

Coalition Newsletter Helps Members Manage Benefits

*Marisa L. Milton, Executive Director
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Welcome to the first edition of HR Policy Association's Pharmaceutical Coalition newsletter.

HR Policy formed the Coalition in 2004 in order to align the incentives of pharmacy benefit managers and their employer clients. The Coalition is made up of nearly 60 large employers, covering more than 5 million lives with collective drug spending of more than \$5 billion. Our members do not operate as a traditional coalition that uses its membership to derive deep discounts from a selected group of vendors. Rather, HR Policy's Coalition came together to address concerns about complex pricing and the possibility of conflict of interests in the pharmacy benefits market. The goal was to change the market for the long term through voluntary initiatives as opposed to legislation.

The Coalition created the Transparency in Pharmaceutical Purchasing Solutions (TIPPSSM) initiative to define rigorous transparency standards for the PBM market and create a mechanism for employers to recognize those PBMs that are dedicated to transparency. Through TIPPS, the Association certifies pharmacy benefits managers that are willing to provide the highest level of transparency to members of its Coalition.

Among other requirements, a TIPPS-certified PBM agrees to:

- charge a Coalition member no more than the amount that it pays the pharmacies in its retail network for brand and generic drugs;
- charge a Coalition member acquisition-based pricing for drugs at mail order pharmacies, plus a dispensing fee, based on actual inventory cost (AAC) or wholesale acquisition cost (WAC); and
- pass through any and all pharmaceutical manufacturer revenue that the Coalition member's utilization enables the PBM to earn.

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The impact of the TIPPS initiative has been felt beyond the Association membership, raising the expectation of transparency throughout the entire pharmacy benefits arena.

This newsletter is another tool that Coalition members can use to help them manage their pharmacy benefits. This first edition includes articles on a variety of timely topics of interest to employers trying to manage their pharmacy benefits for employees and retirees. PBMs that have been certified by the Association under the TIPPS initiative have contributed pieces on value-based design, consumer-directed pharmacy, and other issues facing employers.

In addition, we have two articles from the pharmacy team at Hewitt Associates, who serve as consultants to the Coalition. One provides a summary of a joint HR Policy-Hewitt study

on compliance, and the other gives an update on the pending AWP settlement.

In our “Ask the Expert” column, Bob Garis from Creighton University offers strategies that employers can use to achieve the optimal price for their pharmacy benefits.

Future editions will feature case studies from employer members of the Coalition who have undertaken innovative approaches to managing their pharmacy plans, as well as important topics such as specialty pharmacy and increasing generic utilization.

We hope that you enjoy our first newsletter. Please feel free to contact me at mmilton@hrpolicy.org for ideas for future articles. ■

Hewitt-HR Policy Study Demonstrates Need for Improved Compliance

By Kristin Begley, PharmD, Pharmacy Practice Leader, Hewitt Associates

It has often been stated that prescription drugs, if taken appropriately, can be the most efficient healthcare dollar spent. The majority of the rise in prescription drug costs is due to an overall increase in utilization in addition to inefficient drug mix (high to low cost drugs). Simply put, there are more drugs prescribed for more people and for more indications.

Multiple factors (environmental, education, complexity of regimen, dietary restrictions, side effects, health beliefs and values, knowledge and acceptance of diagnosis, depression, etc.) can lead to non-compliance in a patient population. Moreover, a “silo” approach to pharmacy management typically results in members paying more for prescription drugs, and this potentially reduces compliance rates for certain disease states. Multiple studies show that a drop in patients’

Therapeutic Class	Unique Members	Total Paid	HR Policy Aggregate Compliance	Target Compliance	Percentage Patients at Target Compliance
Cholesterol Lowering	535241	\$400,127,538.46	83%	85%	66%
Depression	343848	\$176,110,608.33	74%	90%	47%
Diabetes	169963	\$113,738,497.66	85%	90%	68%
High Blood Pressure	798864	\$334,251,095.96	88%	85%	76%
Chronic Respiratory	46992	\$20,658,777.62	49%	85%	24%
HIV/AIDS	2734	\$23,512,189.94	89%	95%	74%
Hepatitis B	381	\$1,507,969.75	84%	95%	55%
Hepatitis C	815	\$9,099,816.47	80%	95%	62%
Immunosuppressants	6756	\$19,779,137.67	81%	95%	55%
Osteoporosis	130107	\$71,966,811.40	77%	85%	55%
Alzheimers Disease	22978	\$29,488,100.69	82%	90%	63%

pharmacy compliance levels often results in medical utilization increases that far exceed the reduction in drug costs.

HR Policy Association engaged in a study with Hewitt Associates to identify medication compliance opportunities for chronic and high cost conditions. Hewitt analyzed 12 months of actual prescription drug utilization data for a subset of HR Policy Association's membership and generated the employers' and members' "actual compliance score" for each therapeutic category (generally 65 percent – 95 percent compliance by category). Additionally, the percent of patients meeting therapeutic compliance needed to treat the disease was measured.

The therapeutic categories included were high cholesterol, high blood pressure, diabetic treatments, depression, chronic respiratory, osteoporosis, HIV/AIDS, immunosuppressants, Alzheimers and Hepatitis C/B. Member companies that participated in the study received an individual analysis and a meeting with a Hewitt pharmacy consultant to discuss results and specific employer strategy applications. When assessing HR Policy Association's average compliance (blue column) and patients meeting compliance that are therapeutic for the disease state (yellow column), it is clear that there is a need

for identification and outreach to non-compliant patients. Provided on the previous page is the aggregate member company compliance report.

Aggregate and individual member company compliance results validate the need for targeted changes in prescription drug benefit delivery, participant communication campaigns, and strategies for employers to leverage PBMs to support key prescription drug strategy objectives. These will be critical elements of employers' broader strategy to link pharmacy utilization to medical outcomes to help "bend" the longer term gross and net health care trend lines, reduce absenteeism and optimize productivity.

In an environment of healthcare cost increases, the best solutions take a holistic approach to managing the combined costs of both medical and pharmacy programs, linking pharmacy expenditure to medical outcomes. Compliance management opportunities go beyond cost shifting in the pharmacy "silo" to re-define total medical management outcomes. Making a long term investment in employees, by not only reducing total medical costs, but also controlling absenteeism and disability, can increase overall productivity in your workforce thus reducing total medical costs. ■

Encouraging Healthy Actions Through Benefit Design

By Ed Pezella, National Medical Director, Aetna Pharmacy Management

According to a study published in the *New England Journal of Medicine*, between 33 and 69 percent of hospitalizations in the U.S. are due to poor medication adherence. The cost of this problem is estimated to be \$100 billion a year. That's a high cost for a problem that we have some tools to change. And one of the most effective tools we have is the way we design pharmacy benefits.

The use of evidence-based medicine in combination with pharmacy benefit design can significantly help to encourage improved health outcomes and better overall quality of care for members. One way in which this can work is to use the benefit design to reduce the cost barrier to patient adherence with recommended drug therapies and treatments. Reducing or eliminating the copay on medications that treat certain chronic conditions takes away one of the disincentives for members to stay with their therapies.

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In fact, one 2008 study by researchers at Harvard and the University of Michigan found that patients with certain chronic conditions who had lower copayments were more likely to stay on their therapy.

Our own research agrees. We surveyed 1,000 individuals with 5 common conditions: hypertension, hyperlipidimia, asthma, diabetes, and heart disease. The results showed strong consumer support for lower copays on evidence-based treatments. It also showed a greater likelihood for adherence

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when disease management programs are coupled with reduced or eliminated copays.

LOOKING FOR A SOLUTION

When we set out to create Aetna Healthy Actions – Rx Savings, a value-based benefit design focusing on copay reductions, we knew there were several ways to go about it.

One way would be to simply shift drugs to a lower copay tier. This offers an incentive to members to adhere to therapy, but it can have contracting consequences that limit its effectiveness.

Another way to address the problem is to select certain drugs or classes of drugs that offer the greatest opportunity to help reduce the overall cost of care. In other words, reduce the copay on the drugs that will cut the deepest into the \$100 billion price tag on the complications that come from non-adherence. This route can be more effective than shifting copay tiers, but it still doesn't harness all the resources available to a benefits manager.

A BETTER WAY

What else can we do? At Aetna, we use our proprietary CareEngine technology to continuously compare member claims data against evidence-based treatment guidelines established for many clinical conditions. By linking the copay reductions to a member's health profile through our CareEngine system, we are able to help identify the highest risk population and use the copay incentive to promote improved outcomes for those who need the selected medications the most— connecting the most effective drugs with the members who need them the most.

WHAT DO WE SEE IN THE FUTURE?

The next step for our value-based insurance designs is connecting them with health and wellness programs for members living with chronic conditions. A good example is our Heart Care for Life program, which provides education and support to members who have had a heart attack. These kinds of programs can help by introducing members to lifestyle changes that can support their therapy. They also support adherence efforts by taking on another barrier, the fact that many members don't understand their therapy or aren't aware of its benefits.

By pairing a value-based plan design with the information and knowledge to help a member make healthy choices, we harness two of the most effective tools we have for promoting better health. ■

Catalyst Rx's Physician Education Generates Significant Savings

By Andy Szczotka, Pharm. D., Senior Vice President, Clinical Operations, Catalyst Rx

Physicians receive a significant amount of on-going education regarding prescription drug therapy from pharmaceutical companies and may be influenced by the publicity of promoted brand name drugs by those companies. This often may result in the physician prescribing higher cost branded medications that may have lower cost generic or therapeutic equivalents for their patients.

To assist physicians with their on-going prescription drug therapy education and to support the proper prescribing of prescription therapy, Catalyst Rx has developed its Prescriber Education and Intervention (PEI) program to provide physicians with a summary of their prescribing history and an alternative source of unbiased drug information with an objective to achieve both patient and client cost-savings through the promotion of clinically and cost-effective prescribing.

The PEI program is designed to provide in-depth review of the prescribing patterns of top prescribing physicians, develop clinically appropriate and cost-effective strategies to improve physician prescribing patterns, provide up-to-date clinical drug information, and communicate with physicians to discuss these strategies and monitor the prescribing patterns post education.

Catalyst Rx realizes that different regions and different clients have unique needs and requirements; therefore, nationally delivered "cookie cutter" solutions are not as effective in controlling prescription drug costs. Recognizing that effective drug trend management is a localized phenomenon, the company provides local and experienced Client Services and Clinical Teams strategically located throughout the country.

