Specialty Pharmacy Carve-out
Medical & Prescription Plans

Employer’s Forum of Indiana
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Candace Shaffer, MS, CWPM
Senior Director, Benefits
• One of the nation’s leading research institutions with a reputation for excellent and affordable education

• Three campuses / Four locations - differing needs and resources
  • 12,548 active eligible employees and inactive populations
  • 24,816 total members (employees, spouses, dependents)
  • 100% in CDHP

**Benefit Department Goals**

1. To provide high-quality, affordable, family-friendly benefit offerings to meet the needs of our diverse workforce
2. Reshape healthcare at Purdue and disrupt that which needs disrupting
Healthcare Expenditures - Overall 2014-2017

2014
- Three plans (2 HDHP; 1 PPO)
- Anthem contract; savings used to reduce employee premiums

2015-2016
- No employee premium increases
- Added free preventive dental
- Added autism and bariatric coverages

2017
- Direct agreement for on campus labs
- Imaging/radiology offered at Student Health Center
- New onsite employee clinic operator
- Healthy Boiler provided additional financial incentives for wellness activities and education
- Employee premium increase (4%)
Change in Focus

Administrative Changes
Concierge Services
Direct Agreements
Narrow Network Option
Reviewed eligibility rules
Pharmacy Expenditures and Trend

Purdue University - Prescription Spend - PMPM

Non-Specialty  Specialty - Rx  Specialty - Med  Non-Specialty Trend  Specialty Trend
Change in Focus

- Member level prescription drug cost saving notifications
- Right drug right channel
- Tighter prior authorization process
- Specialty and non-specialty formulary optimization
- Management of manufacturer assistance
- High performing specialty pharmacy network
- High cost case management
Rx Savings Solutions

Automatically alerts you with an email or text if you are paying too much for your prescription

- Locate better prices for your prescription drugs
- Identify medications with a lower out-of-pocket cost
- Dosage options that save money
- Search and compare prices
- Speak with a certified pharmacy technicians for personal assistance
Real Member Savings

Female
Age 61

Disease State
Migraine

Savings Notification
Email

Action Taken
Selected Contact Prescriber

Savings Suggestion
Therapeutic Alternative

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**eletriptan**
(generic of Relpax) 40mg
30-day supply

↓

**sumatriptan**
(generic of Imitrex) 100mg
30-day supply

$92.54
Plan cost

$0
Plan cost

$10
Member cost

$4.63
Member cost

Total potential annual savings of $1,174.92
Communication and Education Continues to be Key!

- Direct Mail Campaign
- Registration drive
- Testimonials

You can do something about prescription drug costs.

Hundreds of thousands of dollars in prescription drug savings are still on the table for all Purdue members!

Activate your account today to see what you could save!
Direct Agreements

- On Campus Labs
- Imaging
- Total Hip Total Knee
- Specialty Rx - Medical
- Specialty Rx - Prescription
- Physical Therapy
Direct Agreements – Specialty

Why?
- 1-2% of total prescription volume, but 46% of total Rx dollars
- Need is chronic – medications are needed for years, if not lifetime
- Better prior authorization process – focus on complex cases and individual outcomes
- Variances in Site of Care for patient – cost and comfort
- Co-Pay Assistance to support employee – maximizing opportunities

Selection
- Key criteria:
  - Provider qualifications and experience
  - Prior experience with carve out
  - Patient care experience – including communication
  - Patient outcomes key to process
  - Cost
J-Codes within Medical Plan

• Began with one prescription
• Identified members and providers
• Communication – Purdue and Archimedes
• Manage the member experience
• Clinical Review
• Site of Care
• Transition Determination
• Ongoing Monitoring – Quality and Outcome
Projected Remicade Savings

- 2019: $511,449 (Increase)
- Savings from 2019: $(179,007)
- 2020: $332,442 (Total)

Direct Agreements - Specialty
Specialty within Prescription Plan

- Full carve out from PBM
- Identified members and providers
- Clinical Review – Considered open PA expiration dates
- Communication – Purdue and Archimedes
- Site of Care
- Transition Determination
- Ongoing Monitoring – Quality and Outcome
Projected Specialty Rx Savings

- Plan Spend: $11,858,659
- Projected Savings: $(2,546,238)
- Projected Plan Spend: $9,312,421
<table>
<thead>
<tr>
<th></th>
<th>Effective Date</th>
<th>Actual 2020 Savings</th>
<th>Projected 2021 Savings</th>
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<tbody>
<tr>
<td>Rx Savings Solutions</td>
<td>1/1/2020</td>
<td>-1.99%</td>
<td>-0.05%</td>
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<tr>
<td>2020 Remicade Carve-out</td>
<td>1/1/2020</td>
<td>-32.17%</td>
<td>N/A</td>
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<tr>
<td>Archimedes Management/Copay Assistance Impact</td>
<td>1/1/2021</td>
<td>N/A</td>
<td>-21.47%</td>
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<tr>
<td>J-Code Carve-out Expansion Expected Impact</td>
<td>11/1/2020</td>
<td>N/A</td>
<td>-46.02%</td>
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</table>
Actual Purdue (ER & EE) Expenses vs At PwC Published Trend (PEPY)

- Actual Purdue Cost
- Purdue Cost at PwC Trend
- Actual Purdue YOY Trend
- YOY PwC Trend

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual Purdue</th>
<th>PwC Published Trend</th>
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<tbody>
<tr>
<td>2016</td>
<td>$13,121</td>
<td>$13,121</td>
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<tr>
<td>2017</td>
<td>$13,635</td>
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<tr>
<td>2018</td>
<td>$13,934</td>
<td>$13,934</td>
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<tr>
<td>2019</td>
<td>$13,011</td>
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<tr>
<td>2020</td>
<td>$13,934</td>
<td>$15,538</td>
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<tr>
<td>2020 Adj</td>
<td>$13,626</td>
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Yearly Growth Rates:
- 2016: 0.0%
- 2017: 6.8%
- 2018: 6.2%
- 2019: 5.5%
- 2020: 5.7%
- 2020 Adj: 5.7%