

# Central Square CSD

## Prescription Drug Clinical Management Edits

PRESENTED BY  
ALISON DUNN

JUNE 9, 2022



# Agenda

- Health Insurance Overview
- Prescription Drug Trends
  - Landscape
  - Data
- Management Programs
  - Prior Authorization
  - Step Therapy
  - Generic Advantage

# Landscape

## What is Driving U.S. Healthcare Costs?

### Clinical management: Seven factors driving U.S. health care costs

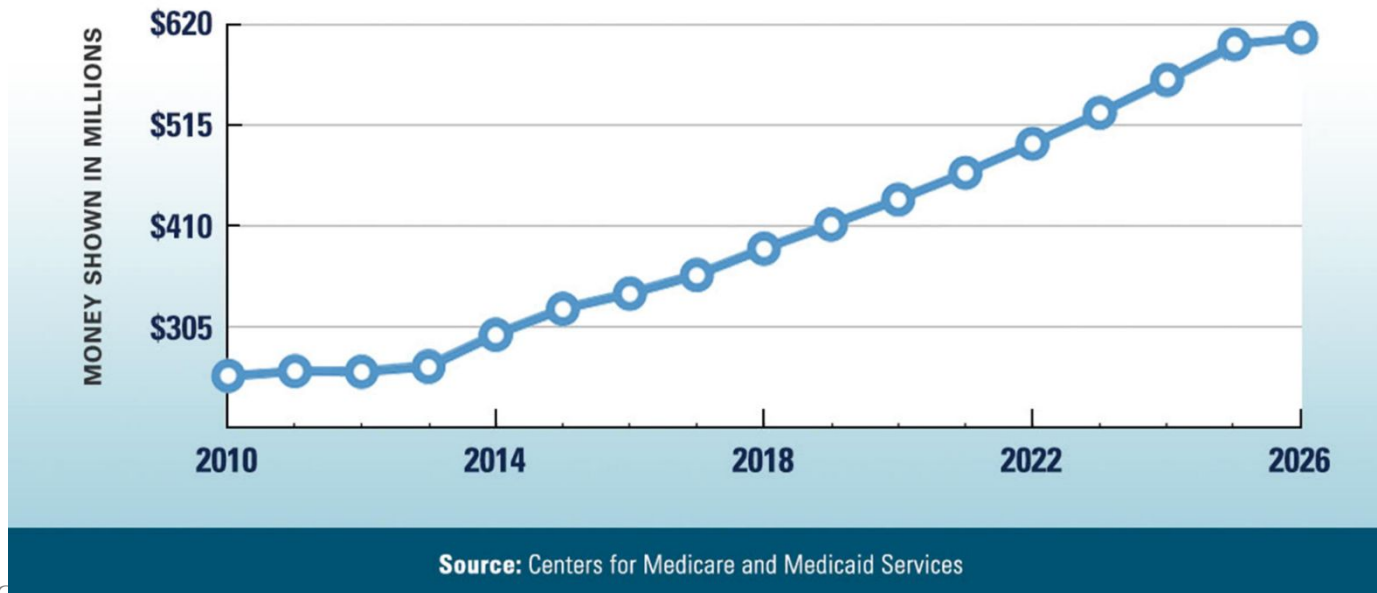
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
<b>Increased Utilization</b>	<b>Aging Population</b>	<b>Biologics and New Technologies</b>	<b>Behavior and Lifestyle</b>	<b>Pharmaceutical Costs</b>	<b>System Inefficiencies</b>	<b>Medical Malpractice</b>
Demand, new treatments, defensive medicine, and aging population with poor lifestyles	Longevity dictates prolonged and increased health care costs	Expensive drugs, technologies, services and procedures to prolong/improve quality of life	Choices leading to long-term chronic and associated managing treatments	More utilization, new and expensive medications, specialty drugs, fewer manufacturers that control price	Procedure duplications, preventable mistakes, unnecessary treatments and prescriptions, technological inefficiencies	Higher insurance rates, practice of defensive medicine

Source: National Association of Health Underwriters, "Cost Drivers"

# Landscape

Health Insurance Costs - Prescription Drugs contribute to these increases

## Money Spent on Prescription Drugs



Source: Centers for Medicare and Medicaid Services, 2021

# Landscape

Rising prescription drug costs account for 21% of every premium dollar.



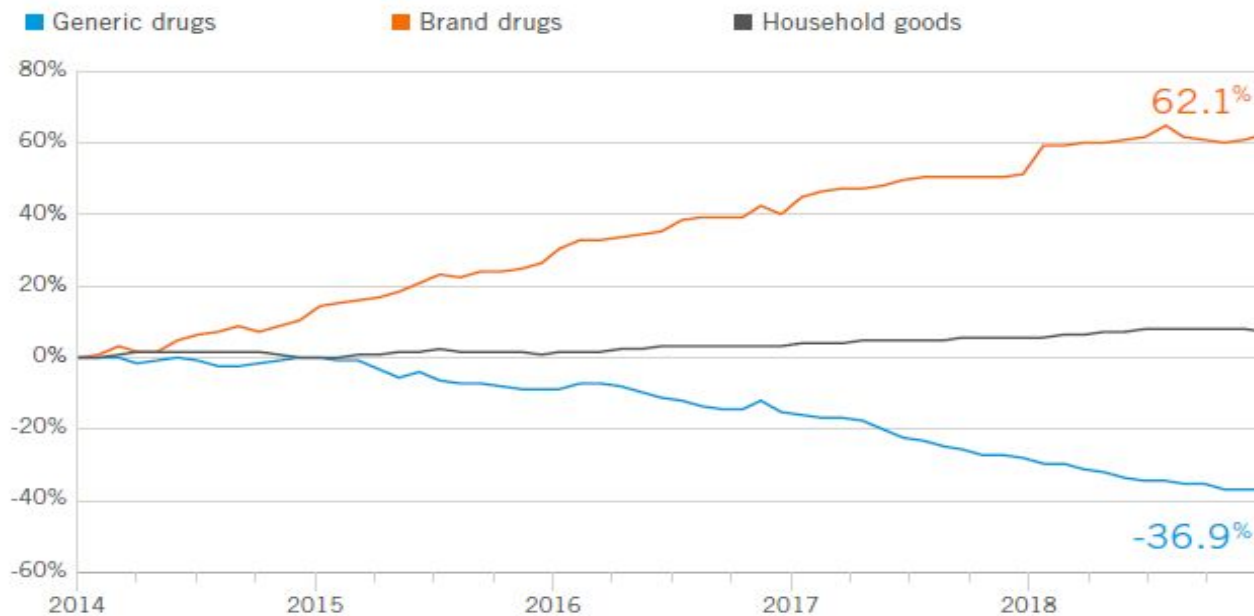
Sources: National Health Expenditure Data, Centers for Medicare and Medicaid Services, Agency for Healthcare Research and Quality (AHRQ), IMS Institute

Includes prescription drugs administered in a clinical setting.

Include both governmental administrative costs for programs such as Medicare and Medicaid, and the administrative costs of private.

# Trends

Generic drug prices have declined while brand drug prices continue to increase in cost.



Source – Express Scripts Drug Trend Report, 2018

# Prescription Drug Data

The Cooperative's overall Rx spend is approximately \$82M.

## Central Square Data:

Total Plan Spend on Rx: \$3,457,390



Plan Pays: 96.6% of all Rx costs

Generic Fill Rate: 83%

2021 data

# What are groups doing to contain costs?

## Top Strategies:

1. Use specialty pharmacy management
2. Expand prior authorization 
3. Evaluate pharmacy management program
4. Expand step therapy programs 
5. Promote cost savings opportunities such as mail order

Source – Segal 2021 Plan Survey Results



# Utilization Management Programs

Prescribing and using medications appropriately can effectively improve patient outcomes and reduce expenses, even as drug costs rise

Management of drug utilization and maximizes the efficacy of the drug spend

Examples:

- Prior Authorization

- Step Therapy

- Generic Advantage

## What is Prior Authorization?

**Prior authorization (PA)** is a requirement that your physician obtain approval from the health insurance plan to prescribe a specific medication.

PA is a technique for ensuring prescribed medications are appropriately prescribed based upon FDA and manufacturer guidelines, medical literature and benefit design.

It results in minimizing costs, wherein benefits are only paid if the medical care has been pre-approved by the insurance company.

# Prior Authorization

## **What kinds of drugs need prior authorization?**

- Drugs that have dangerous side effects
- Drugs that are harmful when combined with other drugs
- Drugs that you should use only for certain health conditions
- Drugs that are often misused or abused
- Drugs that a doctor prescribes when less expensive drugs might work better

## How Does Prior Authorization Work?

Physicians submit the PA paperwork on behalf of the member. When the member goes to the pharmacy to pick up the prescription, the authorization process has generally already taken place. If the medication is not approved, the physician may supply supporting reasons or prescribe an alternative medication that would also be reviewed for safety and efficacy.

# Example of the Prior Authorization Medication

PRODUCT DESCRIPTION	TIER	LIMITS/RESTRICTIONS/NOTES
<i>amoxicillin/potassium clavulanate (amoxicillin/potassium 200-28.5/5 susp recon, amoxicillin/potassium 200-28.5mg tab chew, amoxicillin/potassium 250-125 mg tablet, amoxicillin/potassium 250-62.5/5 susp recon, amoxicillin/potassium 400-57mg tab chew, amoxicillin/potassium 400-57mg/5 susp recon, amoxicillin/potassium 500-125 mg tablet, amoxicillin/potassium 600-42.9/5 susp recon, amoxicillin/potassium 875-125 mg tablet, amoxicillin/potassium 1000-62.5 tab er 12h)</i>	1	
<i>ampicillin trihydrate (125 mg/5ml susp recon, 250 mg capsule, 250 mg/5ml susp recon, 500 mg capsule)</i>	1	
AUGMENTIN (125-31.25 MG/5 ML, 250-62.5 MG/5 ML, 500-125 TABLET, 875-125 TABLET)	3	
AUGMENTIN ES-600	3	
AUGMENTIN XR	3	
<i>dicloxacillin sodium</i>	1	
MOXATAG	3	PA
<i>penicillin v potassium (125 mg/5ml soln recon, 250 mg tablet, 250 mg/5ml soln recon, 500 mg tablet)</i>	1	
MACROLIDES		
AZASITE	3	

## What is Step Therapy and How Does it Work?

**Step Therapy** - In some cases, the insurance carrier requires members to first try certain drugs to treat their medical condition before it will cover another drug for that condition.

For example, if Drug A and Drug B both treat the medical condition, Drug B may not be covered unless the patient tries Drug A first. If Drug A does not work for the patient, Drug B will be covered.

The process is handled between the provider and pharmacist behind the scenes in most cases.

## Example of the Step Therapy List

PRODUCT DESCRIPTION	TIER	LIMITS/RESTRICTIONS/NOTES
<i>fentanyl (12 mcg/hr patch td72, 25 mcg/hr patch td72, 50mcg/hr patch td72, 75mcg/hr patch td72, 100 mcg/hr patch td72)</i>	1	PA
<i>fentanyl (37.5mcg/hr patch td72, 62.5mcg/hr patch td72, 87.5mcg/hr patch td72)</i>	1	PA
<i>hydrocodone bitartrate (10 mg cap er 12h, 15 mg cap er 12h, 20 mg cap er 12h, 20 mg tab er 24h, 30 mg cap er 12h, 30 mg tab er 24h, 40 mg cap er 12h, 40 mg tab er 24h, 50 mg cap er 12h, 60 mg tab er 24h, 80 mg tab er 24h, 100 mg tab er 24h, 120 mg tab er 24h)</i>	1	PA
<i>hydromorphone hcl (8 mg tab er 24h, 12 mg tab er 24h, 16 mg tab er 24h, 32 mg tab er 24h)</i>	1	PA
HYSINGLA ER	3	PA
KADIAN (ER 20 MG CAPSULE, ER 30 MG CAPSULE, ER 40 MG CAPSULE, ER 50 MG CAPSULE, ER 60 MG CAPSULE, ER 80 MG CAPSULE, ER 100 MG CAPSULE, ER 200 MG CAPSULE)	3	PA
KADIAN ER 10 MG CAPSULE	3	PA ST
<i>levorphanol tartrate 2 mg tablet</i>	1	PA

## What is Generic Advantage Program and How Does it Work?

**Generic Advantage** – This program promotes the use of generic medications. Under this program, if a member fills a brand name medication where there is a generic equivalent available, the member will pay:

1. the generic copayment, and
2. the difference between the cost of the more costly brand name medication and Excellus' price for the less expensive generic medication.



# Example of the Generic Advantage Program List

## Generic Advantage Program for Maximum Allowable Cost Commonly Used Reference Brand Name Drugs with Generic Equivalents

Brand	Generic
Accolate	zafirlukast
Accupril	quinapril
Accuretic	quinapril-hydrochlorothiazide
Aceon	perindopril erbumine
Aciphex	rabeprazole
Aclovate	alclometasone dipropionate
Actigall	ursodiol
Actiq Buccal Lozenge	fentanyl
Activella	estradiol-norethindrone
Actonel	risedronate
Acular	ketorolac
Adalat CC	nifedipine er
Adderall	amphetamine-dextroamphetamine
Adderall XR	amphetamine-dextroamphet ER
Adipex	phentermine
Adoxa	doxycycline monohydrate
Agrylin	anagrelide
Alcaine	proparacaine

# Questions?

This is not intended to be exhaustive nor should any discussion or opinions be construed as legal or tax advice.

Contact legal counsel for legal advice and/or tax professional for tax advice.

