Benchmarking New Frontiers in Managed Care Pharmacy – Your Peers Speak Out - Again! Detailed Findings

ACADEMY OF MANAGED CARE PHARMACY
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Emerging Trends – FMCP 2007
Who is FMCP?

The Foundation for Managed Care Pharmacy (FMCP), a 501(c)3 nonprofit, charitable trust, is a research, education and philanthropic organization affiliated with the Academy of Managed Care Pharmacy (AMCP). The mission of the Foundation for Managed Care Pharmacy is to help people optimize medication therapy through the generation and dissemination of new knowledge. FMCP is the only non-profit charitable trust dedicated solely to supporting research and education activities in the field of managed care pharmacy. News and additional information about FMCP is available on the Foundation’s Web site, www.fmcpnet.org.
Who is HSM?

HSM is a national leader in health care market research and strategy development including economic modeling solutions.
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This report was completed under the direction of Joan Cihak; the research team at The HSM Group involved with this study included: Tonya Adamski, Cheryl Palay, Julie Price, and June McClung.
Project Overview and Objectives

This study on Emerging Trends was initially conducted in 2006. This is the second study completed with a few changes based on the findings in 2006. HSM worked collaboratively with Merck and FMCP (Foundation For Managed Care Pharmacy) to develop and field an Internet survey with members of AMCP (Academy of Managed Care Pharmacy).

More specifically, the objective was to obtain insights from leaders with informed opinions and/or decision-making roles (e.g., pharmacy director, medical director, etc.) related to a number of managed care activities and trends, including:

- Adoption of eHIT and ePrescribing
- Adoption and designs of Consumer Driven Healthcare offered
- Use of Healthcare Savings Accounts
- Adoption and types of Reward for Performance (P4P) being used
- Efforts in Disease Management
- Use of new pricing models such as reference-based pricing and other benefit models.
Why Did We Do This Study?

- Track the evolution of these trends
- Gauge managed care pharmacy experts role in these evolving initiatives
- Provide research and education on these initiatives to assist you in your job
Methodology

Survey Launch:

- On August 6, 2007, FMCP sent an e-mail invitation to a total of 2,448 members encouraging them to complete a 20- to 30-minute Internet survey.

- FMCP (Foundation of Managed Care Pharmacy) was the identified sponsor of this research; Merck’s co-sponsorship was not revealed.

- Based on last year’s fielding experience with the response rate, respondents were offered in the initial invite a chance to win one of 20 AMEX gift cards worth $100. In 2006 the incentive was offered midway through fielding.

Survey Response:

- The survey was fielded for six weeks (officially closed on September 14, 2007). During the fielding period, a series of e-mail reminders was sent to non-respondents, as well as respondents who appeared to have logged into the survey but then dropped off prior to completion.

- The Internet survey was completed by 186 respondents, resulting in a 7.6% response rate. The survey’s multiple skip patterns complicated the analysis to clearly delineate how many respondents actually completed the survey satisfactorily based on their decision-making role or involvement versus those who simply discontinued. HSM subjectively determined that respondents who completed the survey through question 30 (the end of the general questions) will be considered “complete.”
Analysis

The majority of the charts within this report provide aggregate results for 2006 and 2007 across all respondents. HSM also reviewed and compared the responses within various segments (listed below). Any relevant, statistically significant differences within segments are noted throughout the report.

- Title
- Decision-making role
- Organization type
- Organization size
- Organization lines of business – either Medicare or no Medicare

Segments are further defined beginning on slide 99. These pages also provide a summary of how, if at all, responses differed within the segment.
Research Overview: Caveats

- The target list of respondents was provided by FMCP and excluded any member from a pharmaceutical company. Further detail on respondent demographics appears in the next section on slides 9-14.

- All percentages shown on either the x- or y-axis of graphs represent the percentage of all respondents answering a particular question, unless otherwise noted.

- The number of respondents to each question is indicated with “2007 n=xx; 2006 n=xx” at the bottom of each slide. Large variances in the number of respondents answering each question are attributable to the fact that beyond question 30, respondents were only shown the series of questions relating to areas for which they indicated having some decision-making role or involvement within their organization.
The BIG Emerging Theme

VALUE

- Cost & Quality Combined
  - Disease Management, & Generics

- Collaboration Expanding
  - Employers are involved

- Implementation
  - Overall Status Progressing

Emerging Trends – FMCP 2007
BENCHMARKING NEW FRONTIERS
Participant Overview
(Demographics)
Most Respondents Are Leaders Within Pharmacy

Q1: What is your title?

2007 n=186; 2006 n=219

NOTE: In 2007, additional categories were provided based on 2006 responses to the “Other” category.
Few Respondents Are Individually Accountable For Initiatives Discussed On Survey; However, Many Are Advisors To The Decision-Maker

More respondents serve in an advisory role in 2007 than in 2006, while in 2006 more were involved in implementation. In both years, more respondents have an active role in DM and ePrescribing than other initiatives.

Q2: Which of the following best describes your role in each of these initiatives?

2007 n=186; 2006 n=219
Few Respondents Are Individually Accountable For Initiatives Discussed On Survey; However, Many Are Advisors To The Decision-Maker

Q2: Which of the following best describes your role in each of these initiatives?
2007 n=186; 2006 n=219
The Vast Majority (81.8%) Of Respondents Represent Health Plans (42% collectively) Or PBMs (39.8% collectively)

Respondents were asked to identify the one description that best categorizes their organization. The largest segments of respondents work for health plans or PBMs. Among the non-PBM respondents, about half (50.8%) of their organizations are affiliated with a PBM.

Q4: Which best describes your organization and makes up a majority of your book of business?

2007 n=186; 2006 n=214

Q5: Is your organization affiliated with a PBM?

2007 n=132; 2006 n=162
Many Respondents Have All Lines Of Business – Commercial, Medicare, And Medicaid

Respondents with Medicare lines of business have various types of plans. Among those not currently offering Medicare, 17.6% are planning to cover Part D lives in the future. Among the respondents with freestanding PDP lives, the majority (78.8%) expect to shift their PDP covered lives into MA-PDP lives in the future.

Q6: **What lines of business does your organization cover**, and how many lives are covered within each of these?

2007 n=186; 2006 n=219
Most Of The Respondent Organizations With Commercial Lives Have Fewer Than One Million Lives. Of The Very Largest, The Majority (64%) Are PBMs.

Note: Several respondents (23) were not included in this chart because they answered Not Applicable regarding lines of business covered.

Q6: What lines of business does your organization cover, and how many lives are covered within each of these?

2007 n=186; 2006 n=176
Executive Summary
Executive Summary – Overview And Objectives

HSM collaborated with Merck and FMCP (Foundation for Managed Care Pharmacy) to conduct an Internet study with members of the Academy of Managed Care Pharmacy (AMCP). Members of AMCP who are also employed by pharmaceutical companies did not participate in the survey.

The objective was to gain insight from leaders with informed opinions or decision-making roles in their organizations related to managed care activities and managed care trends.

Topics covered included:

- Adoption of eHIT/ePrescribing
- Adoption and designs of Consumer Driven Healthcare (CDH)
- Adoption and types of Reward for Performance (P4P)
- Efforts in Disease Management (DM)
- Other significant trends for pharmacy experts such as use of healthcare savings accounts and use of new pricing models such as reference-based pricing
Executive Summary – Methodology

Survey Launch:
The Internet-based survey was administered in 2006 and 2007. FMCP was identified as the research sponsor.

Survey Response:
Surveys were fielded for a period of six weeks in August and September. The response rate for the 2006 survey was 10%, or 219 respondents, and the survey response rate for 2007 was 7.6%, or 186 respondents.
Executive Summary – Demographics

Respondent demographics were as follows:
- 66 were pharmacy leaders including VP/Director/Chief
- 62 were clinical leaders including physicians/pharmacists/quality
- 58 were business leaders including c-suite/contracting/marketing/consultants

Of the organizations represented:
- 71 were health plans
- 54 were PBMs
- 42 were from a variety of organizations including hospitals, health systems, physician groups, pharmacies

Covered lives were used to measure size of organization and so not all respondents are included in this grouping.
- 36 very large organizations → over 10 million lives
- 35 large organizations → between 1 and 10 million lives
- 65 small/mid-size organizations → under 1 million lives
The vast majority (81.8%) of respondents represent health plans (42.0%) or PBM (39.8%).

Health plans include:

- IPA Model HMO
- Staff Model HMO
- Group Model HMO/IHA
- HMO & PPO
- PPO
- Medicaid agency/CMO
- Network or mixed model HMO
- Health Plan with HMO, PPO & Indemnity

PBM also include Specialty Pharmacy (10.8%).

Participants in the “Other” category (5.4% or less) represented Other Non-Benefit Consulting firms, Benefit Consulting Firms, Universities, Integrated Delivery Systems/Hospital Systems, Large Physician Groups, Pharmacy Associations, and Miscellaneous Organizations.

- Half (50.8%) of the non-PBM respondents are affiliated with a PBM
Executive Summary – Size And Lines Of Business

Overall, the respondent organizations’ total membership reflects a larger percentage of very large organizations and fewer small/mid-size entities. (Note: total membership was identified by respondent answers and various current membership enrollment sources.)

<table>
<thead>
<tr>
<th>Lines of Business</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very large: &gt;10 million lives</td>
<td>17.6%</td>
<td>26.5%</td>
</tr>
<tr>
<td>Large: 1-10 million lives</td>
<td>25.0%</td>
<td>25.7%</td>
</tr>
<tr>
<td>Small/mid-size: &lt;1 million lives</td>
<td>57.4%</td>
<td>47.8%</td>
</tr>
</tbody>
</table>

Lines of business represented within organizations include commercial, Medicare, and Medicaid.

**Commercial:** 54.4% of respondents represent organizations with more than one million lives.

**Medicare:** 61.4% of respondents represent organizations with more than one million lives.

**Medicaid:** 62.8% of respondents represent organizations with more than one million lives.
Executive Summary – Participant Roles In Initiatives

With the exception of DM, few participants are individually accountable for trend initiatives. Many participants play an advisory role in trend activities.

- **CDH** – more than half (52.2%) of respondents have no role in consumer driven healthcare. One-quarter (26.3%) play an advisory role.

- **ePrescribing** – more than a third of respondents (38.7%) do not play a role in ePrescribing. One-third (33.3%) play an advisory role in this initiative.

- **eHIT** – more than half (56.5%) of respondents do not play a role in this initiative and only 22.6% play an advisory role.

- **DM** – only a small percentage of respondents (14.0%), compared with the other initiatives, do not play a role in this initiative. Over one-third (39.8%) play an advisory role in this initiative.

- **P4P** – Nearly half (46.2%) of respondents do not play a role in this initiative. However, 28.0% play an advisory role.
Executive Summary

Overall, unique formulary benefit designs, disease management initiatives, MTM, and ePrescribing are each considered most critical to just under one-fifth of all respondents.

Additional Emerging Trends added by respondents included specialty pharmacy, which was also highlighted separately in 2006 as an increasing concern. Medicare Part D regulation changes and tracking were not highlighted to the same degree as in 2006. Other issues identified were:

- Healthcare reform
- Oncology treatment, especially IV forms
- Transparency and the need to provide information to key stakeholders
Executive Summary

eHIT

- The most important goals of eHIT were identified as providing more information to physicians at point-of-care (e.g., product info, cost options), improved formulary compliance and performance, and improved efficiency of work in point-of-care system (pharmacy calls, follow-up questions). Another significant goal of eHIT was a reduction in adverse drug effects, medical events, and medical errors.

- For all respondents, the primary means of measuring success of eHIT programs include an increase in generic utilization use, the number of providers using the program, improved formulary compliance, and enrollment in patient programs. Cost savings was not the most significant measurement of success.

- Although respondents collaborate with a range of organizations regarding eHIT activities, most collaborate with physician groups and PBMs.
Executive Summary

ePrescribing

- Most organizations are in some stage of ePrescribing. Only 22.0% of organizations have a program that is running and fully integrated. Thirty-nine percent (39.4%) of organizations are either exploring possibilities or are involved in the investigation and discussion process. Twenty percent (20.2%) have launched a program and are working on program integration.

- Large organizations are more likely to have launched or have future plans to launch pilot studies to better understand ePrescribing than are small or mid-sized organizations.

- Although PBM and Health Plans vary in their objectives for ePrescribing initiatives, both are focused on improving formulary compliance by plan physician/prescribers and reducing or preventing prescribing and dispensing errors. Both frequently cited that improving doctor-patient interactions by providing doctors with more point-of-care information and improving patient care are significant objectives for their organization.

- Of the organizations represented, physician groups and PBM represent the primary collaborators in ePrescribing efforts.

- Of those respondents with a Medicare line of business and involved in ePrescribing efforts, the largest percentage (37.7%) do not know or are uncertain regarding whether their organization will implement ePrescribing, while 58.5% have it in place or will by 2009.
Executive Summary

Consumer Driven Healthcare

- Respondents expect an increase (7.2% today vs. 22.4% in 2010) in the percentage of membership enrolled in some type of CDH plan, with a slightly greater growth rate than projected in 2006.

- Purchasers of health coverage, such as employers (60.2%), are the primary drivers for adoption of CDH. Other notable stakeholders include consumers and beneficiaries (17.7%) and health plans (12.9%).

- When ranked on a scale of 1 to 10, with 1 representing a traditional plan design with high deductibles, many organizations offer CDH plans beyond traditional plan designs with high deductibles. However, only 10.2% of organizations offer truly unique designs (rated 8-10). Organizations offering somewhat unique designs include elements such as first dollar coverage on preferred medications or chronic/preventive lists for deductible waiver and clinical integration. There was no significant difference between the two years in the offering of truly unique designs.

- The most common pharmacy benefit within CDH plans, after the deductible is met, is a tiered copay (41.3%). The second most common benefit is to have pharmacy expenditures in selected classes count toward the deductible (29.3%).

- Respondents reported that opportunities for greater savings for those who use generic vs. brand name drugs (57.0%) and additional benefit choices in the healthcare menu for menu-driven accounts (50.0%) are expected to be the most important CDH offerings in the next two to three years. Other significant CDH offerings include higher deductible HSAs (41.9%) and opportunities for greater savings for those who use formulary products versus non-formulary products (41.9%).

- About half of respondents (slightly more than last year) expect CDH plans will lower pharmacy and overall plan costs in both the short- and long-term.
Executive Summary

Pay For Performance Incentives

- If an organization provides P4P incentives, it is more likely to provide incentives for network physician services (31.7%) than for network pharmacist services (13.4%).

- By implementing a P4P program for network physicians, organizations expect to gain many benefits. The most significant gains are maximizing the use of generic products (37.0%), providing preventive screenings (hypertension, glucose, osteoporosis) (33.0%), and maximizing the use of formulary products (31.0%).

- The three primary barriers to P4P implementation, consistent with 2006, are determining standards of performance (55.0%), tracking performance of providers (50.0%), and finding ways to gain provider buy-in (50.0%).
Executive Summary

Disease Management

- Again in 2007, more than half of respondents reported that their organizations are allocating additional resources (time and money) towards DM programs and member education programs (54.3% and 55.7% respectively) compared with the previous year (52.7% and 54.8% respectively). When respondents rated the importance of DM programs to their organization (not at all important to extremely important), 80.0% of respondents said that DM programs are very important to their organizations, compared to 72.1% in 2006.

- Thirty-nine percent (39.3%) outsource a few DM programs/activities and 12.1% completely outsource all DM programs/activities, while 40.7% of participants responded that their organization does not outsource any elements of DM.

- Given a range of disease states including diabetes, asthma, heart failure, pain, obesity, renal failure, and depression, most organizations (80.0%) have a DM program for diabetes, 68.8% have asthma, and 56.3% provide heart failure programs.
Executive Summary

Other Benefit Designs

- Organizations with more than 10 million lives are more likely than those with fewer than one million lives to use reference-based pricing. The percentages are 19.4% and 15.4% respectively.

- The three most significant changes seen in the way multiple-tiered formulary options are being used to more tightly manage pharmacy spend include: increased cost differential between tiers (55.9%), increased saving incentives to patients for selecting generics (49.5%), and addition of zero copay for generics (37.1%).

- More than one-third of participants (39.2%) responded that they had not seen any changes in the loosening of formulary management. Of the changes noted, the most significant were lower patient out-of-pocket costs for particular chronic conditions (22.6%), fewer prior authorizations (20.4%), and fewer classes containing an exclusive preferred product (16.1%).
Detailed Findings
General Trends Overview

General Findings

- Of all respondents, 81 have a role in eHIT, 114 in ePrescribing, 89 in CDH, 100 in P4P, and 160 in disease management (DM). Respondents were least likely to have any involvement in eHIT efforts and most likely to be involved in disease management.

- Collaboration with others is most likely to occur in the areas of DM, ePrescribing, and formulary management. In eHIT and ePrescribing, collaboration efforts are most apt to be with physician groups (eHIT 37%, ePrescribing 53%) as well as PBMs (eHIT 31%, ePrescribing 44%).

- Sixty-three respondents added other emerging trends. At the top of this list were issues around specialty pharmacy and those related to health care reform/changes. Miscellaneous trends noted included:
  - The increasing movement of oncology treatment from IV to oral agents and the management of these items
  - Transparency – more openness to employer groups about the financial impact of formulary and contracting decisions. More information to consumers, providers, and employers about the relative value of medications, benefits, and formularies.
  - Need for inclusion of the identification of the pharmacist responsible in the NCPDP claim file format.
  - Expectations for reimbursement from network providers vs. plan expectations.
Disease Management Is The Initiative Respondents Most Often Considered Critical To Their Organizations

DM initiatives, formulary designs, MTM, and ePrescribing are most critical to the respondents’ organizations. This reflects a decline in the importance of unique formulary designs from 2006.

Q30: Of all the trends highlighted in this survey, which single initiative do you consider most critical?

2007 n=186; 2006 n=181
In Additional To Trends Discussed On Survey, Specialty Prescriptions, And Health Care Reform Are On Respondents’ Radar Screens

Medicare Part D has dropped significantly in their list of concerns.

Respondents could enter multiple responses.

Q31: Please indicate any additional trend(s) or emerging issue(s) that you think will likely have a significant impact on the future of managed care pharmacy? 2007 n=63; 2006 n=44
Respondents Are Collaborating With A Number Of Other Organizations On Various Initiatives

Half of the organizations collaborate with others on DM (50%) and ePrescribing (46%), representing a fairly similar response to 2006.

Respondents could select all that apply.

Q16: Does your organization collaborate with other organizations/plans on any of the following activities?

2007 n=186; 2006 n=219

- Disease management
- Formulary management
- Increase in generic prescribing
- eHIT
- Don't know/Not applicable
- None
- Other
Emerging Trends
Health Technology
eHIT Overview

General Findings

- Less than half of respondents’ organizations (43%) currently have an active eHIT program, and another 26.6% are currently discussing or working toward an active eHIT program.

- Surveyed organizations have integrated electronic transactions with network providers. However, the level of integration is low.

- The most important goal of eHIT, and significantly more important in 2007 than 2006, was identified as providing more information to physicians at point-of-care (e.g., product info, cost options). Other goals of importance were improved formulary compliance and performance and improved efficiency of work in the point-of-care system (pharmacy calls, follow-up questions) and reduction in adverse drug effects, medical events, and medical errors.

- Improving efficiency of work in the point-of-care system was more important to respondents as the expected accomplishment of eHIT in 2006 than in 2007 (54.3% in 2006 vs. 38.3% in 2007).

- Health plans’ expectations for eHIT initiatives focus on providing more information to physicians at point-of-care, improving efficiency of work in the point-of-care system, and improving formulary compliance and performance.

- PBMs’ expectations for eHIT initiatives focus on reducing adverse drug effects, improving formulary compliance and performance, and providing more information to physicians at point-of-care. PBMs are also focused on providing patient adherence programs.

- For all respondents, the primary means of measuring success of eHIT programs include an increase in generic utilization, the number of providers using the program, improved formulary compliance, and enrollment in patient programs. Cost savings was not the most significant measurement of success.
eHIT Overview

- Most organizations manage aspects of eHIT in house: IT operations services, contract management, formulary management, data center support services, document management, provider directories, pharmacy information systems and ePrescribing.

- e-Prescribing (28.4% in 2007 and 21.5% in 2006) is the only activity that less than 50% of respondents reported was in-house. This continues to be the one area most organizations plan to outsource in the future (19.8% in 2007 and 31.2% in 2006).

- Respondents cited the key drivers of outsourcing as lack of internal resources to maintain the project/process, cost savings and streamlining internal operations for the areas of formulary management, ePrescribing, and document management. For ePrescribing, the most significant driver for outsourcing was reported as lack of internal resources to maintain the project/process (35.0% in 2007 and 44.4% in 2006).

- Although respondents will collaborate with a range of organizations regarding eHIT activities, most collaborate with physician groups and PBMs on eHIT.

- Given that many organizations already have DM programs and electronic billing and payment in place, the programs that respondents expect to be operational as part of eHIT efforts within the next three years include: physician/provider use of point-of-care PDA, physician/provider use of EMR/HER patient data systems, and physician/provider use of desktop computer systems.

- Regarding the development and/or rollout of eHIT, respondents (pharmacy leaders, clinical leaders, other) are most involved in providing input on design and objectives internally. Pharmacy leaders, as expected, are more involved with pharmacies.
All Organizations Have Integrated Electronic Transactions With Network Providers At Some Level

The level of electronic transactions has increased from last year.

Q32: How well have electronic transactions been integrated into providers’ practices within your network?
2007 n=81; 2006 n=94
Similar To Last Year, Organizations Consider Improved Point-Of-Care Information And Efficiency As Most Important eHIT Initiatives

Using eHIT to provide patient adherence programs had the biggest year-over-year change, increasing in importance by over 10%.

<table>
<thead>
<tr>
<th>Initiative</th>
<th>2007</th>
<th>2006</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide more information to physicians at point-of-care</td>
<td>59.6%</td>
<td>61.7%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Improve formulary compliance and performance</td>
<td>45.7%</td>
<td>37.2%</td>
<td>-8.5%</td>
</tr>
<tr>
<td>Reduce adverse drug events</td>
<td>45.7%</td>
<td>38.3%</td>
<td>-7.4%</td>
</tr>
<tr>
<td>Improve efficiency of work in point-of-care system</td>
<td>54.3%</td>
<td>38.3%</td>
<td>-16%</td>
</tr>
<tr>
<td>Provide quality improvement programs</td>
<td>32.1%</td>
<td>27.7%</td>
<td>-4.4%</td>
</tr>
<tr>
<td>Build interoperable electronic health records/electronic</td>
<td>30.9%</td>
<td>28.7%</td>
<td>-2.2%</td>
</tr>
<tr>
<td>Provide patient adherence programs</td>
<td>29.6%</td>
<td>19.1%</td>
<td>-10.5%</td>
</tr>
<tr>
<td>Meet requirements set by MMA for the coverage of Part D lives</td>
<td>19.1%</td>
<td>9.9%</td>
<td>-9.2%</td>
</tr>
<tr>
<td>Replace other non-electronic based programs</td>
<td>4.9%</td>
<td>11.7%</td>
<td>6.8%</td>
</tr>
<tr>
<td>Other</td>
<td>1.2%</td>
<td>3.2%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Q33: Please select the three most important things you expect your organization’s eHIT initiatives to accomplish?
2007 n=81; 2006 n=94

Emerging Trends – FMCP 2007
eHIT

Forty-two Percent Of Respondents Ranked “Provide More Information To Physicians” As Most Important For Their eHIT Initiatives To Accomplish

This reflects a significant difference in the #1 ranking over 2006.

Q33: Please select the three most important things you expect your organization’s eHIT initiatives to accomplish?
2007 n=81; 2006 n=94

Percentage of respondents who ranked item 1, 2 or 3
**eHIT**

Both PBMs And HPs Expect eHIT Initiatives To Provide Information To Physicians And To Help Improve Formulary Compliance At The Point-of-Care As Two Of The Top 3 Accomplishments

However, #1 For PBMs is overwhelmingly the ability to reduce adverse drug events.

Q33/Q4: Please select the three most important things you expect your organization’s eHIT initiatives to accomplish?

2007: PBMs n=17, Health Plans n=40; 2006: PBMs n=24, Health Plans n=45

- Provide more information to physicians at point of care
- Improve efficiency of work in point of care system
- Improve formulary compliance and performance
- Reduce adverse drug events
- Build interoperable electronic health records/electronic
- Provide quality improvement programs
- Provide patient adherence programs
- Meet requirements set by MMA for the coverage of Part D lives
- Replace other non-electronic based programs
- Other

**Percentage of respondents who ranked item 1, 2 or 3**

Emerging Trends – FMCP 2007
## Emerging Trends – FMCP 2007

Organizations Have Varying Ways Of Measuring Success Of Their eHIT Initiatives, And The Importance Of The Measures Has Changed Over The Past Year

While the number of providers and cost savings is less of a measure, increase in generic utilization is of greater importance.

<table>
<thead>
<tr>
<th>Measure</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in generic utilization</td>
<td>43.2%</td>
<td>30.1%</td>
</tr>
<tr>
<td># providers using the program</td>
<td>38.3%</td>
<td>34.6%</td>
</tr>
<tr>
<td>Improved formulary compliance</td>
<td>30.1%</td>
<td>29.6%</td>
</tr>
<tr>
<td>Enrollment in patient programs</td>
<td>24.7%</td>
<td>22.6%</td>
</tr>
<tr>
<td>Reduction in adverse events</td>
<td>23.5%</td>
<td>22.6%</td>
</tr>
<tr>
<td>Cost savings</td>
<td>22.2%</td>
<td>32.3%</td>
</tr>
<tr>
<td>% patients treated w/eHIT technology</td>
<td>22.2%</td>
<td>28.0%</td>
</tr>
<tr>
<td># patients cared for</td>
<td>21.0%</td>
<td>28.0%</td>
</tr>
<tr>
<td>Reduction in pharmacy/physician follow-up</td>
<td>19.0%</td>
<td>23.7%</td>
</tr>
<tr>
<td>Increase in electronic prescribing by providers</td>
<td>19.0%</td>
<td>21.5%</td>
</tr>
<tr>
<td>None of the above</td>
<td>17%</td>
<td>8.6%</td>
</tr>
<tr>
<td>Ability to implement P4P program measures</td>
<td>6.2%</td>
<td>6.2%</td>
</tr>
<tr>
<td>Other</td>
<td>6.2%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Respondents could select three.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Q34: How do you measure, or plan to measure in the future, the success of eHIT initiatives?  
2007 n=81; 2006 n=93
Organizations **Currently** Engaged In eHIT Activities Appear To Be Managing Most Of Them In-house

**Respondents could select all that apply.**

Q35: Do you currently outsource or keep in-house the following activities?

2007 n=81; 2006 n=93

Emerging Trends – FMCP 2007
As In 2006, The One Area Many Organizations Plan To Outsource Is ePrescribing

Respondents could select all that apply.

Q35: Do you in the future anticipate outsourcing or keeping in-house the following activities?

2007 n=81; 2006 n=93

Emerging Trends – FMCP 2007
Respondents Most Often Cited Lack Of Internal Resources As The Reason For Outsourcing Their ePrescribing Activities

Respondents could select all that apply.

Q36: Which of the following was the primary reason for outsourcing?
This Year Respondents Indicated A More Even Distribution Of Organizations With Whom They Collaborate, While In 2006, Respondents Tended To Collaborate With Physician Groups And Hospital Systems

PBM, associations, and coalitions are now prominent partners on eHIT activities.

Respondents could select all that apply.

Q37: Which, if any, of the following types of organizations are you working with?

2007 n=52; 2006 n=34
Disease Management Programs (Nearly 3x Past Year); Electronic Billing And Payment All In Place For At Least Half The Organizations

Physician/Provider use Of EMR/EHR and PDAs expected to increase in next 3 years. (The following question was only asked of those indicating involvement in eHIT program efforts.)

<table>
<thead>
<tr>
<th>Service</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disease management/ utilization management programs</td>
<td>73.1%</td>
<td>52.4%</td>
</tr>
<tr>
<td>Provider electronic billing</td>
<td>59.0%</td>
<td>62.2%</td>
</tr>
<tr>
<td>Provider electronic payment</td>
<td>50.0%</td>
<td>47.6%</td>
</tr>
<tr>
<td>Employer Portal</td>
<td>43.6%</td>
<td>40.2%</td>
</tr>
<tr>
<td>Physician/Provider use of desktop computer systems</td>
<td>37.2%</td>
<td>34.1%</td>
</tr>
<tr>
<td>Broker Portal</td>
<td>33.3%</td>
<td>31.7%</td>
</tr>
<tr>
<td>Physician/Provider use of point-of-care PDA</td>
<td>38.5%</td>
<td>40.2%</td>
</tr>
<tr>
<td>Physician/Provider use of EMR/EHR patient data systems</td>
<td>37.2%</td>
<td>34.1%</td>
</tr>
</tbody>
</table>

Respondents could select all that apply.

Q39: Which of the following do you expect will be operational within the next 3 years?

2007 n=78; 2006 n=82
Pharmacy And Clinical Leaders Most Apt To Provide Input On eHIT Initiatives In 2007

40% of pharmacy leaders also influence choice of vendors.

Q40/Q1: What role do you personally have or anticipate having in the development and/or rollout of eHIT?
2007: Pharm Leaders=40, Clin Leaders n=20, Others n=21; 2006: Pharm Leaders=49, Clin Leaders n=15, Others n=18

Respondents could select all that apply.
ePrescribing Overview

General Findings

- More organizations are involved in some level of ePrescribing activities than last year. The most significant activities include making investments in the development of technology necessary to support ePrescribing, such as conducting pilot studies to better understand ePrescribing, and training on ePrescribing to internal personnel.

- Only 22.0% of organizations have a program that is running and fully integrated. Thirty-nine percent (39.4%) of organizations are either exploring possibilities or are involved in the investigation and discussion process. Twenty percent (20.2%) have launched a program and are working on program integration.

- Very large organizations (40.9%) are more likely to have launched or to have a fully integrated program than are smaller organizations (15.8%).

- The primary objectives for implementing ePrescribing include reducing or preventing prescribing and dispensing errors, improving formulary compliance by plan physicians/prescribers, improving doctor-patient interactions by providing doctors with more point-of-care information, improving patient care, providing quality initiatives such as adherence management, increasing member satisfaction, and reducing pharmacy workload and time spent on dispensing and adjudication. Lower costs were identified by less than half.
Objectives for ePrescribing initiatives vary among pharmacy leaders, clinical leaders, and others. Pharmacy leaders and clinical leaders cited improving formulary compliance by plan physician/prescribers most frequently, whereas others most frequently reported reducing or preventing prescribing and dispensing errors.

Although PBMs and Health Plans vary in their objectives for ePrescribing initiatives, both are focused on improving formulary compliance by plan physician/prescribers and reducing or preventing prescribing and dispensing errors. Both frequently cited that improving doctor-patient interactions by providing doctors with more point-of-care information and improving patient care are significant objectives for their organization.

Pharmacy leaders have or anticipate having a more active role in ePrescribing initiatives internally than clinical leaders and others.

Of the organizations represented, physician groups and PBMs represent the primary collaborators in ePrescribing efforts. More identified RHIOS this year than last.

Regarding ePrescribing outcomes, respondents cited the most critical outcomes as improvement in quality of patient care and reduction in prescribing errors. Among respondents, improvement in quality of patient care was ranked the most critical outcome.
ePrescribing Overview

- Fewer organizations lack policies around the use of ePrescribing among providers (41.5% in 2007 compared with 55.0% in 2006) and encourage but do not require ePrescribing.

- Of those respondents with a Medicare line of business and involved in ePrescribing efforts, the largest percentage (37.7%) do not know or are uncertain whether their organization will implement ePrescribing. Fifty-nine percent (59%) expect to be up and running in 2009.
### Q15: What are your organization’s current efforts or future plans for ePrescribing?

2007 n=186; 2006 n=219

<table>
<thead>
<tr>
<th>Effort</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Making investments in the development of technology necessary to support ePrescribing</td>
<td>37.6%</td>
<td>30.6%</td>
</tr>
<tr>
<td>Pilot studies to better understand ePrescribing</td>
<td>24.7%</td>
<td>26.9%</td>
</tr>
<tr>
<td>Training on ePrescribing to internal personnel</td>
<td>19.4%</td>
<td>16.0%</td>
</tr>
<tr>
<td>Don't know/Not Applicable</td>
<td>18.3%</td>
<td>17.8%</td>
</tr>
<tr>
<td>Training on ePrescribing to network prescribers and dispensers</td>
<td>17.7%</td>
<td>18.7%</td>
</tr>
<tr>
<td>Providing educational materials about ePrescribing for plan members/beneficiaries</td>
<td>15.6%</td>
<td>15.1%</td>
</tr>
<tr>
<td>Offering incentives to encourage the use of ePrescribing to network prescribers</td>
<td>13.4%</td>
<td>13.2%</td>
</tr>
<tr>
<td>Do not have any plans under consideration</td>
<td>12.9%</td>
<td>21.0%</td>
</tr>
<tr>
<td>Requiring ePrescribing as a condition of participation as a network prescriber</td>
<td>4.8%</td>
<td>4.1%</td>
</tr>
<tr>
<td>Requiring ePrescribing as a condition of participation as a network pharmacy</td>
<td>3.8%</td>
<td>4.1%</td>
</tr>
<tr>
<td>Offering incentives to encourage the use of ePrescribing to network pharmacies</td>
<td>3.2%</td>
<td>4.6%</td>
</tr>
<tr>
<td>Other</td>
<td>2.2%</td>
<td>13.2%</td>
</tr>
</tbody>
</table>

Respondents could select all that apply.
 Nearly 60% Expect Their Programs To Be In Place By The End Of 2008

About half as many as last year are not yet started or have decided not to develop the program.

Q43: How far along in the implementation of ePrescribing do you consider you and your organization to be?

2007 n=109; 2006 n=126
Large Organizations Are Much More Likely To Have Implemented ePrescribing Or Be Closer To Implementation Than Smaller Organizations

<table>
<thead>
<tr>
<th>Status</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program already running and fully integrated</td>
<td>18.2%</td>
<td>10.7%</td>
</tr>
<tr>
<td>Very far along - anticipate launch and integration by end of 2008</td>
<td>7.9%</td>
<td>7.1%</td>
</tr>
<tr>
<td>Progressing, but launch and integration is expected by end of 2009</td>
<td>13.6%</td>
<td>13.2%</td>
</tr>
<tr>
<td>Just getting started in the investigation and discussion process</td>
<td>18.2%</td>
<td>28.6%</td>
</tr>
<tr>
<td>Haven't started yet - the organization is exploring possibilities</td>
<td>18.2%</td>
<td>20.0%</td>
</tr>
<tr>
<td>Discussed and decided not appropriate for our involvement</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

Q43/Q6: How far along in the implementation of ePrescribing do you consider you and your organization to be?  
2007: Very Large n=22, Large n=22, Small/Mid-size n=38; 2006: Very Large n=15, Large n=28, Small/Mid-size n=68
Primary Objectives Of Implementing ePrescribing Are Similar To Those Identified In 2006. Lower Cost Decreased In Importance.

Respondents could select all that apply.

Q44: What is/are the current objective(s) of your company's ePrescribing initiative?

2007 n=114; 2006 n=138
Pharmacy Leaders’ Objectives For ePrescribing Appear To Be Fairly Consistent With Clinical Leaders And Those Identified Last Year

Respondents could select all that apply.

Q44/Q1: What is/are the current objective(s) of your company’s ePrescribing initiative?


Emerging Trends – FMCP 2007
While PBM and HP consistently rank the order of importance of their ePrescribing objectives, PBM have less differentiation among them than the HP respondents.

### 2007

<table>
<thead>
<tr>
<th>Objective</th>
<th>PBM (%)</th>
<th>Health Plan (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve formulary compliance by plan physicians/prescribers</td>
<td>65.5</td>
<td>84.6</td>
</tr>
<tr>
<td>Reduce or prevent prescribing and dispensing errors</td>
<td>65.5</td>
<td>84.6</td>
</tr>
<tr>
<td>Improve doctor-patient interactions by providing doctors with more point-of-care information</td>
<td>58.6</td>
<td>75.0</td>
</tr>
<tr>
<td>Provide quality initiatives such as adherence management</td>
<td>55.2</td>
<td>69.4</td>
</tr>
<tr>
<td>Improve patient care</td>
<td>55.2</td>
<td>71.0</td>
</tr>
<tr>
<td>Increased member satisfaction</td>
<td>48.3</td>
<td>54.8</td>
</tr>
<tr>
<td>Reduce pharmacy workload &amp; time spent on dispensing &amp; adjudication</td>
<td>37.9</td>
<td>45.2</td>
</tr>
</tbody>
</table>

### 2006

<table>
<thead>
<tr>
<th>Objective</th>
<th>PBM (%)</th>
<th>Health Plan (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve formulary compliance by plan physicians/prescribers</td>
<td>93.5</td>
<td>82.3</td>
</tr>
<tr>
<td>Reduce or prevent prescribing and dispensing errors</td>
<td>84.6</td>
<td>80.6</td>
</tr>
<tr>
<td>Improve doctor-patient interactions by providing doctors with more point-of-care information</td>
<td>64.5</td>
<td>69.4</td>
</tr>
<tr>
<td>Provide quality initiatives such as adherence management</td>
<td>64.5</td>
<td>59.7</td>
</tr>
<tr>
<td>Improve patient care</td>
<td>69.4</td>
<td>71.0</td>
</tr>
<tr>
<td>Increased member satisfaction</td>
<td>54.8</td>
<td>41.9</td>
</tr>
<tr>
<td>Reduce pharmacy workload &amp; time spent on dispensing &amp; adjudication</td>
<td>45.2</td>
<td>41.9</td>
</tr>
</tbody>
</table>
Pharmacy Leaders Have A Much More Active And Involved Role In ePrescribing Than Do Clinical Leaders

Q47/Q1: What role do you personally have or anticipate having in the development and/or rollout of ePrescribing?

2007: Pharm Leaders n=47, Clin Leaders n=36, Others n=31; 2006: Pharm Leaders n=71, Clin Leaders n=25, Others n=24

- Providing input on design and objectives internally
  - Pharmacy Leaders: 51.1%
  - Clinical Leaders: 36.1%
  - Others: 41.9%
  - 2006: Pharmacy Leaders: 68.0%
  - Clinical Leaders: 60.0%
  - Others: 54.2%

- Providing input for information that drives prescribing choices
  - Pharmacy Leaders: 46.8%
  - Clinical Leaders: 27.8%
  - Others: 22.6%
  - 2006: Pharmacy Leaders: 60.0%
  - Clinical Leaders: 60.0%
  - Others: 54.2%

- Working with internal personnel to make sure the technology is compatible with existing plan systems
  - Pharmacy Leaders: 38.3%
  - Clinical Leaders: 25.8%
  - Others: 22.6%
  - 2006: Pharmacy Leaders: 52.1%
  - Clinical Leaders: 50.0%
  - Others: 50.0%

- Working with plan prescribers to ensure adoption
  - Pharmacy Leaders: 42.6%
  - Clinical Leaders: 33.3%
  - Others: 16.1%
  - 2006: Pharmacy Leaders: 43.7%
  - Clinical Leaders: 25.0%
  - Others: 25.0%

- Working with plan pharmacies to ensure adoption
  - Pharmacy Leaders: 46.8%
  - Clinical Leaders: 25.0%
  - Others: 25.0%
  - 2006: Pharmacy Leaders: 36.6%
  - Clinical Leaders: 24.0%
  - Others: 24.0%

- Identifying and/or selecting technology vendors
  - Pharmacy Leaders: 42.6%
  - Clinical Leaders: 20.0%
  - Others: 9.7%
  - 2006: Pharmacy Leaders: 36.6%
  - Clinical Leaders: 20.0%
  - Others: 33.8%

- Voting to adopt/veto ePrescribing initiatives
  - Pharmacy Leaders: 36.2%
  - Clinical Leaders: 19.4%
  - Others: 16.7%
  - 2006: Pharmacy Leaders: 33.8%
  - Clinical Leaders: 16.7%
  - Others: 16.7%

- No active role
  - Pharmacy Leaders: 6.4%
  - Clinical Leaders: 19.4%
  - Others: 19.4%
  - 2006: Pharmacy Leaders: 8.0%
  - Clinical Leaders: 4.2%
  - Others: 8.0%

- Other
  - Pharmacy Leaders: 2.1%
  - Clinical Leaders: 2.8%
  - Others: 12.5%
  - 2006: Pharmacy Leaders: 2.8%
  - Clinical Leaders: 4.0%
  - Others: 12.5%
As With eHIT Initiatives This Year, Collaborations Are More Likely To Occur With Community Groups (Coalitions, Associations, RHIOS)

However, physician groups are frequent ePrescribing collaborators, in addition to PBMs.

Respondents could select all that apply.

Q41: Which, if any, or the following types of organizations are you working with?

2007 n=68; 2006 n=37
Most Respondents Consider Improvement In Quality Of Patient Care And Reduction In Errors As Critical ePrescribing Outcomes

Q45: Please identify the three outcomes that are most critical in the success of your ePrescribing efforts?
2007 n=104; 2006 n=113

- Improvement in quality of patient care: 77.9% (2007) vs 67.0% (2006)
- Reduction in prescribing errors: 63.5% (2007) vs 72.0% (2006)
- Improved efficiency of work processes: 44.2% (2007) vs 49.0% (2006)
- Improved patient adherence to formulary: 43.3% (2007) vs 49.0% (2006)
- Reduced adverse events associated with drug-to-drug interactions: 35.6% (2007) vs 20.0% (2006)
- Increased use of generics: 29.8% (2007) vs 40.0% (2006)
- Other: 2.9% (2007) vs 4.0% (2006)

Combined percentage of respondents who ranked item 1, 2 or 3.
Improvement in quality of patient care was more frequently ranked #1 as the most critical outcome of ePrescribing efforts.

Q45: Please identify the three outcomes that are most critical in the success of your ePrescribing efforts?

2007 n=104; 2006 n=113

Respondents could select 3 answers.
At This Point, Very Few Organizations Require Or Have Policies For The Use Of ePrescribing

Q46: What is your organization’s current policy around the use of ePrescribing among providers?

2007 n=106; 2006 n=120

- The organization does not have any policy regarding ePrescribing: 41.5% (2007) vs. 55.0% (2006)
- Encourages but does not require ePrescribing: 45.3% (2007) vs. 27.5% (2006)
- Offers provider incentives to use ePrescribing, but does not require ePrescribing: 10.8% (2007) vs. 4.7% (2006)
- Requires ePrescribing now: 3.3% (2007) vs. 2.8% (2006)
- Encourages but does not require ePrescribing: 2.8% (2007) vs. 4.7% (2006)
- Other: 3.8% (2007) vs. 2.5% (2006)
- Will require ePrescribing in 2007: 1.9% (2007) vs. 0.8% (2006)
ePrescribing 2007 Saw A Reduction In Medicare Respondents That Are Uncertain When Their Organization Will Implement ePrescribing

Fifty-nine percent expect to be up and running in 2009, while no one selected 2010 for implementation.

(The following question was only asked of respondents with a Medicare line of business and involved in ePrescribing efforts.)

Q48: When do you plan to implement ePrescribing for your Medicare line of business?

2007 n=77; 2006 n=80

- Uncertain or don't know at this time: 37.7% (2007), 50.0% (2006)
- We currently offer/participate: 26.0% (2007), 0.0% (2006)
- Other (Please describe): 3.9% (2007), 1.3% (2006)
CONSUMER DRIVEN HEALTHCARE
Consumer Driven Health Overview

General Findings

- Most organizations offer a CDH product in combination with an HSA (52.8%), HRA (41.6%), or FSA (40.4%).

- Respondents expect an increase (7.2% today vs. 22.4% in 2010) in the percentage of membership enrolled in some type of CDH plan. The anticipated growth is similar to 2006.

- Purchasers of health coverage, such as employers (60.2%), are the primary drivers of CDH. Other notable stakeholders include consumers and beneficiaries themselves (17.7%) and health plans (12.9%).

- When ranked on a scale of 1 to 10 with 1 representing a traditional plan design with high deductibles, many organizations offer CDH plans beyond traditional plan designs with high deductibles. However, only 10.2% of organizations offer truly unique designs (rated 8-10). Organizations offering somewhat unique designs include elements such as first dollar coverage on preferred medications or chronic/preventive lists for deductible waiver and clinical integration. There was no significant difference between the two years in the offering of truly unique designs.

- Of organizations that provide HSA/HRA/FSA services, 44.7% manage the financial account management aspects in-house, which is more than in 2006 (28.2%).

- The top three primary objectives in offering a CDH plan include reduce costs (55.3%), stimulate beneficiary responsibility for own healthcare (47.4%), and increase use of generics (46.1%). Other notable objectives include ensuring balance quality healthcare/shared costs with patients (40.8%), and placing greater financial responsibility on the beneficiary (40.8%). Increased generic use is higher on the list of importance than in 2006.

- When objectives are ranked from 1 to 3, the increased use of generics is ranked number 1 more often than reduce costs.
Consumer Driven Health Overview

- The most common pharmacy benefit within CDH after the deductible is met is that members have a tiered copay (41.3%). The second most common benefit is pharmacy expenditures in selected classes count toward the deductible (29.3%).
- Most respondents do not know if the drug component of CDH design will include additional incentives to encourage the use of generics, formulary products or preventive care treatment.
- Almost half of respondents expect the use of CDH designs will decrease plan pharmacy expenses over the short-term (47.9%) and long-term (47.2%).
- Almost half of respondents expect the use of CDH designs will decrease overall plan expenses over the short-term (46.6%), and more than half expect the use of CDH designs will decrease overall plan expenses over the long-term (51.4%).
- Respondents believe that opportunities for greater savings for those who use generic drugs versus brand name drugs (57.0%) and additional benefit choices in the healthcare menu for menu-driven accounts (50.0%) will be the most important CDH offerings in the next two to three years. Other significant CDH offerings include higher deductible HSAs (41.9%) and opportunities for greater savings for those who use formulary products versus non-formulary products (41.9%).
- The majority of PBMs and Health Plans view CDH as a way to promote generic utilization (64.8% and 62.0% respectively). At least half of both players believe additional choices in the healthcare menu for menu-driven accounts (51.9% and 50.7% respectively) will also be an important offering in the next two to three years.
Most Organizations Offer A CDH Product, Of Which The Largest Percent Are In Combination With HSAs (53%)

Q51: Which of the following do you offer?

- HSAs: 52.8% (2007), 60.9% (2006)
- HRAs: 41.6% (2007), 43.6% (2006)
- FSAs: 40.4% (2007), 40.0% (2006)
- None of the above: 14.6% (2007), 13.6% (2006)
- Don’t know / Not Applicable: 15.7% (2007), 12.7% (2006)

Respondents could select all that apply.

2007 n=89; 2006 n=110
Respondents Expect CDH Products To Represent A Larger Percentage Of Their Business In The Next Few Years

Respondents’ predictions have increased over those of last year.

Q49-50: What percentage of your organization’s total membership is currently enrolled in some type of CDH?

Emerging Trends – FMCP 2007
Q19: Which of the following stakeholders is the primary driver of the adoption of CDH?  
2007 n=186; 2006 n=219
More Organizations Have CDH Plans Beyond The Traditional High-Deductibles; With An Increase In Those Who Feel They Offer Truly Unique Designs

Among the organizations that consider their CDH plan as unique, the elements that contribute to this differentiation include first dollar coverage on preferred medications or the chronic/preventive lists for deductible waiver and clinical integration.

Q53: How would you rate your current CDH plans?
2007 n=79; 2006 n=103
A Majority Of Organizations, And Many More Than Last Year, Internally Manage The Financial Account Management Aspects Of CDH (44.7%)

Q52: Do you provide HSA/HRA/FSA services or do you outsource them?  [Asked only if HSA selected in Q51.]

2007 n=47; 2006 n=103
For Most Respondents, The Objectives Of Offering CDH Are To Reduce Cost To Beneficiaries And To Shift Accountability

Increased generic use is seen as more important this year.

Combined percentage of respondents who ranked item 1, 2 or 3.

Q55: Please identify your three primary objectives in offering a CDH plan?

2007 n=76; 2006 n=117
CDH

Although Ranked Among The Top Three, “Reduce Costs” Is Less Often The Top Objective (Ranked #1) Than Other Factors

Q55: Please identify your three primary objectives in offering a CDH plan?
2007 n=76; 2006 n=117

Emerging Trends – FMCP 2007
Within CDH, Most Organizations Are Still Using A Tiered Copay Structure To Manage Pharmacy Benefits

Q56: In your CDH, how is your pharmacy benefit structured?
2007 n=75; 2006 n=95

- After deductible is met, members have a tiered copay
  - 2007: 41.3%
  - 2006: 49.5%

- Pharmacy expenditures in selected classes
  - 2007: 29.3%
  - 2006: 22.1%

- Tiered copay, w/ Rx expenditures excluded from the deductible
  - 2007: 12.0%
  - 2006: 15.8%

- Other
  - 2007: 17.3%
  - 2006: 10.5%

- Don't know
  - 2007: 0.0%
  - 2006: 2.1%
Most Are Uncertain Whether To Design CDH Incentives To Encourage Use Of Preventive Care And Formulary Products, And Have Mixed Expectations And Experience With Generics

Q58-60: Will the drug component of your CDH design have any additional incentives to encourage the use of generics, formulary products, preventive care treatments?  2007: Prev Care n=73, Form Prod n=73, Gen n=73; 2006: Prev Care n=97, Form Prod n=97, Gen n=98
There Remains Much Uncertainty In The Impact Of CDH, Although Nearly One-Half Expect It To Lower Pharmacy Expenses

<table>
<thead>
<tr>
<th>Q61 &amp; 63: Do you expect the use of CDH designs to increase or decrease your plan’s pharmacy expenses over the short-term and long-term? 2007 n=73/72; 2006 n=97/96</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Percentage of respondents who said “yes”</strong></td>
</tr>
<tr>
<td><strong>Increase expenses</strong></td>
</tr>
<tr>
<td>Have little or no effect on expenses</td>
</tr>
<tr>
<td>Decrease expenses</td>
</tr>
<tr>
<td>Don’t know/Not Applicable</td>
</tr>
<tr>
<td><strong>Note</strong></td>
</tr>
<tr>
<td><strong>Short term</strong></td>
</tr>
<tr>
<td><strong>Long term</strong></td>
</tr>
</tbody>
</table>
Similarly, About Half Of The Respondents Expect CDH Will Lower Overall Expenses In Both The Short And Long Term

**Percentage of respondents who said “yes”**

Q62 & 64: Do you expect the use of CDH designs to increase or decrease your plan’s overall expenses over the short-term and long-term? 2007 n=73/72; 2006 n=96

- **Increase expenses**
  - Short term: 9.6% (2007), 5.2% (2006)

- **Decrease expenses**
  - Short term: 46.6% (2007), 38.5% (2006)
  - Long term: 51.4% (2007), 36.5% (2006)

- **Have little or no effect on expenses**
  - Short term: 19.2% (2007), 22.9% (2006)
  - Long term: 15.3% (2007), 24.0% (2006)

- **Don't know/Not Applicable**
  - Short term: 24.7% (2007), 33.3% (2006)
  - Long term: 25.0% (2007), 34.4% (2006)
Savings Via Use Of Generics And Additional Benefit Choices, Including Higher Deductible HSAs, Are Among The Top Three CDH Offerings Respondents Consider Important

Q18: Which of the following do you expect to be important CDH offerings in the next 2 to 3 years?
2007 n=186; 2006 n=219

- Opportunity for greater savings for those who use generic drugs vs. brand-name drugs
- Additional benefit choices in the healthcare menu for menu-driven accounts
- Higher-deductible HSAs
- Opportunities for greater savings for those who use formulary products vs. non-formulary products
- New unique design that do not currently exist
- A greater number of options in tiered networks (e.g., 90/10 plan, 80/20 plan, 70/30 plan, etc.)
- Don't Know/Not Applicable
- Other
- No change

Respondents could select all that apply.

<table>
<thead>
<tr>
<th>Option</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunity for greater savings for those who use generic drugs vs. brand-name drugs</td>
<td>57.0%</td>
<td>66.2%</td>
</tr>
<tr>
<td>Additional benefit choices in the healthcare menu for menu-driven accounts</td>
<td>50.0%</td>
<td>47.0%</td>
</tr>
<tr>
<td>Higher-deductible HSAs</td>
<td>41.9%</td>
<td>59.8%</td>
</tr>
<tr>
<td>Opportunities for greater savings for those who use formulary products vs. non-formulary products</td>
<td>41.9%</td>
<td>53.4%</td>
</tr>
<tr>
<td>New unique design that do not currently exist</td>
<td>37.1%</td>
<td>32.0%</td>
</tr>
<tr>
<td>A greater number of options in tiered networks (e.g., 90/10 plan, 80/20 plan, 70/30 plan, etc.)</td>
<td>36.6%</td>
<td>52.1%</td>
</tr>
<tr>
<td>Don't Know/Not Applicable</td>
<td>17.7%</td>
<td>10.5%</td>
</tr>
<tr>
<td>Other</td>
<td>1.1%</td>
<td>3.7%</td>
</tr>
<tr>
<td>No change</td>
<td>5.9%</td>
<td>2.7%</td>
</tr>
</tbody>
</table>
Almost Two-Thirds Of PBMs And Health Plans View CDH As A Way to Promote Use Of Generics

PBMs are more likely to see CDH as opportunities for savings.

Q18/Q4: Which of the following do you expect to be important CDH offerings in the next 2 to 3 years?

2007: PBMs n=54, Health Plans n=71; 2006: PBMs n=60, Health Plans n=91

Opportunity for greater savings: use generic vs. brand-name drugs
- PBMs: 64.8%
- Health Plans: 62.0%

Higher deductible HSA's
- PBMs: 38.9%
- Health Plans: 50.7%

Additional benefit choices in the healthcare menu for menu-driven accounts
- PBMs: 51.9%
- Health Plans: 50.7%

Greater number of options in tiered networks
- PBMs: 35.2%
- Health Plans: 42.3%

Opportunity for greater savings: use formulary vs. non-formulary products
- PBMs: 39.4%
- Health Plans: 53.7%

New unique design that doesn't currently exist
- PBMs: 33.8%
- Health Plans: 40.7%

Don't know/Not Applicable
- PBMs: 14.8%
- Health Plans: 18.3%

No change
- PBMs: 3.7%
- Health Plans: 2.8%

Other
- PBMs: 0.0%
- Health Plans: 1.4%
PAY FOR PERFORMANCE (P4P)
Pay For Performance Overview

General Findings

- If an organization provides P4P incentives, it is more likely to provide incentives for network physician services (31.7%) than for network pharmacist services (13.4%).

- About half of respondents did not define the way P4P incentives were offered. Just under a quarter (21.7%) said they are available to the entire network, but only through contract negotiation.

- By implementing a P4P program for network physicians, organizations expect to gain many benefits. The most significant gains are maximizing the use of generic products (37.0%), providing preventive screenings (hypertension, glucose, osteoporosis) (33.0%), and maximizing the use of formulary products (31.0%).

- By implementing a P4P program for network pharmacists, organizations also expect to gain many benefits. The most significant gains are maximizing the use of generic products (32.0%) and maximizing the use of formulary products (27.0%).

- The three primary barriers to P4P implementation are determining standards of performance (55.0%), tracking performance of providers (50.0%), and finding ways to gain provider buy-in (50.0%). All represent significant increases over 2006.
Organizations are more likely to offer P4P incentives to providers than network pharmacies.

Q20&21: Does your organization currently provide P4P incentives for network physician services or pharmacist services?

2007 n=186; 2006 n=219

- Network pharmacist services: 13.4% (2007) vs 11.0% (2006)
- Don't Know/Not Applicable: 18.3% (2007)
Nearly Half Of Respondents (49.4%) Were Unsure Of How P4P Incentives Were Offered

Q69: Are the P4P incentives offered to all participants in the network or driven by contractual negotiations with select network physicians and/or pharmacists? 2007 n=83; 2006 n=122
Use Of Generics Is The Top Gain For The P4P Program With Physicians

Q70&71: What does your organization expect to gain by implementing a P4P program for network pharmacists/physicians?

Respondents could select all that apply.

2007 n=100; 2006 n=122

- Maximize use of generic product: 37.0% (2007), 32.0% (2006)
- Maximize use of formulary products: 31.0% (2007), 27.0% (2006)
- Provide adherence and compliance mgt. services: 24.0% (2007), 24.0% (2006)
- Manage and monitor patient therapy with prescriber: 26.0% (2007), 20.0% (2006)
- Recommend alt. cost-saving options to enrollees: 19.0% (2007), 18.0% (2006)
- Provide preventive screenings: 33.0% (2007), 13.0% (2006)
- Other: 8.0% (2007), 5.0% (2006)

Network Physicians
Network Pharmacists
The Most Frequently Mentioned P4P Implementation Barriers Are Determining Standards, Tracking Performance, And Gaining Provider Buy-In

<table>
<thead>
<tr>
<th>Barriers</th>
<th>2007</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Determining standards of performance</td>
<td>30.6%</td>
<td>31.8%</td>
</tr>
<tr>
<td>Tracking performance of providers</td>
<td>50.0%</td>
<td>31.2%</td>
</tr>
<tr>
<td>Finding ways to gain provider buy-in</td>
<td>50.0%</td>
<td>17.9%</td>
</tr>
<tr>
<td>Process of re-contracting with providers</td>
<td>19.0%</td>
<td>16.2%</td>
</tr>
<tr>
<td>Potential cost to the organization</td>
<td>11.0%</td>
<td>15.0%</td>
</tr>
<tr>
<td>Determining how to distribute the savings</td>
<td>14.0%</td>
<td>12.1%</td>
</tr>
<tr>
<td>Lack of “best practices”</td>
<td>3.0%</td>
<td>8.1%</td>
</tr>
<tr>
<td>Impact on other program efforts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>0%</td>
<td>4.0%</td>
</tr>
</tbody>
</table>

Combined percentage of respondents who ranked item 1, 2 or 3.

Q72: Please select the three primary barriers to P4P implementation?

2007 n=100; 2006 n=173
DISEASE MANAGEMENT
Disease Management Overview

General Findings

- More than half of respondents reported that their organizations are allocating additional resources (time and money) towards DM programs and member education programs (54.3% and 55.7% respectively compared to 52.7% and 54.8% respectively in 2006).

- Based on the scale of rating the importance of disease management programs to the organization as not at all important to extremely important, 80.0% reported that DM programs are very important to their organizations.

- Respondents who selected “very important” attribute the importance of disease management programs primarily to desire for enhanced patient compliance (53.6%) and employer expectations/demands (53.6%). Cost pressures were also noted as important (49.1%).

- Forty percent (40.7%) of participants responded that their organization does not outsource any elements of DM. Thirty-nine percent (39.3%) outsource a few programs/activities, and only 12.1% completely outsource all programs/activities.

- In addition to phone and mail access methods, organizations are also using Web access (46.9%), interactive voice recognition (IVR) (28.8%), and text messaging (8.8%).

- Given a range of disease states including diabetes, asthma, heart failure, pain, obesity, renal failure and depression, most organizations (80.0%) have a DM program for diabetes as well as asthma (68.8%) and heart failure (56.3%).

- Organizations with a Medicare Medication Therapy Management (MTM) program focus similarly on diabetes (46.9%), asthma (41.3%), and heart failure (39.4%).

- The most common Wellness Programs offered by represented organizations include smoking cessation (49.4%), weight management (46.3%), and fitness programs (38.1%).
About As Many Organizations Have Increased Their Resources Allocated Toward Disease Management And Member Education As Did Last Year

Q76&77: Is your organization spending more or fewer resources on DM and member education programs compared to last year? 2007 n=140; 2006 n=146

Emerging Trends – FMCP 2007
Disease Management Is Considered An Important Offering (Although Less So Than In 2006), Driven By Employer Expectations, The Desire For Enhanced Patient Compliance, And Cost Pressures

Importance of DM to Organization

Q73: How would you rate the importance of DM programs to your organization? 2007 n=140; 2006 n=147

Q74: To what do you attribute the importance of DM? 2007 n=112; 2006 n=106

Emerging Trends – FMCP 2007
The Majority Of Organizations Administer Most, If Not All, Aspects Of Their DM Programs Internally, Although More Are Outsourcing Some Aspects This Year Than Last

Q75: To what degree does your organization outsource your DM program activities?
2007 n=140; 2006 n=146
Q78: Current DM programs often include phone and mail access methods. Please select the additional access methods that you are currently using. 2007 n=160

- Web: 46.9%
- Interactive Voice Recognition (IVR): 28.8%
- Text messaging: 8.8%
- Other access method: 6.9%
- Do not expect to use additional methods: 30.0%

Respondents could select all that apply. New question in 2007.
Diabetes is the most common DM program, followed by asthma and heart failure.

Respondents could select all that apply. New question in 2007.

Q79: What diseases are you currently tackling with a DM program?

2007 n=160

Emerging Trends – FMCP 2007
Diabetes Was The Disease Most Common In MTM Programs, Followed Again By Asthma And Heart Failure

- Diabetes: 46.9%
- Asthma: 41.3%
- Heart failure: 39.4%
- None: 30.6%
- Depression: 24.4%
- Renal failure: 21.9%
- Hypertension: 21.7%
- Other: 15.1%
- Pain: 13.1%
- Obesity: 9.4%

Respondents could select all that apply. New question in 2007.

Q80: What diseases are you currently tackling with a Medicare Medication Therapy Management (MTM) program?
2007 n=160
Smoking Cessation And Weight Management Are The Wellness Programs Most Commonly Offered By Organizations

Respondents could select all that apply. New question in 2007.

Q81: What Wellness Programs are you currently offering?

2007 n=160
OTHER BENEFIT DESIGNS
General Findings

- About half of the organizations are unlikely to begin using reference-based pricing within the next three years. Thirteen percent (13.5%) responded not at all likely, 33.3% responded not very likely, 20.7% responded somewhat likely, 13.5% responded likely, and only 2.7% responded very likely.

- Organizations with more than 10 million lives are more likely than organizations with FEWER than one million lives to use reference-based pricing. The percentages are 19.4% and 15.4% respectively.

- The most significant metrics for tracking improvements in formulary compliance include percentage utilization of formulary products by therapeutic class (75.8%), reduced total pharmacy spend (72.0%), increased use of OTC/generic products (69.9%), and reduced pharmacy spend in specific therapeutic classes (63.4%).

- The most significant changes seen in the way multiple-tiered formulary options are being used to more tightly manage pharmacy spend include increased cost differential between tiers (55.9%), and increased savings incentives to patients for selecting generics (49.5%). The additions of zero copay for generics (37.1%) and zero copay for selected disease states (21.0%) have increased over 2006.
Other Benefit Design Overview

- More than one-third of participants (39.2%) responded that they had not seen any changes in the loosening of formulary management. Of the changes noted, the most significant were lower patient out-of-pocket costs for particular chronic conditions (22.6%), fewer prior authorizations (20.4%), and fewer classes containing an exclusive preferred product (16.1%).

- Most participants (72.5%) responded that either their organization is not considering or they do not know if their organization is planning to offer Value-Based Benefits Packages (defined as benefit packages that adjust patients’ out-of-pocket costs for health services on an assessment of the clinical benefit to the individual patient, based on population studies).
More Very Large Organizations Use Reference-Based Pricing This Year Than Last Year

Q23/Q6: Does your organization use reference-based pricing for its drug formulary?
2007: Very large n=65, Large n=35, Small/mid-size n=36; 2006: Very large n=26, Large n=38, Small/mid-size n=84

Percentage of respondents who said "yes"
As In 2006, About A Third Of Organizations Are Likely To Use Reference-Based Pricing

Q24: How likely is it that your organization will start to use reference-based pricing within the next three years?
2007 n=111; 2006 n=135

Emerging Trends – FMCP 2007
Efforts To Track Improvement In Formulary Compliance Are Consistent With Last Year, With Utilization Of Formulary Products By Therapeutic Class Continuing As #1

Respondents could select all that apply.

Q26: When tracking improvements in formulary compliance, which of the following metrics are monitored?
2007 n=186; 2006 n=191
Financial Incentives Have Increased, Especially Zero Copays For Generics Or Select Disease States

Q27: What significant changes have you seen in the way multiple-tiered formulary options are being used to more tightly manage pharmacy spend?  2007 n=186; 2006 n=183

Respondents could select all that apply.
Over One-Third Of Respondents Said They Have Not Seen Any Changes To Loosening Formulary Management

Respondents could select all that apply.

Q28: What significant changes have you seen in the loosening of formulary management?
2007 n=186; 2006 n=183
Other Benefit Designs

Just Over One Quarter Of Organizations Offer A Value-Based Benefit Package Or Have One Under Development

Q29: Is your organization offering or planning to offer Value-Based Benefit Packages?
2007 n=186


Emerging Trends – FMCP 2007
Segmentation Overview
Segmentation Overview: Title/Areas Of Responsibility

HSM conducted comparative analysis and statistical significance testing to determine how, if at all, respondents’ opinions and experiences differed based on respondents’ title/areas of responsibility. The analysis compared responses among the following groups of titles (shown graphically on slide 9):

- Pharmacy leaders: These include Vice President/Director/Chief of Pharmacy and Director/Head of Formulary Management. (2007 n=66)
- Clinical leaders: Director/Head of Clinical Pharmacy, Clinical Pharmacists, Medical Director, Director/Head of Quality, and Director/Manager of Clinical Services. (2007 n=62)
- All others: This group includes all other categories. (2007 n=58)

Segment Comparisons With Statistical Significance

- In response to what role personally respondents had or anticipated having in the development and rollout of eHIT, pharmacy leaders (42.5%) reported working with plan pharmacies to ensure adoption at significantly higher levels than clinical leaders (5.0%) and all others (14.3%). (Q40; 2007 n=81)
- When asked for the current objectives of the company’s ePrescribing initiatives, pharmacy leaders (78.7%) and clinical leaders (83.3%) reported improvement in formulary compliance by plan physicians/prescribers at significantly higher rates than all others (54.8%). (Q44; 2007 n=114)
- When asked to rate the importance of disease management programs, respondents in the All others category (10.5%) were significantly more likely than pharmacy leaders (0%) or clinical leaders (2.0%) to rate this not very or not at all important. (Q73; 2007 n=140)
Segmentation Overview: Decision-Making Role

HSM conducted comparative analysis and statistical significance testing to determine how, if at all, respondents’ opinions and experiences differed based on respondents’ self-defined decision-making role in the various trends covered within the survey (eHIT, ePrescribing, etc.). It is important to note that various roles are not mutually exclusive. For example, a respondent could have a key decision-making role within eHIT and ePrescribing, but have no role in P4P.

The analysis compared responses among the following levels of decision-making roles.

- Key decision-makers: Those who self-described their role as being the key or sole decision-maker, an advisor, or having all roles.
- Involved: Those who are involved in implementation or planning the initiative.
- No role in the initiative.

Segment Comparisons With Statistical Significance

- Of respondents who reported themselves as involved in the area of eHIT, over one-quarter were affiliated with a health plan (26.8%). This was significantly higher than PBM key decision makers (3.7%) and other organizations (9.5%).
- Health plan respondents (26.8%) were significantly more likely to consider themselves involved in the areas of Consumer Driven Health, over PBMs (13.0%) and other respondents (11.9%).
- Among the respondents who said they had no role in Consumer Driven Health, those in the other organization category represented the largest segment at 66.7% versus 48.1% of PBMs and 43.7% of health plans.
Segmentation Overview: Organization Type

HSM conducted comparative analysis and statistical significance testing to determine how, if at all, respondents’ opinions and experiences differed based on the type of organization with which they were affiliated. The analysis compared responses among the following types of organizations:

- Health plans (2007 n=71)
- Pharmacy Benefit Managers [PBMs] (2007 n=54)
- All others. These organizations tend to include consultants, integrated delivery systems, physician groups, and pharmacies (2007 n=42)

Segment Comparisons With Statistical Significance

- A significantly higher number of health plans (57.7%) stated that their organizations currently provide P4P incentives for network physician services over PBMs (16.7%) and all other organizations (14.3%). (Q20; 2007 n=167)

- Health plans (87.9%) were significantly more likely than PBMs (62.2%) to rate disease management programs as extremely or very important. (Q73; 2007 n=125)

- When asked about significant changes participants had seen in the way multiple-tiered formulary options are being used to more tightly manage pharmacy spend over the past year, both health plans (62.0%) and PBMs (68.5%) noted increased cost differential between tiers significantly higher than other organizations (42.9%). (Q27; 2007 n=167)

- When asked about the current objectives of a company’s ePrescribing initiative, health plans (40.4%) and PBMs (58.6%) were both significantly higher than all other organizations (9.1%) when it came to the area of meeting the requirements of the new Medicare Part D. (Q44; 2007 n=103)
Segmentation Overview: Organization Size

HSM conducted comparative analysis and statistical significance testing to determine how, if at all, respondents’ opinions and experiences differed based on size of their organization. The respondents were grouped into one of two segments and the analysis compared responses among the groups defined as follows:

- Very large organizations ➔ over 10 million lives (36 respondents)
- Large organizations ➔ between 1 and 10 million lives (35 respondents)
- Small/mid-size organizations ➔ under 1 million lives (65 respondents)

Segment Comparisons With Statistical Significance

- When asked about current efforts or future plans for ePrescribing, there were significant differences among groups in the following areas:
  - Large organizations (48.6%) were significantly more likely to select pilot studies to better understand ePrescribing than were small/mid-size organizations (16.9%). However, there was no significant difference between large organizations (48.6%) and very large organizations (27.8%). (Q15; n=136)
  - Both large (51.4%) and very large organizations (50.0%) were more likely than small/mid-size organizations (29.2%) to select making investments in the development of technology necessary to support ePrescribing as a current or future effort for ePrescribing. (Q15; n=136)
  - Both large organizations (60.0%) and very large organizations (66.7%) were significantly more likely to collaborate with other organizations/plans when it came to ePrescribing than were small/mid-sized organizations (35.4%). (Q16; n=136)
Segmentation Overview: Organization Size

- However, when it came to the subject of formulary management, both very large (25.0%) and large organizations (25.7%) were significantly less likely to collaborate with other organizations than were small/mid-size organizations (52.3%). (Q16; n=136)

- When questioned about the general marketplace and what were expected to be important CDH offerings in the next two to three years, large organizations (80.0%) were significantly more likely than small/mid-sized organizations (52.3%) to select opportunity for greater savings for those who use generic drugs vs. brand-name drugs. (Q18; n=136)

- Large (57.1%) and very large organizations (58.3%) were significantly more likely than small/mid-size organizations (32.3%) to expect opportunity for greater savings for those who use formulary products vs. non-formulary products to be important CDH offerings in the next two to three years.

- Very large organizations (36.1%) were significantly more likely to provide P4P incentives for network pharmacist services than were both large (8.6%) and small/mid-size organizations (4.6%). (Q21; n=136)
HSM conducted comparative analysis and statistical significance testing to determine how, if at all, respondents’ opinions and experiences differed based on whether respondents have Medicare only lines of business, or any combination with Medicare or do not have Medicare, and may have Commercial only or Commercial + Medicaid only.

The groups are defined as follows:

Medicare
- Medicare only (37 respondents)
- Do not have Medicare (126 respondents)

Commercial only
- Commercial lives (57 respondents)
- Non-commercial lives (106 respondents)

Commercial + Medicaid only
- Commercial and Medicaid (86 respondents)
- Non-commercial and Medicaid (100 respondents)
Segment Comparisons With Statistical Significance

- Of all the respondents who do have Medicare, 70.3% are currently collaborating with other organizations in the area of disease management (compared to 45.2% who were non-Medicare). (Q.16; 2007 n=163)

- In the area of ePrescribing, when questioned about current efforts or future plans, respondents with commercial lives only (8.8%) were significantly less likely to provide educational materials about ePrescribing to plan members over those without commercial lives (21.7%). (Q.15; 2007 n=163)

- However, when it came to respondents with commercial and Medicaid lives (23.3%), this group was significantly more likely to provide educational materials about ePrescribing to plan members than those without commercial and Medicaid lives (9.0%). (Q.15; 2007 n=186)

- When asked about tracking improvements in formulary compliance, percentage utilization of formulary products by therapeutic class was significantly more likely to be selected by respondents with commercial and Medicaid lives (83.7%) than those without commercial lives and Medicaid lives (69.0%). (Q.26; 2007 n=186)
2006/2007 Comparison

HSM conducted comparative analysis and statistical significance testing to determine how, if at all, respondents’ opinions and experiences differed from the 2006 AMCP online survey to the 2007 survey.

The groups are defined as follows:

- 2006 (219 respondents)
- 2007 (186 respondents)

**Segment Comparisons With Statistical Significance**

- Survey participants were significantly less likely in 2006 (73.1%) to use reference-based pricing within their organization than in 2007 (59.7%). Respondents in 2007 (25.3%) were significantly more likely to not know if their organization offered referenced-based pricing compared to 2006 (14.5%). (Q23; n=372)

- Respondents reported at statistically higher rates in 2007 to seeing these changes in the way multiple-tiered formulary options are being used to more tightly manage pharmacy spending (Q27; n=369):
  - Addition of zero copay for generics (2007 37.1% vs. 2006 26.2%)
  - Addition of zero copay for select disease states, e.g., diabetes (2007 21.0% vs. 2006 13.1%)

- However, when commenting on increased prevalence of percentage copays, 2006 respondents (38.3%) reported significantly higher rates over 2007 (25.8%). (Q27; n=369)
What does this mean?

• Significant Opportunity for managed care pharmacy experts
• Your Foundation and Your Association are here to assist
• Significant Opportunity to do what?
Significant Opportunity to Help People Live Better Lives

Managed Care Pharmacy Experts can make a difference
Appendix A:
Definitions of Key Terms
Definitions of Key Terms

CDH – Consumer Driven Healthcare – high deductible plans ($/=$ $1,000 for individuals; $2,000 for couples and families) used in combination with a health savings account (HSA), health reimbursement arrangement (HRA), or flexible spending account (FSA).

eHIT – emerging health information technology (or technologies). eHIT attempts to refine information technology, heading toward paperless systems, electronic health/medical records improving information efficiency, and access to patient records for those who need it. Frequently this is seen by physicians as computerized physician order entry in a hospital or health system environment.

ePrescribing – a subset of eHIT, it is a practice by which clinicians use a computerized system (frequently a PDA) to prescribe medications by sending an order to a pharmacy. Such systems may offer clinicians assistance in diagnosis-based prescribing, step therapy guidelines, formulary and cost information, dosage and administration, safety information, etc. It does not refer to computerized physician order entry included as part of eHIT.

P4P – Pay for Performance – a system of defined measures used to evaluate contracted individuals/organizations. Those who score well on standard measures (e.g., adherence to formularies, use of generics and low-tier prescription medication, appropriate and consistent use of diagnostic tests) are offered financial (or other) incentives for their performance.

ADE – Adverse Drug Event.

ASO – Administrative Services Organization.

DM – Disease Management.


ME – Medical Events.


MTM – Medicare Medication Therapy Management.

PDA – Personal Digital Assistant (e.g., iPAQ, Pocket PC).

PDP – Medicare Part D Prescription Drug Plan.

Reference-based pricing – a reimbursement mechanism in which payers set a ceiling price for medications that exhibit similar therapeutic benefits.

RHIO – Regional Health Information Organization.