Maximizing Savings in a PBM RFP Process

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Agenda

- Archdiocese of Indianapolis Pharmacy Benefit
- Who is Health Strategy
- Archdiocese of Indianapolis Pharmacy Trend
- PBM RFP process goals
  - Mitigate trend
  - Provide long-term trend management
  - Contractual flexibility to implement creative strategies
Archdiocese of Indianapolis – Rx Benefit

- Grandfathered plan since March 2010
- Two plan populations
  - Lay population
    - High Deductible plan with a flat 30% coinsurance
  - Clergy Population
    - $0 benefit for medical and pharmacy
- Plan design drives behavior
  - Generic Dispense Rate (GDR) – 89.3%
  - 70% of maintenance meds are for 90-day fills (better discount rates)
  - Trend increases have been driven by Specialty Medications for many years
  - Copay cards are widely used and assist members in meeting deductible and maximum out of pocket
- Began working with Health Strategy in 2016 to help with trend
Health Strategy (HSLLC)

A leading pharmacy benefit consultant for the past decade

> 400
Contracts Analyzed

> 200
PBM Contracts Negotiated

> 70
Direct Pharmacy Contracts Negotiated

> 30
Clients with Customized Formulary

$60B
Pharmacy Spend Currently Under Mgmt.

3.0B
Pharmacy Claims In Data Warehouse

- We are the largest, conflict-of-interest free, pharmacy benefit consulting firm in the industry
- We do not receive or accept compensation, fees or any revenue from PBMs
- We do not profit from, or operate, any reseller or coalition contracts
Future Pharmacy Benefit Ecosystem

By shifting responsibilities from PBMs to the Plan Sponsors we achieve transparency, increase flexibility, improve quality of care, and reduce overall costs.
Archdiocese of Indianapolis – Rx Trend

- 2017 Market Check showed room for improvement
  - 2017 RFP moved business from Anthem to UMR (OptumRx) 1/1/18
- 2019 Market Check wanted more flexibility
  - Copay assistance and true accumulator
  - Customization of formulary
  - 2020 RFP moved business from UMR (OptumRx) to EpiphanyRx 1/1/21
Specialty utilization has always been a driver of trend at the Archdiocese.

In 2016, it pierced the 50% of plan spend marker.

A couple of rare disease patients with high-cost specialty meds makes the trend very volatile, so in need of all creative strategies.

Implemented 1/1/21 with new PBM EpiphanyRx:
- Copay assistance
  - Specialty & Non-Specialty medications
  - True accumulation – copay assistance dollars do not accumulate
- Customization of formulary
  - HSLLC low value drug exclusions
  - Quarterly new drug to market review with HSLLC
- Use of discount card program (GoodRx) allowed to accumulate to Deductible and OOP

Contractual latitude, not yet implemented:
- Ability to direct contract with retail, mail and specialty pharmacy
- Ability to direct contract with manufacturers
Copay Assistance
Manufacturer Copay Assistance Programs

- Copay assistance programs intended to lower member cost share have unintended consequences for the plan design
  - Renders higher tier cost share ineffective, thereby making formulary management impossible
  - Driven many PBMs to force exclusion of medications within certain classes of drugs to drive members to rebated products
  - Employer clients are funding these programs through Manufacturer AWP price inflation, which increases the cost of the drug
- True accumulator programs (Reverse accumulator) do not apply manufacturer copay assistance dollars to accumulators; member's deductible or maximum out of pocket
- Copay maximizer programs adjust the members cost share to maximize copay assistance dollars
  - Results in plan and member savings
- Most PBM's now offer, as an option, true accumulator programs and/or a copay maximizer programs
Formulary Management
**Formulary Management Philosophy**

**Examples**

- No coverage of:
  - Drugs with OTC alternatives
  - Drugs with minimal clinical value (e.g. OTC combo pain patches)
  - New strength or formulations without improved outcomes
  - Combination products
  - Rx with products added to make a kit - use Rx alone
  - Same chemical entity, but different salts added to the molecule

- Low control +:
  - No coverage of Tamiflu (symptom imp. not felt to be clinically significant)
  - Movement of all cough & cold and vitamins, if covered, to highest tier
  - No coverage of new Brand Drugs in a drug class that is mostly available as generics (Lipruzet, Livalo – statins)
  - Drugs with therapeutic alternatives
  - Patent extender products

- Medium control +:
  - No coverage of cancer medications without overall survival data or improved quality of life (QOL)
  - No coverage of new drug classes that enter the market when many other drug classes are available if new class provides no real improvement in outcomes (SGLT-2’s when first available on market)
  - Coverage based on QALY (Quality Adjusted Life Year)

- High control:
  - No coverage of:
    - Drugs with OTC alternatives
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    - New strength or formulations without improved outcomes
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**Characteristics**

- Low Control Characteristics +
  - Want to actively manage drug that are added to your formulary
  - Do not want to automatically add line extension and patent extension products without evidence of improved outcomes
  - Concerned about member disruption, but want to drive members to cost-effective therapy
  - Willing to be more involved in the drug review process

- Medium Control Characteristics +
  - Currently manage a full custom formulary
  - Leadership buy-in and understanding of drug exclusion process
  - Commitment to extensive involvement in the drug review process
  - Several leaders involved and voting members of the Quarterly Formulary Review Process
  - Exclude drugs under medical benefit to align philosophy

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New Drug to Market Review

**Formulary Management Philosophy**

**Increase Utilization**
- No step required, but PA and QL may apply
- Cover at no cost or place on preventive list
- Preferred or Lower Tier with or without a PA

**Decrease Utilization**
- Higher, non-preferred coverage tier
- Exclude from coverage
- Step through preferred drug

**Encourage Utilization**
- No step required, but PA and QL may apply
- Cover at no cost or place on preventive list
- Preferred or Lower Tier with or without a PA

**Discourage Utilization**
- Higher, non-preferred coverage tier
- Exclude from coverage
- Step through preferred drug

Health Strategy, LLC – Confidential & Proprietary Information
Archdiocese of Indianapolis Projected Savings

- Over **20% Total Cost savings projected** for the Archdiocese due to 1/1/21 changes
  - Network rate improvement – **1.0% of Total Cost**
  - Copay assistance (Plan and Member Savings) – **15.0% of Total Cost**
    - Plan will realize only 7.5% savings due to high deductible plan and high member cost share previously, while members will realize the other 7.5%
      - Experience tells us we will exceed these projections
    - This does not take into account the savings associated with True Accumulation and members not reaching deductible or MOOP as quickly
      - Plan to monitor this each month
  - Clinical savings – **3.0% of Total Cost**
  - Customized formulary savings – **1.8% of Total Cost**
Questions?

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