



**State Employee Benefits Committee
Group Health FY17 Planning
January 22, 2016**

Objectives for Today's Discussion

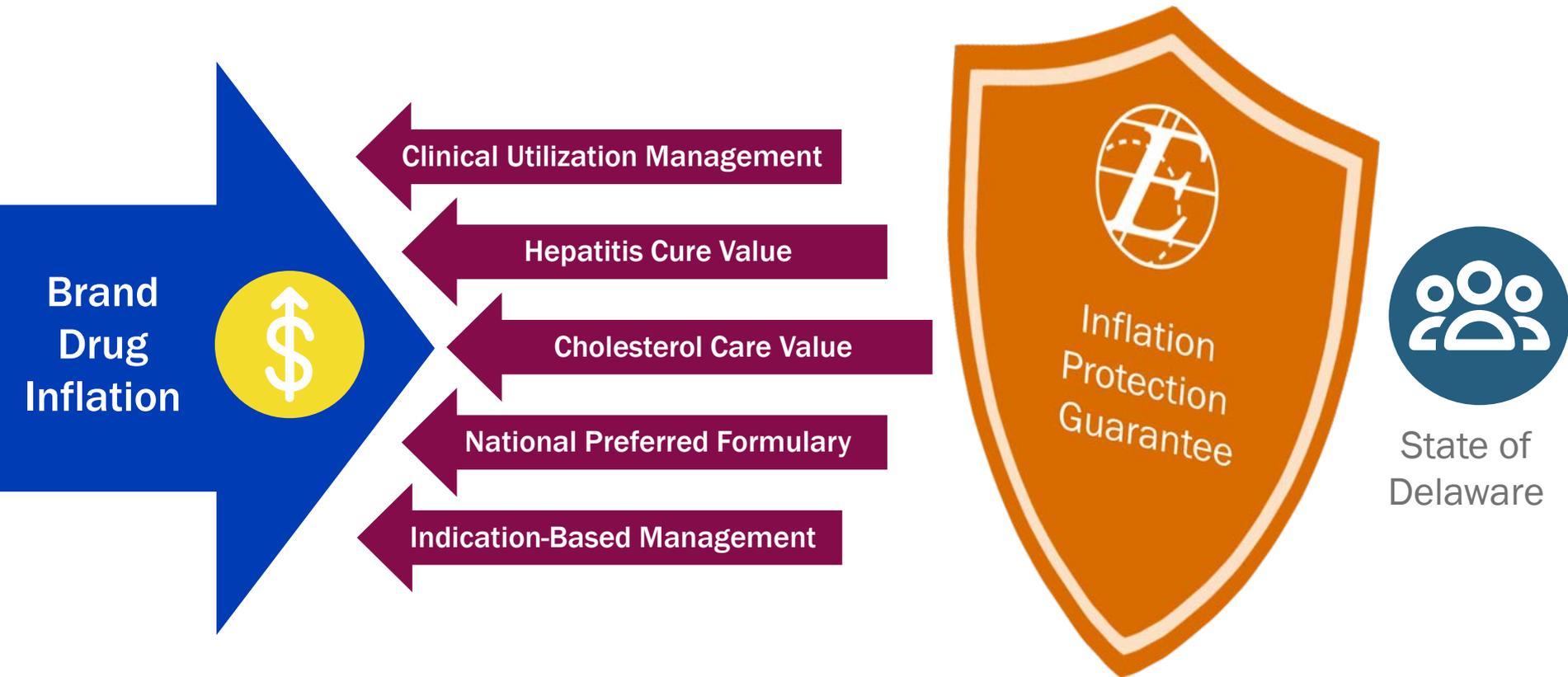
- **Safeguard Rx - Express Scripts Efforts to Control Rising Costs**
- **Medical Channel Management**
- **Advanced Utilization Management**
- **Formulary Drugs with Over the Counter Equivalents**
- **Medicare Part D & Part B Coordination**

Express Scripts SafeGuard Rx



Protecting Clients from Inflation

Industry first inflation protection guarantee



Medical Channel Management



Medical Channel Management (MCM)

<p>Program</p>	<ul style="list-style-type: none"> ■ Covers specific specialty drug categories exclusively under pharmacy benefit ■ Addresses significant drug spend hidden under medical benefit ■ Positions clients for substantial new drug pipeline
<p>Capability</p>	<ul style="list-style-type: none"> ■ Dedicated resources to manage patient transitions ■ Experienced physician management to provide smooth transfer ■ Robust data analytics to support customizable program configurations for clients ■ Savings reporting available
<p>Results</p>	<ul style="list-style-type: none"> ■ Client savings average 8-12%* ■ Visibility of specialty spending ■ Managed spending, trend, and utilization ■ Consistent application of clinical protocols

*Based on report prepared by Medco's Performance Solutions group, measuring therapy and coverage management savings for clients enrolled in the MCM program. These savings assume no coverage management programs were being utilized on the medical benefit. Bases for savings percentages is 2013 MCM case studies of 6 clients and 377 impacted patients. All savings reported are estimated and are not guaranteed.

Medical Channel Management Opportunities

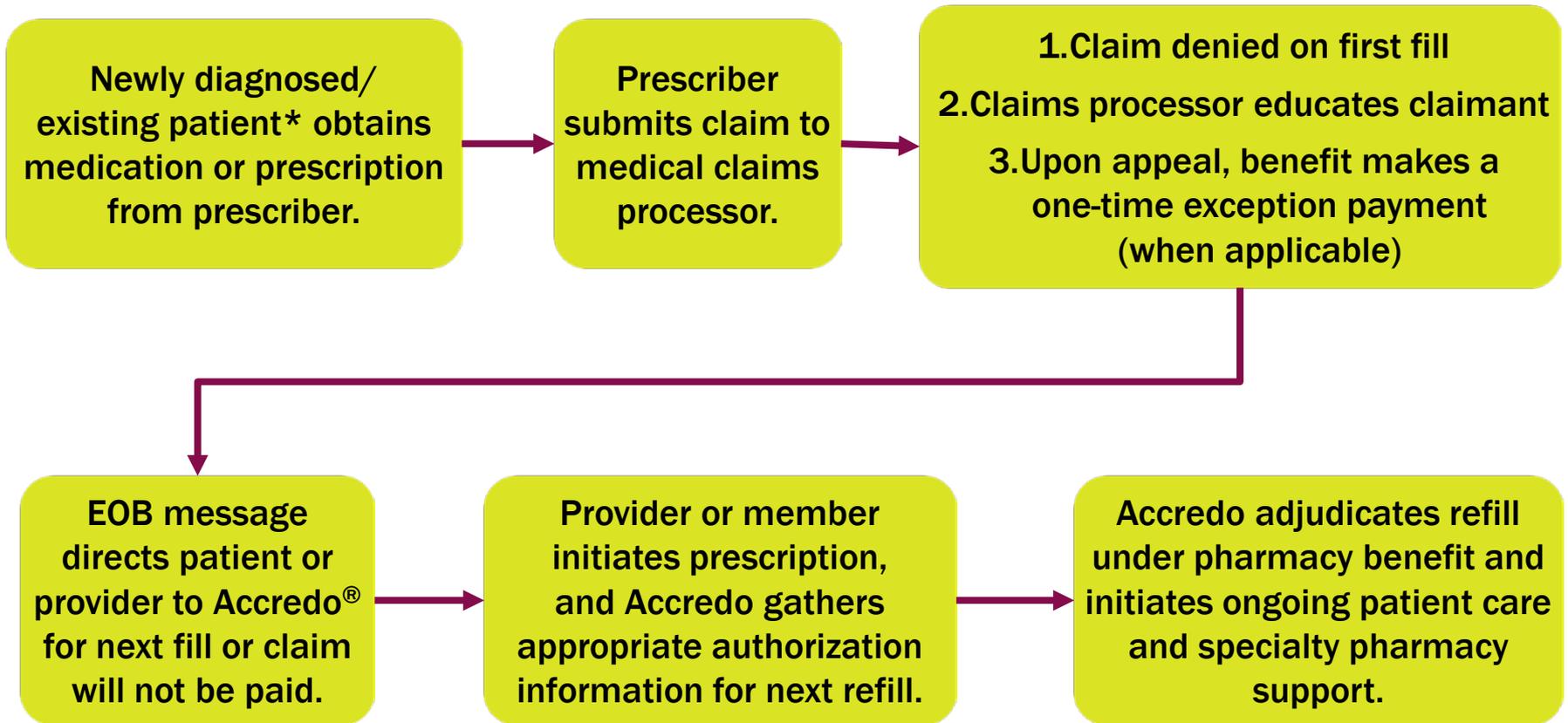
		Infusion		
	Self-administered	Rare Disease	Clinician-administered	TOTAL
Primary therapies	GH, MS, non-infused RA, Anemia, Oral oncology	Hemophilia, IVIG, enzyme deficiency, Alpha-1, PAH	RSV, allergic asthma, infused RA, osteoarthritis, ophthalmics	NA
Implementation complexity	Low	Low/medium	Low/medium: RSV, allergic asthma High: infused RA	Low/medium

GH=growth hormone; PAH=pulmonary arterial hypertension; IVIG=intravenous immune globulin; RA=rheumatoid arthritis; MS=multiple sclerosis; RSV=respiratory syncytial virus

Patient-Level Savings Examples

Movement from infused therapy to self-injected (coverage management)	<p>Patient received <i>Remicade</i>[®] at physician's office through the medical benefit.</p> <ul style="list-style-type: none">• Due to a prior authorization (PA) rule, MCM drove movement to a lower-cost, self-administered drug (i.e., <i>Enbrel</i>[®], <i>Humira</i>[®])• Self-administration removes infusion expense
End off-label use (coverage management)	<p>Patient received intravenous Immune globulin (IVIG) at physician's office through the medical benefit to treat multiple sclerosis.</p> <ul style="list-style-type: none">• Off-label use of extremely expensive drug ceased
Uniform plan rule enforcement (coverage management)	<p>Adult patient received growth hormone at physician's office through the medical benefit.</p> <ul style="list-style-type: none">• Adult-use rule triggered and the order was canceled
Improved dose management (therapy management)	<p>Patient received <i>Procrit</i>[®] at physician's office through the medical benefit.</p> <ul style="list-style-type: none">• Movement to <i>Accredo</i>[®] yielded improved vial optimization and dispensing of smaller quantity of drug• Continued clinical evaluation for appropriate use

MCM Program Flow



MCM = Medical Channel Management

EOB = Explanation of Benefits

•One-time notification mailing sent to existing patients triggered by medical carrier mail file.

Next Steps

1. Analyze specialty utilization under Highmark and Aetna medical plans **Underway**
2. Review utilization and identify opportunities
February 2016
3. Discuss recommendations with SEBC.
March 2016



Advanced Utilization Management

Progressive solution to enhance safety and savings through integrated, rules-driven programs.



Utilization Management Philosophy

1

Do you want your members to take **medications** for only those conditions that are **approved**?

2

Do you want your members to take medications that achieve **meaningful clinical outcomes** and **cost less money** for the member and the plan?

3

Do you want your members to take **medications** in the **proper approved quantity**?



Protect your plan from future unknowns

Advanced Utilization Management

comprehensive trend management solution

PRIOR AUTHORIZATION

1 Right
Patient

STEP THERAPY

2 Right
Drug

DRUG QUANTITY

3 Right
Amount

PROACTIVE, HOLISTIC APPROACH

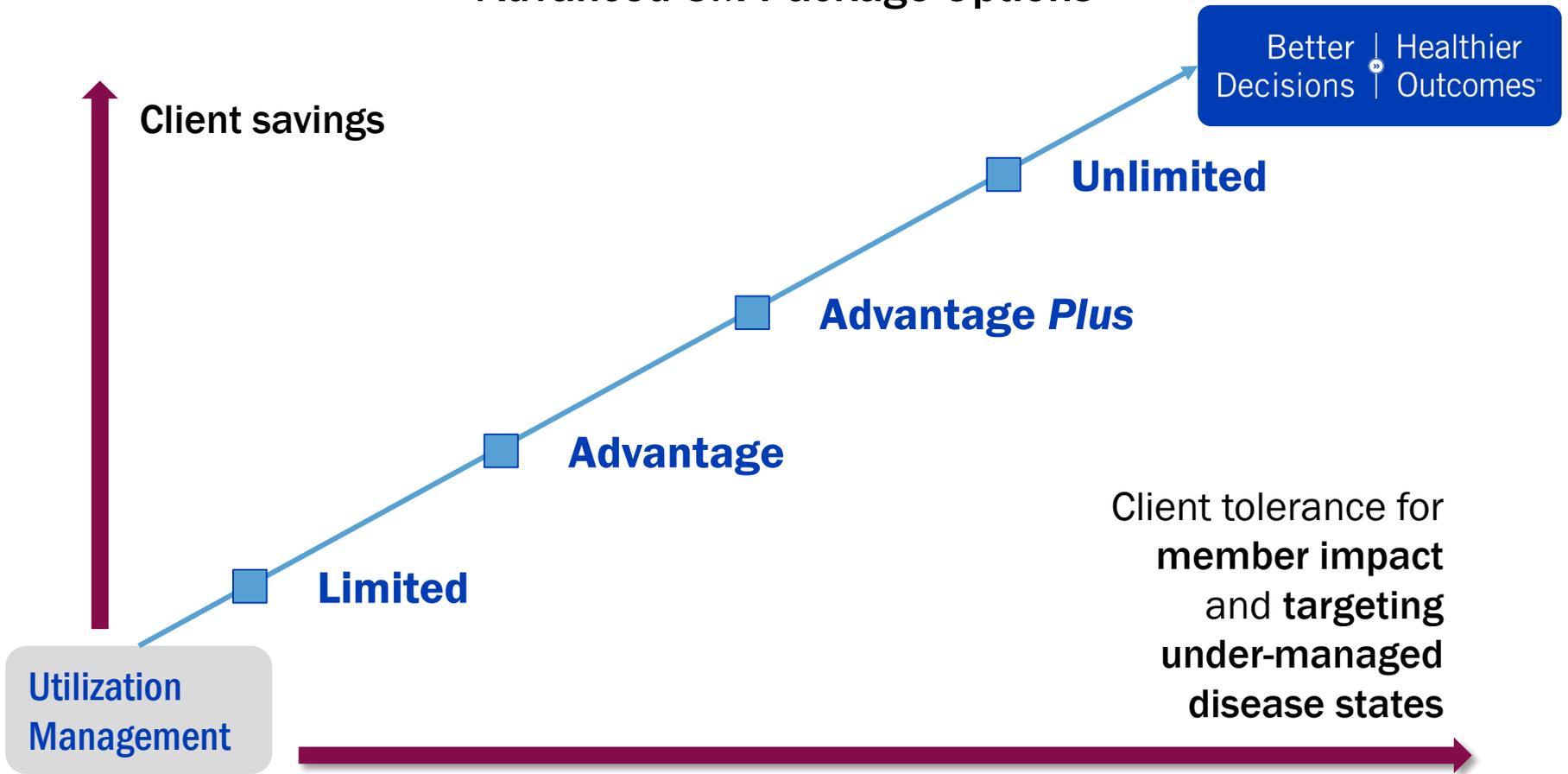
1. Actively monitor changing landscape
2. Automatically update clinical rules
3. Implement marketplace changes as they occur



Strategically developed packages to improve trend and align philosophy across plan

A Stepwise Approach

Advanced UM Package Options



Limited Package: Programs in place today

Prior Auth

Pulmonary Hypertension
Respiratory Conditions
Multiple Sclerosis
Blood Cell Deficiency
Endocrine Disorders
Growth Deficiency
Sleep-Wake Disorder
Osteoarthritis
Enzyme Deficiencies
Skeletal Muscle Relaxant
Inflammatory Conditions
GI Disorders
Hereditary Angioedema
Gout
Macular Degeneration
Hormonal Supplementation
Mental/Neuro Disorders

Step Therapy

Pain and Inflammation
Sleep Disorders
Allergies
Ulcer Disease
Acne
Skin Conditions

DQM

Allergies
Anaphylaxis
Anti-infective
Anti-influenza
Antifungal
Asthma/COPD
Contraceptives
Eye Conditions
Hormone Supplementation
Impotence
Inflammatory Conditions
Migraine Headaches
Nausea/Vomiting
Sleep Disorder
Ulcer

Advantage Package: Programs in place today

Prior Auth

Bone Conditions
Allergy Desensitization
Pain
High Blood Cholesterol
Skin Conditions
Asthma
Impotence
Diabetes
Glaucoma
Eye Conditions
Weight loss
Seizures

Step Therapy

High Blood Pressure/Heart Disease
Urinary Disorders
Osteoporosis/Bone Conditions
High Blood Cholesterol
Asthma
Diabetes

DQM

Anti-infective - Specialty
Asthma - Specialty
Blood Cell Deficiency
Bone Conditions
Diabetes
Endocrine Disorder
Fertility
Hepatitis C
High Blood Cholesterol
High Blood Pressure
Inflammatory Conditions - Specialty
Multiple Sclerosis
Overactive Bladder
Pain
Pulmonary Hypertension
Wound Care

Also inclusive of Limited Package targets.

Advantage Plus Package : New Opportunity

Prior Auth
Anticoagulant
Chemical Dependence
Acne
Hepatitis
Viral Infections
Cancer
Pharmacogenomic testing

Step Therapy
Attention Disorders
Alzheimer's Disease
Seizures
Neuro Disorders
Pain
Depression
Migraine Headaches
Gout

DQM
Depression
Mental/Neurological Disorders
Oncology

Designed to target most comprehensive traditional and specialty medications for optimal client and member savings. Includes medication classes that are traditionally under-managed with significant savings.

Also inclusive of Advantage Package targets.

Unlimited Option : New Opportunity

Prior Auth

Autonomic disorders

Immune Serums

Bone Conditions

RSV Prevention

Bacterial Infections

Step Therapy

Contraception

Designed to be an all-inclusive offering. New rules and lists created can be added under the Unlimited option for no additional charge.

Also inclusive of Advantage Plus Package targets.

Advanced Utilization Management Savings Detail Advantage Plus Package

STRATEGY	ANNUAL SAVINGS	PMPM SAVINGS	MEMBER IMPACT
Step Therapy	\$218,410	\$0.18	2,968
Prior Authorization	\$0	\$0.00	-
Drug Quantity Management	\$307,879	\$0.26	1,484
Total	\$526,289	\$0.44	4,452

STRATEGY	ANNUAL SAVINGS	PMPM SAVINGS	MEMBER IMPACT
Step Therapy With grandfathering	(\$1,395,548)	(\$1.18)	1,280
Prior Authorization With grandfathering	\$0	\$0.00	-
Drug Quantity Management	\$307,879	\$0.26	1,484
Total	(\$1,087,669)	(\$0.92)	2,764

Savings are net of program cost and rebate impact.
Packages include Step Therapy, Prior Authorization, and Drug Quantity Management.

Advanced Utilization Management Savings Detail Unlimited Option

STRATEGY	ANNUAL SAVINGS	PMPM SAVINGS	MEMBER IMPACT
Step Therapy	\$1,455,487	\$1.23	5,706
Prior Authorization	\$1,196,243	\$1.01	5,455
Drug Quantity Management	\$307,879	\$0.26	1,484
Total	\$2,959,609	\$2.50	12,645

STRATEGY	ANNUAL SAVINGS	PMPM SAVINGS	MEMBER IMPACT
Step Therapy With grandfathering	(\$1,054,509)	(\$0.89)	2,511
Prior Authorization With grandfathering	\$135,145	\$0.11	2,020
Drug Quantity Management	\$307,879	\$0.26	1,484
Total	(\$611,485)	(\$0.52)	6,015

Savings are net of program cost and rebate impact.
Packages include Step Therapy, Prior Authorization, and Drug Quantity Management.

Advanced Utilization Management Implementation Timeline



Member Communication Process



Auto updates allow new-to-market drug utilization changes to be added *before* it impacts members

Prenotification Letters >> Sent 30 days prior to implementation

Coverage Authorization Prenotification
(Prior Authorization, Drug Quantity Management)

Preferred Step Therapy Prenotification
(Implementation of step edits without grandfathering)

Step Therapy Rapid Response

- Letters to members with dropped claim after step therapy reject at retail or mail
- Program sends both member and physician letters
- Letters provide alternative medications and explain step therapy process

Formulary Drugs with OTC Equivalents – Savings Opportunity



Over the Counter Equivalent Medications

- 14 medications currently covered under the Commercial plan (active employees & non Medicare retirees) where an Over the Counter equivalent is available.
- Exclusion of these Over the Counter equivalent medications would reduce plan costs.
- Member would purchase equivalent outside of prescription benefit.
- Member Impacts: 3,529 members purchased one or more of these 14 medications under the commercial plan in FY2015.

**Total Estimated
Annualized Savings
Opportunity**

\$44,000

Savings are based on State of De. Utilization and are not guaranteed.

Over the Counter Equivalent Medications

- Ranitidine HCL
- Polyethylene Glycol 3350
- Cetirizine HCL
- Meclizine HCL
- Ammonium Lactate
- Clotrimazole
- Famotidine
- Lansoprazole
- Hydrocortisone
- Loperamide
- Diphenhydramine HCL
- Omeprazole-Sodium Bicarb
- Mentax
- Cimetidine

Implementation Steps

- Identify members with recent prescription history of use of prescription medications that have exact over the counter equivalents (same strength and dosage form)
- Send pre-notification letters 30 days prior to advise them that these medications will no longer be covered through the State's prescription benefit

Medicare Part D and Part B Coordination



EGWP Part B/D Current Process

- CMS requires that plans subject a subset of medication to a Medicare Part B vs. Medicare Part D determination. What this means is that there are medications that can either pay as Medicare Part B or Medicare Part D. The way in which they pay is based on the indication for which the medication is being used and can also be dependent on the route of administration or dosage.
- Plans can decide how they would like to pay for the Medicare Part B medications.
- State of DE currently covers as the primary payor, Part B medications filled at the pharmacy through the non Medicare (enhanced benefit) portion of the Medicare Part D EGWP benefit.
- State of DE Medicare members who fill a Part B drug at a hospital or doctor's office, the medication will process as Part B. Part B pays 80% of the cost of the medication. The member is responsible for submitting a COB request to ESI to pick up the remaining 20% (member pays the copay and the State of DE non Medicare (enhanced benefit) pays the difference).

Medicare Part B- limited drug and supplies coverage*

Examples of drugs and supplies that may be covered under Medicare Part B

- Drugs used with Durable Medical Equipment- infusion pumps, nebulizers
- Injectable Osteoporosis Drugs
- Some antigens
- Blood clotting Factors
- Diabetic Testing Supplies
- Vaccines: Flu, Pneumonia and Hepatitis B
- Injectable and infused medications administered by a licensed medical provider
- Oral cancer medications
- Oral Anti Nausea medications

*this is not an inclusive list of covered products and services

Achieving Medicare Part B Savings at Retail Pharmacy

- At Retail – Identification of drugs and supplies that may meet criteria to be billed to Medicare Part B as primary.
- Express Scripts solution prospectively facilitates billing Medicare Part B as the primary payor for eligible drugs/supplies.
- State of DE non Medicare (enhanced benefit) pays the remaining balance AFTER member pays prescription copay.
- Impact on the Patient
 - Minimal or no disruption to the patient
 - Patients may experience reduced out of pocket expense depending on their co-payment structure and secondary coverage

**Total Estimated
Annualized Savings
Opportunity**

\$650,000

Savings are based on State of De. Utilization and are not guaranteed.

Patient Experience At Retail

Primary Claim

Patient provides red, white & blue Medicare Card & Express Scripts Card

Pharmacist confirms Medicare Part B eligibility (may need to reach out to prescriber)

Requests patient signature on an Authorization of Billing Form & submits Med Part B claim

COB

Pharmacist does not wait for Medicare Part B response

Submits COB claim to Express Scripts with anticipated Med Part B payment amounts (80%)

Obtains Express Scripts response with Plan & Patient Pay amounts

Patient Pays

Patient pays their copayment/coinsurance calculated based upon the plan's chosen Med B COB formula

Patient can leave the pharmacy with their filled prescription

Implementation Steps

- 90-day lead time required for standard implementations
- Program implementations start on the 1st of the month

Program Action	State of Delaware
Eligibility	Confirm Medicare Part B or Medicare Part D indicators are sent to Express Scripts
Communications	Review standard announcement letters & mailing pull criteria
Establish COB Options	Confirm how to handle 20% balance after Medicare pays primary
Contract Amendment	Sign Med B Solution Contract Addendum or Add to Current Contract

Next Steps:

- Continue discussions on Medical Channel Management and Advanced Utilization Management.
- Approve exclusion of OTC equivalents from Commercial (active/non-Medicare retirees) plan effective on or before July 1, 2016.
- Approve implementation of Medicare Part B Coordination for Medicare Part D EGWP plan effective July 1, 2016.



Supplemental Slides



Prior Authorization: The Right Patient



Prior Authorization ensures the clinically appropriate use of medications.



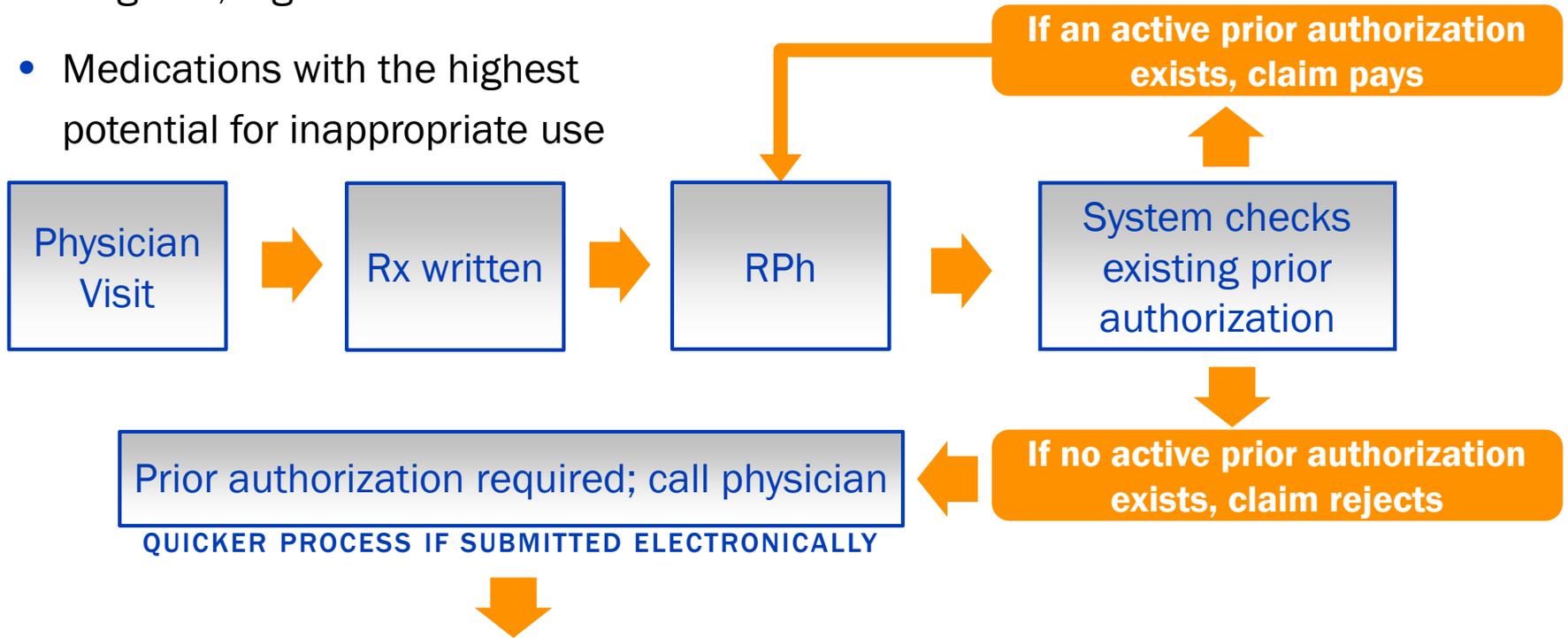
Prior Authorization ensures that medications are used safely.



Prior Authorization asks the question: “Is this the right medication for this patient?”

How Prior Authorization Works

- Drives savings and patient safety through monitoring:
- Targeted, high-cost medications
- Medications with the highest potential for inappropriate use



- Physician contacts PA department
- If clinical criteria is met, then an override is issued, and the claim will pay
- If criteria is not met, then claim will reject

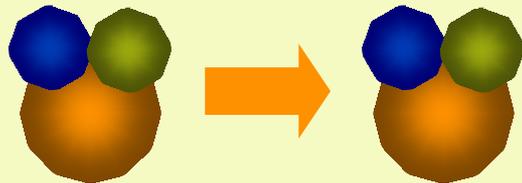
About Step Therapy

Reduce prescription waste

Step therapy reduces waste by promoting the use of generics

Chemical equivalence

Two drugs with active ingredients that are identical at the molecular level



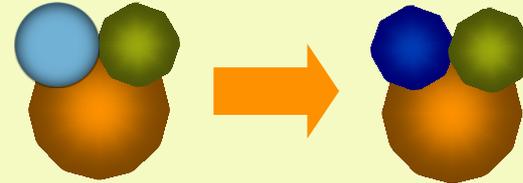
Ambien®

zolpidem

Occurs 95%+ of the time with little intervention

Therapeutic equivalence

Two drugs with active ingredients that are similar at the clinical level



Silenor®

zolpidem

Occurs infrequently without intervention

Step Therapy: The Right Drug



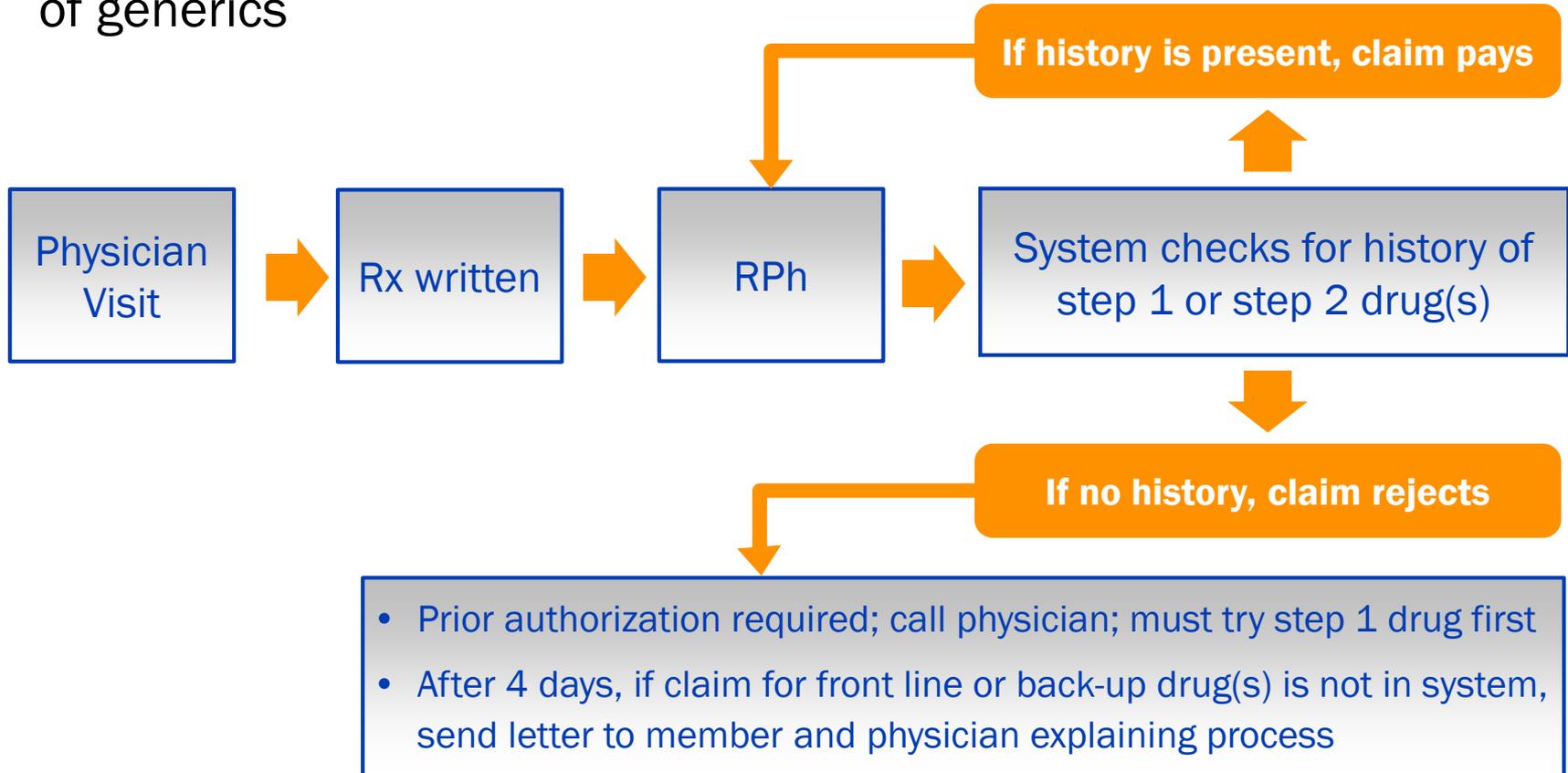
Step Therapy encourages members and physicians to try clinically effective, front-line medications (usually generics) before trying second-line (usually brand name) medications



Step Therapy asks the question “What other medications has this patient taken for this condition?”

How Step Therapy Works

- Step therapy reduces waste by promoting the use of generics



Drug Quantity Management: The Right Amount



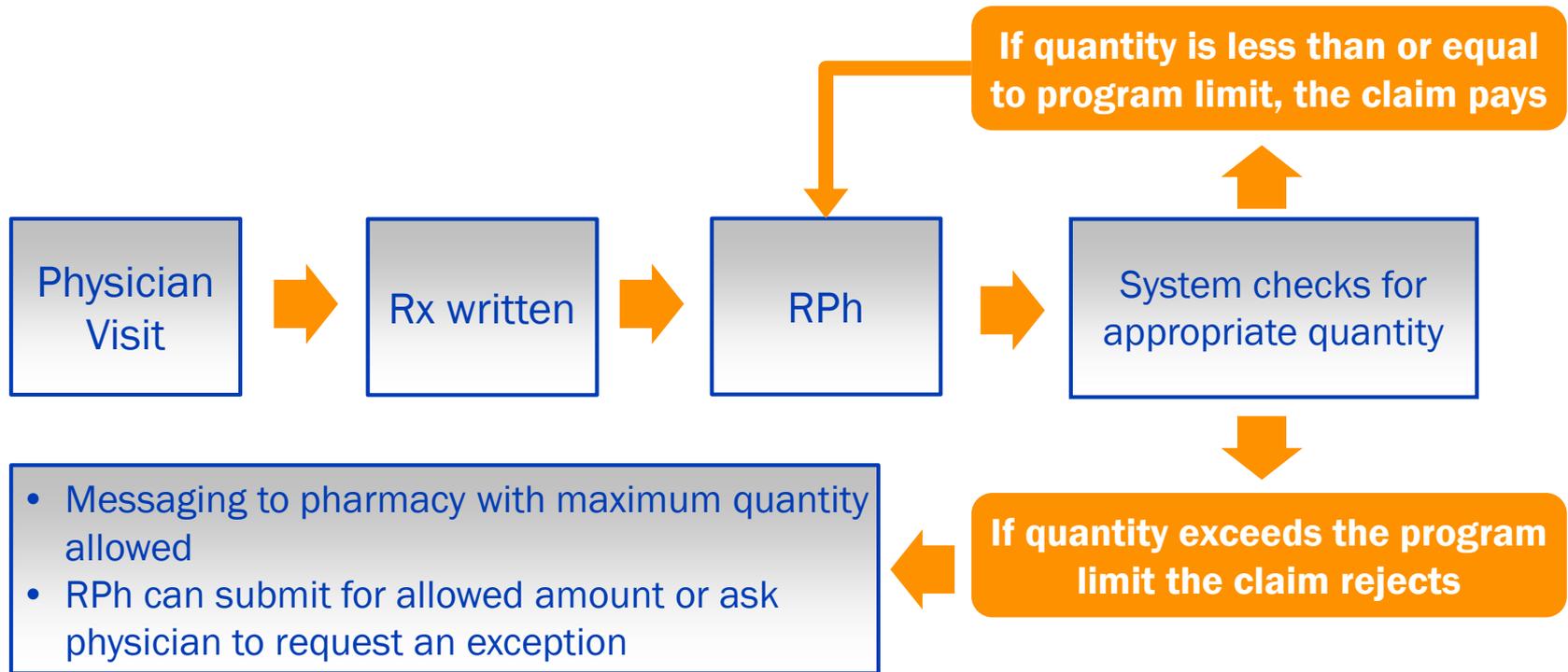
Drug Quantity Management aligns the quantity dispensed with FDA-approved dosage guidelines and other supportive evidence



Drug Quantity Management asks “Is this the correct quantity (tablets/capsules) of this medication?”

How Drug Quantity Management Works

- Aligns the dispensed quantity of prescription medication with FDA-approved dosage guidelines
- Ensures that the most cost-effective product strength is dispensed
- Helps reduce waste in the pharmacy benefit



How Preferred Specialty Management Works

- Creates a competitive environment steering toward preferred products
- Reins in inflation with improved market leverage and price protection
- Drives improved discounts
- Manages specialty in a comparable manner to traditional

Diabetes (Traditional)	Multiple Sclerosis (Specialty)
<ul style="list-style-type: none">■ 1 in 12 members■ \$13,000 annual cost per treated member■ Oral and injectable therapy	<ul style="list-style-type: none">■ 1 in 1,000 members■ \$34,000 annual cost per treated member■ Oral and injectable therapy