Managed Care Guidelines Needed to Address Increasing Costs and New Drug Treatments in Dermatology, Reports Galderma

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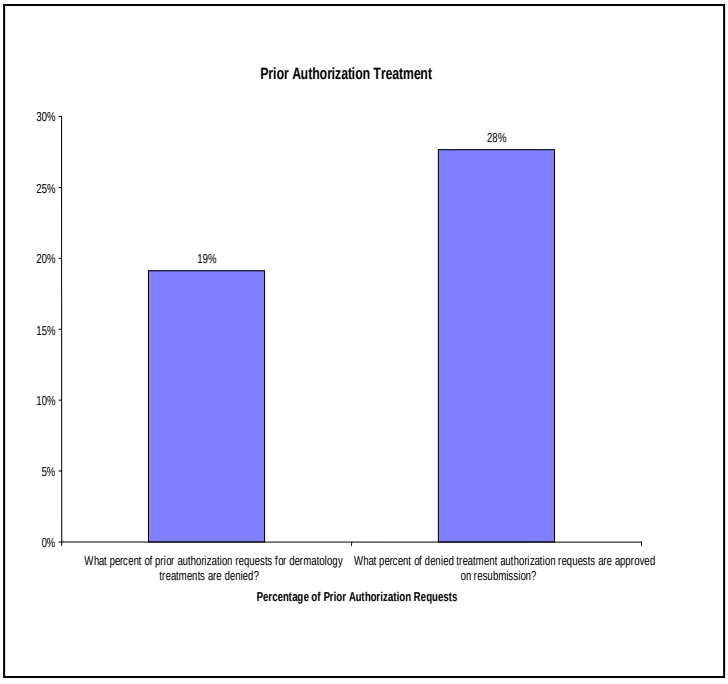
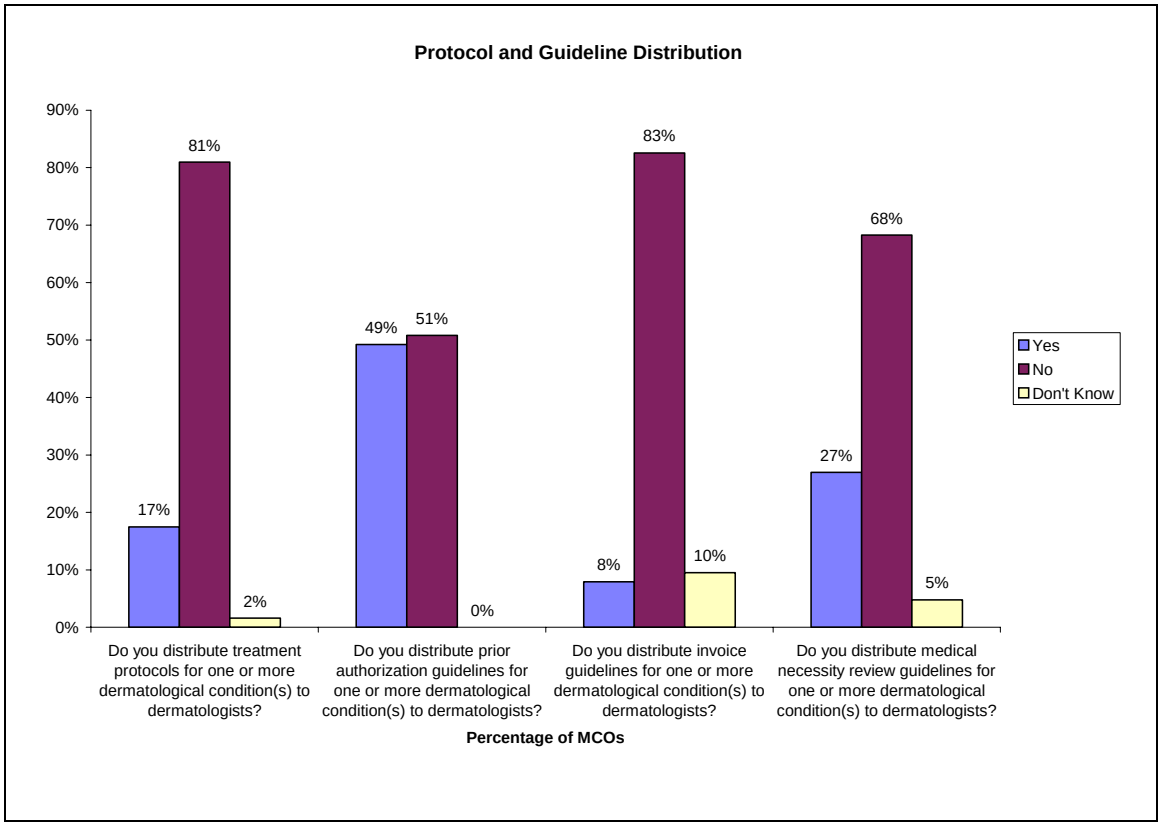
(Washington, D.C.) *The Galderma Quality Report for Dermatology & Managed Care* focuses on an area of managed care management that is often neglected—dermatology.

The report documents the ongoing misunderstanding both by dermatologists of managed care and managed care of dermatologists. Managed care decision-makers often seem unaware that a dermatologist's average patient is likely to have multiple dermatologic problems requiring multiple prescriptions and procedures, or that dermatologists regularly treat more than 200 diseases, often requiring off-label treatment.

To gain a clearer perspective on evolving managed care costs and issues, Galderma initiated a survey of medical directors, pharmacy directors, dermatology practices, and managed health care professionals. The survey was conducted by Pharmacy Benefit Management Institute and Kikaku America International.

One of the major findings of the report pointed to the need for clear and well-written guidelines. Dermatologists complain of procedure denials and claim they are spending more time than should be necessary in efforts to get paid for their services. And when participating health plans were surveyed about how they distributed various guidelines and protocols to dermatologists, it was discovered that most health plans did *not* distribute treatment protocols, invoice guidelines, or medical necessity review guidelines to dermatologists. (See *Protocol and Guideline Distribution* and *Percentage of Prior Authorization Requests* charts below.)





It becomes clear that education and cooperation between the health plans and dermatologists are needed so that treatment-effective and cost-effective therapies can continue to be made available to the patients without compromising the goals of either managed care or dermatology.

Other key findings:

- Pharmaceutical costs per member per month (PMPM) before cost sharing, as well as other medical costs PMPM for a certain dermatological condition, did not necessarily correlate with the prevalence of that condition within the plan. The management and treatment of some conditions utilized a greater portion of financial resources because of high treatment cost rather than high disease prevalence. On the other hand, some dermatological conditions with a higher prevalence had a relatively low pharmaceutical and medical cost PMPM.

- In terms of combined pharmaceutical and medical costs PMPM, the most costly condition, traditionally, has been warts. The second most costly condition has been fungal nail infection. The third most costly condition has been psoriasis. Psoriasis is becoming the second most costly condition in terms of pharmaceutical treatment alone, and is the area that holds the most potential for increased costs.

- When asked to anticipate the role of biologics for the treatment of psoriasis in the future, the great majority of respondents (90%) anticipated greater use of

biologics for the treatment of psoriasis over the next year because of its efficacy. The traditional therapies for moderate to severe psoriasis cost approximately $1,000 a year, whereas the new biologics can range from $13,000 to $30,000 annually.

- As research in the relatively new field of genomics progresses, managed care can expect even greater numbers of biologics to hit the market. Because many biologics are injectables, coverage for this class of medications will need to be more clearly defined. Currently, for example, four biologic agents are approved for psoriasis. Alefacept and infliximab are infused in an office setting. Etanercept and efalizumab are self-administered. As a result, it is difficult to determine how much of a cost burden these agents will be to managed care. As injectables increase in number and in use, more plans may adopt a four-tier co-payment structure, in which the fourth tier will come to signify co-payment for injectables.

- A mind-boggling 2428 different medications (prescription or over-the-counter) were recommended or prescribed by dermatologists as recorded by the NAMCS in 2002. This array of medications exceeds any medical specialty and shows the breadth and depth of the medical options available to dermatologists. The most common medications found in the database reflect the leading diagnoses (See the table below).

The Leading 15 Drugs Prescribed or Recommended to Patients as Written by Dermatologists

Rank	Drug	Estimated Number of Mentions (Thousands)
1	Adapalene	1,411
2	Tretinoin	690
3	Accutane	687
4	Nizoral	584
5	Cutivate	536
6	Cleocin T	510
7	Clobetasol	508
8	Triamcinolone	504
9	Doxycycline	456
10	Desowen	454
11	Minocin	446
12	Lidex	431
13	Diprolene	406
14	Minocycline	402

Source: National Ambulatory Medical Care Survey, 2002

The Gladerma Dermatology & Managed Care Survey was designed to assess dermatological care in the managed health care environment. For this study, PBMI and Kikaku America International received 73 completed surveys from managed care decision-makers and 330 completed surveys from dermatology practices.

"It is my hope that the information in this survey will help pave the way for a better relationship between managed care insurers and the providers who deliver dermatologic care to their members," says Albert Draaijer, president of Gladerma.

To order a complimentary copy of the report, visit the Galderma Web site at www.galdermausa.com. If you have any questions about the content of the report, contact Publisher Peter Sonnenreich at (202) 246-2525.