Managed Care Pharmacy
Commercial Perspective

Lida Etemad, PharmD, MS
VP, Pharmacy Management Strategies
UHC E&I
Overview

I. My background
II. Process for PDL Review
III. Management Strategies
IV. Medical Cost Offsets
V. Outcomes Based Contracts
VI. My Wish List
My Background

- PharmD, MS in Pharmaceutical Economics and Policy
- Started with UHG in the (then) Ingenix organization
- Accountable for the UHC E&I PDL process
- Accountable for the UHC E&I relationships with pharmaceutical manufacturers
- Self-proclaimed data geek
We take a comprehensive approach to determine a drug’s value, including impact to overall healthcare costs and outcomes, to determine its tier placement and management requirements.
PDL Programs – Advantage PDL

Advantage PDL

The Advantage PDL is an actively managed drug list that is designed to respond to and take advantage of market changes, while providing affordable access to medications.

<table>
<thead>
<tr>
<th>Any Drug, Any Tier</th>
<th>Responsive</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Brands in Tier 1</td>
<td>• Ability to make changes due to market events</td>
</tr>
<tr>
<td>• Tier placement is based on products total health value</td>
<td></td>
</tr>
</tbody>
</table>

**Industry Dynamics**
- Market changes occur throughout the year.
- New molecules and reformulations of existing products launch everyday.
- New generics are approved everyday.
- Price increases happen throughout the year.

**The importance of Flexibility**
Flexibility allows UHCP to reduce cost and minimize member disruption, all in an effort to maintain an affordable pharmacy benefit.
# PDL Programs

In addition to Tier placement, multiple tools are available to **maintain pharmacy affordability**

<table>
<thead>
<tr>
<th><strong>PA</strong> Prior Authorization</th>
<th><strong>EAL</strong> Exclude at Launch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member’s physician must provide additional information in order to determine benefit coverage.</td>
<td>New prescription products are not covered at the time of launch, allowing for formal evaluation of products prior to coverage.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>ST</strong> Step Therapy</th>
<th><strong>E</strong> Strategic Exclusions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members must try a lower-cost medication before a higher-cost medication will be covered.</td>
<td>Drugs may be excluded from coverage.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>SL</strong> Supply Limits</th>
<th><strong>RFS</strong> Refill and Save</th>
</tr>
</thead>
<tbody>
<tr>
<td>Largest quantity of medication covered per copayment or in a defined period of time.</td>
<td>Members who refill their prescription on time receive a point of sale discount on their copayment for select medications.</td>
</tr>
</tbody>
</table>
# PDL Programs – Exclusions

Prescription and/or OTC alternatives are available for every excluded drug.

## EXCLUSION CATEGORIES

<table>
<thead>
<tr>
<th>OTC Equivalent</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>OTC Therapeutic Equivalent</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Rx Therapeutic Equivalent</th>
</tr>
</thead>
</table>

## EXAMPLES

- **OTC Equivalent**
  - Therapeutically Equivalent products can be purchased without a prescription.

- **OTC Therapeutic Equivalent**
  - Other prescription products in this category, that contain the same active ingredient are covered (i.e. Testim, Androderm)

*Therapeutic Equivalence is determined by the Pharmacy and Therapeutics Committee.*
PDL Programs – Exclusions

Spectrum of Excluded Products

- **Most payers only focus here**: UHC evaluates the full spectrum of low value products.

- **Example**: Nasonex®, Duexis®, Sel-Rx™, Brand Lipitor®

- **Products where an A-Rated equivalent (i.e. no new Rx required) is covered on the PDL**

- **Large to Very Large Price Difference, Low Utilization**

- **Large Price Difference, Moderate Utilization**

- **Moderate Price Difference, High Utilization**
Candidates for VBC

Near-term

✓ Established products where a current relationship exists
✓ Disease state with short-term, measurable outcomes
✓ Measurement data are easily obtainable
✓ Sufficient utilization for claims-data measurement

Longer-term

✓ New products to market
✓ Other measurement options
✓ Partnerships with practices / ACOs
VBC Pitfalls

- The “perfect” set of inclusion / exclusion criteria
  - How big is your population?
  - *This isn’t an outcomes study*

- Accomplishing everything in your first contract
  - Keep it simple
  - *This isn’t an outcomes study*

- Unclear analytic methodology
  - *Exactly* how will the outcome be measured
  - *This isn’t an outcomes study* – but approach it like one

- Outcomes that are difficult to capture
  - Can you get at it easily and systematically?
  - *This isn’t an outcomes study*
Wish List

Clinical
- Don’t present your PI
- Provide clinical differentiation / place in therapy
- Active comparator trials
- Switch trials

Economic
- Data on medical cost offsets
- Pharmacoeconomics – on all indications
- Cost / utilization projections

Solutions
- Solutions to improve clinical quality
- Solutions to manage spend
- Performance-based payment methodologies
Questions?