

# **Access, Affordability, and Outcomes: The Value of Managed Care Pharmacy**



# Agenda

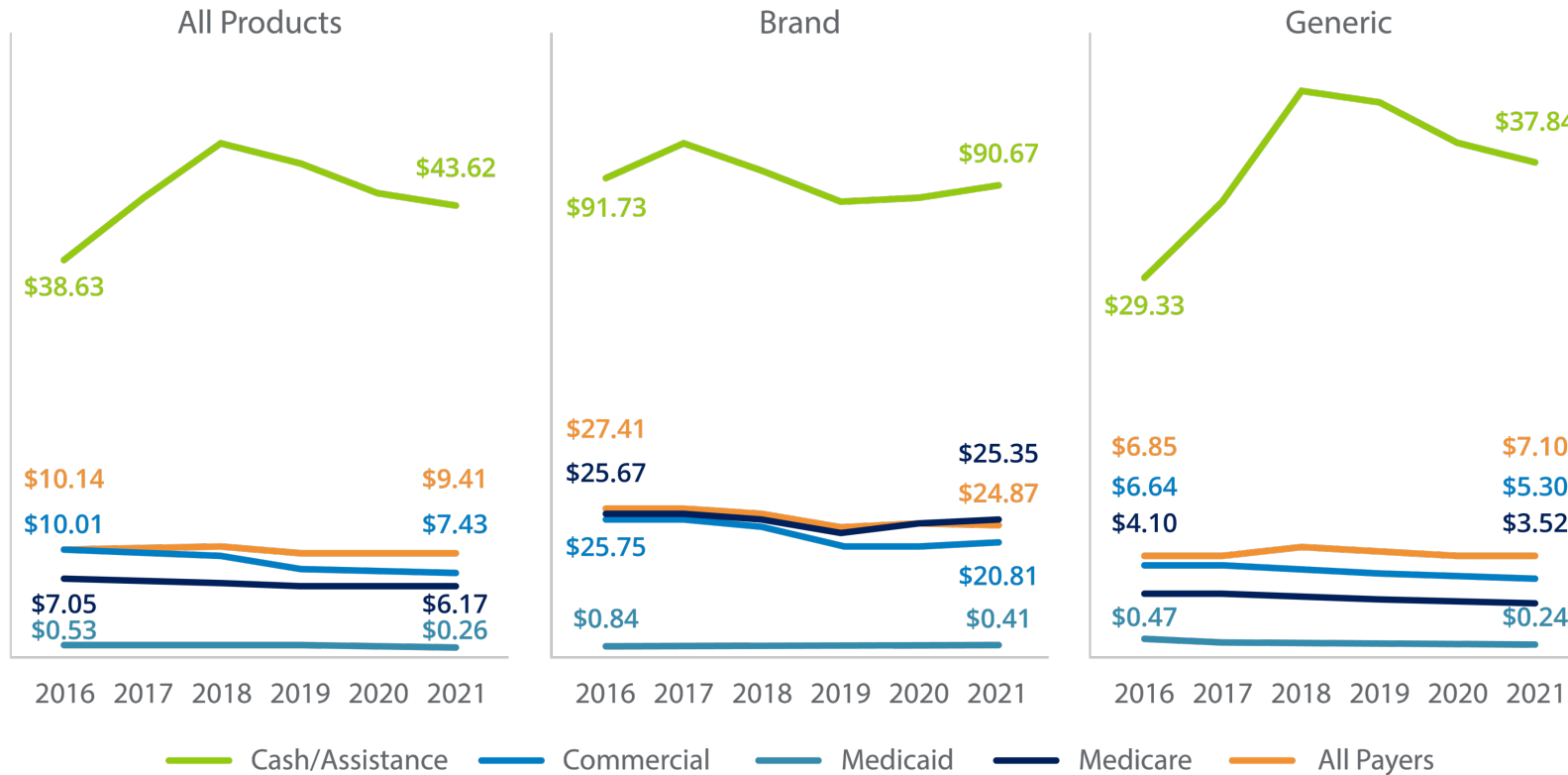
- Importance of Managed Care Pharmacy
- Managed Care Pharmacy Tools
- Comparative Analysis
- Q&A



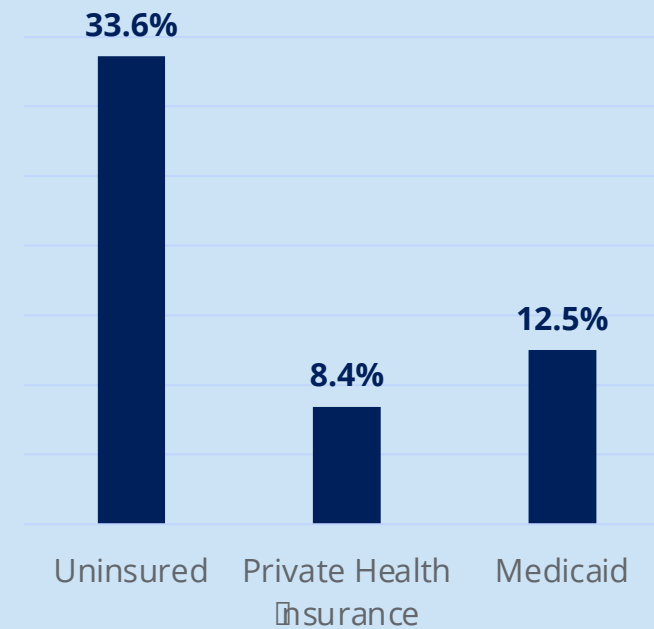
# The Importance of Managed Care

# Health insurance coverage is an important factor in managing prescription drug affordability and patient access

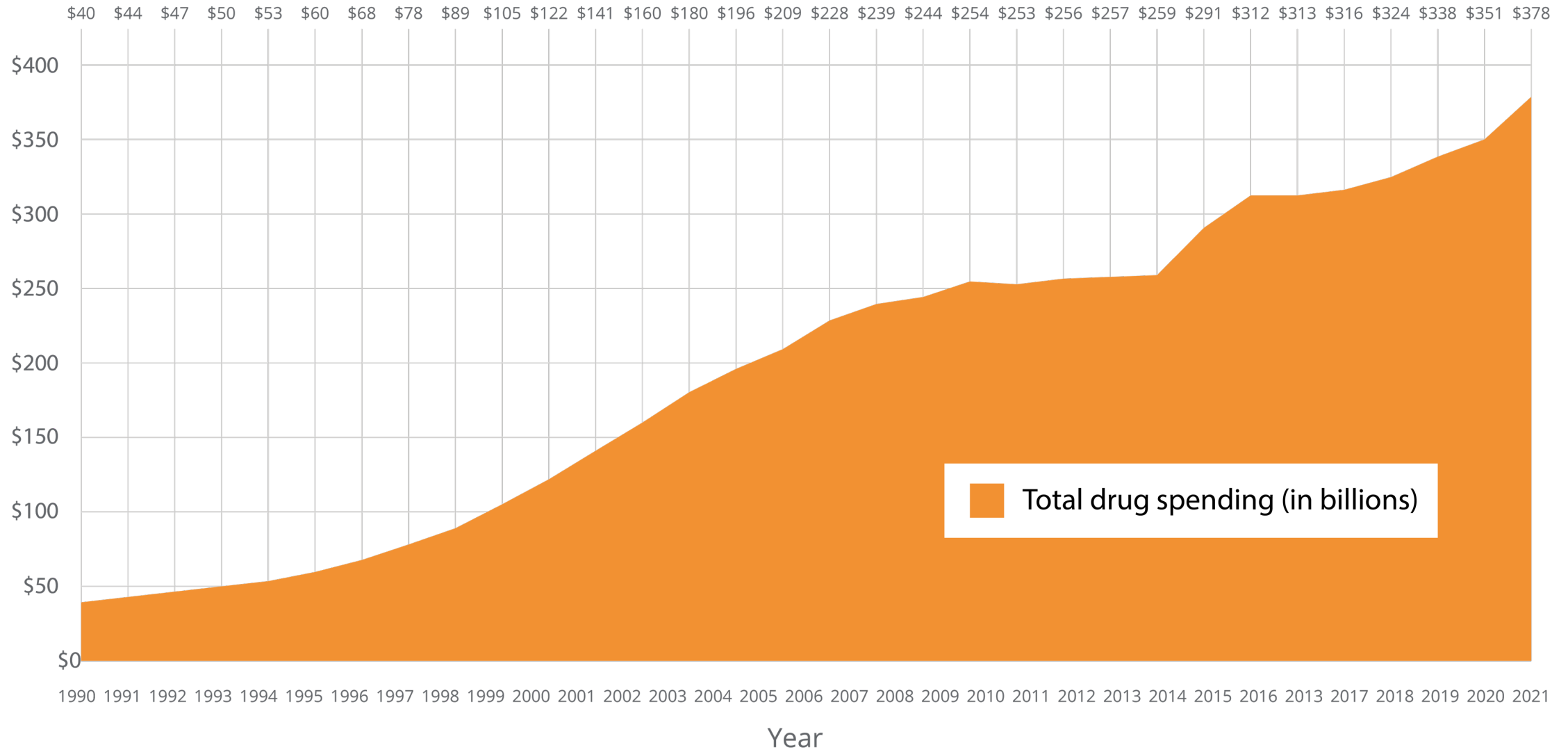
Avg. out-of-pocket cost per retail prescription by method of payment



Percent of patients who did not take their medication as prescribed to reduce prescription drug costs

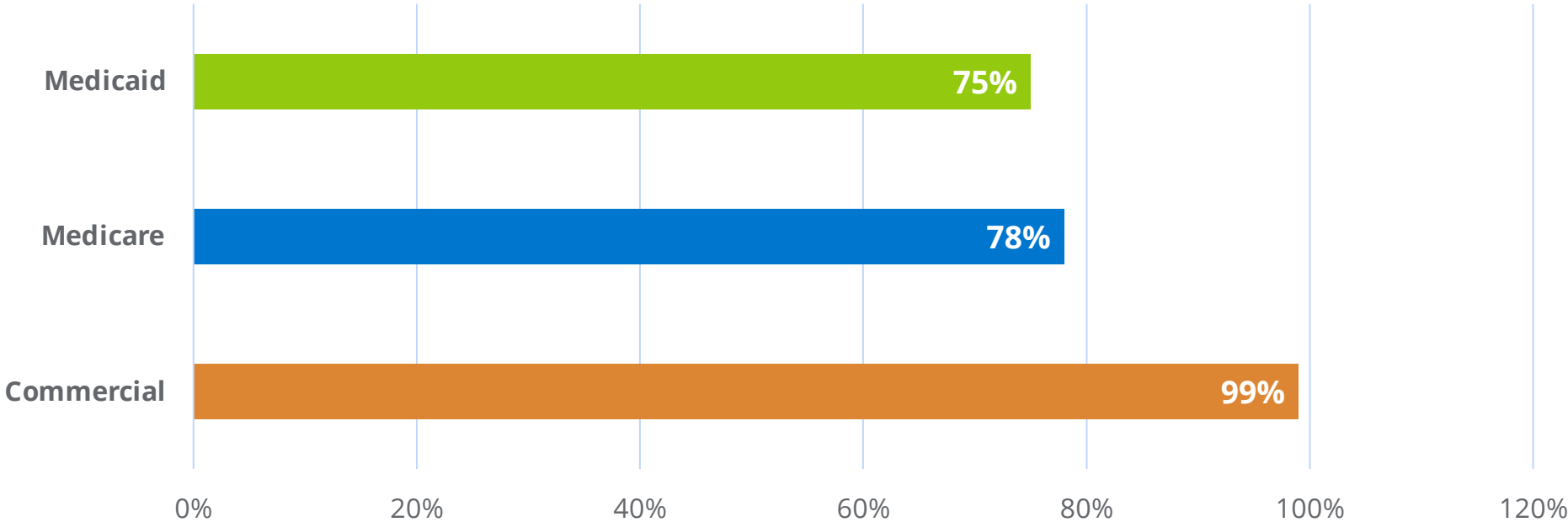


# Prescription drug spending in the United States has risen drastically over the past few decades



# The majority of individuals with prescription drug coverage are in managed care plans.

Percent of beneficiaries with prescription drug coverage through managed care plans by payer type



# Managed Care Pharmacy professionals work in five key areas to enhance health outcomes while optimizing the use of limited health care resources



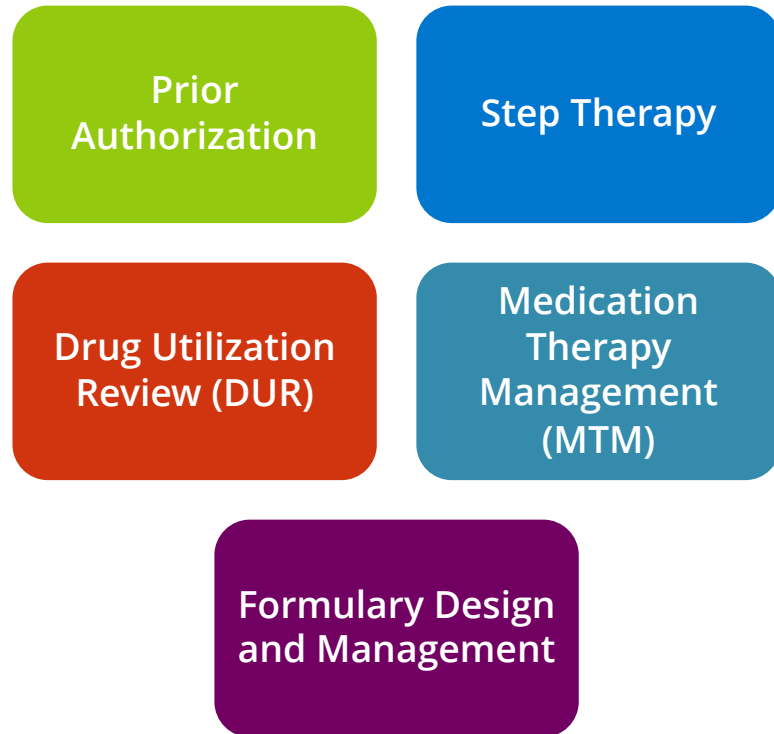
- Prescription drugs are a critical component of the healthcare benefit.
- 72% of physician office visits in 2019 involved drug therapy.



# Managed Care Pharmacy Tools



# Drug Utilization Management tools play an important role in improving clinical outcomes and managing rising costs



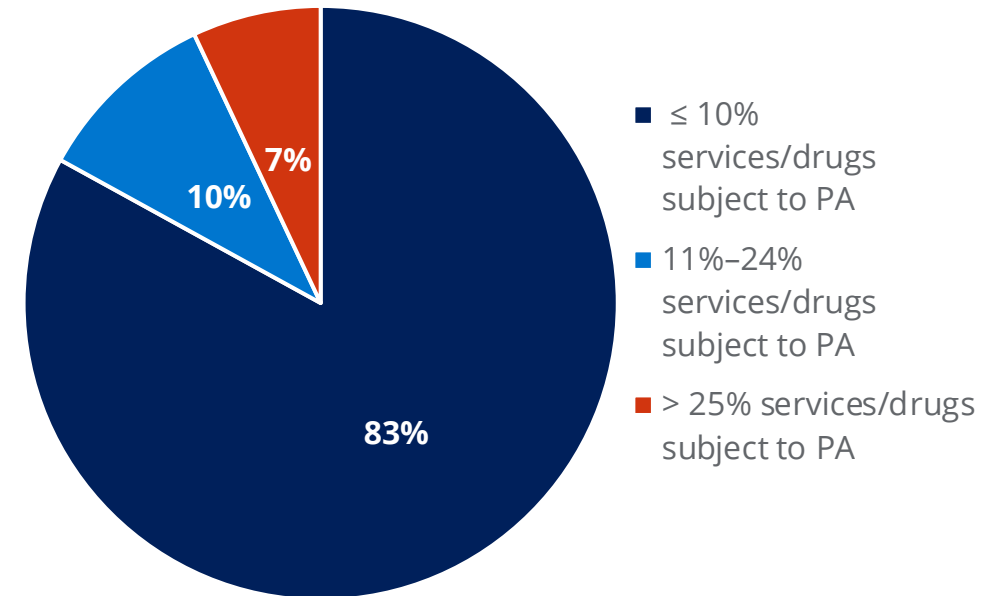
- Prior authorization and step therapy seek to achieve evidence-based use of medications and to avoid unnecessarily costly medication when appropriate alternatives exist.
- Through MTM and DUR, pharmacists can identify and help resolve medication-related issues and target patients who would benefit from adding (or removing) certain medications from their therapeutic regimens.
- A well-designed formulary plays a key role in providing patients with access to appropriate medications while encouraging utilization of cost-effective products.

# Prior Authorization

**Prior Authorization promotes patient safety and prescription drug affordability by serving as a tool to protect against misuse or abuse**

- 83% of commercial enrollees are in plans where fewer than 10% of products are subject to prior authorization. PA tends to be required on expensive therapies.
- Prior authorization requirements have increased in Medicare Part D, from 8% in 2007 to 24% of covered products in 2019.
- The main critique of prior authorization is the time and effort required of providers and their staff to obtain authorizations.
- There is opportunity to reduce administrative strain by moving more prior authorization requests to an electronic form.

**Portion of commercial enrollees by percentage of products subject to prior authorization**



# Step Therapy

The goal of step therapy is to identify the most appropriate nexus of affordability, efficacy, and safety as the first line of medication therapy before moving to more costly treatments

- ≈39% of commercial drug coverage policies include step therapy with an average of 1.5 steps.
- The prevalence of step therapy in Medicare Part D is substantially lower than in the commercial market.
- In 2019, 45 out of 50 states reported using step therapy in their Medicaid programs.

THE INSTITUTE FOR CLINICAL  
AND ECONOMIC REVIEW FOUND  
THAT STEP THERAPY PROTOCOLS  
WERE CONCORDANT WITH FAIR  
ACCESS CRITERIA

**98%**

OF THE TIME

# Drug Utilization Review

The goal of step therapy is to identify the most appropriate nexus of affordability, efficacy, and safety as the first line of medication therapy before moving to more costly treatments

- Required in the Medicaid program. May help avoid inappropriate prescriptions or unexpected and troublesome patterns in a patient's prescription utilization.
- State FFS programs saved an average of \$57M in 2017 through prospective DUR although there is no uniform standard for how states measure these savings.
- As of the writing of our report, no data were identified for Medicaid that measures the impact of DUR on patient outcomes.

# Medication Therapy Management (MTM)

Benefits can include reductions in cost of care and hospital utilization, a decrease in adverse drug events, and an improvement in medication adherence

- Required by the Part D program; offered to beneficiaries meeting specific criteria, such as presence of multiple chronic conditions, use of multiple Part D-covered drugs, and the likelihood of incurring high drug expenditures.
- No similar requirement exists for Medicaid or the commercial market.
- Studies have shown the clinical benefits of MTM
  - Researchers found a **65% greater uptake of statins amongst Part D beneficiaries** who received MTM services compared with the control group.
  - Separately, researchers found reductions in inpatient and/or ED visits and increases in medication adherence for beneficiaries receiving MTM services.

# Formulary Design and Management

The benefits of a well-designed formulary—one that encourages generic utilization and the most cost-effective brands—can achieve significant cost-savings

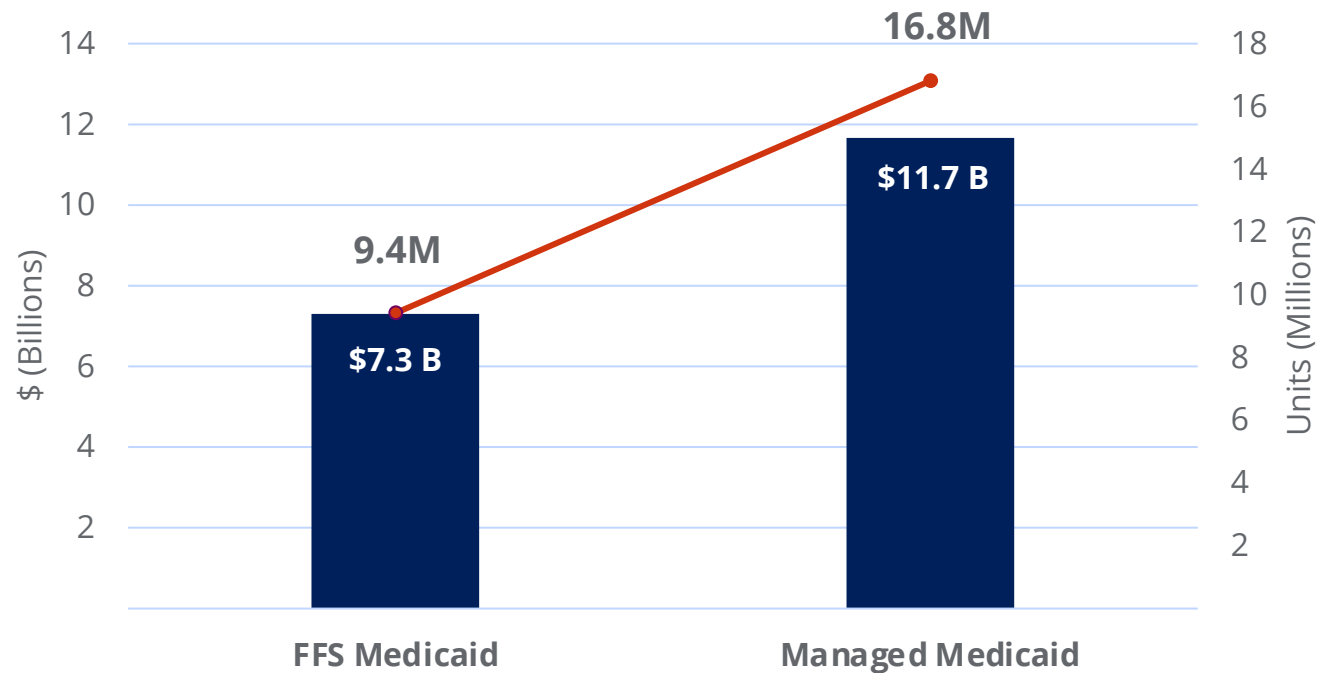
- The Association for Accessible Medicines (AAM) estimates that generic and biosimilar drugs generated \$373 billion in savings in 2021 across the commercial, Medicare Part D, Medicaid, and cash payer classes.
- CVS Caremark estimates that clients who are aligned to its template formularies as opposed to a formulary without exclusions will save \$4.3 billion in 2023.

Payment Type	Generic Utilization in 2020
Commercial	90.5%
Medicare Part D	89.5%
Medicaid Managed Care	92.5%
Medicaid FFS	89.5%



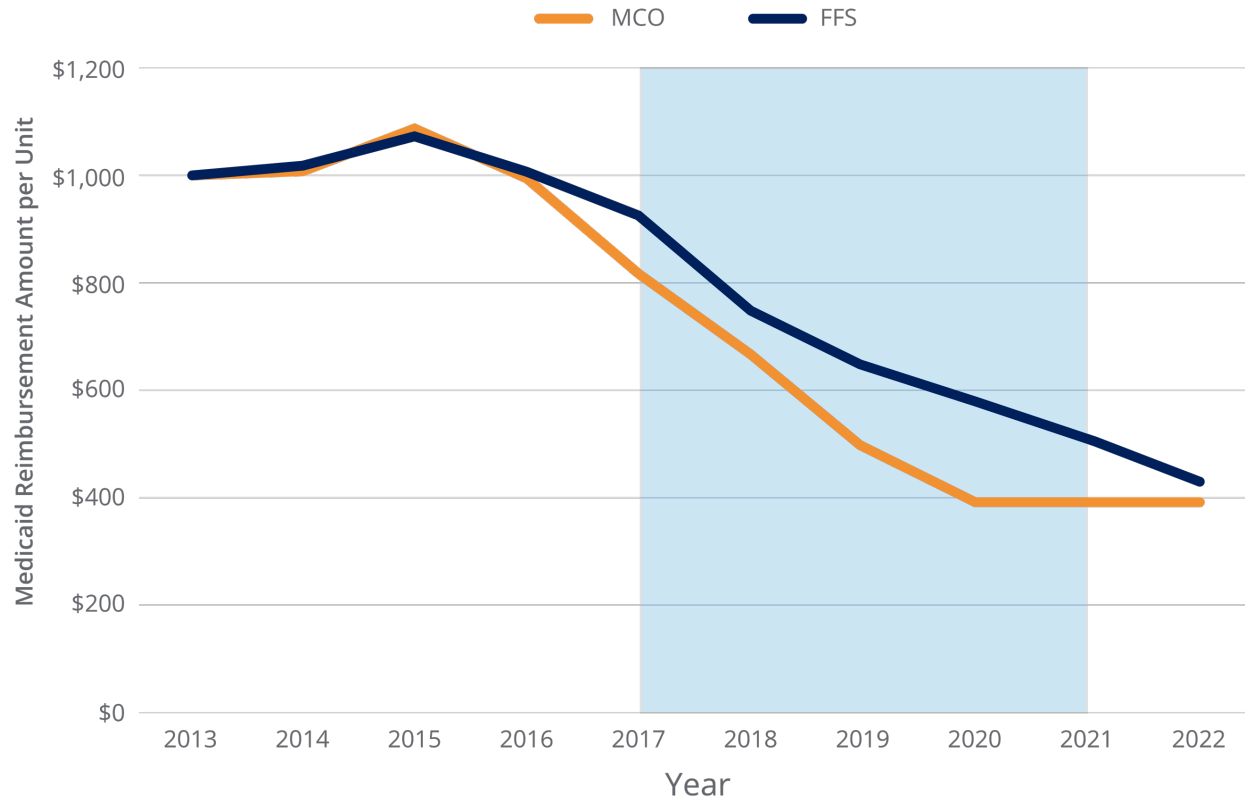
# Comparative Analysis between FFS and MCO

# Comparison of Average Pre-Rebate Spending on Hepatitis C therapies by Fee for Service Medicaid vs. Managed Medicaid (2013 to 2022)





# Between 2017 and 2021, Managed Medicaid achieved a lower per unit reimbursement across all Hep C drugs compared to FFS



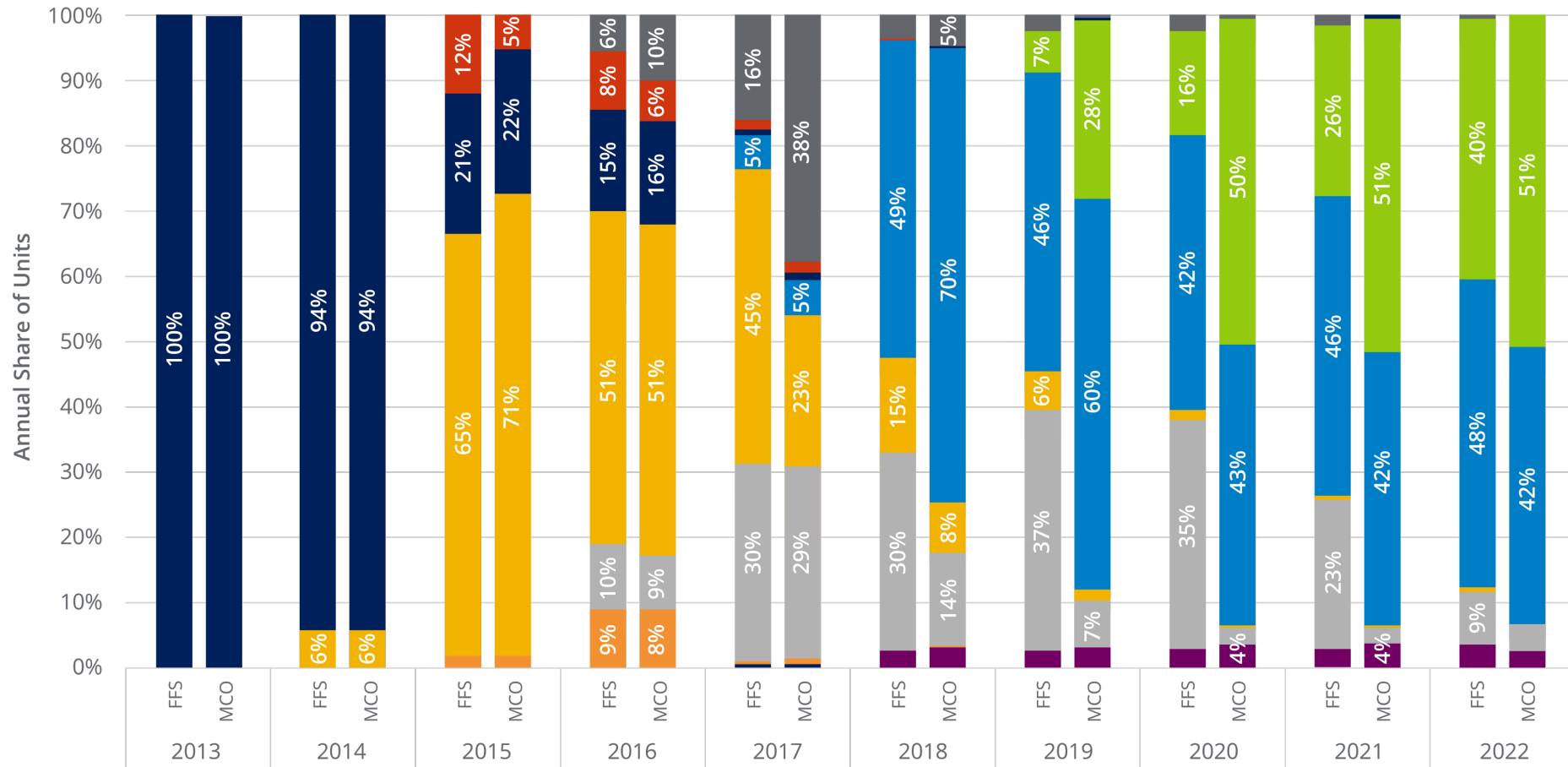
From 2017 – 2021:

- Managed Care realized a pre-rebate savings of \$1.42B on Hep C therapies compared with FFS.
- Had FFS plans achieved the same average reimbursement as Managed Care, FFS plans would have spent \$780M less on Hep C therapies before rebates.

# Managed Care's generic utilization proves to be cost-effective in average Hep C drug reimbursement

Avg. MCD \$ Per Unit:

Therapy	MCO	FFS
All Other Therapies	\$807	\$762
Daklina	\$748	\$745
Epclusa 40	\$846	\$867
Harvoni	\$1,117	\$1,116
Mavyret 10	\$524	\$492
Sofosbuvir-Velpatasvir	\$280	\$277
Sovaldi 40	\$990	\$1,009
Viekira	\$940	\$989
Zepatier	Pre 2019 \$643 2019 & After \$259	Pre 2019 \$645 2019 & After \$271



# Thank You



Download and read the report on the AMCP website.



For a deeper discussion, please contact us:

[amcp.org](http://amcp.org) [@amcporg](https://twitter.com/amcporg)

# Citations

- Slide 5 - **Health insurance coverage is an important factor in managing prescription drug affordability and patient access.** Sources: **(1)** “The Use of Medicines in the U.S. 2022,” IQVIA Institute, April 21, 2022, p. 12, Exhibit 17 (<https://www.iqvia.com/insights/the-iqvia-institute/reports/the-use-of-medicines-in-the-us-2022>, accessed June 8, 2023). **(2)** Robin A. Cohen, Peter Boersma, Anjel Vahratian, “Strategies Used by Adults Aged 18-64 to Reduce Their Prescription Drug Costs, 2017,” CDC, March 2019 (<https://www.cdc.gov/nchs/products/databriefs/db333.htm>, accessed June 7, 2023).
- Slide 6 - **Prescription drug spending in the United States has risen drastically over the past few decades.** Sources: **(1)** “Table 02 National Health Expenditures; Aggregate, Annual Percent Change, Percent Distribution and Per Capita Amounts, by Type of Expenditure,” CMS National Health Expenditure Accounts (<https://www.cms.gov/research-statistics-data-and-systems/statistics-trends-and-reports/nationalhealthexpenddata/nationalhealthaccountshistorical>, “NHE Tables ZP,” accessed June 7, 2023); “National Health Expenditure Accounts: Methodology Paper, 2021,” CMS National Health Expenditure Accounts (<https://www.cms.gov/files/document/definitions-sources-and-methods.pdf>, accessed June 7, 2023). Per p. 13 of the methodology document, prescription drug expenditure estimates are net of rebates.
- Slide 7 - **The majority of individuals with prescription drug coverage are in managed care plans.** Source: Susanna Leaf and Heather Bates, “Access, Affordability, and Outcomes: The Value of Managed Care Pharmacy,” AMCP and Berkeley Research Group, October 2023, p. 12-13, Table 2 ([https://www.amcp.org/sites/default/files/2023-10/AMCP\\_VMCP\\_Report\\_RGB\\_Oct9.pdf](https://www.amcp.org/sites/default/files/2023-10/AMCP_VMCP_Report_RGB_Oct9.pdf))
- Slide 8 - **Managed Care pharmacy professionals work in five key areas to enhance health outcomes while optimizing the use of limited health care resources.** Source: “National Ambulatory Medical Care Survey: 2019 National Summary Tables,” CDC, p. 33, Table 20 ([https://www.cdc.gov/nchs/data/ahcd/namcs\\_summary/2019-namcs-web-tables-508.pdf](https://www.cdc.gov/nchs/data/ahcd/namcs_summary/2019-namcs-web-tables-508.pdf), accessed June 6, 2023).
- Slide 10 – **Drug Utilization Management tools play an important role in improving clinical outcomes and managing rising costs.** Source: Susanna Leaf and Heather Bates, “Access, Affordability, and Outcomes: The Value of Managed Care Pharmacy,” AMCP and Berkeley Research Group, October 2023, p. 8-10, ([https://www.amcp.org/sites/default/files/2023-10/AMCP\\_VMCP\\_Report\\_RGB\\_Oct9.pdf](https://www.amcp.org/sites/default/files/2023-10/AMCP_VMCP_Report_RGB_Oct9.pdf))

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- Slide 11 - **Prior Authorization**. Sources: **(1)** “Key Results of Industry Survey on Prior Authorization,” AHP, p. 10 (<https://www.ahip.org/documents/Prior-Authorization-Survey-Results.pdf>, accessed June 7, 2023). **(2)** “Cornerstones of ‘Fair’ Drug Coverage: Appropriate Cost-Sharing and Utilization Management Policies for Pharmaceuticals,” Institute for Clinical and Economic Review (ICER), Sept. 28, 2020, p. 11 (<https://icer.org/wp-content/uploads/2020/11/Cornerstones-of-Fair-Drug-Coverage--September-28-2020.pdf>, accessed June 7, 2023). **(3)** “AMCP Partnership Forum: Optimizing Prior Authorization for Appropriate Medication Selection,” JMCP, Volume 26, Issue 1, January 2020, p. 56, Table 1 (<https://doi.org/10.18553/jmcp.2020.26.1.55>, accessed June 7, 2023).
- Slide 12 - **Step Therapy**. Sources: **(1)** Kelly L. Lenahan, Donald E. Nichols, Rebecca M. Gertler, James D. Chambers, “Variation in Use and Content of Prescription Drug Step Therapy Protocols, Within and Across Health Plans,” Health Affairs, Volume 40, no. 11, November 2021, p. 1749 (<https://doi.org/10.1377/hlthaff.2021.00822>, accessed June 7, 2023). **(2)** “Assessment of Barriers to Fair Access,” ICER, Jan. 17, 2023, p. 15, Table 10 (<https://icer.org/wp-content/uploads/2023/01/2022-Barriers-to-FairAccess-Assessment-Final-Report-011723.pdf>, accessed June 7, 2023). **(3)** “A Data Book: Health Care Spending and the Medicare Program,” MedPAC, July 2021, p. 161, ([https://www.medpac.gov/wp-content/uploads/2021/10/July2021\\_MedPAC\\_DataBook\\_Sec10\\_SEC.pdf](https://www.medpac.gov/wp-content/uploads/2021/10/July2021_MedPAC_DataBook_Sec10_SEC.pdf), accessed June 7, 2023). **(4)** Kathleen Gifford, Anne Winter, Linda Wiant, Rachel Dolan, Marina Tian, Rachel Garfield, “How State Medicaid Programs are Managing Prescription Drug Costs,” Kaiser Family Foundation, April 2020, p. 12, Table 3 (<https://files.kff.org/attachment/How-State-Medicaid-Programs-areManaging-Prescription-Drug-Costs.pdf>, accessed June 7, 2023).
- Slide 13 – **Drug Utilization Review**. Sources: **(1)** “Medicaid Program; Establishing Minimum Standards in Medicaid State Drug Utilization Review (DUR) and Supporting Value-Based Purchasing (VBP) for Drugs Covered in Medicaid, Revising Medicaid Drug Rebate and Third Party Liability (TPL) Requirements,” CMS, Dec. 18, 2020, p. 255 (<https://www.cms.gov/files/document/122120-cms-2482-f-medicaid-dur-ofr-master-webposting-508.pdf>, accessed June 8, 2023). **(2)** “Medicaid Drug Utilization Review State Comparison/Summary Report FFY 2017 Annual Report,” CMS, October 2018, p. 25 (<https://www.medicaid.gov/medicaid/prescription-drugs/downloads/drug-utilization-review/2017-dur-summary-report.pdf>, accessed June 8th, 2023). CMS continues to report DUR savings by state in its “Drug Utilization Review Annual Reports.” However, the most recent data (from 2021) are no longer summarized in the national report and are only available in each state’s individual report. See “Drug Utilization Review Annual Report,” Medicaid.gov, Jan. 17, 2023 (<https://www.medicaid.gov/medicaid/prescription-drugs/drug-utilization-review/drug-utilization-review-annual-report/index.html>, accessed June 8, 2023).

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- Slide 14 – **Medication Therapy Management (MTM)**. Sources: **(1)** 42 CFR § 423.153(d) (<https://www.govinfo.gov/content/pkg/CFR-2012-title42-vol3/pdf/CFR-2012-title42-vol3-sec423-153.pdf>, accessed Aug. 30, 2023); Ryan Beringer, Bingyan Fan, Daekun Heo, Josh Oh, Lois Olinger, Kristy Piccinini, Dimitra Politi, Yuchen Qian, Kamila Saldanha, Edward Sung, Anqi Wang, David Wright, Lucy Yao, Willow Burns, Susan Hassell, Angelina Lee, Lauren Mercincavage, Kevin Neipp, Jennifer Nooney, Shannon Reefer, Natalie Teixeira Bailey, “Evaluation of the Part D Enhanced Medication Therapy Management (MTM) Model: Fifth Evaluation Report,” CMS, February 2023, p. 2 (<https://innovation.cms.gov/data-and-reports/2023/mtm-fifth-evalrept>, accessed June 7, 2023). **(2)** Kathleen Gifford, Anne Winter, Linda Wiant, Rachel Dolan, Marina Tian, Rachel Garfield, “How State Medicaid Programs are Managing Prescription Drug Costs,” Kaiser Family Foundation, April 2020, p. 12, Table 3 (<https://files.kff.org/attachment/How-State-Medicaid-Programs-are-Managing-Prescription-Drug-Costs.pdf>, accessed June 7, 2023). **(3)** “Evidence Supporting Enhanced Medication Therapy Management,” CMS, p. 3 (<https://innovation.cms.gov/files/x/mtm-evidencebase.pdf>, accessed June 8, 2023). **(4)** Erin Ferries, Joseph T. Dye, Benjamin Hall, Lilian Ndehi, Phil Schwab, Jamieson Vaccaro, “Comparison of Medication Therapy Management Services and Their Effects on Health Care Utilization and Medication Adherence,” JMCP, Volume 25, Issue 6, June 2019, p. 688 (<https://www.jmcp.org/doi/full/10.18553/jmcp.2019.25.6.688>, accessed June 8, 2023)
- Slide 15 – **Formulary Design and Management**. Sources: **(1)** “The U.S. Generic & Biosimilar Medicines Savings Report,” Association for Accessible Medicines, September 2022, p. 3 (<https://accessiblemeds.org/sites/default/files/2022-09/AAM-2022-Generic-Biosimilar-Medicines-Savings-Report.pdf>, accessed June 8, 2023). **(2)** “The Use of Medicines in the U.S.,” IQVIA Institute, May 27, 2021, p. 25 (<https://www.iqvia.com/insights/the-iqvia-institute/reports/the-use-of-medicines-in-the-us>, accessed June 8, 2023). **(3)** “Formulary Management: Helping Lower Client Cost While Ensuring Members Have Access to Clinically Appropriate Medications,” CVS Health (<https://payorsolutions.cvshealth.com/programs-and-services/cost-management/formulary-management>, accessed June 8, 2023).
- Slide 17 – **Comparison of Average Pre-Rebate Spending on Hepatitis C therapies by Fee for Service Medicaid vs. Managed Medicaid (2013 to 2022)** Source: Susanna Leaf and Heather Bates, “Access, Affordability, and Outcomes: The Value of Managed Care Pharmacy,” AMCP and Berkeley Research Group, October 2023, p. 25-28. ([https://www.amcp.org/sites/default/files/2023-10/AMCP\\_VMCP\\_Report\\_RGB\\_Oct9.pdf](https://www.amcp.org/sites/default/files/2023-10/AMCP_VMCP_Report_RGB_Oct9.pdf))

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- Slide 18 – **Between 2017 and 2021, Managed Medicaid achieved a lower per unit reimbursement across all Hep C drugs compared to FFS.** *Source: Susanna Leaf and Heather Bates, “Access, Affordability, and Outcomes: The Value of Managed Care Pharmacy,” AMCP and Berkeley Research Group, October 2023, p. 26, Figure 6 ([https://www.amcp.org/sites/default/files/2023-10/AMCP\\_VMCP\\_Report\\_RGB\\_Oct9.pdf](https://www.amcp.org/sites/default/files/2023-10/AMCP_VMCP_Report_RGB_Oct9.pdf))*
- Slide 19 – **Managed Care’s generic utilization proves to be cost-effective in average Hep C drug reimbursement.** *Source: Susanna Leaf and Heather Bates, “Access, Affordability, and Outcomes: The Value of Managed Care Pharmacy,” AMCP and Berkeley Research Group, October 2023, p. 27, Figure 7 ([https://www.amcp.org/sites/default/files/2023-10/AMCP\\_VMCP\\_Report\\_RGB\\_Oct9.pdf](https://www.amcp.org/sites/default/files/2023-10/AMCP_VMCP_Report_RGB_Oct9.pdf))*



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