

Finding high-value opportunities

How the state of New Jersey achieved significant pharmacy savings without compromising member care



By 2023, U.S. drug spend is expected to reach up to \$600 billion, with hundreds of high-cost, low-value drugs coming to market each year.^{1,2} Pharmacy plan sponsors can avoid unnecessary costs by spending pharmacy dollars on only the most clinically appropriate, cost-efficient medications.

Just like the state of New Jersey did.



Background

In 2015, a nonpartisan New Jersey Pension and Health Benefit Study Commission reported that the state faced a significant fiscal crisis because of its underfunded pension plans and rich health benefits. The commission concluded that if pension and health benefits costs exceeded ~15% of the state's annual budget, the state would be in financial jeopardy, and New Jersey's credit ratings would continue to decline.

The commission also outlined a comprehensive package of reforms to public employee pension and health benefits. It estimated that the state could save more than \$2 billion in health benefits spending annually and use those savings to preserve pension benefits earned to date.

With continued fiscal deterioration in 2016, New Jersey went out to bid in 2017 for its pharmacy benefit plan. OptumRx was awarded the contract to partner with New Jersey in managing the pharmacy benefit, which went into effect on Jan. 1, 2018.



Goals

- Reduce health care costs for members, the state and taxpayers
- Provide high-quality health care to members
- Improve health outcomes for members
- Communicate with members early and effectively about any changes to benefits
- Hold medical and pharmacy vendors accountable to managing pharmacy costs
- Demonstrate results in order to justify continued program investment



Solution

The OptumRx® Vigilant Drug Program™ helped New Jersey manage pharmacy benefits with greater precision by excluding certain categories of drugs whose cost outweighed their benefit.

OptumRx reviewed New Jersey member data and trends to identify the Vigilant exclusion categories that would allow the state to meet members' medication needs but at a fraction of the cost:

- Clinical Duplicates
- High-Cost Brands with Generics
- High-Cost Generics
- Creams and Patches
- Non-FDA Approved Drugs
- New Drugs to Market

OptumRx has done a really great job in looking at our data and our trend and finding high-value opportunities," said Christin Deacon, the state's assistant director of pension and benefits. "We're able to show our stakeholders that we are not making these changes to nickel and dime members and save \$10 or \$20 million here and there — we're doing it to solve problems specific to our members."



Results

The Vigilant Drug Program delivered massive results for the state³:

\$109.1 million

in avoided pharmacy costs

\$17.98

total per member per month (PMPM) savings

25,309

prescription claims were intervened

The savings are significant for the Vigilant program. But the savings also lend additional credibility for these kinds of initiatives on both the pharmacy side and the medical side. I think it's really valuable to be able to show that doing the smart things and doing the right things can bring meaningful savings without harming the member's health and without denying care."

— Christin Deacon
Assistant Director of Pension and Benefits, State of New Jersey

A closer look

Vigilant Drug list	Description	Savings for New Jersey and its taxpayers
Clinical Duplicates	Excludes high-cost drugs with no unique chemical composition or clinical advantage over others available.	\$10.74 PMPM
High-Cost Generics	Excludes drugs that are priced substantially higher than other generics in the same class.	\$3.92 PMPM
Non-FDA Approved	Excludes select drugs that are not FDA-approved or are considered to be nonessential treatments.	\$1.43 PMPM

A \$17 million difference

The Clinical Duplicates list includes the anaphylaxis therapy agent AUVI-Q. New Jersey saved \$17.3 million by covering lower-cost alternatives to this single drug.



The other three Vigilant programs implemented by New Jersey also delivered savings, ranging from \$0.13 PMPM to \$0.97 PMPM.

It's no longer "a paid claim is a happy claim"

New Jersey officials recognized that in excluding certain medications, some members would have to switch to a new medication. Such change is typically framed as negative.

"When there's disruption, we often hear from stakeholder groups, and it's important to remind them that in today's market, it's no longer 'a paid claim is a happy claim,'" Deacon said. **"So I don't see disruption as a negative. I see it as necessary. We have to stop looking at change as inherently negative. We have to expect disruption as part of the evolution of health care and help the member navigate the change through effective communication."**

Early collaboration and communication with stakeholders made all the difference in how benefit decisions are understood and ultimately received.

OptumRx advised the state ahead of time about potential Vigilant Drug Program impacts on membership. As part of our communication strategy and service offering, we have a dedicated on-free member services call center set up specifically to handle calls from New Jersey members. The call center is staffed by customer service advocates who are trained on the state's plan designs and clinical programs.

"A primary focus for us is educating our membership effectively as initiatives are rolled out, to always communicate that we're not doing this to save a dime on your back," Deacon said. "We're doing this to make room for next-generation therapies that you're going to want. If we don't do these smart things now, we're not going to have the state budget and resources to deliver the top-quality care and top-quality drugs that we know are coming."

"So with proper communication and education, our members will become wiser and hopefully healthier health care consumers."

Learn how the OptumRx Vigilant Drug Program can help you tackle the biggest challenges in pharmacy. Contact your OptumRx representative or send an email to optumrx@optum.com

1. IQVIA Institute for Human Data Science. Medicine Use and Spending in the U.S. A Review of 2018 and Outlook to 2023. Published May 2019. Accessed April 8, 2020.
2. U.S. Food & Drug Administration. Novel Drug Therapy Approvals 2020. Accessed March 1, 2021 at [fda.gov/drugs/newdrugsfdacdersnewmolecularentitiesandnewtherapeuticbiologicalproducts/](https://www.fda.gov/drugs/newdrugsfdacdersnewmolecularentitiesandnewtherapeuticbiologicalproducts/)
3. OptumRx. Analysis of Vigilant Drug Program performance for state of New Jersey. January–December 2020.