



Facts About Pharmacy

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April 2019

Navitus Health Solutions

Navitus is a 100 percent pass-through pharmacy benefit manager (PBM). We provide superior customer service, regulatory compliance expertise, improved member health, and lower “all-in” drug costs in a manner that instills trust and confidence.



ACCREDITED

Pharmacy
Benefit
Management
Expires 11/01/2019

- Founded in 2003
- Owned by SSM Health, St. Louis, MO
- 5.9 million members managed and growing
- All clients on 100% pass-through and transparent business model
- Shared commitment to excellence in service and evidence-based clinical care
- Lowest-net-cost philosophy to trend management
- Corporate campuses in Madison and Appleton, WI; Austin, TX & Phoenix, AZ

Pharmacy Landscape

In the News

Business

Drug executives grilled in Senate over high prices

Lawmakers United Against High Drug Prices Bare Partisan Teeth

Drug Goes From \$13.50 a Tablet to \$750, Overnight

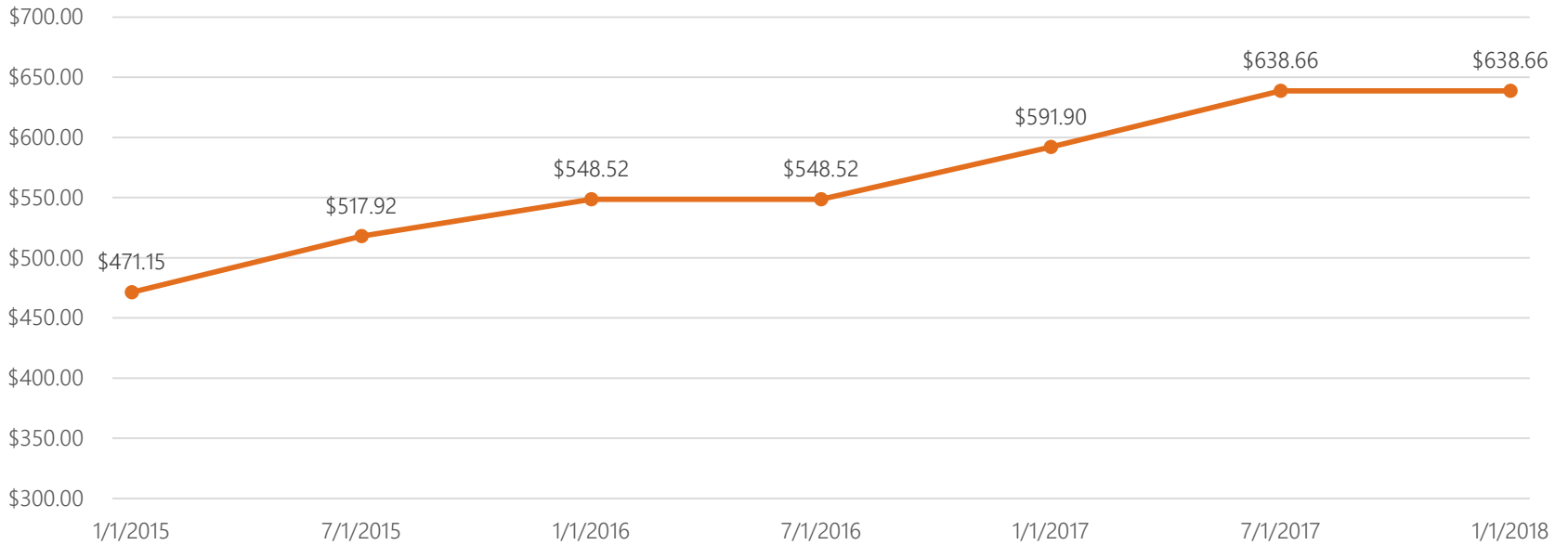
Mylan hit with racketeering suit over big price hikes of EpiPen

Costs of lifesaving drugs rising faster than inflation: Study

Medication Prices Outpaces Inflation

Traditional Medications

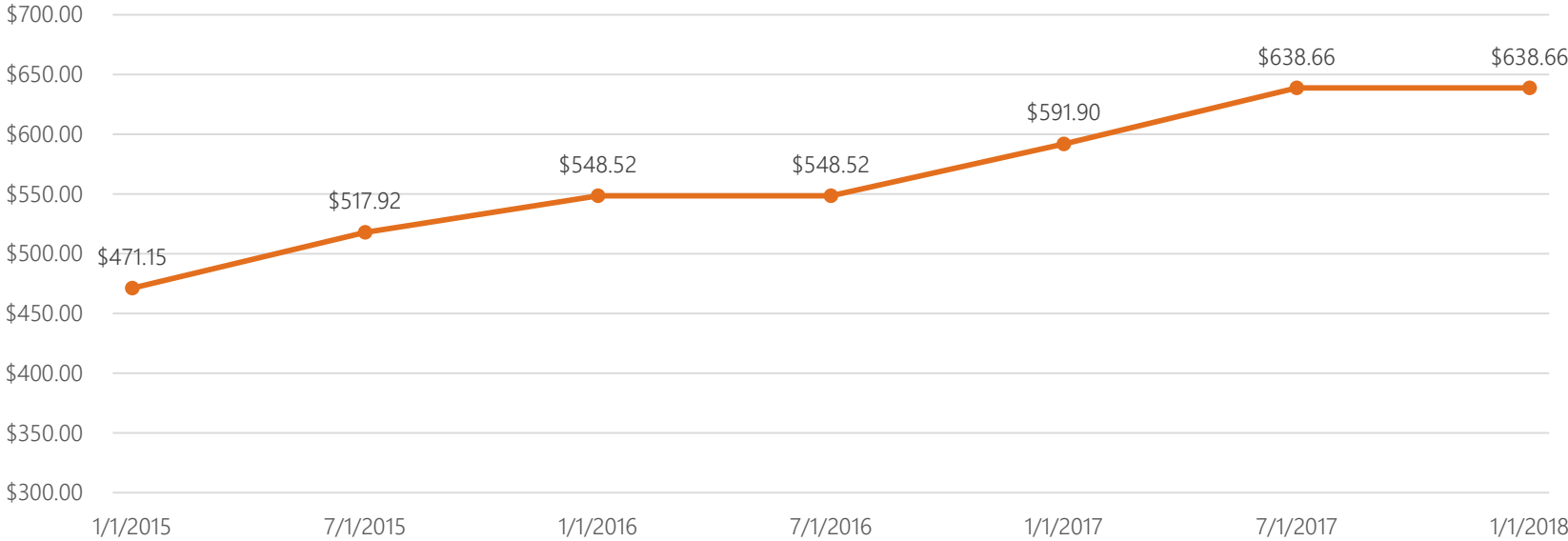
Epipen (AWP Price/Box)



Medication Prices Outpaces Inflation

Traditional Medications

Novolog Insulin (AWP Price/Vial)



Specialty Medications

What is Considered a Specialty Medication?

- Very high cost medications
 - Defined by Center for Medicare and Medicaid Services (CMS) as a drug that cost more than \$670 per month
- Drugs used to treat complex conditions such as multiple sclerosis, rheumatoid arthritis, hepatitis C, cancer, etc.
- Drugs that are not stocked at your traditional community pharmacy
- Drugs may involve specialty delivery or handling
- Definition can vary between each Pharmacy Benefits Manager (PBM) and/or Health Plan

Medication Prices Outpaces Inflation

Specialty Medications

- Humira
 - Cost per pen in 2008 = \$908.00
 - Cost per pen in 2019 = \$3,104.46
 - % Change from Original = 241.90%

- Enbrel
 - Cost per pen in 2008 = \$463.27
 - Cost per pen in 2019 = \$1,583.90
 - % Change from Original = 241.90%

Pipeline of Drugs is in Specialty Medications

- Commonly used Specialty Medications for TAC: Humira, Enbrel, Copaxone
- Specialty share of pharmacy spend was 24.7% in 2008 and increased to 46.5% in 2017
 - Projected to reach 50% of pharmacy spend by 2020¹
- Example of newly FDA approved specialty medications
 - Takhzyro (lanadelumab-flyo) for the prevention of hereditary angioedema (HAE) costs \$317,800 annually
 - Billed under pharmacy benefit
 - Spinraza (nusinersen) for the treatment of Spinal Muscular Atrophy (SMA) costs \$750,000 for the 1st year of treatment, then \$375,000 annual thereafter
 - Billed under the medical benefit

1. <https://www.specialtypharmacytimes.com/news/specialty-drug-spending-grows-while-traditional-medicine-spending-drops>

Formulary Management

What is a Formulary?

- A drug formulary is a list of prescription drugs that are covered under your pharmacy prescription benefit
 - This list includes both generic and brand medications
- Communicates to members what co-pay tier (cost sharing to the member)
- Outlines whether or not a drug may require additional review or a maximum limit per prescription

Texas Association of Counties Pooled Formulary
Alphabetical Index
Last Updated 2/1/2019

Drug Name	Special Code	Tier	Category
8-MOP CAP	-	2	DERMATOLOGICALS
abacavir soln (ZIAGEN equiv)	-	2	ANTIVIRALS
abacavir tab (ZIAGEN equiv)	-	2	ANTIVIRALS
abacavir/lamivudine tab (EPZICOM equiv)	-	2	ANTIVIRALS
abacavir/lamivudine/zidovudine tab (TRIZIVIR equiv)	-	2	ANTIVIRALS
ABILIFY DISCMELT (QL= 2 tabs/day)	PA-QL	3	ANTIPSYCHOTICS/ANTIMANIC AGENTS
ABILIFY MYCITE TAB	-	NC	ANTIPSYCHOTICS/ANTIMANIC AGENTS
ABILIFY SOLN	PA	3	ANTIPSYCHOTICS/ANTIMANIC AGENTS
ABILIFY TAB	-	NC	ANTIPSYCHOTICS/ANTIMANIC AGENTS
abiraterone tab 250mg (ZYTIGA equiv) (QL= 4 tabs/day)	LMS-PA-QL-SF	2	ANTINEOPLASTICS AND ADJUNCTIVE THERAPIES
ABSORICA CAP	-	NC	DERMATOLOGICALS
ABSTRAL SL TAB (QL= 120 tabs/30 days)	PA-QL	3	ANALGESICS - OPIOID

Formulary Management

Our Philosophy

- Formulary Management
 - Ensure availability of products that provide evidence-based clinical value
 - Manage to the overall lowest net cost
 - Apply utilization management tools to ensure products used attain a high level of value
- Evidence-Based Formulary Development
 - Remove products that offer little or no clinically substantiated value
 - Prevent Pharma from “buying” formulary positioning
 - Avoid chasing inflated brand rebate dollars that drive higher overall spend and net PMPM costs
 - Drive brand-to-generic substitutions when multiple generics are available

Formulary Management

Pharmacy and Therapeutics (P&T) Committee

Includes 14 non-Navitus practicing physicians and pharmacists

Represents a variety of specialties

Determines drugs that provide best value (clinical and cost) for clients

Recommends utilization edits (e.g., PA, step therapy, & quantity limits)

Meets quarterly and open to clients

Formulary Advisory Committee (FAC)

Includes Navitus non-voting and voting P&T members

Addresses drug therapy needs that require immediate attention prior to P&T Committee's scheduled meetings

Evaluates new drugs approved by FDA between P&T meetings

Reviews/evaluates new clinical studies for drugs already on the market

Manages the agendas for the P&T meetings

Meets monthly and open to clients

Navitus Formulary

- Commercial
 - Select (TAC formulary is based off Select)
- Client Customized

	How Generics are Covered	How Brands are Covered	Heavy-Hitter Drugs (Not Covered)
Select (3-Tier)	Flexibility to place generics at Tier 1, 2 or 3	Preferred brands, Tier 2; non-preferred brands, Tier 3; many not covered	<ul style="list-style-type: none">• QVAR• SYMBICORT• ProAir• OneTouch• Humalog/Humulin

High Cost Medications with Alternatives

Aligned Approach to Formulary Choices

Therapeutic Class	Drug	Drug Avg. Cost	Equiv./Alt. Drug	Equiv./ Alt. Avg. Cost	Potential Savings per Claim
NSAID + PPI	VIMOVO	\$2,290	OTC NAPROXEN + OMEPRAZOLE	\$4	\$2,286
GI	DUEXIS	\$2,209	OTC FAMOTIDINE + IBUPROFEN	\$4	\$2,205
CARDIOVASCULAR	YOSPRALA	\$188	OTC ASPIRIN + OMEPRAZOLE	\$4	\$184
ACNE	ORACEA	\$556	DOXYCYCLINE	\$42	\$514
DIABETES	GLUMETZA	\$1,643	METFORMIN ER	\$15	\$1,628
NAIL FUNGUS	KERYDIN	\$1,438	TERBINAFINE 250MG	\$13	\$1,425
NAIL FUNGUS	JUBLIA	\$843	TERBINAFINE 250MG	\$10	\$833
SLEEP	BELSOMRA	\$341	ZOLPIDEM, ZALEPLON	\$10	\$331
SLEEP	SILENOR	\$424	ZOLPIDEM, ZALEPLON	\$10	\$414
CNS	REXULTI	\$1,005	QUETIAPINE, RISPERIDONE, ARIPIPRAZOLE	\$32	\$973
CNS	WELLBUTRIN	\$923	BUPROPION	\$20	\$903
EYE ALLERGIES	PAZEO	\$213	OTC KETOTIFEN	\$12	\$201

Generics Doesn't Always Mean Cheap

High Cost Generic Examples

Therapeutic Class	Drug	Drug Avg. Cost	Equiv./Alt. Drug	Equiv./ Alt. Avg. Cost	Potential Savings per Claim
DIABETES	METFORMIN ER (OSMOTIC)	\$952	METFORMIN ER (NON-OSMOTIC)	\$15	\$937
MIGRAINE	SUMATRIPTAN/NAPROXEN	\$594	OTC NAPROXEN + SUMATRIPTAN	\$12	\$582
HIGH BLOOD PRESSURE	NADOLOL	\$78	ATENOLOL	\$10	\$68
ASTHMA	MONTELUKAST GRANULE PACKET	\$70	MONTELUKAST TABLET/CHEWABLE	\$13	\$57
ANTIFUNGAL	NYSTATIN/TRIAMCINOLONE OINTMENT	\$69	NYSTATIN + TRIAMCINOLONE (SEPERATELY)	\$18	\$51
HIGH BLOOD PRESSURE	CANDESARTAN	\$50	LOSARTAN	\$5	\$45
ANTIBIOTIC	MOXIFLOXACIN	\$43	CIPROFLOXACIN	\$9	\$34

Lowest-Net-Cost Approach

Scenario #1		
	Rebated Drug	Non-Rebated Drug
Total Cost	\$200	\$150
Rebate	\$100	\$0
Net Total Cost	\$100	\$150

Scenario #2		
	Rebated Drug	Non-Rebated Drug
Total Cost	\$250	\$100
Rebate	\$100	\$0
Net Total Cost	\$150	\$100

Definitions

Total Cost = Plan Paid + Member Paid

Net-Total Cost = (Plan Paid + Member Paid) – Rebate

Net-Plan Cost = Plan Paid – Rebate

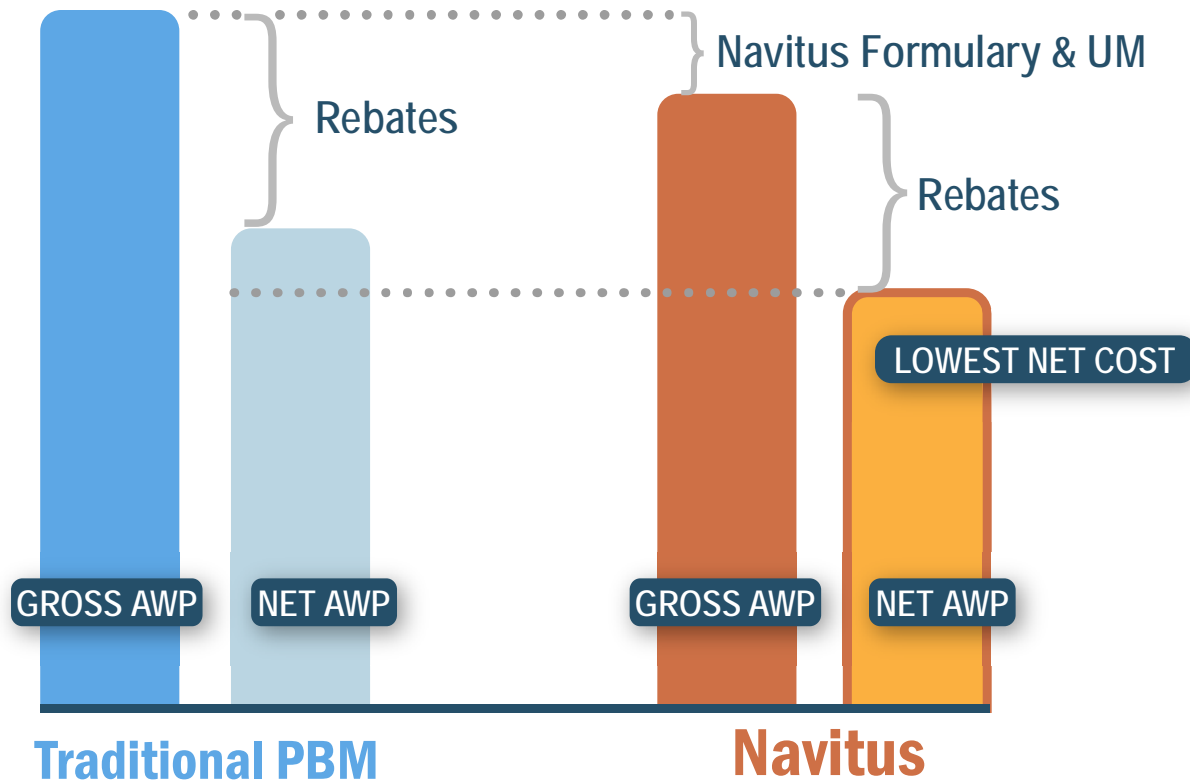
Savings Opportunities

Focus on Lowest-Net-Cost Strategy vs. Rebates

- Unique tier placement
 - High-cost/non-preferred generics on Tier 3
 - Lower-cost brands on Tier 1
 - Non-formulary/non-covered products
- Customized formularies aligned with client goals
- No rebate chasing; drugs that offer high rebates cost the plan more
- Minimal member disruption

The drugs are the drugs.
It's what you do with them that counts.

Lowest-Net-Cost Drives Greater Value



Cost-containment strategies that optimize drug mix are more significant than maximizing rebates

Drug Trend Management

Navitus Trend Management

A Balanced Approach

- Formulary Management
 - Drug price monitoring and response program to mitigate price increases
 - Stringent, but prudent utilization edits (e.g., prior authorization, step therapy, quantity limits)
 - Evolving biosimilar strategy
- Rebate Contracting and Management
 - Price protection
 - Post-patent brands (i.e. Synthroid over generic levothyroxine)
- Specialty Management (Lumicera Specialty Pharmacy)
 - Acquisition cost-plus pricing model
- Network Contracting and Management
 - 90-day retail
 - Limited network/narrow

Drug Trend Management

- Formulary Support Tools
 - Prior Authorization
 - Step Therapy
 - E-prescribing
- Utilization Edits
 - Quantity Limits
 - Prospective DUR, Concurrent DUR, safety and cost edits
 - E-prescribing point of prescribing
 - Retail, mail, specialty point of dispensing
 - Customizable edits
- Split-Fill Program, Specialty Pharmacy
 - Medications with potential serious side effects
 - Allows only a 15-day fill for the first three months of therapy
 - Cost-share neutral for the member

Formulary Support Tools

Prior Authorization

- Prior authorization is a tool that ensures members receive safe, appropriate, and cost-effective medicine
- Medicines requiring prior authorization:
 - Are noted on your formulary with a “PA”
 - Require you to meet certain criteria before the medicine is covered by your plan

How Does Prior Authorization Work?

- Before a prior authorization is approved your prescriber will be asked to write a prescription for an alternative that is covered under your plan
 - These alternatives have similar therapeutic value and effectiveness
 - If an alternative medicine does not have the intended response, the prior authorization for the original prescription can be considered*

**This does not apply to every prior authorization*

Formulary Support Tools

Prior Authorization Continued

- Your doctor may decide that you do not need to try an alternative medicine, based on your diagnosis and unique situation
 - The prescriber, plan sponsor, and Navitus will work together to complete the prior authorization process in this case
- Often requires your prescriber to submit clinical documentation (ex: diagnosis or lab data) supporting the use of the medication
 - If you meet the defined criteria, you will receive an approval to fill the medication

Formulary Support Tools

Quantity Limits

- Our Quantity Limits program is a tool that limits the amount of medicine you are allowed to receive within a given timeframe
- Medicines with quantity limits:
 - Are identified on the formulary with a “QL”
 - Follow FDA guidelines and are put in place for your safety
- Members can check the formulary online by visiting our member portal, Navi-Gate® for Members

How Do Quantity Limits Work?

- If you have a prescription with a quantity limit, your prescriber may:
 - Write a prescription for a smaller quantity or a shorter days' supply
 - Work with your plan to allow a great quantity

Formulary Support Tools

Step Therapy

- Step therapy is a formulary management tool used for high-cost prescription medicine
- Medicines requiring Step Therapy:
 - Are noted on the formulary with “ST”
 - Require you to try a less costly prescription medicine first, which is called a *first-line* therapy
 - If a first-line therapy does not work, you may be able to receive the medicine you were originally prescribed, which is called a *second-line* therapy



Formulary Support Tools

Exception to Coverage

- Follows the prior authorization process and timelines
- Designed to allow members/prescribers to request drugs not covered on formulary or higher quantities than the formulary allows
- Approval of the request is dependent on each member's situation and the medical documentation submitted that supports the drug is medically necessary
 - i.e. Other formulary alternatives will not produce the same clinical outcome desired

Specialty Medications

What is Considered a Specialty Medication?

- Very high cost medications
- Drugs used to treat complex conditions such as multiple sclerosis, rheumatoid arthritis, hepatitis C, cancer, etc.
 - High-touch patient care is needed
- Drugs that are not stocked at your traditional community pharmacy
 - Some drugs are limited distributed and are only available at specialty pharmacy
 - Example: Xyrem for treatment of narcolepsy is only available at 1 pharmacy in the U.S.
- Drugs may involve specialty delivery or handling

Specialty Medications

How Do I Know My Medication is Considered a Specialty Medication?

- The formulary document will be notated by “LMSP” or “MSP” or “LD”
 - LMSP = Lumicera Mandatory Specialty
 - MSP = Mandatory Specialty (does not need to be filled through Lumicera, but at any specialty pharmacy that is able to dispense the drug)
 - LD = Limited Distributed Drug (formulary will notate which specific pharmacy is able to dispense the drug)

The Value of Specialty Pharmacy

What is the difference between a specialty pharmacy and your traditional community/retail (CVS, Walgreens, HEB) pharmacies?

- Specialty pharmacies provide a higher-touch model
 - Pharmacists will contact member at certain intervals or prior to each refill to ensure the medication is working for you
- Pharmacists at specialty pharmacies are highly trained in complex disease states
 - They typically have more time to counsel in-depth with you on your medications and disease state
- If the medication(s) are not working for you, they will work with you and your provider to find a better treatment plan

Customer Care

Customer Care Philosophy

Navitus Customer Care offers access, availability, and knowledge to callers and is an integral part of our mission to deliver superior service.

The cornerstone of our customer care philosophy is consistent, knowledgeable and timely responses delivered with a personal touch. We strive to resolve each call correctly, completely and professionally during the first call. Our relentless pursuit of superior customer service is what sets us apart from our competitors.

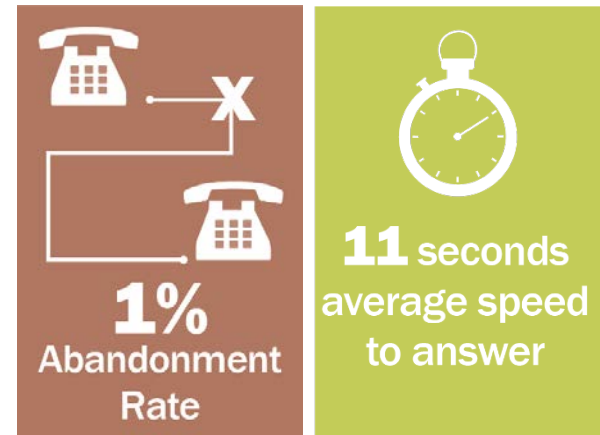
Our Customer Care Commitment and Philosophy:

- We will be **responsive** to our customers' needs.
- We will be **respectful** of our customers at all times.
- We will be **realistic** about what we can or cannot do.
- We will **resolve** our customers' issues in a timely fashion.
- We will take personal **responsibility** for our customer relationships.

Customer Care

Commercial

- 24/7, toll-free - (866) 333-2757
- All calls greeted LIVE
- Callers enjoy a single point of contact for pharmacy benefit inquiries
- Pharmacists available 24/7 for clinical needs, such as cost overrides
- Meets or exceeds URAC standards
- Accurate forecasting model that proactively adjusts to volume peaks to avoid service fluctuations



Agent evaluations based on quality of calls versus quantity

Thank You.



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