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.

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

- Uninsured: 33.6%
- Private Health Insurance: 8.4%
- Medicaid: 12.5%

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

<table>
<thead>
<tr>
<th>Method of Payment</th>
<th>All Products</th>
<th>Brand</th>
<th>Generic</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$38.63</td>
<td>$27.41</td>
<td>$6.85</td>
</tr>
<tr>
<td>2017</td>
<td>$10.14</td>
<td>$25.67</td>
<td>$6.64</td>
</tr>
<tr>
<td>2018</td>
<td>$10.01</td>
<td>$25.75</td>
<td>$4.10</td>
</tr>
<tr>
<td>2019</td>
<td>$7.05</td>
<td>$25.75</td>
<td>$0.47</td>
</tr>
<tr>
<td>2020</td>
<td>$0.53</td>
<td>$0.84</td>
<td>$0.41</td>
</tr>
<tr>
<td>2021</td>
<td>$0.26</td>
<td>$0.26</td>
<td>$0.24</td>
</tr>
</tbody>
</table>
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

- Medicaid: 75%
- Medicare: 78%
- Commercial: 99%
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.

Pharmacy Benefit Design and Implementation

Clinical Programs

Promotion of Affordability

Quality and Safety Program Management

Formulary and Medication Utilization Management
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.
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.

<table>
<thead>
<tr>
<th>Payment Type</th>
<th>Generic Utilization in 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial</td>
<td>90.5%</td>
</tr>
<tr>
<td>Medicare Part D</td>
<td>89.5%</td>
</tr>
<tr>
<td>Medicaid Managed Care</td>
<td>92.5%</td>
</tr>
<tr>
<td>Medicaid FFS</td>
<td>89.5%</td>
</tr>
</tbody>
</table>
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)

- FFS Medicaid: $7.3 B, 9.4M units
- Managed Medicaid: $11.7 B, 16.8M units
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.
Thank You

Download and read the report on the AMCP website.

For a deeper discussion, please contact us:

amcp.org  @amcporg


Citations (cont.)


• 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)

• 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)
Mission

To improve patient health by ensuring access to high-quality, cost-effective medications and other therapies.