Prescription Benefit Management

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Prescription Drug Benefit Manager

October 2013
UK Retiree Prescription Benefit

• Pre-65 (non-Medicare Retirees)
  - Early Retirees
  - Working Retirees

• Medicare Retirees
  - Medicare A and B Participants
  - No longer working
Pre-65 & Non-Medicare Rx Benefit

- Universal Prescription Benefit Plan for all health plans (UKHMO, PPO, EPO, etc)
- Same Rx Benefit as for Active Employees (use same Rx ID card as when active employee)
- Spouses/Dependents – covered under same ID number as retiree
- Administered by Express Scripts – UK direct access to enrollment
Medicare Retiree Rx Benefit

- UK Medicare PART D Prescription Drug Plan
- New ID card and ID numbers
- Medicare Covered Spouses have own ID card and unique ID numbers
- Administered by Express Scripts
  CMS (Medicare) controls enrollment
# Pre-65 & Non-Medicare Rx Benefit

## Actives and Retirees < 65 years

<table>
<thead>
<tr>
<th></th>
<th>Retail (up to one month supply)</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>coinsurance</td>
<td>minimum</td>
<td>maximum</td>
</tr>
<tr>
<td>Generic</td>
<td></td>
<td>20%</td>
<td>$8</td>
<td>$50</td>
</tr>
<tr>
<td>Formulary</td>
<td></td>
<td>40%</td>
<td>$20</td>
<td>$60</td>
</tr>
<tr>
<td>Non-formulary</td>
<td></td>
<td>50%</td>
<td>$40</td>
<td>No Maximum</td>
</tr>
</tbody>
</table>

## Express Scripts Home Delivery or UK Retail Pharmacies (35-90 day supply)

<p>| | | | |</p>
<table>
<thead>
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</table>
### Medicare Rx Prescription Benefit (2013)

#### Medicare Retirees

**Retail (up to 90 day supply)**

<table>
<thead>
<tr>
<th>Type</th>
<th>Coinsurance</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
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<td>20%</td>
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</table>

#### Express Scripts Home Delivery (35-90 day Rxs)

<table>
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<tr>
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<td>No Minimum</td>
<td>$100</td>
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<tr>
<td>Formulary</td>
<td>30%</td>
<td>$60</td>
<td>$120</td>
</tr>
<tr>
<td>Non-formulary</td>
<td>40%</td>
<td>$120</td>
<td>$200</td>
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</tbody>
</table>
## Medicare Rx Prescription Benefit (2014)

### Medicare Retirees

**Retail (up to 90 day supply)**

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**Express Scripts Home Delivery (35-90 day Rxs)**

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</table>
# Formularies

<table>
<thead>
<tr>
<th>Pre-65 Retirees</th>
<th>Medicare Retirees</th>
<th>Medicare Retirees</th>
</tr>
</thead>
</table>
Drug List (Formulary)

National Preferred
- Highest presence of Brand name drugs
- Least level of cost management

Prime
- Encourages more generic usage
- More non-formulary brand drugs
- Retired by Express Scripts 2013

High Performance
- High focus on generics
- Branded products preferred where no therapeutic generic alternative
UK Retiree Rx Formulary

Why High Performance Formulary?
Patent Expiration Landscape

In Billions of Dollars

2001 - 2011: $126 Billion

Block-Buster Brands Expiring!!
### Key Brand Drugs Losing Patent Protection
More than $64.3 billion within the next five years

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
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<tbody>
<tr>
<td>Annual Sales</td>
<td>$14.2 Billion</td>
<td>$18.2 Billion</td>
<td>$15.5 Billion</td>
<td>$11.2 Billion</td>
<td>$5.2 Billion</td>
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<tr>
<td>AcipHex</td>
<td>Actonel</td>
<td>Actonel</td>
<td>Abilify</td>
<td>Benicar/HCT</td>
<td>Azilect</td>
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<tr>
<td>Cymbalta</td>
<td>Avelox</td>
<td>Avelox</td>
<td>Aloxi</td>
<td>Crestor</td>
<td>Cubicin</td>
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<tr>
<td>Diovan</td>
<td>Celebrex</td>
<td>Celebrex</td>
<td>Androgel</td>
<td>Enablex</td>
<td>Invanz</td>
</tr>
<tr>
<td>Invega</td>
<td>Detrol LA</td>
<td>Detrol LA</td>
<td>Avodart</td>
<td>Intuniv</td>
<td>Mepron</td>
</tr>
<tr>
<td>Lidoderm 5%</td>
<td>Evista</td>
<td>Evista</td>
<td>Focalin XR</td>
<td>Nuvigil</td>
<td>Relpax</td>
</tr>
<tr>
<td>Niaspan</td>
<td>Exforge</td>
<td>Exforge</td>
<td>Gleevec</td>
<td>Seroquel XR</td>
<td>Reyataz</td>
</tr>
<tr>
<td>Opana ER*</td>
<td>Loestrin 24 FE</td>
<td>Lumigan 0.03%</td>
<td>Lovaza</td>
<td>Tygacil</td>
<td>Strattera</td>
</tr>
<tr>
<td>OxyContin*</td>
<td>Lunesta</td>
<td>Lunesta</td>
<td>Namenda</td>
<td>Zetia</td>
<td>Tamiflu</td>
</tr>
<tr>
<td>Reclast/Zometa</td>
<td>Nexium</td>
<td>Nexium</td>
<td>Ortho Tri-Cyclen Lo</td>
<td>Treanda</td>
<td>Treximet</td>
</tr>
<tr>
<td>Suboxone SL</td>
<td>Trilipix</td>
<td>Trilipix</td>
<td>Patanol</td>
<td>Welchol</td>
<td>Vytorin</td>
</tr>
<tr>
<td>Temodar</td>
<td>Xeloda</td>
<td>Xeloda</td>
<td>Zyvox tablets</td>
<td>Welchol</td>
<td></td>
</tr>
</tbody>
</table>

* not AB rated
Market Projection
Rare and Specialty growth

2011

Traditional Pharmacy Spend: 82%
Specialty Pharmacy Spend: 18%

Specialty Rx spend: $11 billion

2014

Traditional Pharmacy Spend: 74%
Specialty Pharmacy Spend: 26%

Specialty Rx spend: $19 billion

Sources: Express Scripts Drug Trend Report; MarketScan Commercial Database
UK Specialty Utilization

Pre-65 Plan

- 27% Specialty Pharmacy Spend
- 73% Traditional Pharmacy Spend

Medicare Retirees

- 25% Specialty Pharmacy Spend
- 75% Traditional Pharmacy Spend

1.9% of members use Specialty

5.6% of members use Specialty

Sources: Express Scripts Drug Trend Report; MarketScan Commercial Database
Plan Differences

Where are Pre-65 Retiree Rx Benefit and Medicare Rx Benefit Different
## Plan Differences

### Pre-65 Retirees
- 90 day limited to ESI Mail Order & UK Retail Pharmacies
- Specialty Medications – after 1st fill, subsequent fills at UK Retail Pharmacy or Accredo
- PHARMA Copay Cards Allowed
- Health Care Reform – $0 Copays on preventive services - Vitamin D, Aspirin, Colonoscopy Prep, Chantix
- $8 Minimum on Generics per 30 days

### Medicare Retirees
- 90 day allowed at any Medicare Part D Participating Pharmacy – discount only at Mail Order
- Specialty Medications – all fills allowed at any Medicare Part D participating Specialty provider
- PHARMA Copay Cards Excluded
- Health Care Reform – Does not apply to Medicare Part D Plans
- No Minimum Copays on Generics
Coverage Differences

**Diabetes Testing Supplies**
- Pre-65 – Covered on Express Scripts Card
- Medicare Rx – Covered on Red, White, Blue Medicare Card

**Medicare B Covered Drugs** – Neb Solutions, Transplant Medications, some Oral Chemotherapy
- Pre-65 – Covered on Express Scripts Card
- Medicare Rx – Covered on Red, White, Blue Medicare Card

**Part D Excluded Drugs** – Vitamins/minerals, Cough and Cold
- Pre-65 - Covered on Express Scripts Card (if Rx, not OTC)
- Medicare Rx – NON-Covered

**Shingles Vaccine**
- Pre-65 – Covered as Medical or Rx Benefit after age 60
- Medicare Rx – Covered ONLY on Prescription Benefit
UK Medicare Rx Benefit

Express Scripts Medicare (PDP) for the University of Kentucky

• This **IS** a Medicare Part D Plan
  – Do not enroll in a different Part D or Medicare Advantage Plan
  – Subject to all CMS Medicare D Requirements
Standard Medicare Part D Benefit, Jan 2014

Catastrophic Coverage
- Medicare pays 80%
- Plan Pays 15%
- Member Copays = the Greater of 5% or $2.55 for Generic drugs, and the Greater of 5% or $6.35 for all other drugs

Coverage Gap – BRAND -50% Pharma Discount, 2.5% Plan Pay
- Generics - Plan 22% Coverage

Partial Coverage
- 25% Medicare pays 75%

Deductible
- 2.5% Plan Pay

50% Pharma Discount
- 78% Co-Ins

47.5% Co-Insurance

22% Plan Pay

Enrollee Out-of-Pocket Spending

Medicare Part D Benefit

Total Drug Costs will vary with B/G mix
- ($4550 out of pocket)
- Out Of Pocket = Member Copay + Pharma 50%

$2,850 in Total Drug Costs
- Total Drug Cost = Member copay + Plan Cost

$310 deductible
- ($310 out of pocket)
UK Medicare Part D (EGWP)

- **NO** Deductible
- Complete Coverage thru the Medicare Gap (aka “Donut Hole”)
- Medicare defines Coverage Gap when Total Drug Spend (TDS) = $2970 (2013), reduced to $2850 (2014)
- Catastrophic Coverage begins at $4750 TrOOP for 2013, $4550 for 2014
Enrolling in UK Medicare Rx

• Sign up for Medicare Parts A and B within 3 months of 65th birthday

• Complete Medicare Carveout and Medicare enrollment form with UK HR Benefits

• UK sends file to Express Scripts, who sends on to CMS for processing

• When CMS approved Express Scripts will send letter and Welcome Packet with new ID card
UK Medicare Part D (EGWP)

EOB

• Medicare required document

• Sent monthly following any Rx activity
Medicare Part D – LEP

- **LEP = LATE ENROLLMENT PENALTY**
  - 1% per Month of Standard Medicare D Premium
    - Receive a letter from Express Scripts
    - Documentation of Creditable Coverage
    - UK Benefits Pharmacist can provide Express Scripts with documentation for you IF you were previously covered on UK Prescription plan
Medicare Part D – IRMAA

- IRMAA = Income Related Monthly Adjustment Amounts
  - Paid Directly to Social Security Administration

<table>
<thead>
<tr>
<th>Beneficiaries who file individual tax returns with income that is:</th>
<th>Beneficiaries who file joint tax returns with income that is:</th>
<th>Medicare Part D Income Related Monthly Adjustment Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than or equal to $85,000</td>
<td>Less than or equal to $170,000</td>
<td>$0.00</td>
</tr>
<tr>
<td>Greater than $85,000 and less than or equal to $107,000</td>
<td>Greater than $170,000 and less than or equal to $214,000</td>
<td>$11.60</td>
</tr>
<tr>
<td>Greater than $107,000 and less than or equal to $160,000</td>
<td>Greater than $214,000 and less than or equal to $320,000</td>
<td>$29.90</td>
</tr>
<tr>
<td>Greater than $160,000 and less than or equal to $214,000</td>
<td>Greater than $320,000 and less than or equal to $428,000</td>
<td>$48.30</td>
</tr>
<tr>
<td>Greater than $214,000</td>
<td>Greater than $428,000</td>
<td>$66.60</td>
</tr>
</tbody>
</table>
Medicare Part D – LIS

- LIS = Low Income Subsidy
  - Monthly Premium Reimbursement
  - Reduced Copays on Prescriptions

In 2013, you may qualify if you have up to $17,235 in yearly income ($23,265 for a married couple) and up to $13,300 in resources ($26,580 for a married couple).

https://secure.ssa.gov/i1020/start
Managing Drug Spend

The prescription says we take these till empty.

The bottle?

Our savings.

Rising drug prices.
KYRx Coalition
Pharm-Assist Offering

- Free counseling service via live pharmacists
  - Identification of lower cost prescription alternatives
  - Contacting physician to facilitate seeking authorization for lower cost alternative therapies
  - Educational resources for members – adverse effects, drug interactions and general medication information

(855)-218-5979

Dedicated Clinical Pharmacists

Lucy Wells
Lea Goggin
Carrie Isaacs
Matt McMahan
Allison Russell
Kimberly Bottom
KYRx Pharmacy Services

- New Member Services
- Copay Counseling
- ID Cards
- Savings Opportunities
- Medicare Retiree transition
- Therapeutic/Clinical Information
- Physician Liason
KYRx Coalition
Current Membership

- Transylvania University
- Asbury University
- University of the Cumberlands
- University of Pikeville
- Midway College
- Lindsey Wilson College
- SCC
- EKU
- UK University of Kentucky
- Berea College
- Spalding University
- Kentucky Christian University
- Brescia University
- University of Louisville
Generic Discount Program

- $4.00 for 30 day supply
- $10.00 for 90-day supply

- OVER 400 generic drugs offered at rates lower than Rx benefit
- Obtain 90-day Rxs without using Express Scripts Card to use the discount program (Kroger and Wal-Mart for pre-65 Retirees)
- Let the pharmacist know what other medications you are taking
90-day Maintenance Rxs

Will it save me money?
- Do I get 3 months for 2 copays?
- Depends on the cost of the Rx.
- Minimum Copays triple, maximums only double

Where can I get 90-day supplies?
- Kentucky Clinic Pharmacy – now open to all
- Express Scripts Home Delivery (Mail Order Pharmacy)
- For Medicare Rx (any 90 day participating pharmacy)

How do I enroll in the Express Scripts Mail Order Program?
- http://www.express-scripts.com
- 1-877-242-1864
- Call KYRx Pharmacists for assistance – We can contact your MD 859-218-5979
Coupons and Samples

Can SAMPLES COST me MORE in COPAYS?

Coupons/Samples provide low or no-cost first fill

Refills may be more expensive than other lower cost brand or generic alternatives

Products with coupons may be “new” drugs (slightly modified “old” drugs with little or no therapeutic advantage) – Dex, Lev, XR
Direct to Consumer/Physician Marketing

**Nasonex**

Copay –

Nasonex ~$74

Fluticasone (generic Flonase) $8
Flunisolide (generic Nasalide) $8
Triamcinolone (generic Rhinocort AQ) ~$15
Direct to Consumer/Physician Marketing

Nexium

Copay –

Nexium $114 Pre-65 Plan
$60 Medicare Rx Plan

Lansoprazole (generic Prevacid)
Omeprazole (generic Prilosec)
Pantoprazole (generic Protonix)
$8.00
## Medication Copays – Pre 65 Plan

<table>
<thead>
<tr>
<th>Drug</th>
<th>90-Day Supply at Retail Pharmacy (3 x 30 days)</th>
<th>90-Day Supply at Express Scripts Home Delivery Pharmacy or UK Pharmacy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crestor 5 mg Tablets</td>
<td>$263</td>
<td>$188</td>
</tr>
<tr>
<td>Avodart 0.5mg</td>
<td>$197</td>
<td>$140</td>
</tr>
<tr>
<td>Lumigan Eyedrops</td>
<td>$170</td>
<td>$120</td>
</tr>
<tr>
<td>Benicar 20mg Tablets</td>
<td>$153</td>
<td>$120</td>
</tr>
<tr>
<td>Actonel 150mg Tablet</td>
<td>$240</td>
<td>$171</td>
</tr>
<tr>
<td><strong>Total Annual Copays</strong></td>
<td><strong>$4,092</strong></td>
<td><strong>$2,956</strong></td>
</tr>
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<tr>
<td>Lumigan Eye Drops</td>
<td>$170</td>
<td>$120</td>
</tr>
<tr>
<td><strong>Latanoprost Eye Drops</strong></td>
<td><strong>$24</strong></td>
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<td><strong>Ibandronate 150mg</strong></td>
<td><strong>$39</strong></td>
<td><strong>$24</strong></td>
</tr>
<tr>
<td>Previous Annual Copay</td>
<td>$4,092</td>
<td>$2,956</td>
</tr>
<tr>
<td>New Annual Copay</td>
<td>$540</td>
<td>$480</td>
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## Medication Copays – Medicare Rx

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<thead>
<tr>
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<tbody>
<tr>
<td>Crestor 5 mg Tablets</td>
<td>$180/$237</td>
<td>$120/187</td>
</tr>
<tr>
<td>Avodart 0.5mg</td>
<td>$178/$178</td>
<td>$140/$140</td>
</tr>
<tr>
<td>Lumigan Eyedrops</td>
<td>$116/$145</td>
<td>$86/$114</td>
</tr>
<tr>
<td>Benicar 20mg Tablets</td>
<td>$110/$138</td>
<td>$82/$109</td>
</tr>
<tr>
<td>Actonel 150mg Tablet</td>
<td>$173/$217</td>
<td>$120/$171</td>
</tr>
<tr>
<td><strong>Total Annual Copays</strong></td>
<td><strong>$3,028/$3,580</strong></td>
<td><strong>$2,192/$2,884</strong></td>
</tr>
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<td>$16</td>
<td>$11</td>
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Questions?