

NHF POSITION STATEMENT CAPITATION & HEMOPHILIA TREATMENT

With health care costs climbing and governments facing growing budget constraints, many insurers, public and private, are exploring ways to reduce expenditures. The idea of capitation on costs for prescription drugs, whether on an annual or lifetime basis, seems to be gaining support. The National Hemophilia Foundation is concerned that such a mindset could influence how blood clotting factors are treated by insurers. Clotting factor is a crucial and life saving therapy for individuals with hemophilia and other inherited bleeding disorders.

The concept of capitation is not new. In 2006, Indiana Medicaid announced plans to expand the use of Managed Care throughout the state. Concerned about the potential impact on care for those affected by bleeding disorders, Hemophilia of Indiana, a chapter of the National Hemophilia Foundation, commissioned an independent third party to analyze the fiscal aspects of capitation as it pertains to blood clotting factors. The attached actuarial study concludes that there are special characteristics of health care costs related to hemophilia that make it advisable to proceed with special care should a capitation initiative move forward with blood clotting factors.

Hemophilia is unique in many ways. First and foremost, the condition is chronic, requiring a lifetime of treatment. Blood clotting factors are expensive therapies and their continued use does incur substantial prescription drug costs. In addition, blood clotting factors are biologics and as such, each brand of therapy has unique attributes as highlighted below:

- Individuals react differently to the varying brands. The physician needs the ability to identify the right product for each individual to maximize therapeutic efficiency.
- Inhibitor development, where the body produces an antibody that neutralizes the clotting factor, can occur and make infusion therapy very costly.
- Allergic reactions can occur.

Capitating blood clotting factor will prove to be a greater burden on the health care system in both effort and overall costs. Capitating blood clotting factor costs on an annual or lifetime basis will force the individual, their pharmacy provider and their physician to seek less than optimal treatment simply to protect insurance coverage. This approach will result in increased cost due to additional ER visits as well as, hospitalizations which will lead to days missed from work and school.

The life span for an individual with a bleeding disorder such as hemophilia has doubled over the past twenty years due to product improvements and the advancements in treating the disease. An example of such an improvement is a treatment regimen known as prophylaxis. Prophylaxis focuses on preventing the bleed before it occurs versus stopping the bleed after it happens (prophylactic treatment for children with severe hemophilia is recommended by the National Hemophilia Foundation's Medical and Scientific Advisory

Council (MASAC)). The significance of this advancement is the reduction of joint damage and the associated treatment cost. Capitation of blood clotting factors would eliminate this approach which is considered the standard of care across the United States.

The National Hemophilia Foundation is resolute in the belief that the capitation of hemophilia clotting factor prescription drug costs would negatively impact the existing standard of care and treatment, and, in extreme cases, may also prove to be life threatening. As the actuary study concludes, there are several strong reasons not to pursue capitation from a fiscal point of view. It is important to note that while the opinion references the experiences of two Indiana MCOs, NHF believes that the experience is not unique to the State of Indiana, rather it is one that has been or will be experienced by other states and health plans.

Therefore, the National Hemophilia Foundation urges insurers to work with the NHF and our local chapters to identify potential alternatives other than capitation in their examination of reducing costs associated with insuring hemophilia and other bleeding disorders.