

# Pharmacy Management

VT GMCB Rx Drug Technical Advisory Group

January 11, 2021



# Agenda

- I. Pharmacy Management Overview
  - Philosophy
  - Managed Care Tools/Programs
  
- II. Pharmacy Cost Trends/Issues
  - Member OOP
  - High-Cost Medications
  - Rare Diseases
  - Price Inflation
  - Copay Coupons

# Pharmacy Management

## Philosophy and Approach



- Maintain clinical integrity with P&T Committee
- Comprehensive approach with formulary decisions
- Defined review process, inflation monitoring, disruption analysis
- Refinements to enhance process

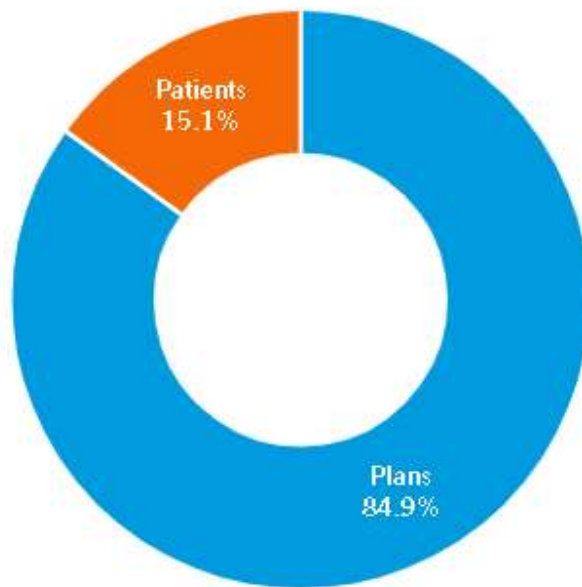
# Pharmacy Management

Managed Care Tools and Strategies to Control Rx Drug Costs



## Pharmacy Costs: Member OOP

Percent of Total Pharmacy Costs Paid by Patients and Plans, 2019



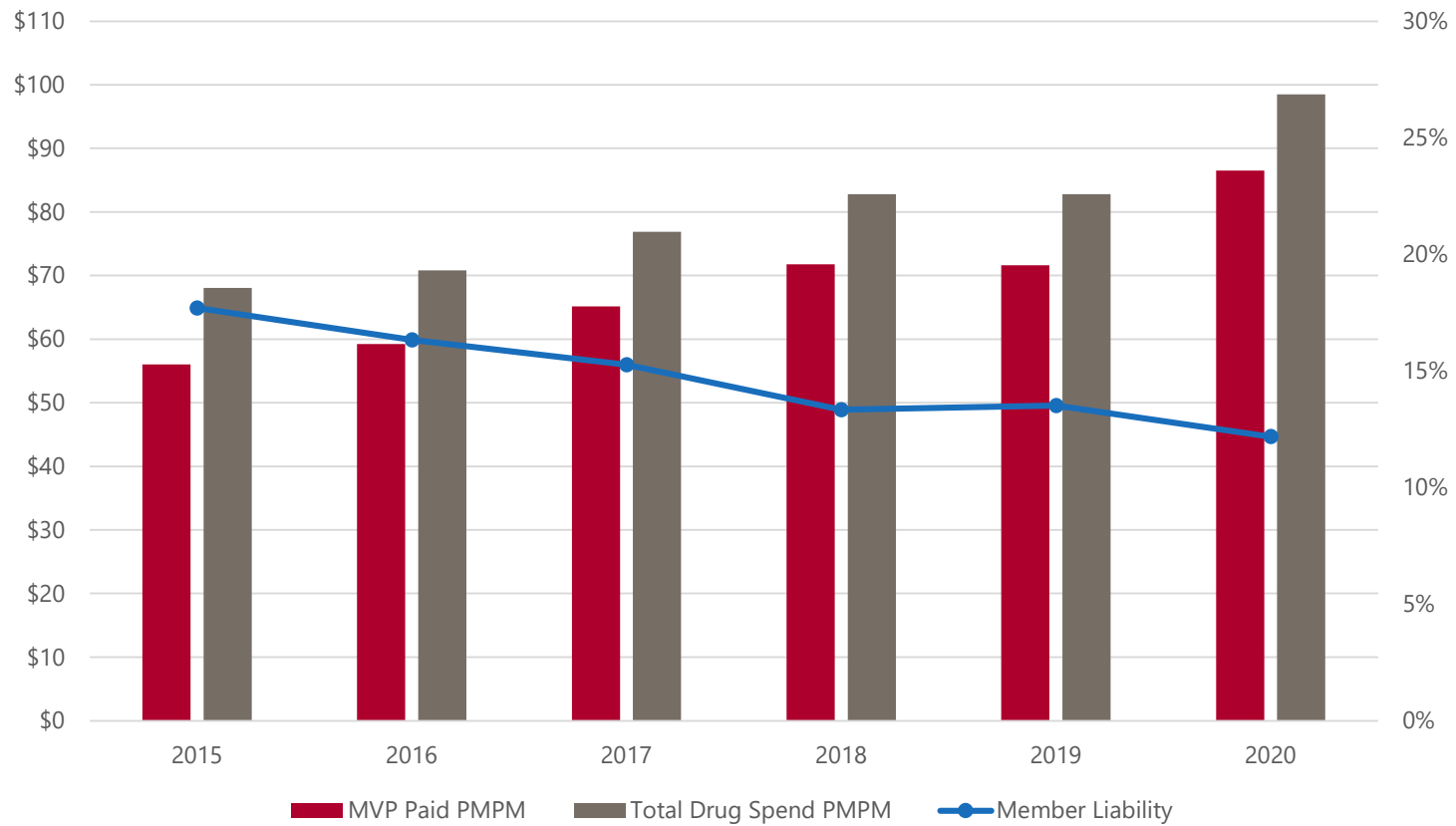
### Patient Share of Costs Increased Very Slightly in 2019

Even as brand drug list prices increased 5.2%, the share of costs paid by patients went up only slightly from 15% in 2018 to 15.1% in 2019. At \$11.75 for a 30-day supply, member average out-of-pocket costs increased only 19¢ or 1.6%.

**Source:** 2019 Drug Trend Report. (2020). Express Scripts. <https://www.express-scripts.com/corporate/drug-trend-report>

# Pharmacy Costs: Member OOP

MVP Member OOP Decreasing as % of Total Pharmacy Spend



# Pharmacy Costs: High-Cost Medications

- Gene Therapy
- Biosimilars
- Value-Based / Outcome-Based Contracting
- Durability?
- The Value Debate – Portable Annuity, etc.
- Rare and Ultra-Rare Diseases
- Targeted Disease States
  - Cancer
  - Autoimmune
  - Multiple Sclerosis
  - Alzheimer’s Disease

## Pharmacy Costs: Rare Diseases

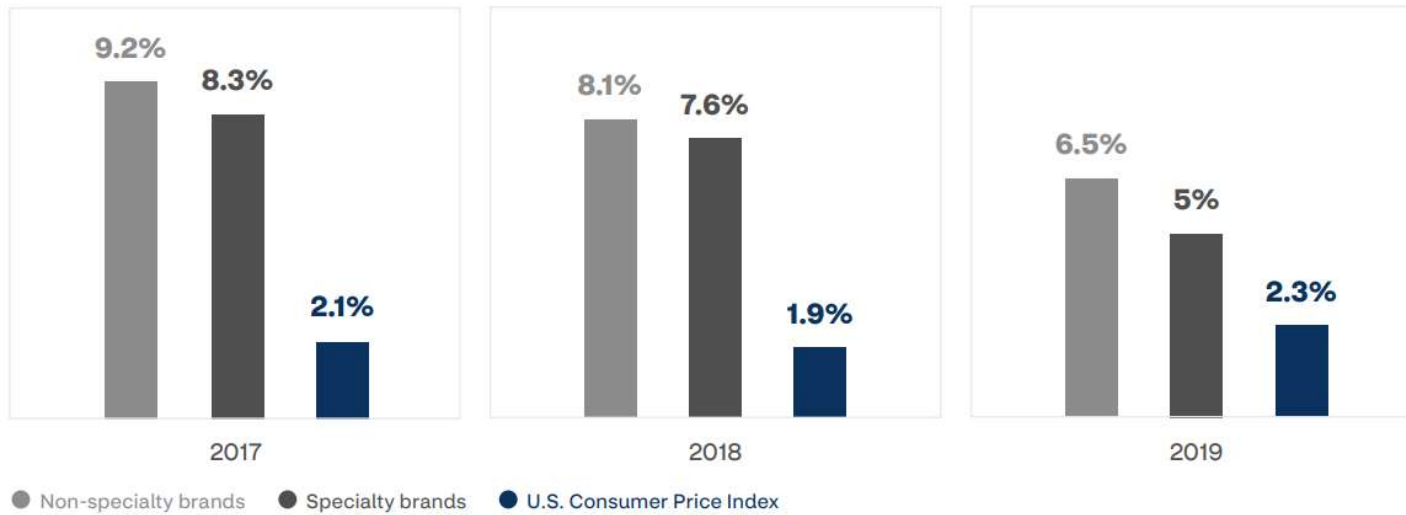
- Out of 7,000 rare diseases, many have no approved therapy
- 25-30 M people have a rare disease
- Federal Orphan Drug Act of 1983
  - < 200,000 people affected
  - Affects more than 200,000 but not expected to recover development & marketing costs
- As of August 2018, more than 500 orphan drugs have FDA approval
- 9.6% of all Rx spend in the US is due to orphan drugs

**Source:** *Orphan Drugs in the United States: Growth Trends in Rare Disease Treatments* (Rep.). (2018). IQVIA.  
<https://www.iqvia.com/insights/the-iqvia-institute/reports/orphan-drugs-in-the-united-states-growth-trends-in-rare-disease-treatments>



# Pharmacy Costs: Price Inflation

Average wholesale price inflation has moderated, but remains >2x U.S. inflation<sup>1</sup>



Source: Lotvin, A., MD. (2020). *2019 Trend Results*. CVS Health. <https://payorsolutions.cvshealth.com/sites/default/files/cvs-health-payor-solutions-2019-trend-results.pdf>

# Pharmacy Costs: Copay Coupons

- In 2009 – only 100 drugs had copay coupons
- By 2015, over 700 drugs had them as options
- As of 2016, 20% of branded drugs in commercial plans were filled using a copay coupon
- In a study of the top 100 drugs, 21 had generic equivalents
- These are “ghost” claims to the insurer
- They do not usually count toward deductibles or OOPs
- States and Federal Govt have debated impact of these coupons
- Medicare and Medicaid prohibit their use
- Drug copay discounts hit a high of \$13 Billion in 2018
- HDHPs on the rise – so consumers seek to decrease OOP costs

**Source:** Van Nuys, K., Joyce, G., & Ribero, R. (2018, February 16). Prescription Drug Coupons: A One-Size-Fits-All Policy Approach Doesn't Fit The Evidence. Retrieved from <https://www.healthaffairs.org/doi/10.1377/hblog20180215.988517/full/>

# Questions?

