



THE IMPACT OF NONMEDICAL SWITCHING ON HEALTH CARE COSTS

WHAT IS NONMEDICAL SWITCHING?

Nonmedical switching (NMS) occurs when a stable patient is switched to a less expensive medication (eg, biosimilar). The NMS occurs several different ways:



**CHANGING THE LIST OF
FORMULARY MEDICATIONS**



**INCENTIVIZING THE
PHARMACIST OR PHYSICIAN**



**LIMITING OR ELIMINATING
CO-PAY COUPONS**

However, **this switch has no clinical rationale; it is purely a change for financial reasons.**

DOES NMS REDUCE COSTS?

The primary goal of NMS is to move a patient to a lower cost alternative. However, does the switch reduce total health care spending? The Institute for Patient Access examined a subset of commercial claims data from 2011 to 2015. It determined that people switched to a lower cost alternative were more likely to switch multiple times and experience a higher per-member per-month (PMPM) cost for all chronic disease categories.

WHO IS TARGETED?

Generally, patients with chronic diseases are often targeted because chronic diseases account for most health care cost.

Some of the key chronic diseases impacted by NMS are shown in the table below.

	NO SWITCH	SWITCH TO LOWER COST	MULTIPLE SWITCHES
ASTHMA	\$975	\$1,035	\$1,425
COPD	\$1,307	\$2,316	\$3,171
CHRONIC PAIN	\$2,859	\$4,141	\$4,886
CROHN'S DISEASE	\$2,072	\$4,499	\$4,890
HYPERCHOLESTEROLEMIA	\$1,829	\$1,977	\$2,042
MULTIPLE SCLEROSIS	\$1,766	\$4,362	\$2,625
OSTEOPOROSIS	\$1,467	\$1,997	\$1,540
PSORIASIS	\$588	\$648	\$671
RHEUMATOID ARTHRITIS	\$1,474	\$1,894	\$1,714

Figures are PMPM averages. Increases are measured from 6 months prior to the patients' diagnosis to 12 months after initial diagnosis.



IMPLICATIONS OF NMS FOR PATIENTS



- Experienced new and different side effects
- Increased doctor visits and/or hospitalization
- Limited future treatment options
- Continued switching
- Repeated trial and error to achieve proper dosing
- Increased anxiety

IMPLICATIONS OF NMS FOR PHYSICIANS



- Increased administrative burden (eg, prior authorizations and appeals)
- Loss of prescribing autonomy
- Increased frustration

IMPLICATIONS OF NMS FOR PAYERS



- Legislation could impact policies
- Possible increase in total health care spending
- Additional burden on notifying patients

NONMEDICAL SWITCHING CAN ALSO DECREASE THE PHYSICIAN'S AND THE PATIENTS' ABILITY TO HAVE FAITH IN THE PHARMACEUTICAL SUPPLY CHAIN AND INSURANCE COVERAGE FOR PATIENTS WITH CHRONIC ILLNESS.

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HOW SHOULD STATE LAWMAKERS HANDLE NMS?

State lawmakers can help minimize NMS by requiring health plans, to at the least, maintain coverage for stable patients. State lawmakers policies on NMS should:

- ✓ Reflect relevant, current data and analysis on the impact of NMS
- ✓ Demonstrate an understanding of long-term impact
- ✓ Preserve physicians' role in decision-making
- ✓ Require patient's consent

MANUFACTURERS MUST BE PREPARED FOR NONMEDICAL SWITCHING



Educate on the impact of nonmedical switching and biosimilars



Track current legislation by state (eg, biosimilar “switching”, step-therapy, etc)



Build a cost calculator that highlights the financial impact of NMS



Define scenarios that address future entrants and their impact