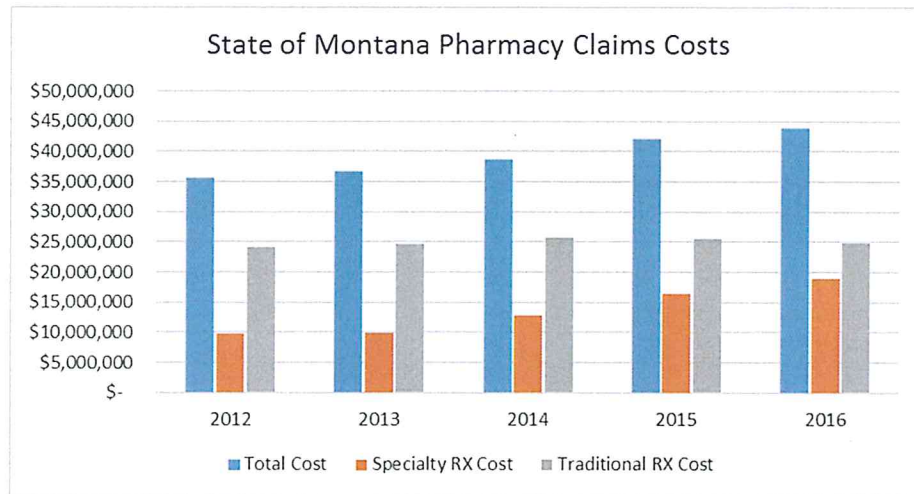
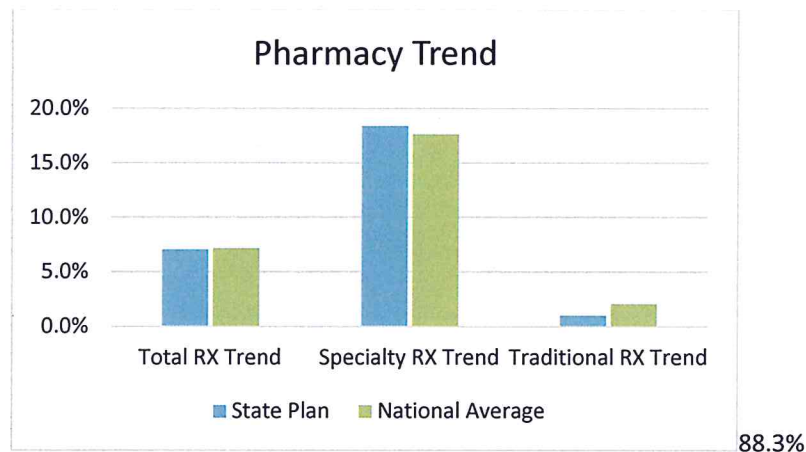


State of Montana Employee Group Benefit Plan – Pharmacy

- State Plan provides pharmacy benefits to 31,000 members.
- Pharmacy costs are 18% of our total Plan Spend, reaching \$35 million in 2016.
- 5-year trend shows annual average increase of 10.4% in total pharmacy costs, with 5.4% for traditional RX and 20.5% for specialty.
- By 2016 specialty drugs accounted for only 1% of the claims, but 43% of total costs.



- Plan performance tracks with the national averages over the 5-year time frame
- Generic usage is at 88.3%



- In 2017 HCBD changed Pharmacy Benefit Manager (PBM) to Navitus:
 - **Transparent, pass-through model.** The Plan pays the same amount for the drug as Navitus pays, and the Plan pays a separate administration fee. Under the previous PBM, the Plan paid administration fee AND a “spread”. A spread is a partial discount, where the PBM only passes a portion of the discount received to the Plan. Analysis indicates we will have potential savings of \$2 million a year.
 - **Drug Rebates.** Rebates are also transparent. The Plan receives the full rebate. Previous vendor contract put a “cap” on amount received by the Plan, and the vendor retained the balance. Analysis indicates we will have potential increase in rebates of \$1.3 million per year.

- **Employer Group Waiver Plan (EGWP).** For Medicare retirees, we implemented the EGWP plan, which is a Part D Medicare plan, but has a “wrap” of the State Group Plan. We can now access higher Pharma discounts and CMS reinsurance funding. Previous PBM supported only the CMS Retiree Drug Subsidy (RDS) and Plan received \$1.4 million per year. With EGWP, expected benefit is \$3.9 million per year.
- **Specialty RX.** The Plan moved to Lumicera Specialty provider, with additional programs for pharmacist interventions, case management and manufacturer programs.
- Plan utilizes **Drug Utilization Review** to identify potential clinical conflicts with medication, with real time alerts to the pharmacy.
- Plan incorporates **Retrospective Claims Review** to identify potential fraud, waste and abuse. In one case, fraud was verified for a facility charging over \$100,000 per month for one member’s drug, and the Plan saved well over \$1 million.
- Navitus manages the Plan **Formulary** to promote drug efficacy and cost control, with prior authorization requirements, step therapy programs and quantity limits. All formulary exceptions are handled through the pharmacy team at Navitus.
- **Lowest Net Cost.** The Plan manages to the lowest cost, effective drugs. A brand drug with a large rebate may not always be the lowest net cost.

The Plan continues to examine and implement cost containment strategies and address improved health outcomes. Current initiatives include:

Medication Therapy Management Program (MTM). HCBD will release RFP shortly for an MTM program coordinated with the University of Montana Pharmacy School, designed to help members achieve optimal clinical benefits from their medications, by adhering to a prescribed treatment plan, avoiding drug related problems, and monitoring member’s adherence. National statistics show medication Non-adherence causes nearly 125,000 deaths, 10% of hospitalizations and costs up to \$300 billion per year.

RX Disease Management. The Montana Health Centers currently facilitate an Asthma management program coordinated through DPHHS and the University of Montana Pharmacy School. HCBD is working with the Health Centers, DPHHS, University of Montana Pharmacy School and Navitus to identify other potential programs.

Greater Purchasing Power. By combining public entities purchasing power, we have the potential to benefit from lower pricing. The Montana University System joined the Navitus contract, and together we received favorable pricing. We will continue to look for similar opportunities.

Enterprise Solutions. DPHHS and HCBD are working together to analyze for RX program for potential cost savings. Currently analyzing 6 months Medicaid de-identified claims data.

Manufacturer Coupon Programs. Currently working with Navitus to maximize coupon program payments to members and the Plan.

**State of Montana Employee Group Benefit Plan – Pharmacy
January – June 2017 RX summary**

1) Top Ten Drugs by Total Cost

<i>Drug</i>	<i>Possible Usage</i>	<i># Plan Members</i>	<i>Jan-Jun 2017 Cost</i>
HUMIRA	Rheumatoid Arthritis	89	\$ 2,526,119
ENBREL	Rheumatoid Arthritis; Psoriasis	52	\$ 1,214,181
COPAXONE	Multiple Sclerosis	30	\$ 968,674
NOVOLOG	Diabetes	292	\$ 646,679
HARVONI	Chronic Hepatitis C	8	\$ 585,322
ADVAIR	Asthma	522	\$ 654,149
LANTUS	Diabetes	287	\$ 548,261
VICTOZA	Diabetes	147	\$ 475,249
AUBAGIO	Multiple Sclerosis	9	\$ 346,235
GILENYA	Multiple Sclerosis	8	\$ 340,383

2) Top Ten Drugs by Script Count

<i>Drug</i>	<i>Possible Usage</i>	<i># Scripts</i>	<i>Jan-Jun 2017 Cost</i>
LISINOPRIL	Blood Pressure	6,125	\$ 40,521
ATORVASTATIN CALCIUM	Elevated Cholesterol	4,710	\$ 60,496
OMEPRAZOLE	GERD and Ulcers	4,509	\$ 50,516
LEVOTHYROXINE SODIUM	Thyroid Deficiency	4,458	\$ 87,347
SIMVASTATIN	Elevated Cholesterol	4,198	\$ 34,135
HYDROCODONE/ACETAMINOPHEN	Pain Relief	3,647	\$ 42,833
AMLODIPINE BESYLATE	Blood Pressure	3,410	\$ 24,565
LOSARTAN POTASSIUM	Blood Pressure	3,261	\$ 26,355
HYDROCHLOROTHIAZIDE	Blood Pressure; Edema	3,038	\$ 13,395
METFORMIN HCL	Diabetes	2,912	\$ 22,861

- 3) Provider administered drugs.** Provider administered drugs managed through medical TPA, Allegiance. When cumulative costs exceed \$15,000, case manager steps in to analyze costs, dosage, etc. 2016 costs were \$6 million. Currently analyzing Reference Based Pricing impacts, as reimbursement is now Medicare Plus, not Price less Discount.

OTHER EXAMPLES:

<i>Drug</i>	<i>Condition</i>	<i>Cost per month per patient</i>	<i>Management</i>
Adynobate	Hemophilia (Type A)	\$ 71,000	Case Management negotiated with University of Colorado Hemophilia Center for lowest possible cost.
Epclusa	Hepatitis C	\$ 24,000	Navitus drug manufacturer contracting and rebates. Prior authorization required.
Gammunex C	Neurological and immune system disorders	\$ 14,500	Case Management worked with member and independent medical reviewers to change vendor, saving \$2000 per month

