

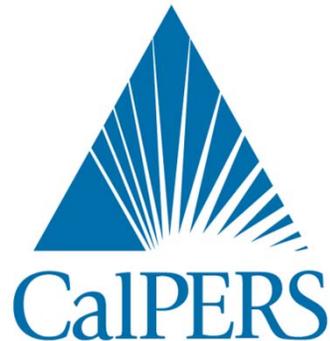
Potential Prescription Drug Plan Changes for 2015

Pension and Health Benefits Committee

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CVS Caremark High Performance Generic Step Therapy Background

- High Performance Generic Step Therapy (HPGST) and other Generic Step Therapy Program options were developed in response to market demand for generic first strategy
- Step therapy protocols were developed for therapeutic classes in which most drugs are considered therapeutically equivalent (similar safety and efficacy)
- Specific targeted drug classes and drugs that are included in HPGST go through a thorough clinical review by a CVSC internal Formulary Review Committee (FRC). The supporting criteria is also reviewed by an external clinical advisory board.
 - FRC consists of CVSC physicians and pharmacists
 - External clinical advisory board consists of non-CVSC physician and pharmacist specialists who review drugs/criteria
- Developed in 2009. Utilized by 291 clients and 4.41M lives enrolled



CVS Caremark High Performance Generic Step Therapy Historical Experience

1. Therapy Conversion for members on targeted drugs
 - Those converted to generic based on letters 27.2%
 - Those who met criteria (tried generic, received PA) 36.8%
 - Those rejected at pharmacy & switched to alternative 33.2%
 - Those rejected at pharmacy and walkaway 2.8%

2. Medical Necessity Clinical Review
 - Of those who request medical necessity clinical review, 99% are complete in less than one day.
 - Of those who request an exception, the approval rate is currently at 68%



Outcomes of Generic Step Therapy Program - Pharmacy Benefit Management Institute (PBMI) Study*

- As reported in the December 17, 2013, PHBC Meeting by the PBMI speaker

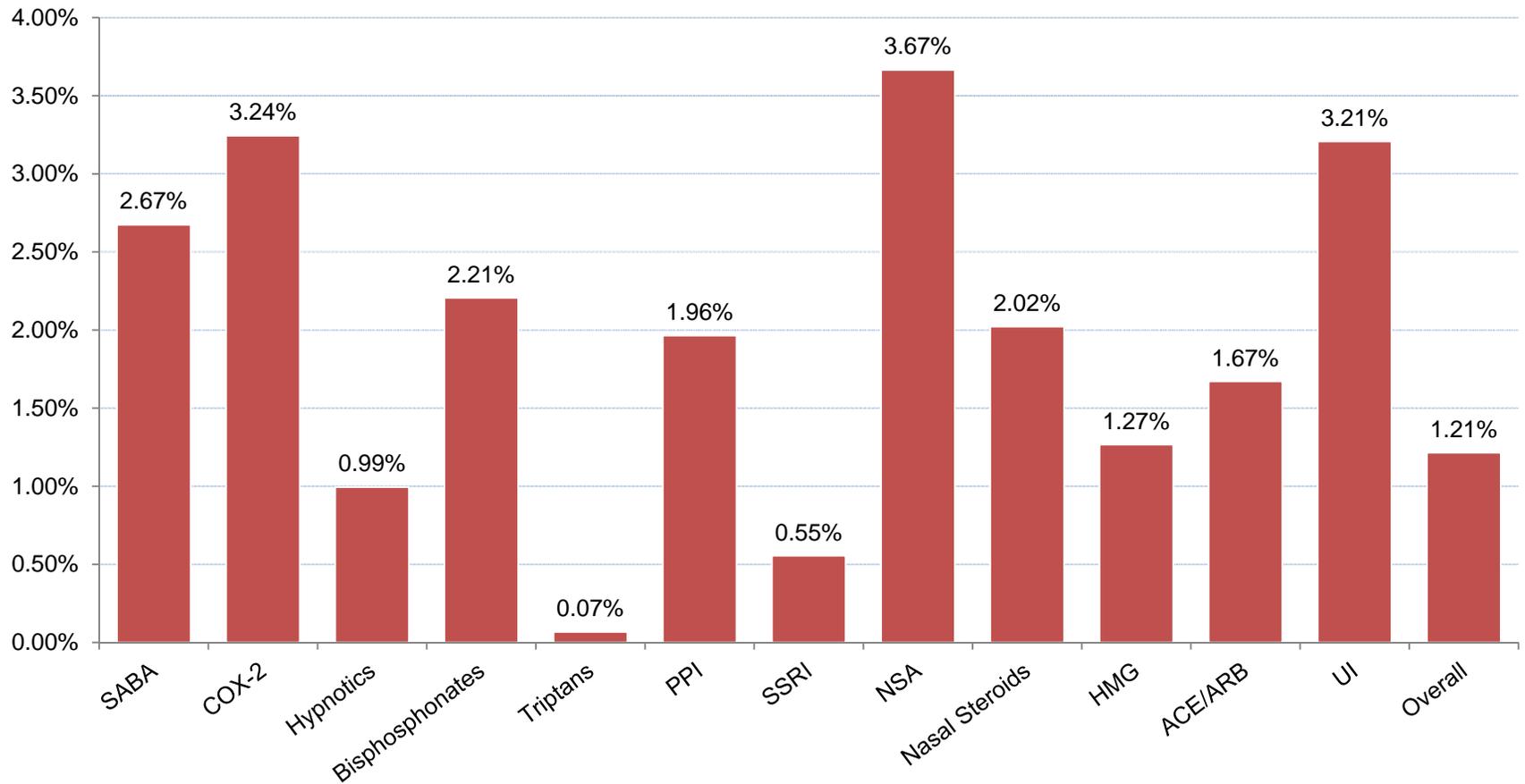
Drug Class	Financial	Clinical
Antidepressants	Increased GFR Financial savings	No effect on long-term adherence
Antihypertensives	Increased GFR Financial savings	No effect on long-term adherence
Antipsychotics (Medicaid populations)	No savings found	Mixed evidence on adherence and outcomes
NSAIDs	Increased GFR Financial savings	No effect on other medical expenditures
PPIs/H2s	Increased GFR Financial savings	No effect on other medical expenditures

*2013 PBMI data



Outcomes of HPGST – CVS Caremark

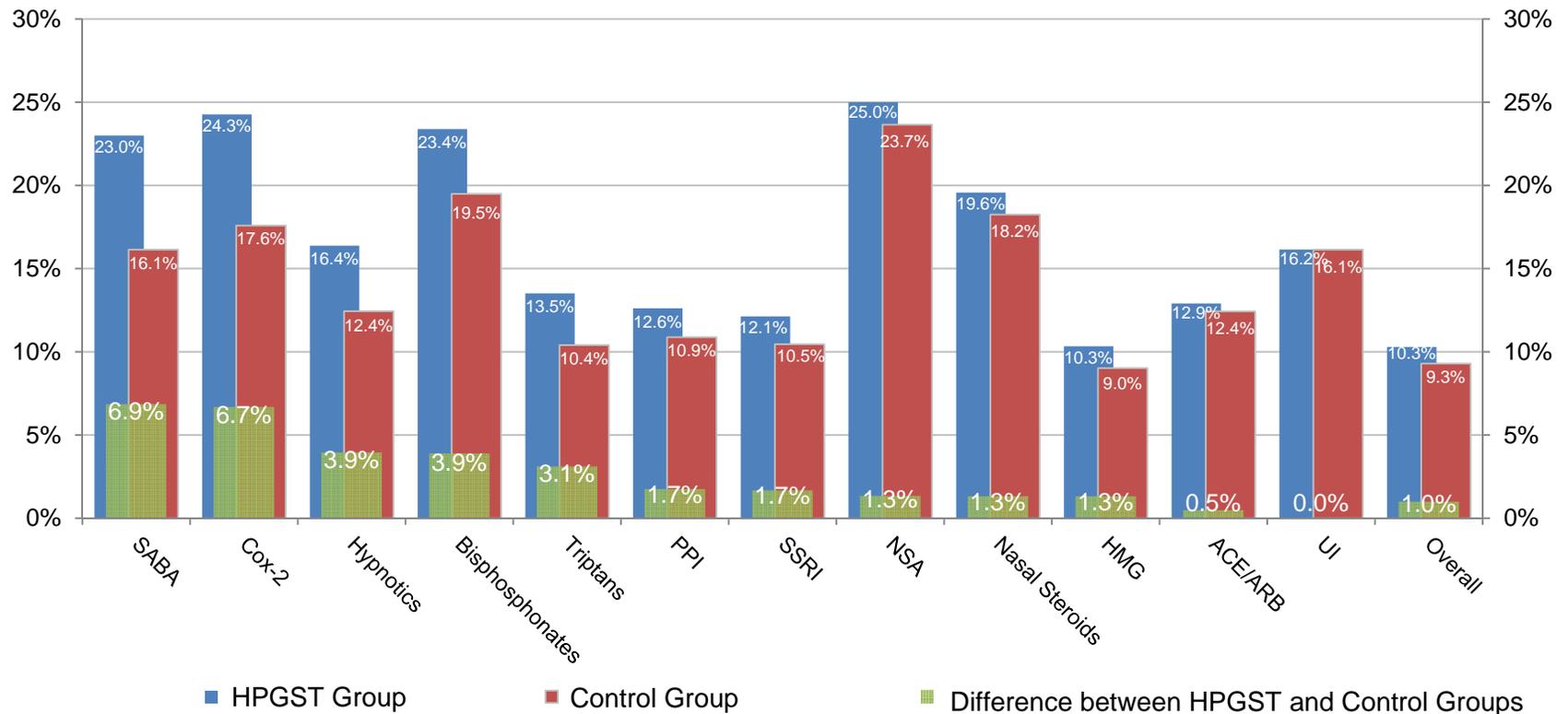
1. HPGST resulted in improved Medication Possession Ratio (an adherence measure) in 12 drug classes





Outcomes of HPGST – CVS Caremark (continued)

2. HPGST resulted in zero to 6.9 percentage points difference in therapy discontinuation rate between HPGST and Control group in 12 drug classes



Therapeutic discontinuation compared between HPGST group (blue bars) and Control (red bars). Green bars present the difference in the discontinuation rate between groups.



Outcomes of HPGST – CVS Caremark (continued)

3. Post Reject Communication (PRC)

- PRC provides a follow-up communication to the member and prescriber when a drug is rejected at retail and no subsequent claim is filled within 72 hours.
- Impact of PRC:
 - Decreased walkways by 33%
 - Doubled the numbers of members who complied with their plan design by filling a generic or preferred alternative.



Member Value

- Reduce Pharmacy Cost

For example:

	Monthly Savings	Annual Savings
Conversion from Preferred Brand to Generic	\$15	\$180
Conversion from Non-Preferred Brand to Generic	\$45	\$540

- Awareness of cost effective alternatives
- Better engagement with prescribers
- Improvement of adherence



HPGST vs. Targeted Brand Fourth Tier

HPGST

Targeted 4th Tier

CVS Caremark/CalPERS Customized Program

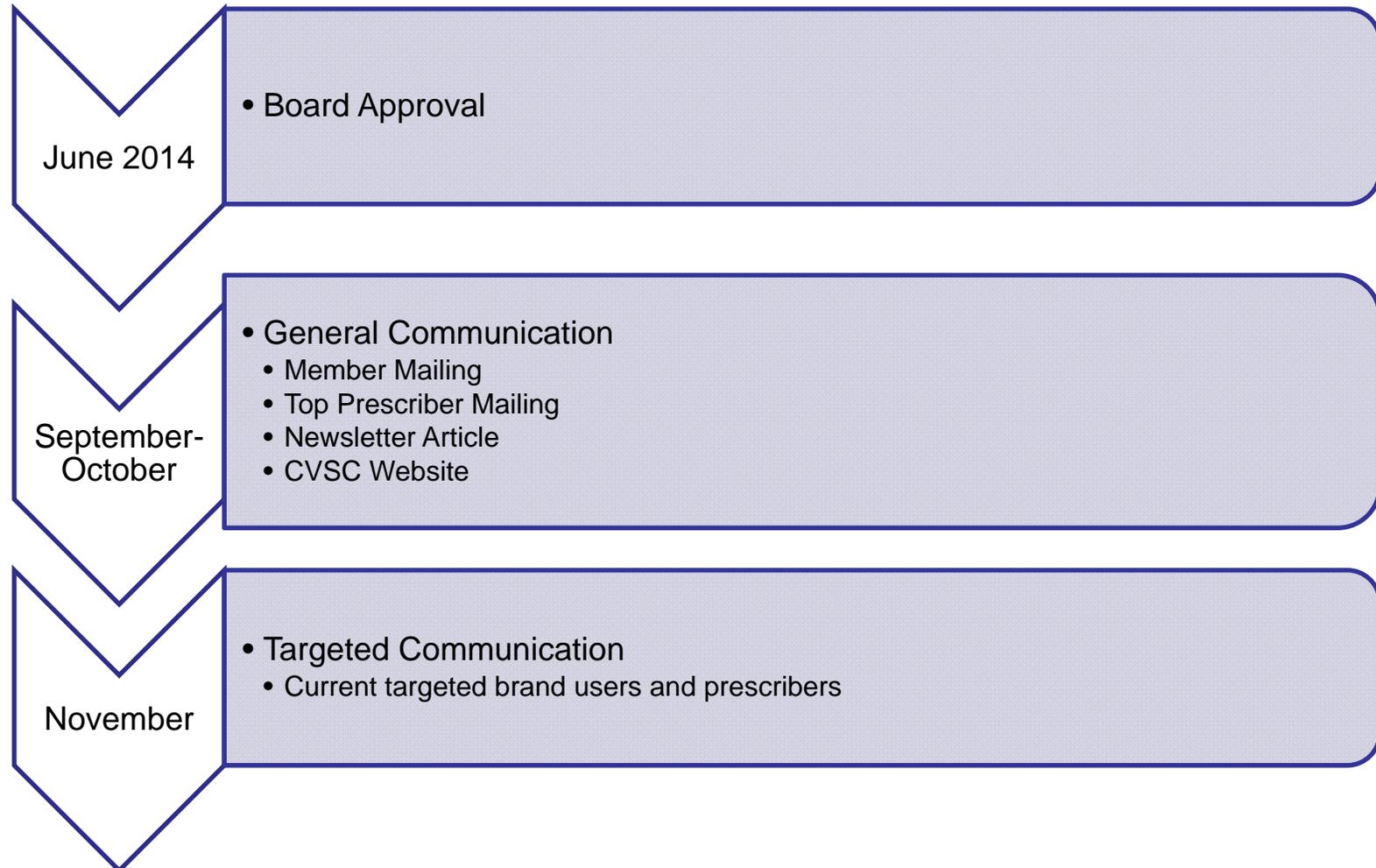
- **Generic alternative trial required**
- **Point of Sale experience: Proactively guides member to generic alternative**
- **Applicable generic or brand copay if current criteria was met**

CalPERS Customized Program

- **Drug Classes**
- **Number of members impacted**
- **Medical Necessity Clinical exception**
- **Generic alternative trial not required**
- **Post of Sale experience: Member lacks guidance to generic alternative**
- **Higher Fourth Tier Copay**



Proposed Pre-Implementation Communication





Proposed Post-Implementation Communication

