Excelsior Solutions

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Newsletter

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Digging into details delivers savings

One of the critiques, that many of you have heard me make about the typical PBM approach to reporting, centers on its retrospective focus, quantifying every minute level of detail about what has already happened, with scarce mention of any forward-looking strategies or tactics to deal with issues that might lay just ahead. I often use the analogy of such reporting being like driving down your local interstate highway at 70 miles per hour with your eyes attentively fixed on the rearview mirror – not a good recipe for safely arriving at your intended destination! Similarly, merely quantifying what has happened in the past does not allow us to preemptively address problems for your pharmacy benefit that may be hiding in plain sight. Our approach is to dive deeply into your data to identify future-focused strategies.

We have recently dug into a multitiered issue involving the use of Descovy® and generic Truvada® (emtricitabine-tenofovir) that has several moving parts, summarized below.

BACKGROUND

Truvada and Descovy are two oral medications commonly used in pre-exposure prophylaxis of HIV; Gilead Sciences, Inc., manufactures both of them. Gilead launched Descovy in 2016 in the run-up to Truvada's patent expiration in October 2020. Relying on public information provided by Gilead, we were led to expect that Descovy would provide less risk of brittle bones and kidney disease than Truvada for approximately 10% of the population whose needs could clinically be met by either drug.

RELATIVE MARKET SHARE

That being the case, we expected to see post-Descovy market share splits between the two products of approximately 90% Truvada and 10% Descovy. Unfortunately, we commonly see Descovy market shares in excess of 70% in many clients' data.

PRICING HISTORY & RELATIVE PRICES

When Truvada's patent expired in October 2020, a single generic manufacturer was awarded the exclusive right to produce generic Truvada for 180 days. During that time, generic Truvada was priced approximately 10% lower than brand Truvada. Since April 2021, upon the expiration of the 180-day exclusive generic period, several manufacturers began manufacturing generic Truvada. As a result, it has been placed on many PBM and carrier MAC lists at aggressively low prices.

The Centers for Medicare and Medicaid Services (CMS) has entered into a contract with a private vendor to perform a Retail Price Survey. The purpose of this initiative is to perform a monthly nationwide survey of retail community pharmacy drug prices and to provide state Medicaid programs with weekly updates on pricing. These pricing files, entitled the NADAC (National Average Drug Acquisition Cost) files, provide state Medicaid agencies with covered outpatient drug acquisition prices from sample retail community pharmacies across the United States. The NADAC price for generic Truvada as of 9/5/2023 is between $0.58 and $0.59 per tablet, while Descovy is priced in most pharmacy benefit plans in the vicinity of $65 to $70 per tablet.

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Digging into details delivers savings (continued)

TACTICS TO ADDRESS IDENTIFIED ISSUES

- Where market share discrepancies are skewed heavily in favor of Descovy beyond the expected value of 10% relative to generic Truvada, utilization management controls involving, primarily, a required step through generic Truvada before access is granted to Descovy ought to be considered. Unfortunately, this tactic will only impact patients new to therapy, not those already receiving Descovy.
- Where the total costs for generic Truvada materially exceed $5 per day of therapy, we ought to have a conversation with the PBM or carrier to balance the magnitude of the discrepancy vs. any contractual guarantees for generic dispensing and discounts.

While every case is different, having the ability to dig deeply into the details of your pharmacy benefit solution and act on what is found is what we are here to do on your behalf. That is a level of "eyes forward" management that pays for itself.

Bob Kordella, RPh
Senior Vice President
Chief Clinical Officer

Robert Kordella has more than 35 years of diverse experience in the pharmacy industry. Bob previously practiced in retail pharmacy, in a large academic medical center setting, and was an effective and well-respected leader in the PBM industry for more than 16 years.

FDA approves first OTC birth control

In June 2023, President Biden issued an executive order aimed at protecting and expanding access to contraception in response to Roe v. Wade being overturned by the Supreme Court. Less than a month after that executive order, the FDA approved Perrigo's new product, Opill, which is the first daily oral contraceptive approved for use without a prescription. Considering nearly half of pregnancies in the U.S. are unintended, this news comes as a welcome relief for many women who may be impacted by the changing access to women's healthcare across the country.

Opill is characterized as a progesterone-only pill (POP). POPs are often referred to as the mini-pill, and are generally regarded as safer and generally less side-effect-prone birth control options when compared to combination birth control pills that contain both estrogen and progestin, making Opill a great first candidate to come to market as an OTC version. For Rx-to-OTC conversion, the FDA requires the manufacturer to demonstrate that consumers can understand the medication's labeling, evaluate its risks, and use it safely and effectively, without assistance from a healthcare professional. Since Opill has already been approved by the FDA for prescription use, no new clinical trials assessing efficacy were needed for the product's OTC approval (IPD Analytics 7/2023).

Progesterone-only pills work primarily by thickening the cervical mucus to make it more difficult for fertilization to occur. Additionally, they alter the shape of the uterine lining but do not consistently suppress ovulation like the combination pills that contain progesterone and estrogen. With conventional use, the failure rate of POPs is estimated to be around 7-9%. However, with perfect adherence, meaning that patients always take the pill at the same time daily, the failure rate is less than 1%. This efficacy far surpasses non-prescription barrier methods sold over the counter today, such as condoms and spermicides, which have a failure rate of 13% and 21%, respectively. Opill does not work as emergency contraception.

While Opill is slated for availability in the first quarter of 2024 across various retail outlets, with patient assistance programs in place for those in need, several uncertainties remain. Pricing details have yet to be disclosed, and commercial insurance providers have not yet announced how this new OTC birth control option will integrate into their offerings under the Affordable Care Act (ACA). Excelsior Solutions will continue to monitor the situation as more information becomes available.

Christina Ha
Vice President, Pharmacy Practice Leader

Christina Ha has more than 10 years of experience in employee and pharmacy benefits. Christina's expertise includes the complex PBM marketplace, with additional areas of focus such as specialty carve-outs, alternate funding, reference-based pricing, J-code blocking, and plan design.

Point-of-sale discount programs

Maybe this has happened to you – An employee or member voices a concern to you that their medication was cheaper with the application of a drug discount card (think GoodRx) than it would be on your benefit. You have a solid benefit, so you wonder how this is able to occur.

Why are the costs of some medications cheaper through a discount card program rather than through the benefit? The majority of the time, medications will be less expensive through the benefit, but there are certain cases, typically involving generic non-specialty medications, where GoodRx is able to provide a less expensive price. This is because GoodRx scans the pharmacy market to find the best cash price – so a member must go off of the benefit to take advantage of a GoodRx discount.

What are the risks of members using GoodRx? While the cost of the medications may be cheaper in a smaller percentage of cases, these claims are not being counted toward the member's deductible or out-of-pocket maximum since the discount can't be used with the member's insurance. The more concerning challenge is from a safety perspective, though – these medications are not being captured within the PBM's utilization management alerts, so if there is a drug interaction risk with another medication the patient is currently taking, the utilization management system will not recognize those potential risks.

What can employers do about it? Many pharmacy benefit managers (PBMs), including CVS (Cost Saver), Express Scripts (Price Assure), Optum (PriceEdge) and Prime (MedsYourWay), have introduced programs that automatically incorporate discount program pricing at the point of sale. While there is some variation between the programs, the overlying process is the same: The claim processes and scans the available discount pricing and automatically takes the lower pricing between the discount program or the benefit, and applies it for the patient.

What's in it for the PBM? Not only will this steer more claims back to the PBM, but these claims will also be included in the discount guarantee calculations, so the higher discounts will help the PBM achieve their generic discount guarantees.

How will this impact my plan if I put a program like this in place? While this may not produce savings for employers since the programs don't focus on higher plan cost areas like brand and specialty medications, this can lower out-of-pocket costs for the members at the pharmacy and save them the trouble of needing to go outside of the benefit and look for a discount on their medication. They are especially helpful in HDHP plans. There typically is not a fee to add these programs, and implementing the program does not impact rebate guarantees or the existing formulary design. Ultimately, it creates an easy employee experience that drives lower medication costs for certain generic medications.

If you are considering whether a program like this is right for your organization, talk to your Excelsior Solutions team to understand what programs are available through your carriers.

Kim Comisar
Vice President

As Vice President, Pharmacy, Kim consults on pharmacy benefits, manages relationships, and develops personalized programs. She serves as the primary point of contact for client service and plan management and brings nine years of experience in health plan and employer pharmacy benefit management arrangements.