



PBM Webinar Series

# Contract Innovations

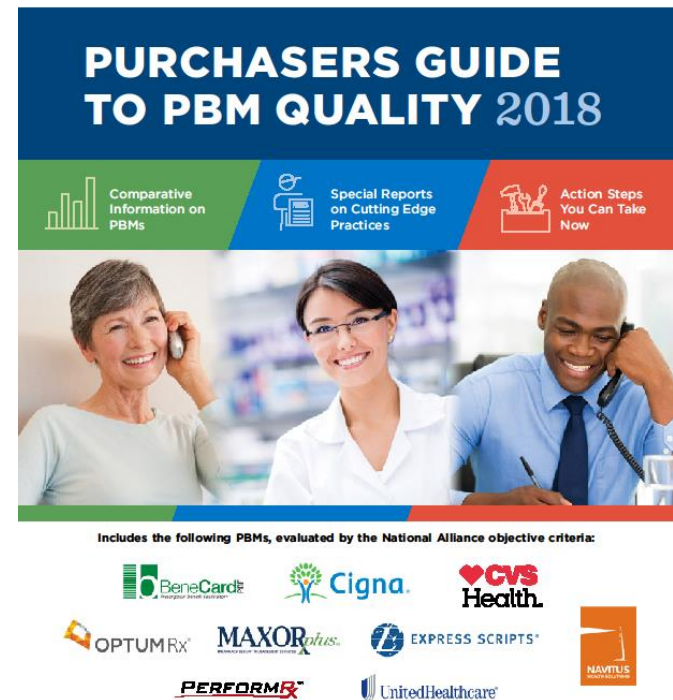
February 21, 2019 | 2:00 PM ET



# About the National Alliance PBM Assessment Tool

The PBM Assessment Tool is drawn from a subset of eValue8, an evidence-based tool that measures and evaluates pharmacy benefits and health plan performance. It asks probing questions about how PBMs manage critical processes that control costs and improve the health of an employer's population.

Through the results of the tool, plans learn what they need to do to align their strategies with purchaser expectations to maximize the value of the health care investment. This tool is a transformational resource to help National Alliance member coalitions lead in improving health and value of health care services in their communities by advancing value-based purchasing.



# Speakers



**Mike Stull**  
Chief Marketing Officer  
Employers Health



**Travis Baugh, PharmD.**  
Vice President, Clinical  
Initiatives  
Maxor Plus



**Michael Sullivan, PharmD, MBA**  
Vice President, Producer Relations  
Cigna Pharmacy Management

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# Biosimilars

**Travis T. Baughn, PharmD**  
Vice President, Clinical Initiatives

February 21, 2019



# Biosimilar 101

- Biosimilars are biological products
- **Highly similar** to reference product
- **No clinical differences** to reference product
  - Safety and efficacy
- **Interchangeability**
  - Biosimilars may or may not be interchangeable

## Benefits of Biosimilars

**Lower Cost of  
Development**

**Increased  
Competition**

Biosimilar	Reference Product	Date Approved
Ontruzant (trastuzumab-dttb)	Herceptin	January 2019
Herzuma (trastuzumab-pkrb)	Herceptin	December 2018
Truxima (rituximab-abbs)	Rituxan	November 2018
Udenyca (pegfilgrastim-cbqv)	Neulasta	November 2018
Hyrimoz (adalimumab-adaz)	Humira	October 2018
Nivestym (filgrastim-aafi)	Neupogen	July 2018
Fulphila (pegfilgrastim-jmdb)	Neulasta	June 2018
Retacrit (epoetin alfa-epbx)	Epogen/Procrit	May 2018
Ixifi (infliximab-qbtx)	Remicade	December 2017
Ogivri (trastuzumab-dkst)	Herceptin	December 2017
Mvasi (bevacizumab-awwb)	Avastin	September 2017
Cyltezo (adalimumab-adbm)	Humira	August 2017
Renflexis (infliximab-abda)	Remicade	May 2017
Amjevita (adalimumab -atto)	Humira	September 2016
Erelzi (etanercept-szsz)	Enbrel	August 2016
Inflectra (infliximab-dyyb)	Remicade	April 2016
Zarxio (filgrastim-sndz)	Neupogen	March 2015

## Biosimilar Landscape

- First FDA approved Biosimilar in 2015, Zarxio
- There are currently **17 FDA approved biosimilars**
- Patent Litigation Impact

# So... What are the Complications?



## **Education/Naming Conventions**

Biosimilars do not follow typical generic “naming”



## **“Skinny Labels”**

Specific indication-based FDA approvals



## **Increasing Patent Litigation**

Manufacturers are not launching “at risk”



## **Interchangeability**

Lack of interchangeable biosimilars

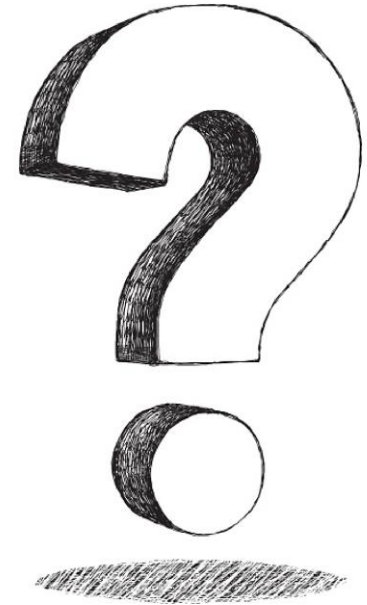
# Industry Impact of Biosimilars

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# Challenges of Biosimilars

- **Prescriber/Pharmacist/Patient education**
- **Understanding the cost**
- **The affect of patent litigation**
- **Substitution laws/interchangeability**
- **Cost/Contracting/Rebates**



**Education is the Key.**

# Biosimilar Impact on Healthcare

- **Introduced in EU/other countries over 10 years ago**
  - Biosimilars can approach > 50-60% discount
- **Currently in the US, biosimilar impact is minimal**
  - Biosimilars are currently 15-20% discounted

**How can we get the United States biosimilar market up to speed with the rest of the world?**

# Biosimilar Formulary Decision-Making

## Option 1

### Prefer Biosimilar

- Place biosimilar on **preferred tier**
- Place reference product on **non-preferred/specialty tier**

#### Pros

- More affordable option for members
- Increased product choice

#### Cons

- Utilization may not be driven to the biosimilar product

## Option 2

### Require Biosimilar

- Place biosimilar on **formulary**
- Place reference product **off formulary**

#### Pros

- Increased use of biosimilar

#### Cons

- Greater OOP costs for member

## Next Steps/Summary of Biosimilars

- **Education, education, education!!!!**
- **FDA encouraging and supporting clinical studies for biosimilar medications**
- **Approval of more biosimilars to increase competition and lower costs**
- **Effective formulary management**

# Thank You

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**Travis T. Baughn, PharmD**  
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# Discussion



**Mike Stull**  
Chief Marketing Officer  
Employers Health



**Travis Baugh, PharmD.**  
Vice President, Clinical  
Initiatives  
Maxor Plus



## Pharmacy Benefits

Cigna's Low Net Drug Cost Approach

Together,

Offered by: Cigna Health and Life Insurance Company or its affiliates.



# Our discussion today

- What our clients are telling us
- Cigna's low-net drug cost formulary management
- Integration influences formulary and utilization mgmt
- Specialty pharmacy formulary management
  - Inflammatory class example
- Questions

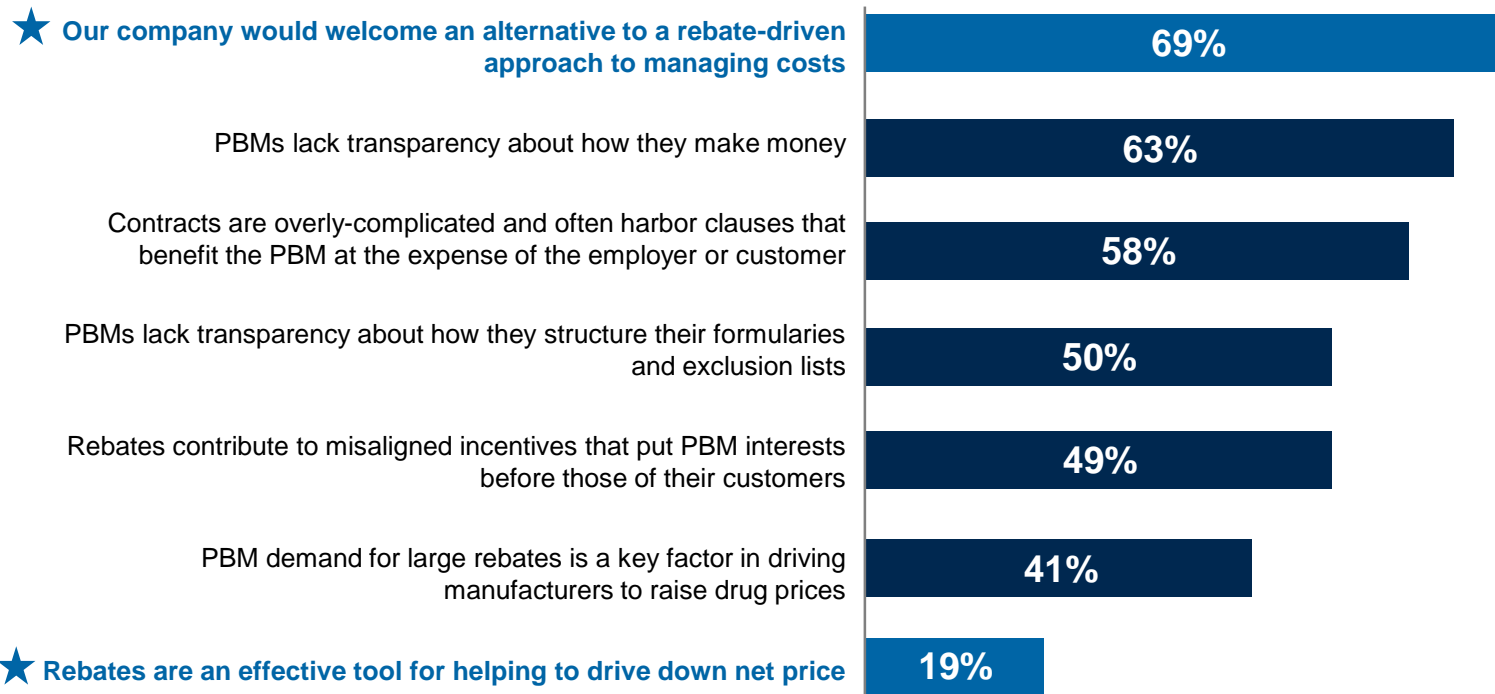


**Michael Sullivan, PharmD, MBA**  
**Vice President,**  
**Producer Relations**  
**Cigna Pharmacy Management®**



# Complexity, transparency and rebates – themes of employer discontent

## Percentage of respondents who strongly agree with the following statements



Study by  
Benfield –  
Division of  
Gallagher  
Benefit  
Services



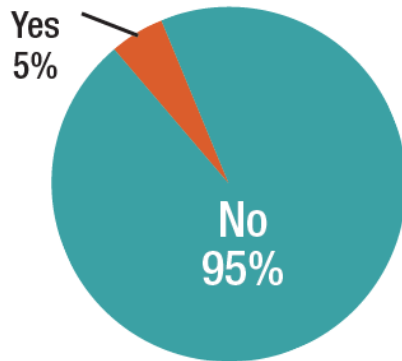
Responses on the 1-7 Likert scale are categorized by researchers as: 1-2=Strongly Disagree, 3-5=Neutral and 6-7=Strongly Agree

Benfield, a division of Gallagher Benefit Services, conducted employer research on the topic of pharmacy benefit management, conducted and published 2017.

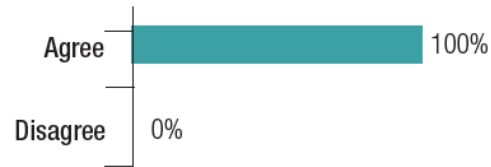
# Client's looking to us for change

## National Business Group on Health® Key Insights from 2018 Employers' Forum on Pharmacy Management

**Figure 5:** Are rebates an effective tool to drive down net cost?



**Figure 6:** Our company would welcome an alternative to the rebate-driven approach to managing costs.



National Business Group on Health, Employer Forum on Pharmacy Management, Key Insights report, October 2018.



# A different drug cost management approach

## Lowest net drug cost strategy

Clients can **significantly lower drug claims costs** by promoting alternatives over high-priced brands with rebates<sup>1</sup>

Our approach means **fewer financial surprises** for customers at point of service<sup>1</sup>

A new and different formulary strategy **may disrupt traditional PBM measurement tools**

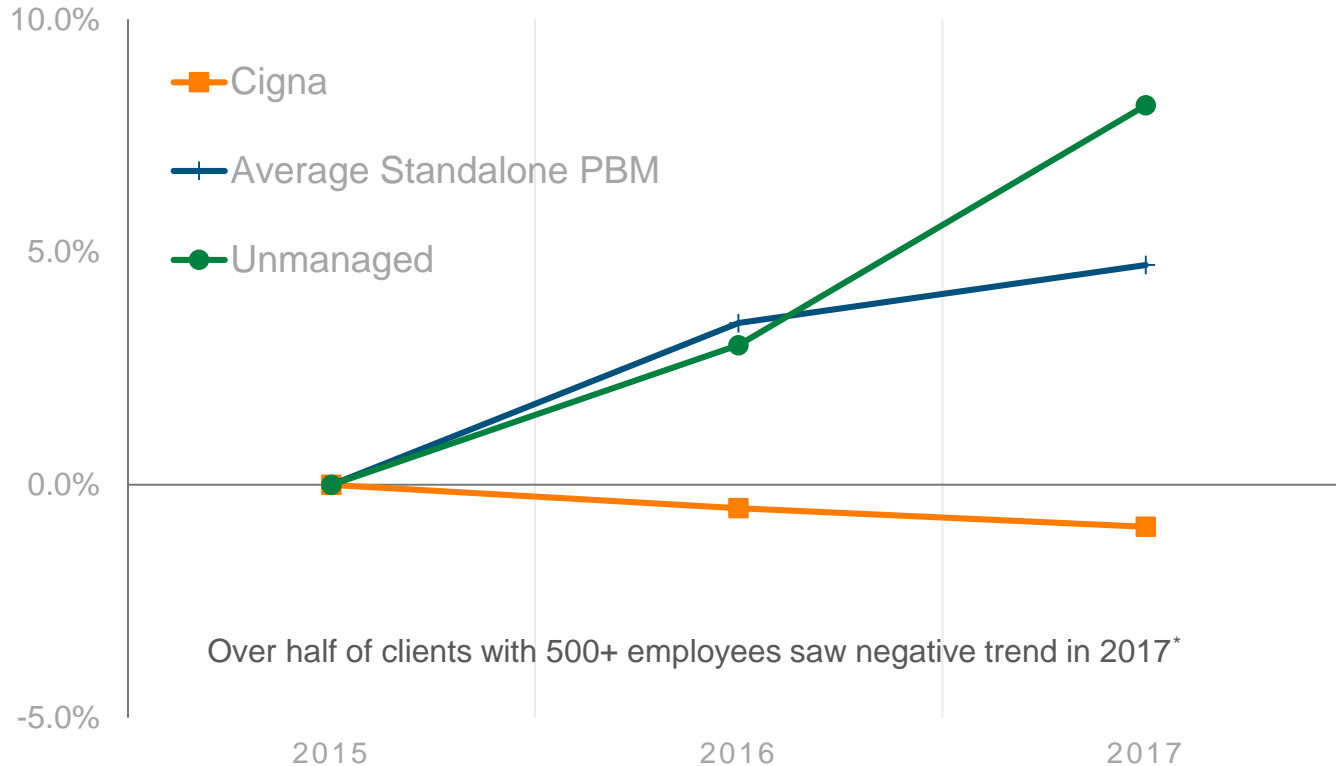
We manage drug lists for millions of customers **like it's our own risk and money** – because in many cases, it is

1. Cigna National Book of Business pricing analysis 2017 – for Cigna formularies that use low net drug cost approach. PMPY = Per Member Per Year



# A low net cost and connected care approach lowers trend

Cumulative trend from 2015 vs standalone PBMs\*



\*PBM trends are based on publicly available trend reports, released annually. Cigna results based on employer business with 500+ employees for the Standard and Value formularies.



# Formulary design.

Driving **low-net drug cost** formulary management.



- \$10,500/year – average new brand drug cost; doubled since 2014<sup>1</sup>
- Pharma pricing is misaligned
- 2/3+ approvals based on studies ≤6mo; median size 760 patients<sup>2</sup>

- Specially designed to beat rebates
- Remove egregiously priced low-value drugs
- Lowest cost clinically effective options
- Preferred brand specialty drugs under both medical and Rx benefit
- 180 day evaluation period

**12% savings<sup>3</sup>**

**\$47 PMPY savings<sup>4</sup>**

**Are you paying too much?**

Removed from formulary	Cost per branded script <sup>5</sup>	Cost of alternative <sup>5</sup>
EpiPen®	\$630	<b>\$168</b>
PENNSAID®	\$2,482	<b>\$14</b>

1. Cigna Pharmacy Management national analysis full-year 2017. 2. New England Journal of Medicine. 2015; Issue: 372:2473–2475. 3. Savings from 2016 – 2018 Q2 for formularies that use low net drug cost approach, uses average client pricing inclusive of both ingredient cost and rebate improvements, excludes global business. 4. Cigna National Book of Business pricing analysis 2017 – for Cigna formularies that use low net drug cost approach. PMPY = Per Member Per Year. 5. Cigna National Book of Business pricing analysis, 2017. Drugs removed from Cigna Standard formulary. Actual costs may vary. Individual client/customer results will vary and are not guaranteed.



# Formulary design.

Seeing low net drug cost formulary **in action.**

Drugs removed from Cigna's formulary	Cost per branded Rx script <sup>1</sup>	Cost of alternative <sup>1</sup>
EpiPen® (Severe allergic reactions)	\$630	<b>\$168</b>
<b>PENNSAID®</b> (Anti-inflammatory for knee arthritis)	\$2,482	<b>\$14</b>
JUBLIA® (Toenail fungus)	\$815	<b>\$22</b>
VIMOVO® (Pain treatment)	\$2,144	<b>\$10</b>
Doxepin® (Pain treatment)	\$1,108	<b>\$215</b>

**A dose of reality**  
Are you paying too much?

Drug-maker branded rebates required to reach lowest net cost

**\$2,468** almost  
**95%** of drug cost<sup>1</sup>

**\$\$\$**  
**BRAND COST LESS**  
**REBATES**

**\$**  
**LOW-NET COST**  
**ALTERNATIVE**

1. Cigna National Book of Business pricing analysis, 2018. Drugs removed from Cigna Standard formulary. Actual costs may vary.



# Medical plan insights helps drive formulary strategy

Quicker access to coverage for heart failure drug, **Entresto**<sup>®</sup>

- Cigna conducted **real world evidence study** using pharmacy and medical claim data for customers using Entresto
- **Compared associated expense of hospitalization claims due to recorded heart failure** before and after treatment with Entresto
- Results<sup>1</sup>:
  - Reduction in hospitalizations
  - Corresponding net reduction in total medical cost for the client.
- Prior authorization (PA) assessment on Entresto determined vast majority of use was consistent with the PA criteria



Managing medical and pharmacy in a **connected benefit** is critical to developing a strategy that helps improve health outcomes and lower total medical cost.

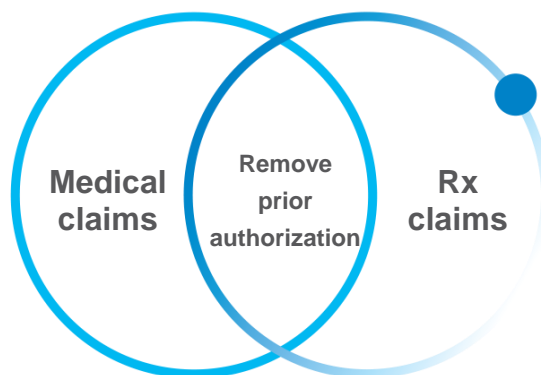
1. Cigna national book of business clinical study 2018.

# Cigna Rx Claim Connect.

Making important prior-authorizations **quick and easy.**

## Cigna Rx Claim Connect

Algorithm uses medical and Rx claims to remove prior authorization quickly



## Powerful results

> **52,000** customers avoid delays each month<sup>2</sup>

**0–1 days** vs. 7–10 days for those receiving prior-authorization at pharmacy<sup>2</sup>

**Next business day** provider follow-up

## Drug classes<sup>1</sup>

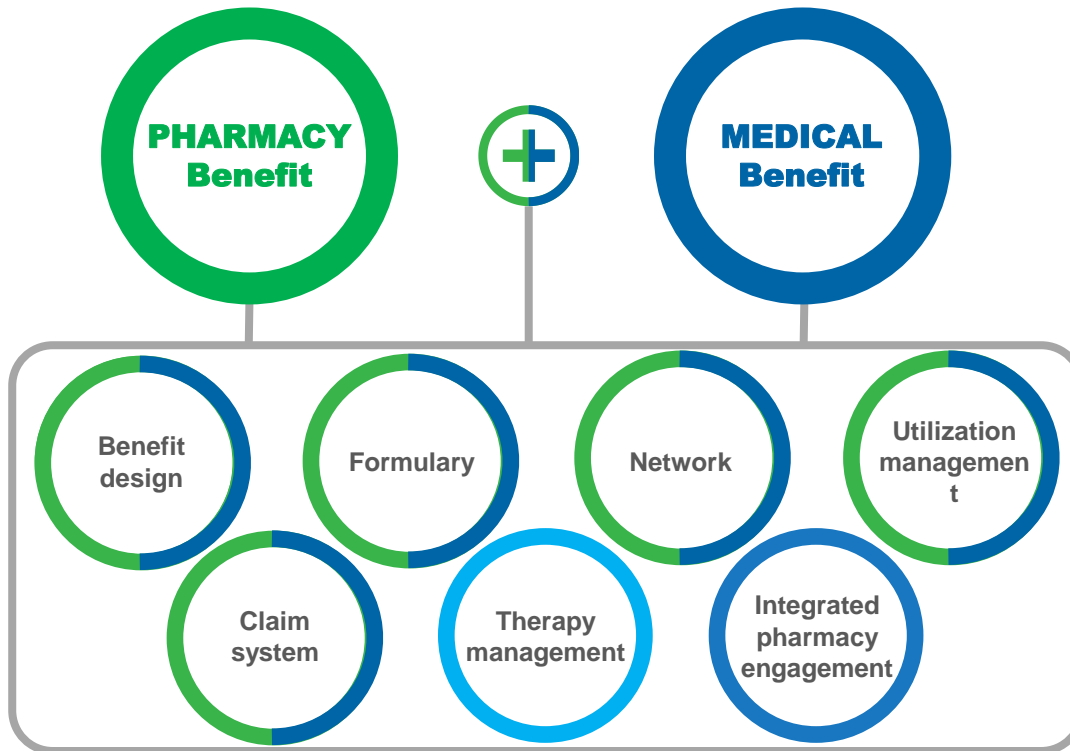
- Antibiotics
- Anti-inflammatory
- Antifungals
- Benign prostatic hyperplasia
- Diabetic foot ulcers
- Gastrointestinal agents
- Mucolytic agents
- Multiple sclerosis
- **Opioids (all)**
- Oncology
- Topical retinoid

We tightly manage opioid coverage, but also remove prior-authorization for cancer, sickle cell and hospice care.

1. Administered on select drugs/drug classes. 2. Based on most recent results of program reported January 2018.



# Strategies to manage SPECIALTY spend across both benefits – drive savings.



## Connection points

### Formulary management

- Preferring drugs across benefits (e.g., inflammatory class)
- Therapeutic class strategy and value-based contracts

### Network management

Oversight of retail, mail and medical channel networks to achieve optimal pricing (e.g., inflammatory class)

### Utilization management

- Site of administration insight/guidance

### Cigna Rx Claims Connect

Using medical data to avert a prior authorization (PA) at point of service – faster access to optimal therapy

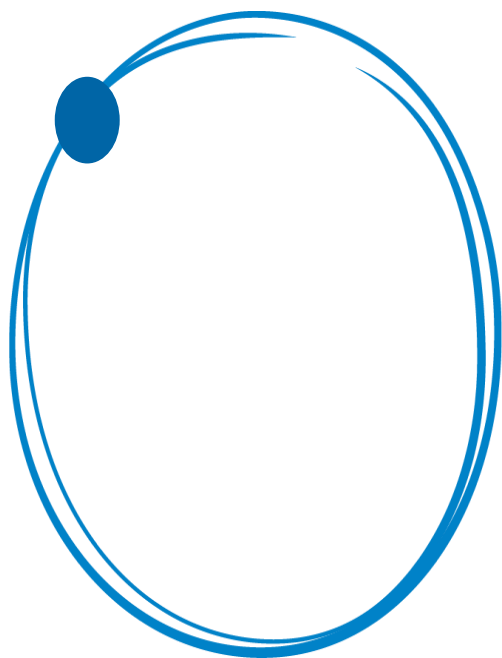
## Inflammatory class strategy

Maintained flat net cost per script despite 9% inflation in the class

January - September 2017 Net Cost Per Script	January - September 2018 Net Cost Per Script	2018 Net Cost Change
Pharmacy		
<b>\$4,709</b>	<b>\$4,817</b>	<b>2.3%</b>
Medical		
<b>\$6,976</b>	<b>\$6,225</b>	<b>-10.8%</b>
Combined		
<b>\$5,060</b>	<b>\$5,045</b>	<b>-0.3%</b>

Results based on Cigna national pricing analysis February 2019 for the Standard and Value formularies. Combined view assumes equivalence of pharmacy scripts and medical visits. Actual results may vary.





# Questions

Product availability may vary depending on location and plan type and is subject to change. All group insurance policies and group benefit plans contain exclusions and limitations. For costs and complete details of coverage, contact your Cigna representative.

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# Discussion



**Mike Stull**  
Chief Marketing Officer  
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**Michael Sullivan, PharmD, MBA**  
Vice President, Producer Relations  
Cigna Pharmacy Management

# Reminder

PBM Webinar Series

## PBMs Protecting Members

*Working with your PBM to minimize member risk and cost*

March 12, 2019 | 2:30 PM ET

PBM Webinar Series

## Health Community Engagement

*Engaging providers and members to increase PBM Value*

March 26, 2019 | 2:30 PM ET