



**Pharmacy initiatives** address  
pharmacy trends for **Blues customers**



Today's trend reports show pharmacy benefit costs are moderating, but are projected to increase in 2008 and 2009 because of fewer generic drug releases and higher spending on specialty drugs. According to the FDA and other sources, more than 80 percent of drug trends over the next few years (i.e., cost increases) will be driven by drugs in the cardiovascular, central nervous system, gastrointestinal and endocrine/diabetes categories. Earlier forecasts for some of the categories include:

- In 2006, medications to treat diabetes experienced a 15.5 percent growth and are expected to continue to grow at double-digit rates for the next four years.
- Spending on specialty medications — high-cost, often injectable drugs — is experiencing the fastest growth rate and is expected to reach \$99 billion by 2010.<sup>1</sup>

For businesses, these drug categories have had very high usage, and with a number of promising, yet high-cost drugs on the horizon for the next 12 to 24 months, businesses could see pharmacy costs pushed even higher due to member demand generated by heavy marketing from drug manufacturers.

In 2007, the Blues are implementing several new initiatives that will enhance our ability to deliver a clinically sound, well-administered and cost-effective pharmacy product.

The Blues expect these new initiatives to save our customers and members more than \$70 million during the first year and more than \$235 million over the first three years.

### Highlights of the pharmacy initiatives

Consistent with industry standards and used by many pharmacy benefit managers, these initiatives enhance our current prescription drug plan and are designed to help you manage rising costs while delivering a level of safety and quality members expect from the Blues.

<sup>1</sup> Pipeline Predictions for Plan Sponsors, Pharmacy, Benefit Inside, [rxsolutions.com](http://rxsolutions.com).

## Here's an overview of these pharmacy initiatives:

• Initiative •	• How the Initiative Works •
<p><b>Member Education Therapeutic Interchange</b> — A member-directed initiative that educates members about generic drugs and over-the-counter equivalents of expensive brand-name drugs</p>	
<p><b>Important:</b> The physician must write a prescription for BCBSM to cover the OTC drug and have the member pay a generic copay.</p> <p><b>Added value:</b></p> <ul style="list-style-type: none"> <li>• Lowers members' out-of-pocket copays</li> <li>• Members learn about less costly generics and OTC alternatives to expensive brand-name drugs</li> <li>• Reduced benefit costs</li> </ul>	<ul style="list-style-type: none"> <li>• When a drug is part of this initiative, BCBSM encourages members to switch to a <b>lower-cost alternative or OTC medicine</b> by offering an incentive to cover <b>their generic copay when they switch</b>.</li> <li>• BCBSM is targeting expensive brand-name drugs that have lower-cost generics, OTC alternatives or other brand-name drugs with the <b>same effectiveness</b>.</li> <li>• The first drug BCBSM is targeting is Nexium®: <ul style="list-style-type: none"> <li>– BCBSM has about 100,000 members using Nexium.</li> <li>– Nexium accounts for 37 percent of BCBSM's book of business, totaling \$82 million in 2006.</li> <li>– A month's supply of Nexium is approximately \$140, while Prilosec OTC® is approximately \$24 and the alternative generic, Omeprazole, is \$38.</li> </ul> </li> <li>• Projected savings for the targeted drug Nexium if a member switches to: <ul style="list-style-type: none"> <li>– Prilosec OTC: <b>\$116 per month or \$1,392 annually per prescription</b>.</li> <li>– Generic alternative Omeprazole: <b>\$102 per month or \$1,224 annually per prescription</b></li> </ul> </li> <li>• The Blues expect this initiative to save <b>\$31.5 million</b> in the first year.</li> </ul>
<p><b>What this means to members</b></p>	
<ul style="list-style-type: none"> <li>• The first time a member fills a prescription for a target drug, BCBSM sends a letter to both the member and physician encouraging the prescribing of an OTC or generic alternative.</li> <li>• If the member switches, his or her first prescription is free (copay waived).</li> <li>• The member can continue receiving the higher brand-name drug for up to 90 days: <ul style="list-style-type: none"> <li>– After 90 days, the member's physician must provide evidence of medical necessity for the brand-name drug to be covered. Otherwise, the member pays the full cost of the brand-name drug.</li> </ul> </li> </ul>	
<p><b>Dose Optimization</b> — A physician-directed initiative encouraging a dosing regimen of once per day, instead of smaller doses throughout the day</p>	
<p><b>Added value:</b></p> <ul style="list-style-type: none"> <li>• May improve patient compliance leading to better medical outcomes</li> <li>• For some drugs, there is a potential cost savings of up to 50 percent</li> <li>• Reduces benefit costs</li> </ul>	<ul style="list-style-type: none"> <li>• When a drug is part of this initiative, BCBSM works with the member's physician to switch the member to single daily dose of the same drug.</li> <li>• Initial targeted drug classes are proton pump inhibitors (heartburn/GERD), statins (cholesterol lowering drugs), ARB inhibitors (high blood pressure) and antidepressants.</li> <li>• An example of the cost savings this initiative will generate: <p><b>Prescription:</b> 30-day supply of Crestor®</p> <ul style="list-style-type: none"> <li>– 10mg, 2 times a day, 30-day supply: <b>\$200</b></li> <li>– 20mg, 1 time per day, 30-day supply: <b>\$80</b></li> </ul> <p><b>Savings:</b> \$120 per month, \$1,440 annually per prescription</p> </li> <li>• The Blues expect this initiative to save customers <b>\$1.8 million</b> in the first year with a projected savings of <b>\$5.9 million</b> after three years.</li> </ul>
<p><b>What this means to members</b></p>	
<ul style="list-style-type: none"> <li>• The first time a member has a prescription filled for a target drug, BCBSM contacts the member's physician encouraging the physician to switch the member to a once-daily dosage of the same drug.</li> </ul>	

• Initiative •

• How the Initiative Works •

**Brand to Alternate Generic Interchange** — A physician-directed initiative that encourages the replacement of brand-name drugs with less costly generic alternatives

**Added value:**

- Lowers out-of-pocket copays for members
- Members learn about lower-cost generic alternatives to more expensive brand-name drugs
- Reduces benefit costs for groups

- When a drug is part of this initiative, BCBSM works with the member's physician to encourage a less costly generic alternative that is as equally effective to the brand-name drug.
- For some prescriptions this is a **voluntary** initiative and the member can switch back to the brand-name drug.
- A copay waiver **is not offered** with this initiative.
- Initial targeted drug classes are proton pump inhibitors (heartburn/GERD), statins (cholesterol lowering drugs), ARB inhibitors (high blood pressure) and antidepressants.
- An example of the savings this initiative will generate:
  - Cost of Prevacid®: \$112 per month
  - Cost of generic alternative Omeprazole: \$38

**Savings to the group:** \$74 per month or \$888 annually per prescription
- The Blues expect this initiative to save **\$5.7 million** in the first year with a projected savings of **18.5 million** after three years.

**What this means to members**

- The first time a member has a prescription filled for a target drug, BCBSM contacts the member's physician encouraging the physician to switch the member to a less-costly generic alternative.
- The member will only receive a letter if the physician agrees to change the prescription.
- For some prescriptions, this is a **voluntary initiative** and members do not have to have medical necessity to remain on the brand-name drug and can choose to switch back to the brand-name drugs at any time.

**Generic Copay Waiver** — A one-time copay waiver offered when members switch to the generic equivalent of a multisource brand drug or single-source brand drug

**Added value:**

- Lowers out-of-pocket copays for members
- Members learn about lower-cost alternative generics to more expensive brand-name drugs
- Reduces benefit costs for groups

- This initiative targets multisource brand drugs that have a generic equivalent already on the market and encourages members to switch to the generic by offering a copay waiver on **a one-month supply of the generic drug.**
- This initiative also targets single-source brand drugs that do not have a generic, but have a therapeutic equivalent. (For example: Lipitor® does not have a generic equivalent, but there are therapeutic equivalents.)
- Members receive prescriptions **with the same effectiveness of the higher-cost drug and benefit from lower copays.**
- An example of the savings this initiative will generate:
  - Cost of Lipitor: \$110 per month or \$1,320 annually per prescription
  - Cost of generic Simvastatin: \$6 per month or \$72 annually

**Savings:** \$104 per month or \$1,248 annually per prescription
- The Blues expect this initiative to save **\$5.2 million** in the first year with a projected savings of **\$16.7 million** after three years.

**What this means to members**

- The first time a member has a prescription filled for a target drug, BCBSM sends a letter to the member to have a discussion with a physician about switching to a generic alternative.
- If the member switches, the first prescription is free because the copay is waived.

• Initiative •

• How the Initiative Works •

**Brand to Brand Therapeutic Interchange** — A physician-directed initiative designed to encourage the replacement of targeted high-cost drugs with lower-cost branded drugs equal in strength and efficiency


**Added value:**

- Lowers out-of-pocket costs for members with percent copays and triple-tier benefit plans
- Members learn about lower-cost equivalents to more expensive brand name drugs
- Reduces benefit costs for groups


- This initiative targets high-cost brand drugs that have many lower-cost therapeutic equivalents within a therapeutic class (i.e., migraine, high blood pressure).
- Members receive prescriptions **with the same effectiveness and benefit from lower copays.**
- Targeted drugs under consideration for this initiative include:

**Higher-cost drug**

**Lower-cost drug**

Axert®  Zomig®  
(migraine headaches)

Avapro®  Benicar®  
(high blood pressure)

Teveten®  Benicar®  
(high blood pressure)

- The Blues expect this initiative to save \$12 million in the first year with a projected savings of \$39 million after three years.

**What this means to members**

- The first time a member has a prescription filled for a target drug, BCBSM will contact the member's physician encouraging the physician to switch the member to a less-costly brand within the therapeutic class.
- The member will only receive a letter if the physician agrees to change the prescription.

**Quantity Limits** — Initiative that aligns dispensing of targeted drugs in quantities consistent with FDA-approved labeling or published clinical criteria for the drugs

**Added value:**

- Helps ensure patient is using medication appropriately
- Reinforces appropriate use and recommended guidelines

- This initiative targets drugs in the following therapeutic drug classes:
    - Topical estrogen
    - Erectile dysfunction drugs
    - Anti-migraine drugs
    - Osteoporosis drugs
    - Testosterone replacement drugs
  - Initiative limits quantities of prescription drugs to the manufacturer-recommended dosing guidelines.
  - Quantity limits will be a predetermined number of doses per one-month or 90-day supply.
  - An example of the savings this initiative will generate:
    - Recommended dispensing limit for Viagra: 12 tablets at a cost of \$120
    - Prescription written for 20 tablets at a cost of \$240
- Savings:** \$120 per month or \$1,440 per year
- The Blues expect this initiative to save **\$10 million** in the first year with a projected savings of **\$21.5 million** after three years.

• Initiative •	• How the Initiative Works •
	<p style="text-align: center;"><b>What this means to members</b></p> <ul style="list-style-type: none"> <li>When the member goes to have the prescription filled, it will be filled only up to the quantity limit.</li> <li>For quantities greater than the quantity limit, the member must have evidence of medical necessity: <ul style="list-style-type: none"> <li>If there is no medically necessity, BCBSM will cover the prescription only up to the quantity limit, and the patient is responsible for the cost of the additional drug quantities.</li> </ul> </li> </ul>
<p><b>Exclude Off-Label Coverage</b> — Initiative that requires medical necessity for drugs prescribed for uses other than those approved by the FDA</p>	
<p><b>Added value:</b></p> <ul style="list-style-type: none"> <li>Ensures patient is using medication appropriately and safely</li> <li>Reinforces appropriate use and recommended FDA guidelines</li> <li>Reduces benefit costs for groups</li> </ul>	<ul style="list-style-type: none"> <li>Targets drugs prescribed for uses for which they are not intended, such as growth hormone drugs for anti-aging purposes.</li> <li>Specific physicians or specialties may be exempt from need to prove medical necessity (i.e., pediatric endocrinologist for growth hormone).</li> </ul>
	<p style="text-align: center;"><b>What this means to members</b></p>
	<ul style="list-style-type: none"> <li>If the prescription is for other than what is recommended by the FDA, the member will be responsible for the cost of the prescription.</li> </ul>
<p><b>High Utilization Management &amp; Polypharmacy</b> — Physician-directed program to identify and monitor potential misuses and excessive use of prescription drugs</p>	
<p><b>Added value:</b></p> <ul style="list-style-type: none"> <li>Helps ensure patient is using medication appropriately and safely</li> <li>Designed to prevent adverse drug reactions by alerting a patient's physician of dangerous situations</li> </ul>	<ul style="list-style-type: none"> <li>Targets situations where a patient is taking multiple medications that can become dangerous when: <ul style="list-style-type: none"> <li>Multiple prescribers are involved</li> <li>One medication effects another drug</li> <li>Prescriptions are borrowed or hoarded</li> </ul> </li> <li>Under this initiative, the Blues will also concentrate on: <ul style="list-style-type: none"> <li>Potential misuses and excessive use of prescription drugs by poorly coordinated care</li> </ul> </li> <li>Narcotic fraud and abuse <p>When a patient meets the following criteria, BCBSM will send a letter to the patient's primary care physician or the last physician to write a prescription:</p> <ul style="list-style-type: none"> <li>More that 10 chronic medications.</li> <li>Seeing three or more physicians within a three-month period.</li> </ul> <p>The member will not be notified.</p> </li> <li>The Blues expect this initiative to save <b>\$15 million</b> in the first year with a projected cost savings after three years of <b>\$48.5 million</b>.</li> </ul>
	<p style="text-align: center;"><b>What this means to members</b></p>
	<ul style="list-style-type: none"> <li>This is a <b>quality</b> initiative that will be transparent to the member unless his or her physician recommends a change.</li> </ul>

• Initiative •	• How the Initiative Works •
Expanding Aggressive Maximum Allowable Cost — Program to add more drugs to the MAC list.	
<b>Added value:</b> <ul style="list-style-type: none"> <li>Benefit cost saving to the groups</li> </ul>	<ul style="list-style-type: none"> <li>Expands our existing MAC pricing list</li> <li>The Blues expect this initiative to save <b>\$13 million</b> in the first year.</li> </ul>
<b>What this means to members</b>	
<ul style="list-style-type: none"> <li>This is transparent to members except if they choose a brand-name drug in which they would be responsible for the difference between the MAC drug and the brand-name drug.</li> </ul>	





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