



North Carolina
State Health Plan
FOR TEACHERS AND STATE EMPLOYEES



Pharmacy Benefit Management Implementation: 2017 Pharmacy Formulary and Program Considerations

Board of Trustees Meeting

May 13, 2016

A Division of the Department of State Treasurer

Presentation Overview

2017 Pharmacy Formulary and Program Considerations

- Medication Adherence Program
- Member-Pay-the-Difference
- Closed Formulary

Pharmacy Formulary and Program Considerations

The Plan currently offers two programs that were originally implemented to compliment the formulary and copay structures that were in place at the time these programs were offered.

1. Medication Adherence Program (MAP)

- Available to retirees and applies to diabetes and cardiovascular medications
- Intended to increase adherence by removing cost barriers
- Retirees can receive a 90-day supply from *participating pharmacies** for 2 ½ times the copay
- Approximately 10,000 scripts are filled each month under this program

2. “Member-Pay-the-Difference” Program

- Applies to non-specialty brand name drugs with a generic equivalent
- Members who elect to purchase the brand drug must pay the Tier 1 copay plus the difference between the Plan’s cost of the brand name drug and the Plan’s cost of the generic drug, not to exceed \$100 per 30 day supply

**Any pharmacy that agrees to the fee schedule can participate.*

Medication Adherence Program

Since we rolled out MAP in 2011, we have either already made or are proposing plan design changes that have lessened the need for this program.

Programs Already in Place and Available to All Members:

- **Generic Cholesterol-lowering Medications** - The copay for all generic cholesterol-lowering medications on the Traditional 70/30 or Enhanced 80/20 plans is \$4 for a 1-month supply, or \$10 for a 3 month supply. The lower copays apply at any retail pharmacy or via home Delivery. The MAP copays are not applied under this program.
- **CDHP Preventive Medications** – The MAP program does not apply to the CDHP because there are no pharmacy copays. Instead, the CDHP deductible is waived on drugs that can help members prevent serious health conditions. The drugs included in this list are more inclusive than those included in MAP:

**Anti-Infectives ♦ Cardiovascular Medications ♦ Diabetic Medications ♦ Diabetic Supplies
Gout Prevention ♦ Nutrition ♦ Obesity ♦ Obstetrical & Gynecological ♦ Respiratory ♦ Tobacco Cessation**

Medication Adherence Program

April 27, 2016 Proposed Plan Design Changes

- Enhanced 80/20 Plan – The value-based plan design lowers the Tier 1 & 2 copays which reduces members' cost-share more than MAP and **MAP is only available for retirees.**

Year	Tier	30 - Day Supply	60 Day Supply	90 Day Supply	90 Day Supply with MAP
2016	1	\$12	\$24	\$36	\$30
Approved 2017	1	\$14	\$28	\$42	\$35
Proposed 2017	1	\$5	\$10	\$15	NA
2016	2	\$40	\$80	\$120	\$100
Approved 2017	2	\$45	\$90	\$135	\$112.50
Proposed 2017	2	\$25	\$50	\$75	NA

- If the proposed value based plan design is approved, there will not be a copay on Tier 3 so MAP would not apply.

Medication Adherence Program

Other Considerations

- **MAP 90 Day Network**

- Current 90 Day Network that supports this program is open to any pharmacy that agrees to the reduced fee scheduled.
- The list of participating pharmacies is posted on the Plan's web site and changes periodically.
- Not every pharmacy in a chain is included. Members must not only check to determine if a particular chain is participating, but also that the specific pharmacy is participating.

- **CVS 90 Day Network**

- As part of the CVS implementation, Plan staff will be evaluating the CVS 90 Day Network. It is possible that this network could be used to support a program similar to MAP or some other value based program.

Medication Adherence Program Proposal

The other important factor to consider when evaluating MAP is that the program was introduced prior to the rollout of the Medicare Advantage Plans. Over 100,000 retirees are now enrolled in an MAPDP and no longer have access to the program.



- Based on the new plan options and plan design features that have been added since MAP was introduced as well as the ones currently under consideration, Plan staff believes discontinuing MAP effective 1/1/17 is the best course of action.
- Once evaluation of CVS's 90-Day Network is complete, we will reconsider options for value added programs that could be supported by a limited pharmacy network.

Member-Pay-the-Difference

- The “**Member Pay the Difference**” program was originally implemented when the tier structure was more restrictive and generics were always the lowest cost drugs. This program was intended to encourage generic drug utilization and penalize members who elected to purchase a brand when a generic was available.
 - Tier 1 – Generics
 - Tier 2 – Preferred Brands
 - Tier 3 – Non-Preferred Brands
- Over time the contents of the tiers have changed.
 - Tier 1 - Generics
 - Tier 2 – **Preferred Brands, High-Cost Generics, HIV Medications**
 - Tier 3 – Non-Preferred Brands
 - Tier 4 - Low Cost/Generic Specialty
 - Tier 4 – Preferred Specialty
 - Tier 6 – Non-Preferred Specialty
- As we move to more value based benefits, the tiers will become even more blended. While we always want to encourage generic utilization, we also want to promote other value added medications. Therefore, we are currently evaluating whether there are any high costs brands that may need to move to Tier 1.

Member Pay the Difference Proposal



- Plan staff believes it is time to discontinue the “Member Pay the Difference” program.
- Strategies for steering members to more appropriate drugs have evolved over time.
- The member cost-sharing structure has also changed. We simply have more tools in the toolbox than we did when this was rolled out.
- This is also probably the most confusing program we have. It does not contribute to a positive member experience.

Closed Formulary

We have previously discussed that the Plan can realize additional savings by adopting a “Closed” Formulary. These savings come primarily through additional discounts and rebates that are available when only certain brands are included in the formulary.

- **Open Formulary** – In an “open” formulary, all drugs are included, subject to any benefit exclusions. The Plan currently utilizes an “open” formulary for the Enhanced 80/20, CDHP 85/15, and Traditional 70/30 Plans.
- **Closed Formulary** – In a “closed” formulary, certain drugs are excluded. Plan members on the HDHP have ESI’s standard formulary which is closed.
- **Member Disruption** – Plan staff is currently evaluating the member impacts, or disruption, of adopting the CVS exclusion list. We believe we will be able to move to some version of a closed formulary, but whether or not we adopt the entire exclusion list is still to be determined. While it will be impossible to avoid some disruption, we want to minimize it where possible and ensure it is clinically appropriate.

CVS Standard Closed Formulary

The Plan has completed an initial evaluation of the tier structure included in CVS's closed formulary.

- Traditional Tier structure with all generics in Tier 1
- Adoption would require changes to preferred and non-preferred drugs
- No value based elements



Closed Formulary Proposal



- Plan staff believes the best course of action for the traditional plans is to move towards a closed, custom formulary.
- By closing the formulary, we will benefit from additional savings.
- By customizing it, we will not only be able to support the move to value based benefits, but also make any other changes we believe are in the best interest of the Plan and Plan members.
- We will use the current tier structure as the starting point of any changes.

Plan Staff continues to evaluate the best option for the HDHP.