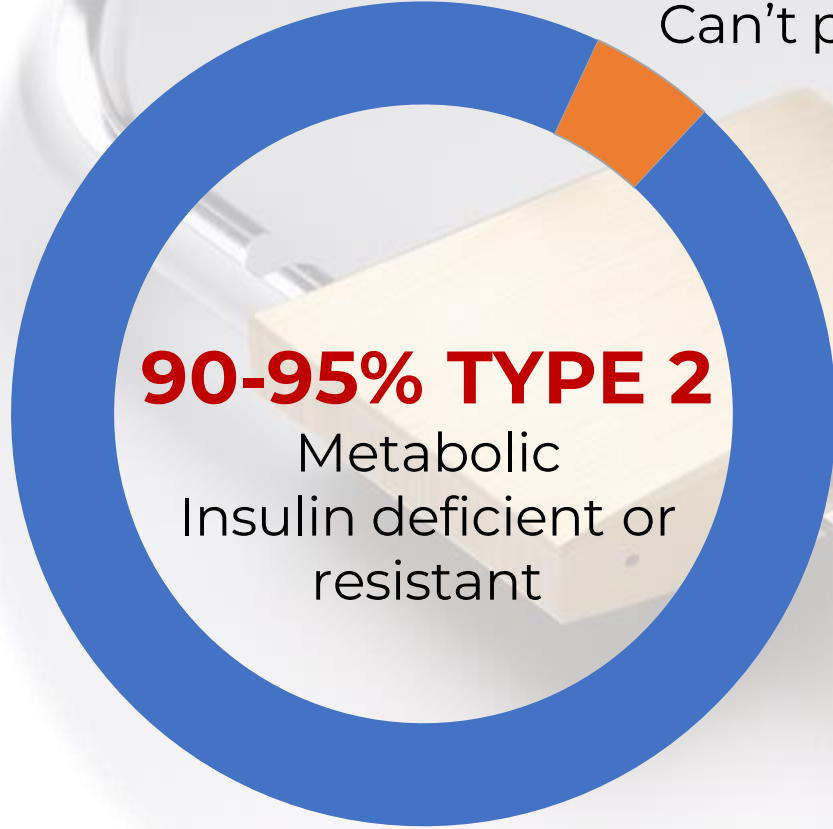
Insulin acts like a **“KEY”** to let blood sugar into the cells to use for energy



1 in 3 adults with diabetes require insulin daily



... of U.S. insulin prescriptions cost patients **more than \$35**



90-95% TYPE 2
Metabolic
Insulin deficient or resistant

5-10% TYPE 1
Autoimmune disease
Can't produce insulin

CHRONIC & PROGRESSIVE



Diabetic Retinopathy

Approximately 1 in 3 aged 40 years or older¹



Heart Disease/Stroke

2 to 4 times more likely to die²



Kidney Failure

44% of new cases¹



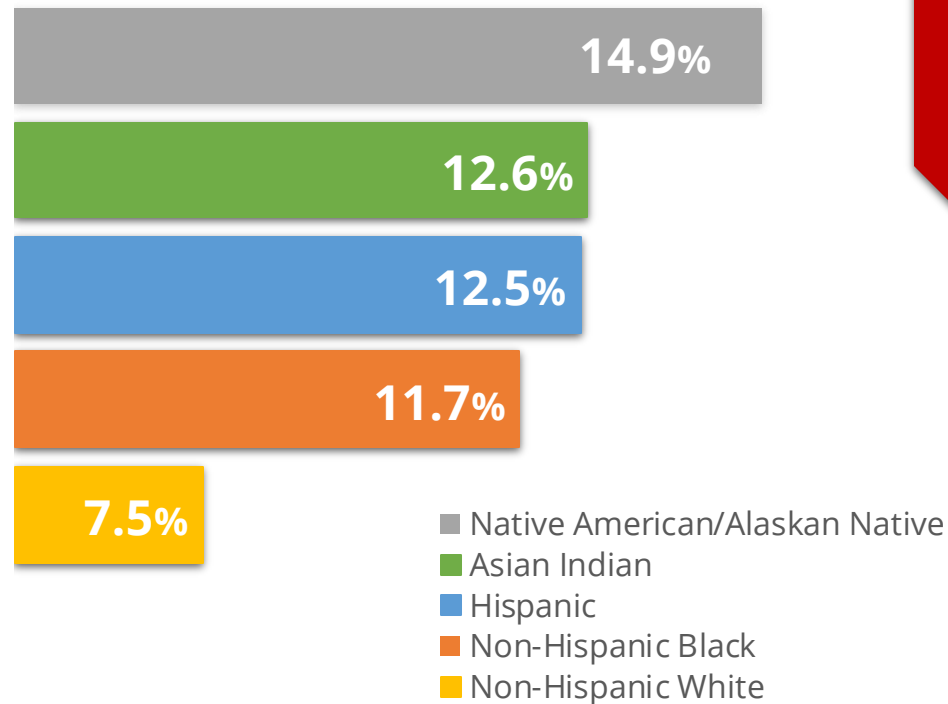
Lower-limb amputation

60% of non-traumatic amputations¹

*No cure, but individualized diabetes management plans can **PREVENT OR DELAY** serious complications that cost the plan much more*

DIABETES DISPARITIES PERSIST

PERCENTAGE OF DIAGNOSED DIABETES IN U.S. ADULTS BY RACE/ETHNICITY¹



PEOPLE OF COLOR WITH DIABETES ARE LESS LIKELY TO

- Be prescribed a CGM
- Be prescribed an insulin pump
- Receive education regarding newer diabetes technology
- Have access to newer diabetes technology (due to cost/coverage)
- Be prescribed newer types of insulin and glucagon medications

AND MORE LIKELY TO

- Develop complications including damage to nerves, eyes and kidneys
- Be frequently hospitalized for severe high or low blood sugar levels
- Be hospitalized due to COVID-19 or die from it

WHY DIABETES CONTROL IS SO DIFFICULT

42 FACTORS
 impact blood sugar levels
No two days are the same

FOOD

- ↑↑ 1 Carbohydrate quantity
- ↑ 2 Carbohydrate type
- ↑ 3 Fat
- ↑ 4 Protein
- ↑ 5 Caffeine
- ↓↑ 6 Alcohol
- ↓↑ 7 Meal timing
- ↑ 8 Dehydration
- ? 9 Personal microbiome

MEDICATION

- ↓ 10 Medication dose
- ↓↑ 11 Medication timing
- ↓↑ 12 Medication interactions
- ↑↑ 13 Steroid administration
- ↑ 14 Niacin (Vitamin B3)

ACTIVITY

- ↓ 15 Light exercise
- ↓↑ 16 High-intensity & moderate exercise
- ↓ 17 Level of fitness/training
- ↓↑ 18 Time of day
- ↓↑ 19 Food and insulin timing

BIOLOGICAL

- ↑ 20 Too little sleep
- ↑ 21 Stress and illness
- ↓ 22 Recent hypoglycemia
- ↑ 23 During-sleep blood sugars
- ↑ 24 Dawn phenomenon
- ↑ 25 Infusion set issues
- ↑ 26 Scar tissue / lipodystrophy
- ↓↓ 27 Intramuscular insulin delivery
- ↑ 28 Allergies
- ↑ 29 A higher BG level (glucotoxicity)
- ↓↑ 30 Periods (menstruation)
- ↑↑ 31 Puberty
- ↓↑ 32 Celiac disease
- ↑ 33 Smoking

BEHAVIOR & DECISIONS

- ↓ 39 More frequent BG checks
- ↓↑ 40 Default options and choices
- ↓↑ 41 Decision-making biases
- ↓↑ 42 Family and social pressures

ENVIRONMENTAL

- ↑ 34 Expired insulin
- ↓↑ 35 Inaccurate BG reading
- ↓↑ 36 Outside temperature
- ↑ 37 Sunburn
- ? 38 Altitude

Yet < 120 of 525,600 minutes in a year spent with HCPs



COST OF DIABETES

DIABETES IS A MAJOR PLAN COST DRIVER

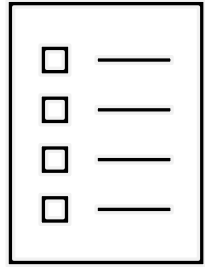
SPENDING



HEALTH DOLLARS¹

TOP 4

Health plan
cost driver



IN 2020

LARGE EMPLOYERS²

PRIORITIES



PREVENTION¹

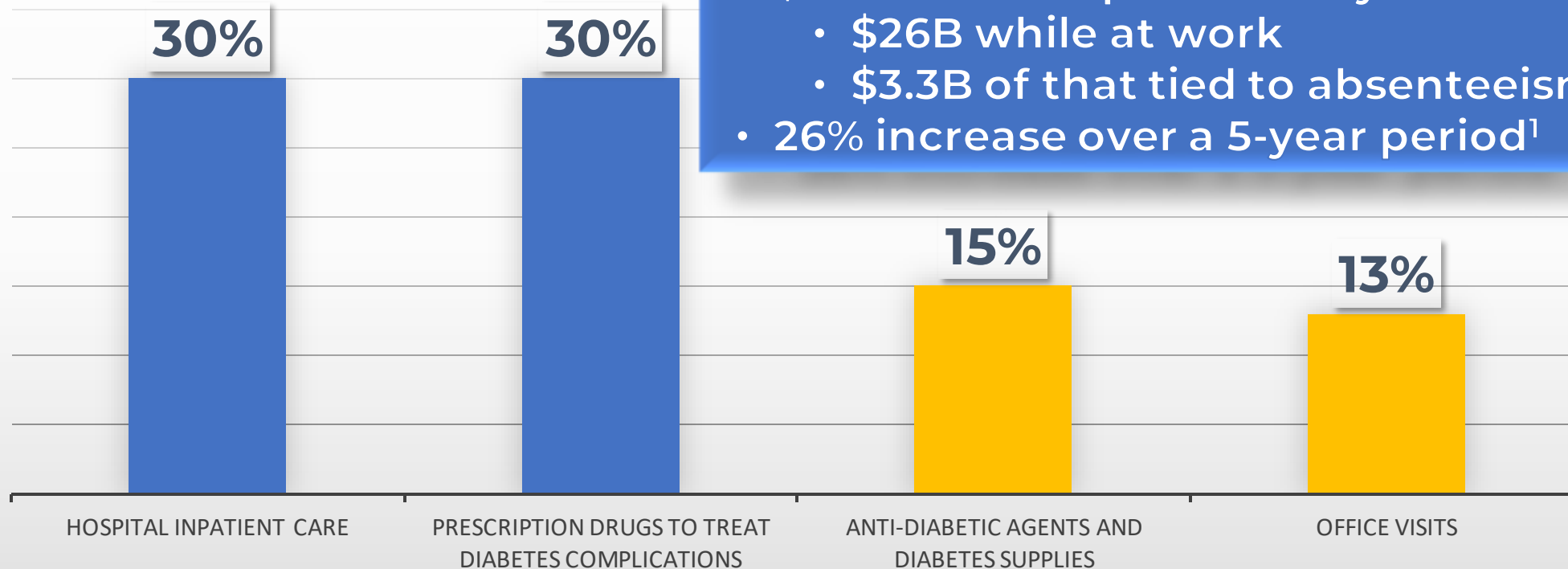
Insurers have reported spending
\$30K/yr per person **WITH**
complications vs.
\$10K/yr **NO** complications³

1. American Diabetes Association. <https://doi.org/10.2337/dci18-0007>
2. Centers for Disease Control and Prevention. <https://www.cdc.gov/diabetes/statistics/meduse/fig2.htm>.
3. Northeast Business Group on Health. <https://nebgh.org/wp-content/uploads/2015/02/Diabetes-v6.pdf>

SPENDING ON THE WRONG THINGS

\$327 BILLION ANNUAL COST OF DIABETES¹

- \$237B direct medical spending¹
- \$90B reduced productivity²
 - \$26B while at work
 - \$3.3B of that tied to absenteeism
- 26% increase over a 5-year period¹



MAJOR COMPONENTS OF DIABETES MEDICAL SPENDING

¹American Diabetes Association. <https://doi.org/10.2337/dci18-0007>

²Economic Costs of Diabetes in the U.S. in 2017. American Diabetes Association, March 22, 2018. Retrieved from <https://diabetes.org/about-us/statistics/cost-diabetes>

SICK CARE VS HEALTH CARE – ROOM TO IMPROVE

*Medical costs for someone **with diabetes** are **2.3x** > for a person without diabetes*

16 MILLION
ER visits per year

7.8 MILLION
inpatient hospital
stays per year

~50%
reached A1C goal

19%
met A1C, blood
pressure, cholesterol
and non-smoking goals

89%
overweight or obese

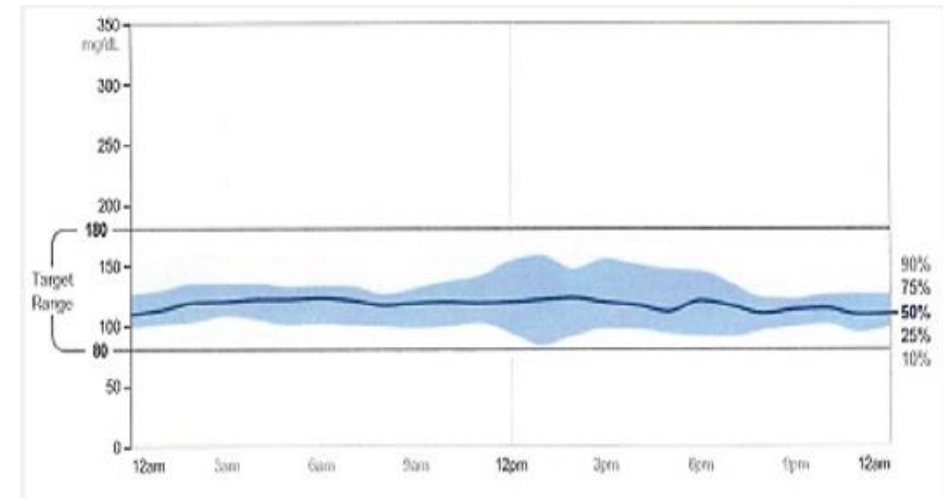
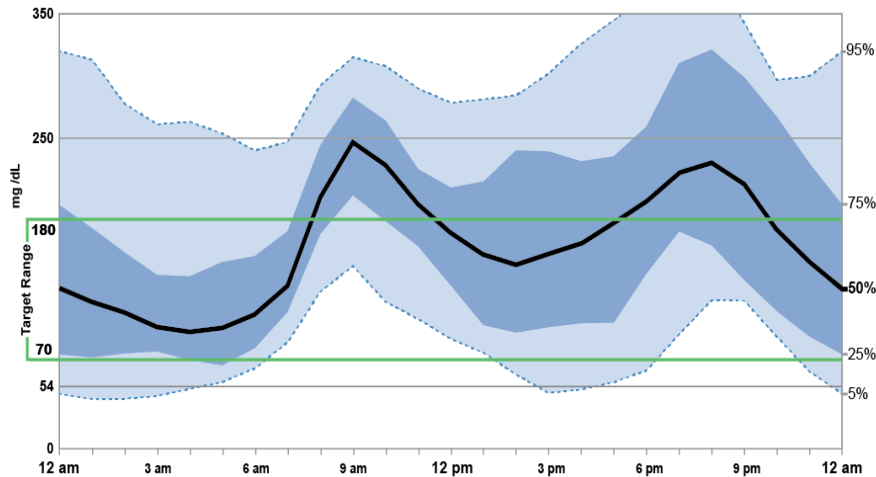
INNOVATION LANDSCAPE

INNOVATION IS RESHAPING LANDSCAPE

Standards of care now aim to equip patients with **tools and information** to support **self-management** decisions in **real time**



Outcomes improve when patients have the right mix of medicines, devices, knowledge and skills to tightly manage blood sugar levels:



ESSENTIAL TECHNOLOGIES FOR ALL ON INSULIN

GLUCOSE MONITORING



INSULIN ADMINISTRATION



Technology
is personal

CONNECTED INSULIN DELIVERY SYSTEMS

NEW GLUCAGON RESCUE OPTIONS

FIRST THERE WAS

NOW THERE IS



MORE OPTIONS FOR BETTER:

- ✓ Awareness
- ✓ Preparedness
- ✓ Emergency intervention

NEW OBESITY & T2 DIABETES TREATMENTS

Current obesity treatment coverage largely limited to bariatric surgery

Newer medications offer less expensive and less invasive options



97% of dieters regain their lost weight¹.

Covering medications and behavioral therapies may help avoid costly surgery and long-term complications of obesity and diabetes

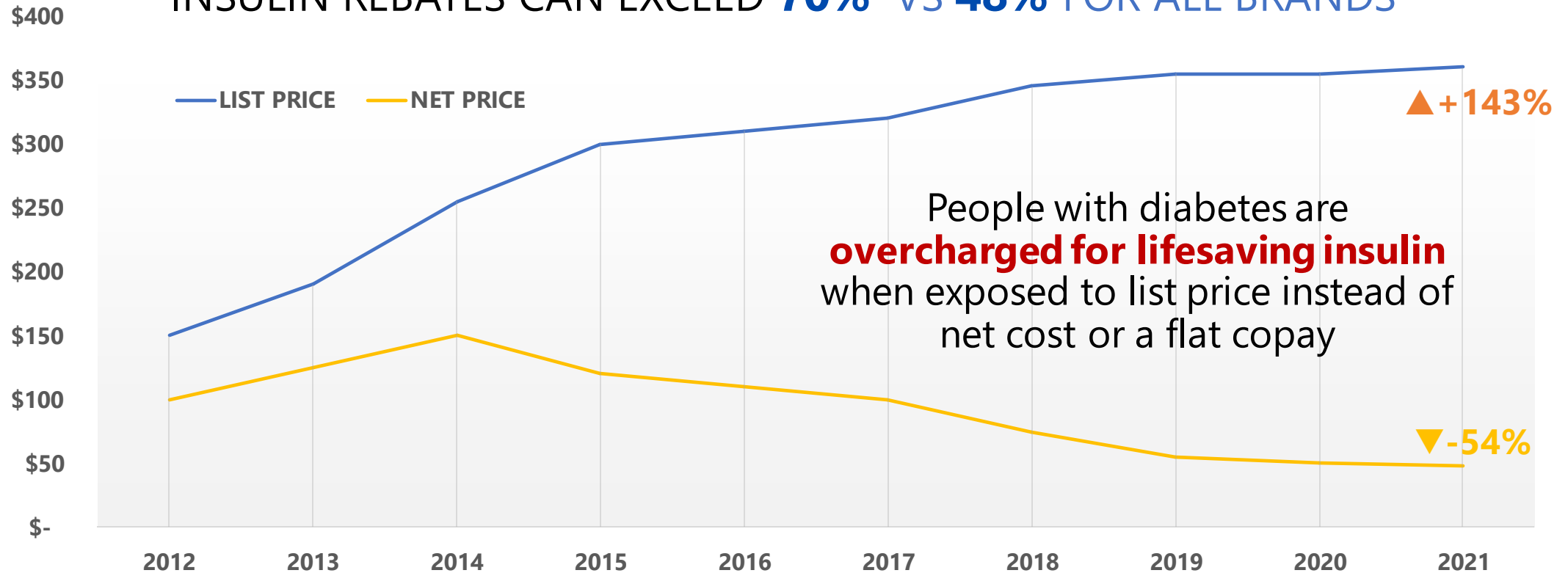
1. Partnership to Advance Cardiovascular Health.

https://static1.squarespace.com/static/56e6efdb5559866c54beb696/t/60ccb8b8838f3b6afccd1d4a/1624029373909/PACH_Obesity_WhitePaper_June2021.pdf

MARKETPLACE DYNAMICS INFLUENCING CARE & COSTS

REBATES ARE DRIVING LIST PRICES UP

INSULIN REBATES CAN EXCEED **70%**¹ VS **48%** FOR ALL BRANDS²



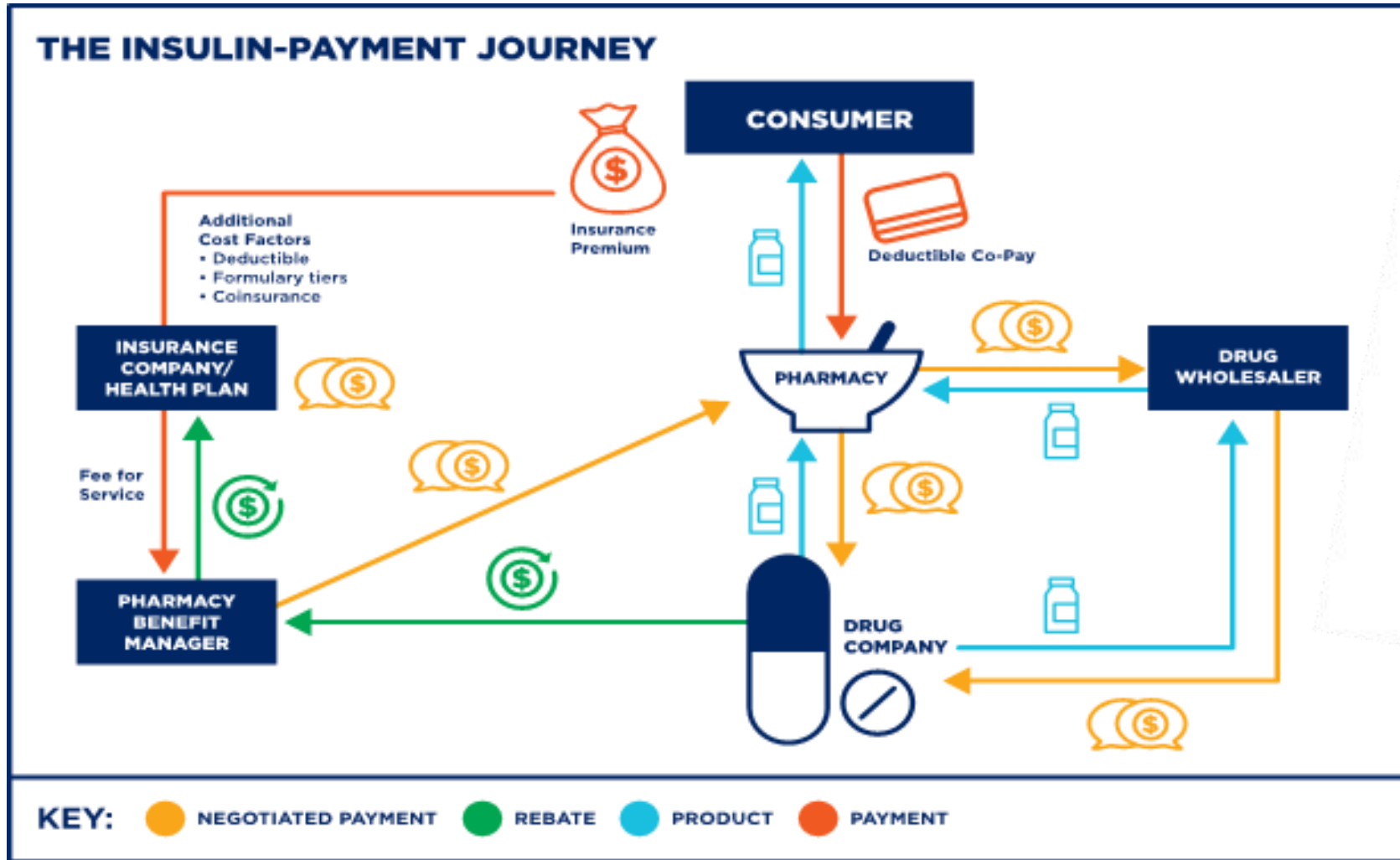
1. U.S. Senate Finance Committee on Finance. Insulin: examining the factors driving the rising cost of a century old drug. January 14, 2021.

[https://www.finance.senate.gov/imo/media/doc/Grassley-Wyden%20Insulin%20Report%20\(FINAL%201\).pdf](https://www.finance.senate.gov/imo/media/doc/Grassley-Wyden%20Insulin%20Report%20(FINAL%201).pdf)

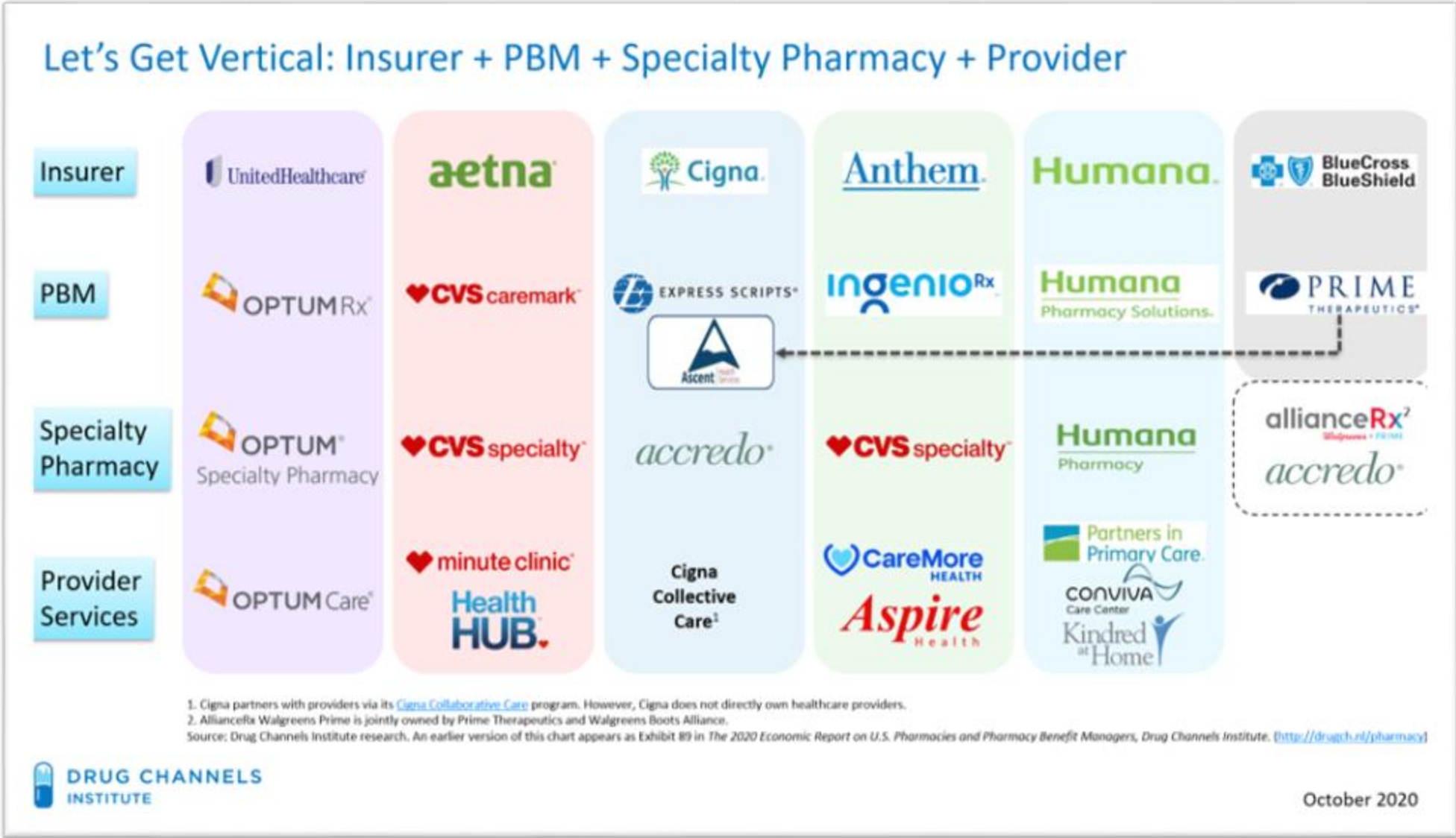
2. Kakani P, Chernew M, Chandra A. Rebates in the pharmaceutical industry: evidence from medicines sold in retail pharmacies in the U.S. March 2020. NBER Working Paper 26846. <https://www.nber.org/papers/w26846>.

3. Sanofi 2021 Pricing Principles Report. March 3, 2021 <https://www.sanofi.us/en/pricing-principles-report>. Sanofi is a member of the DLC Industry Advisory Board.

WHAT NEEDS TO CHANGE: A FLAWED SYSTEM



WHERE'S THE MONEY?



AVE REBATE 48% ACROSS ALL BRANDED

DIABETES

Fast Acting Insulins	73%
Intermediate- or Long-Acting Insulins	71%
Combinations of Oral Blood Glucose Lowering Drugs	63%
DPP-4 Inhibitors	65%
GLP-1 Analogues	38%

OBSTRUCTIVE AIRWAY DISEASES

Selective beta-2-adrenoreceptor agonists	64%
Andrenergics in combo with glucocorticosteroids or other drugs	67%
Glucocorticosteroids	69%

PATIENTS OVERPAY WHEN REBATES AREN'T SHARED

OTHER CONDITIONS	REBATE
Hepatitis C	47%
Ulcerative Colitis	44%
Incontinence	58%
Migraine	34%
Menopause	35%
Male hypogonadism	50%
Exocrine pancreatic insufficiency	29%

PERVERSE PBM INCENTIVES DRIVE STRANGE BEHAVIOR

FIRST THERE WAS



Humalog
insulin lispro injection
100 units/mL

\$275



NovoLog
insulin aspart injection 100 Units/mL


\$289



LANTUS
insulin glargine injection 100 Units/mL


\$284

NOW THERE IS




Admelog
insulin lispro
injection 100 Units/mL

\$233




Insulin Lispro
Injection

\$82




Insulin Aspart
Injection

\$145



ReliOn
NovoLog
insulin aspart injection 100 Units/mL

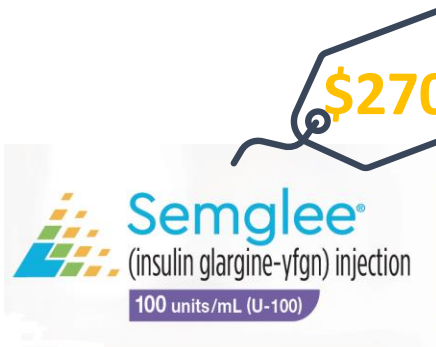
\$73



basaglar
(insulin glargine)
injection
100 Units/mL


pens

\$270



Semglee
(insulin glargine-yfqn) injection
100 units/mL (U-100)

\$270



Insulin Glargine
(insulin glargine-yfqn) Injection
100 units/mL (U-100)

\$99

GENERICS & BIOSIMILARS: Lowest cost drug doesn't always win

Medicare Part D:

- **2016-2018**
New generics launched at ave 30% savings
Yet only 25% were covered in the 1st year¹
- **In 2020** less than half of generic products were placed on generic tiers¹
- **Over last decade**, generic coverage on generic tiers dropped from 93% to 45%¹

CVS Caremark is being sued for preventing access to generics

Perverse Incentive

PBMs get more money when they cover a higher priced brand drug, rather than a less expensive generic or biosimilar.

That's bad for patients and plans.

PLAN DESIGN OPTIONS

KEY PLAN DESIGN FEATURES

1

FIRST-DOLLAR COVERAGE

Exempt diabetes management from plan deductibles

2

REBATE PASS-THROUGH

Eliminate list price exposure and reverse insurance

3

GENERICS & BIOSIMILARS

Ensure access to lower-cost medications

4

OBESITY

Cover counseling & proven anti-obesity drug therapies

BENEFIT STRUCTURE DETERMINES ACCESS

HIGH COST BURDEN FOR CHRONIC DISEASE MANAGEMENT

RAISES RISK TO EMPLOYEES AND PLANS



\$0 MONTH

First dollar, preventive coverage consistent with IRS guidance on HDHP-HSAs



\$25 MONTH

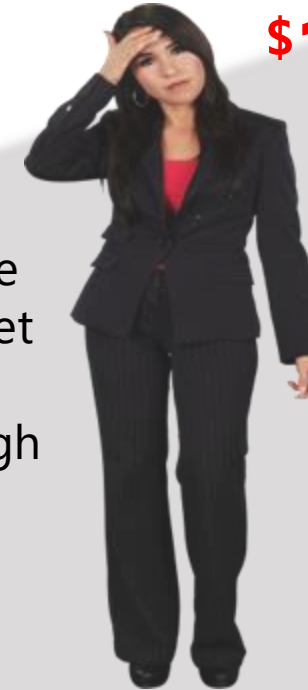
Low, predictable copays



\$360 MONTH

Net cost

- Coinsurance based on net
- Full rebate pass-through



\$1200 MONTH

Full "retail"

- No preventive coverage
- Coinsurance based on list price
- No rebate pass-through

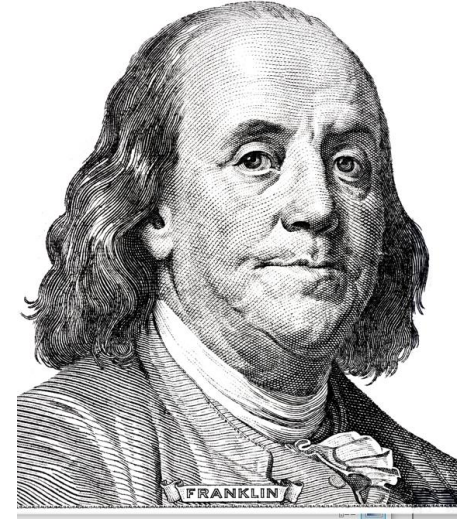
69% of patients will abandon a prescription if the cost is > \$250

INVESTING IN DIABETES MANAGEMENT PAYS OFF

Study by Express Scripts - June 2022¹

Capping costs for diabetes medications
at \$25/mo resulted in higher adherence and a
16.3% overall reduction in medical costs from
diabetes

Reduced hospitalization costs drove the savings



***“An ounce of prevention
is worth
a pound of cure.”***

1. <https://www.fiercehealthcare.com/payers/express-scripts-sees-lower-costs-better-adherence-program-cap-diabetes-drug-costs>

FIRST-DOLLAR COVERAGE – EBRI SURVEY

TOP LINE RESULTS

- **76% expanded pre-deductible coverage**
- **Diabetes** and **heart disease** are most often covered pre-deductible
- 66% offer pre-deductible coverage of insulin and other glucose lowering agents
- 61% offer pre-deductible glucometer coverage

COST SHARING

- **INSULIN AND OTHER GLUCOSE LOWERING AGENTS:** 30% waived patient cost sharing, while 60% required a copay
- **GLUCOMETERS:** 36% waived patient cost sharing, while 50% required a copay

BUSINESS RATIONALE FOR ADDING PRE-DEDUCTIBLE COVERAGE

- For the sake of their employees – 74%
- Employee retention – 64%
- Employee attraction – 52%
- Long-term cost-saving measure – 48%

Under IRS Notice 2019-45 employers can offer pre-deductible coverage of 14 chronic disease management products and services in their self-insured and fully insured HSA-eligible health plans, including:

- ✓ *Insulin*
- ✓ *Other glucose lowering agents*
- ✓ *Glucometers*

Employee Benefits Research Institute. Employer Uptake of Pre-Deductible Coverage for Preventive Services in HSA-Eligible Health Plans. EBRI Brief No. 452. October 2021.

REBATES AND PREMIUMS

SHARING REBATES DOES NOT DRIVE UP PREMIUMS

0.4% - 0.6%

DEPENDING ON PLAN TYPE

**ESTIMATED PREMIUM IMPACT OF
FULL REBATE PASS THROUGH
AT THE POINT OF SALE**

**WITHOUT FACTORING IN MEDICAL SAVINGS
FROM IMPROVED MEDICATION ADHERENCE
& PERSISTENCE BY PEOPLE WITH:**

- **Diabetes**
- **Arthritis**
- **Asthma**
- **Heart disease**
- **Other serious chronic conditions**

Milliman. Measuring the Impact of Point of Sale Rebates on the Commercial Health Insurance Market. July 2021.

TREATING OBESITY LESS \$\$ THAN DIABETES

- Obesity leads to other serious conditions **including T2 diabetes, hypertension, heart disease, and cancer**
- Contributes to HC care costs totaling **\$173B in 2019¹** in avoidable expenditures
- No widely-accepted, FDA-approved obesity drugs in 2006 (Medicare Part D created)
 - Congress excluded, so many commercial plans followed suit
- Effective FDA-approved, **anti-obesity medications now available, but typically not covered** by health plans
- **Behavioral therapy** also typically not covered

*Plans pay for
gastric bypass
vs medications
and behavioral
therapies*

¹ <https://www.cdc.gov/obesity/data/adult.html>

MORE PLAN OPTIONS TO REDUCE RISK/COST

Many other plan options enable employees to **better manage their diabetes – and other chronic diseases**

Access our **Managing Plan Risk** handout, which is located on the **Annual Convention Event App**.

Includes next steps to help **your clients improve employee health**.

REDUCE HEALTH PLAN RISK & COSTS

with proven diabetes management plan options

Providing preventive care and other coverage enables employees to **proactively manage** their diabetes — and other chronic diseases.

This ultimately:

- **Lowers direct major medical costs** and risk of catastrophic claims
- **Lowers indirect costs** such as reduced productivity

Providing affordable preventive coverage helps **reduce health disparities** in communities of color and those in lower socio-economic tiers.

Diabetes costs include:

- **\$30K/year per person** with complications, but **\$10K without!**
- **\$26.9 billion** reduced productivity
- **\$3.3 billion** costs due to absenteeism

ADDITIONAL PLAN DESIGN FEATURES
to further reduce diabetes risk, improve care

- **COPAY ASSISTANCE**
Avoid copay accumulators and maximizers for medicines with no generic alternative to help employees afford complex treatment regimens
- **GENERIC SPREAD**
Eliminate or minimize spread pricing on generic medicines to encourage adoption of lower-cost treatment options.
- **CONTINUITY OF CARE**
Avoid annual formulary changes for employees on stable treatment regimens and grandfather existing medicines.
- **RAPID APPROVAL PROCESSING**
Require insurers and pharmacy benefit managers to process diabetes-related approvals promptly to avoid dangerous disruptions in blood glucose management.
- **DIABETES CARE & EDUCATION**
Cover diabetes care and education based on need rather than capping number of visits.
- **INSURANCE LITERACY**
Provide diabetes specific health plan selection assistance to help employees choose the coverage options best suited to their needs.
- **TELEHEALTH**
Managing diabetes 24/7 is challenging. Cover telemedicine visits as an ongoing alternative to avoid missed appointments and improve productivity.

Regular eye exams and treatments can prevent up to 90% of diabetes-related blindness¹

Foot care programs (regular exams and education) reduce diabetes-related amputations 85%¹

Treatments to control blood pressure can reduce diabetes-related kidney failure 33%¹

56% of patients abandon their prescriptions at the pharmacy counter if >\$250⁴

Capping diabetes medications at \$25, plans saved 16.3% on total medical costs related to diabetes⁵

DIABETES LEADERSHIP COUNCIL

Q & A

THANK YOU

Download this slide deck from NABIP event app.

Handout (*Reduce Health Plan Risk and Costs*)
is also available at:

- <https://diabetesleadership.org/resources>

Questions?

- employers@diabetesleadership.org

