

# Managing Pharmacy Utilization

**Lindsey Imada, PharmD Candidate 2016  
Midwestern University, Chicago College of Pharmacy**

**Under the Preceptorship of Dr. Craig Stern  
Pro Pharma Pharmaceutical Consultants, Inc.  
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# OBJECTIVES

- Current Drug Trend
- Strategies for Managing Pharmacy Utilization
- Impact: Managed vs. Unmanaged

# INTRODUCTION

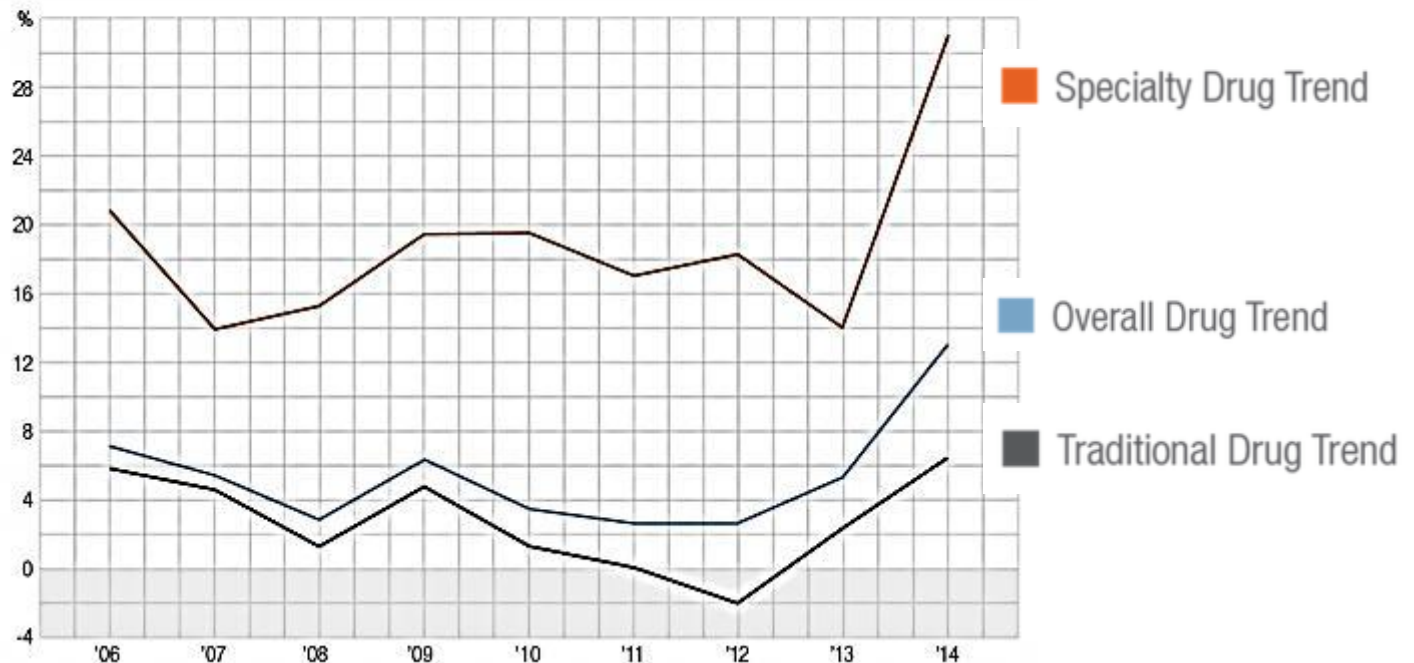
- ◆ According to Express Scripts' 2014 Drug Trend Report, **U.S. prescription drug spend** in 2014 **increased 13.1%**, the *largest* annual increase since 2003
  - ◆ 6.4% increase in spend for traditional medications (nonspecialty)
  - ◆ 30.9% increase in spend for specialty medications

# CURRENT DRUG TREND

## COMPONENTS OF OVERALL DRUG TREND

EXPRESS SCRIPTS 2006-2014

**% Increase in  
Drug Spend**



# CURRENT DRUG TREND

- Specialty medications represent a major driver of drug spend due to their high costs



- ❖ Large molecule drugs, typically manufactured using biotechnology methods (“biologics”)
- ❖ Often used to treat complex disease states (cancer, rheumatoid arthritis, multiple sclerosis, hepatitis c, etc.)
- ❖ Costly, often require special administration (injected or infused)

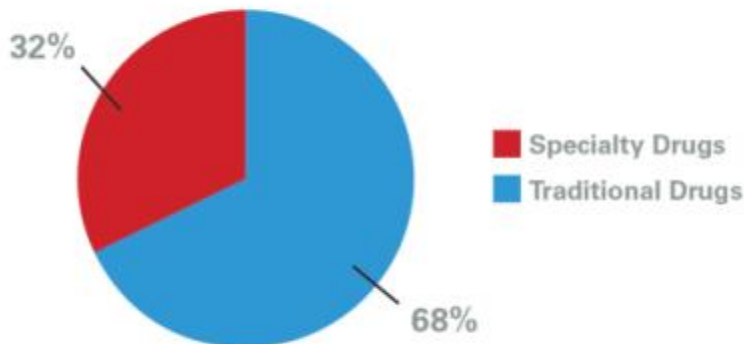


# CURRENT DRUG TREND

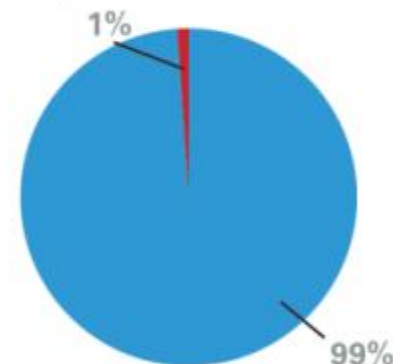
- Specialty drugs serve a relatively small population.. BUT account for a significant amount of the total drug spend

**Figure 1: U.S. Spending on Prescription Drugs, 2014**

Prescription Drug Spending in 2014



Prescriptions Written in 2014



Source: The Express Scripts 2014 Drug Trend Report, March 2015. Available at: <http://lab.express-scripts.com/drug-trend>

# MANAGING UTILIZATION

- By actively managing utilization, health plans and pharmacy benefit managers (PBMs) can mitigate the impact of these drug spend increases



# STRATEGIES

- ◆ Formulary management
- ◆ Drug coverage limits
- ◆ Network management
- ◆ Compliance mechanisms
- ◆ Drug utilization review
- ◆ Specialty pharmacy



# FORMULARY MANAGEMENT

- ◆ A formulary is a list of preferred drugs determined by a Pharmacy & Therapeutics (P&T) Committee
- ◆ Drugs are chosen based on scientific evidence, clinical practice guidelines, standards of practice
- ◆ Formulary includes:
  - ❖ Generics or lower-cost brand-names found to have similar efficacy and safety as the brand-name drug
  - ❖ Preferred brand-name drugs

# FORMULARY MANAGEMENT

- ◆ Lower copays are attached to preferred formulary drugs to encourage utilization of safe, therapeutically effective, and most affordable medications
- ◆ Limits access to unnecessary and expensive drugs
- ◆ **Impact: Improves patient outcomes while minimizing drug spend**

# DRUG COVERAGE LIMITS

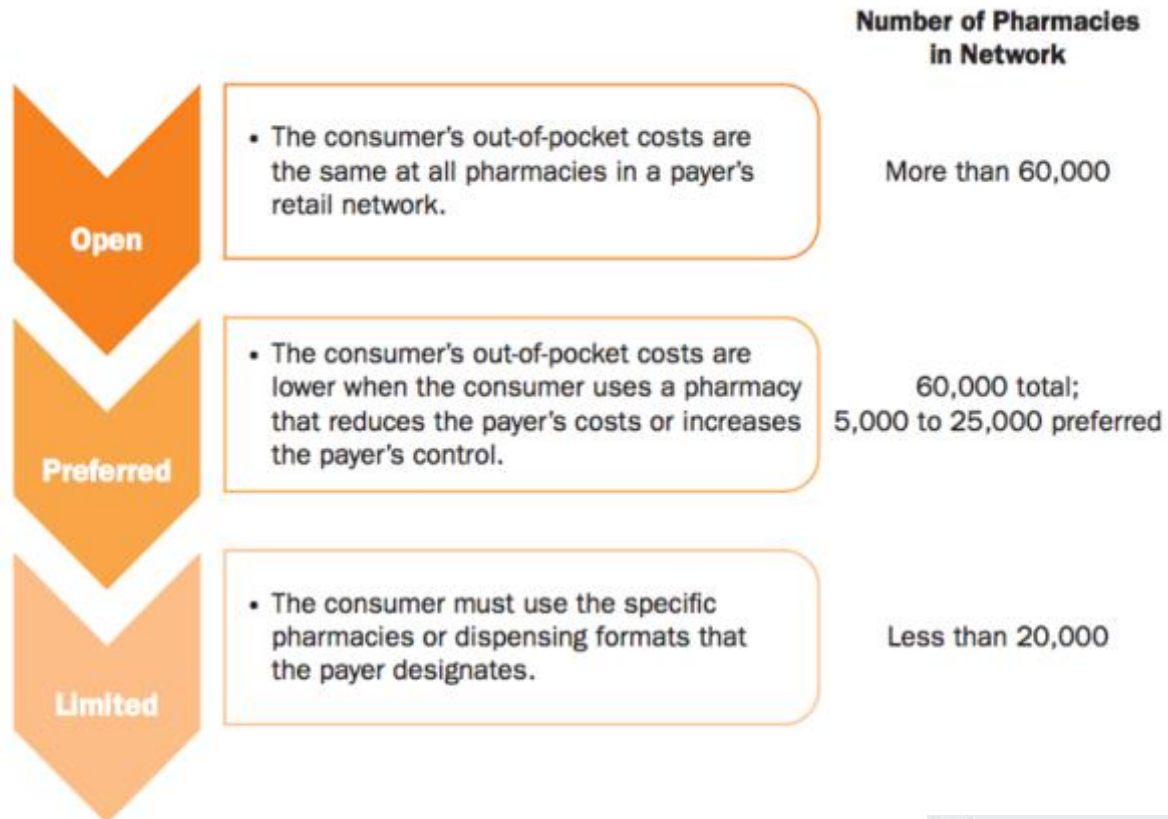
- Prior authorizations
  - ❖ Requires prescriber justification
  - ❖ Coverage approved on basis of clinical need and confirmation of appropriate indication, dose, and duration of therapy
- Step therapy
  - ❖ Specific preferred drug(s), utilizing evidence-based practices, must be tried before coverage granted

# DRUG COVERAGE LIMITS

- Quantity limits
  - ❖ Restricts amount of drug dispensed (often 30- or 90-day supply or less for first fill of expensive drugs)
- Refill-too-soon limits
  - ❖ Restricts patients from refilling prescriptions too early
- **Impact: Reduces waste due to unnecessary use or stockpiling**

# NETWORK MANAGEMENT

## 3 Types of Networks:



Source: Pembroke Consulting, Inc.

# NETWORK MANAGEMENT

- Pharmacies willing to accept lower prescription reimbursements for increased volume
- Patients willing to switch pharmacies to reduce out-of-pocket expenses
- **Impact: Increases utilization management and reduces payer costs to provide patients with more affordable care and possibly improved care as pharmacies compete to remain in-network**



# COMPLIANCE MECHANISMS

- 💧 Mail order, home delivery
- 💧 90-day supply programs
- 💧 Refill reminders
  - ❖ Auto-refill, medication synchronization
- 💧 **Impact: Increases adherence to improve patient outcomes and ultimately reduce total health care costs**

# DRUG UTILIZATION REVIEW

- Concurrent drug utilization review
  - ❖ Clinical edits at point of sale
    - ✓ Drug interactions (drug-drug, drug-allergy, drug-disease)
    - ✓ Contraindications with age, gender, pregnancy
    - ✓ Duplicate therapy
    - ✓ Excessive or ineffective daily dosing
    - ✓ Potential drug name confusion

# DRUG UTILIZATION REVIEW

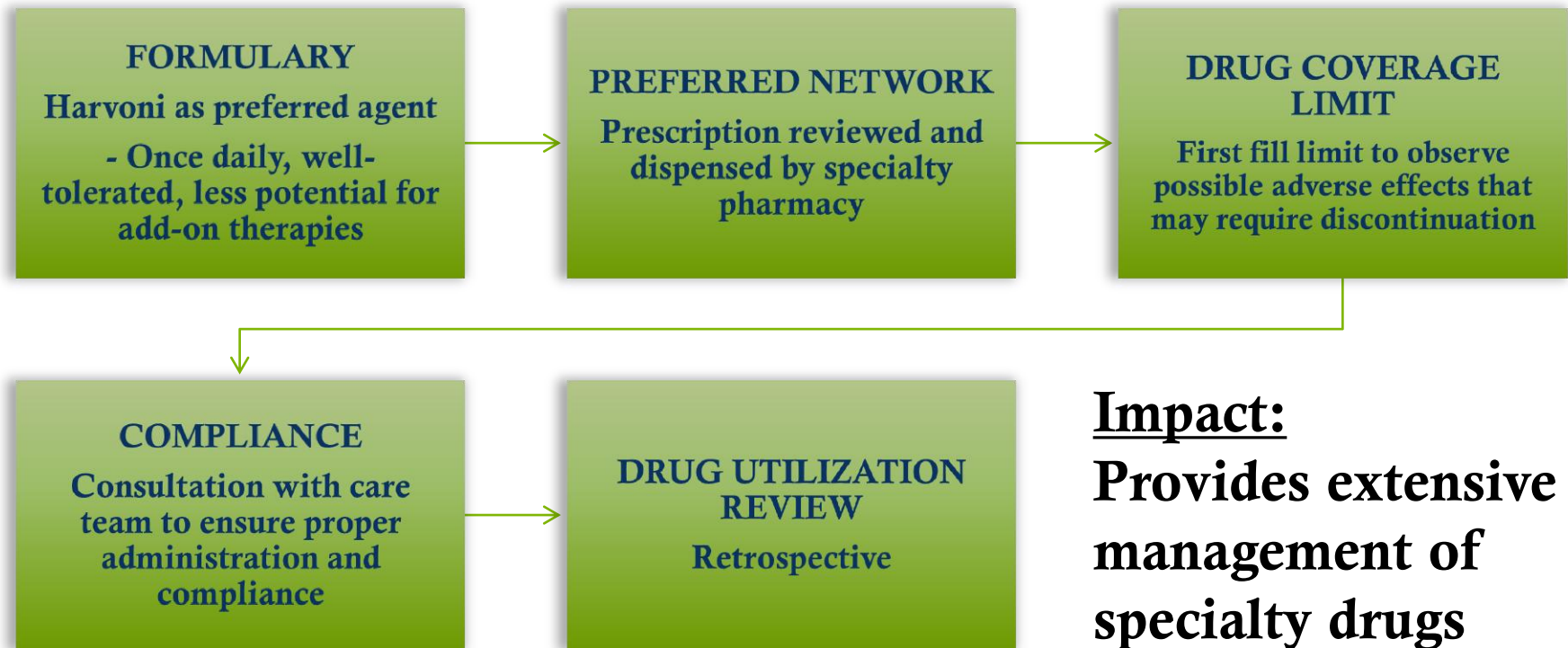
- Retrospective drug utilization review
  - ❖ Continuous evaluation of patient medication profiles to determine possible changes in therapy that may be more effective or cost-efficient, detect problems with compliance
- **Impact: Enhances patient safety, optimizes therapy, and avoids unnecessary costs**

# SPECIALTY PHARMACY

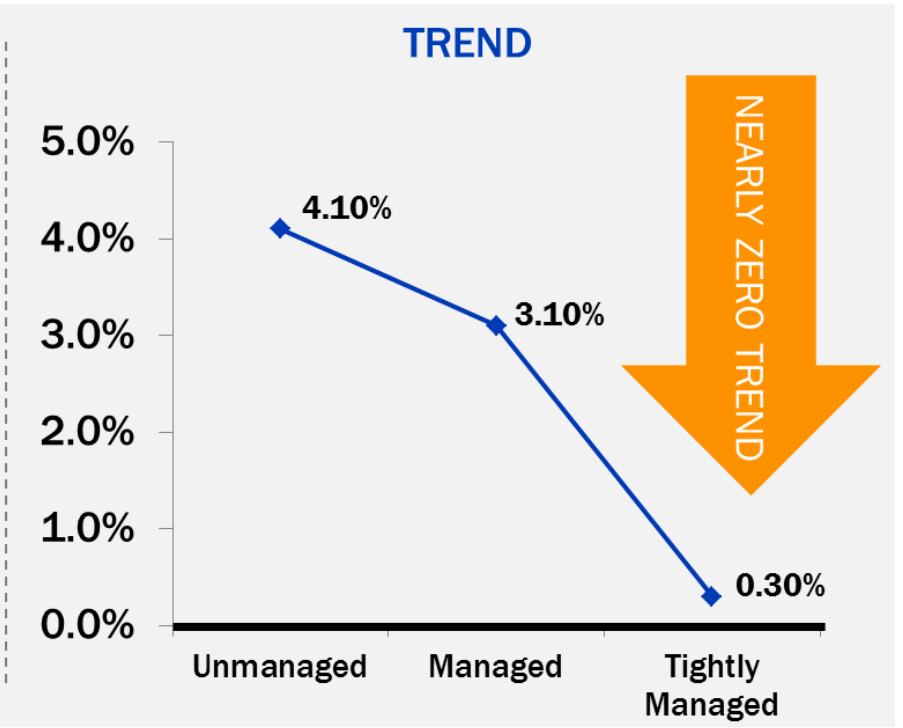
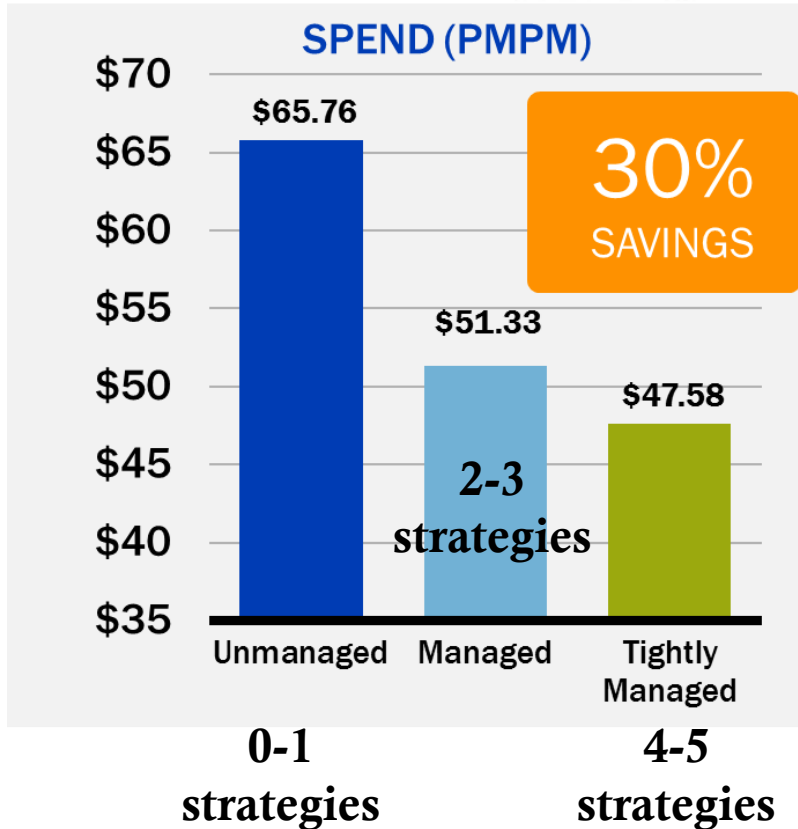
- Specialty pharmacy programs offer patients with specialty drugs much needed **individualized care** due to the complexity of such drugs and their corresponding disease states
- Condition-specific care teams of specialized pharmacists and trained nurses to provide 24/7 support, education, bridge care with physicians
- Incorporate utilization management strategies

# SPECIALTY PHARMACY

*Example: Hepatitis C Patient*



# MANAGED VS. UNMANAGED





# SUMMARY

- ◆ Managing prescription utilization is crucial to maintain control over the increasing costs of medications and to lower overall drug spend
- ◆ Increase quality of patient care by driving the use of medications that are **safer, more effective, and more affordable**

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**THANK YOU**

**QUESTIONS?**