The US Payor Landscape: Results from a Survey of Medical and Pharmacy Directors on Formulary Management

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The TPG-National Payor Roundtable (TPG-NPRT) focuses on market access programs within the United States, is a subsidiary of The Pharmacy Group, and maintains a database of Chief Medical Officers and Chief Pharmacy Officers in the United States.

The JeSTARx Group provides evidence-based research and support to the healthcare Industry.

BACKGROUND

- Cost-Effectiveness Research (CER) and Evidence-based Medicine (EBM) are two types of analyses being utilized by health plans to make coverage decisions.
- Based on recent programs with US payors, Medical Directors, and sponsors (pharmaceutical companies, medical device, and health technology companies), the authors and their organizations decided to conduct a survey of medical and pharmacy directors involved with P&T Committees on their policies regarding:
  - o Specialty Pharmacy products
  - o The administration of formularies in the decision making process for pharmaceuticals
  - o Use of formulary management tools to control the growth of healthcare costs and ensure appropriate utilization of products
  - o The decision making process for formulary inclusions and exclusions

OBJECTIVES

- A survey of Medical Directors and Pharmacy Directors of US payors representing health plans, insurers, employer groups and Pharmacy Benefit Managers (PBMs) focused on:
  - o How US Medical and Pharmacy Directors of US health plans, insurers, and Pharmacy Benefit Managers:
    - -Make formulary decisions
    - -View their formulary review and coverage policies
  - o Pharmacy & Therapeutics (P&T) committee process
  - o Approaches preferred by Medical and Pharmacy Directors of US health plans, insurers, and PBMs to enhance the decision-making process and understand formulary reviews/coverage.

METHODS

- Online survey of US Medical and Pharmacy Directors from public/private plans with multiple member-types on: advisor plan information; formulary coverage and restrictions.
- An online, interactive survey was developed with 76 questions and included:
  - o Yes / No questions
  - o Lists for users to select single or multiple answers
  - o Open-ended responses (i.e., what disease states most concern you?)
  - o Invitations to participate were sent to medical and pharmacy directors currently employed by US health plans and insurers from the TPG-NPRT database in December 2015.
  - o Material or financial incentives were not offered for completion of the survey.
- Topics included:
  - o Plan coverage and benefit design:
    - -Geographical coverage
    - -Medical vs Pharmacy Benefit
    - -Types of lives with multiple member type information
    - -Clinical-administered products (office administered products)
    - -Coverage of mental health drugs
    - -Changes desired in benefit design and coverage
    - -Open ended questions regarding the significant aspects of health care legislation the can impact population health and the managed care industry

RESULTS

- A total of 61 persons completed the survey, some questions were not answered by all respondents
- Many advisors reported multiple degrees (Figure 1), and the most common degree was MD (59.2%)
  - o Most (86%) of the advisors were involved in formulary decisions
  - o Most advisors (83.6%) worked for a health plan— 39.6% were local, 35.4% were national, and 25% were regional
  - o Figure 2 shows the most commonly reported advisor titles

Figure 1: Respondent Degrees

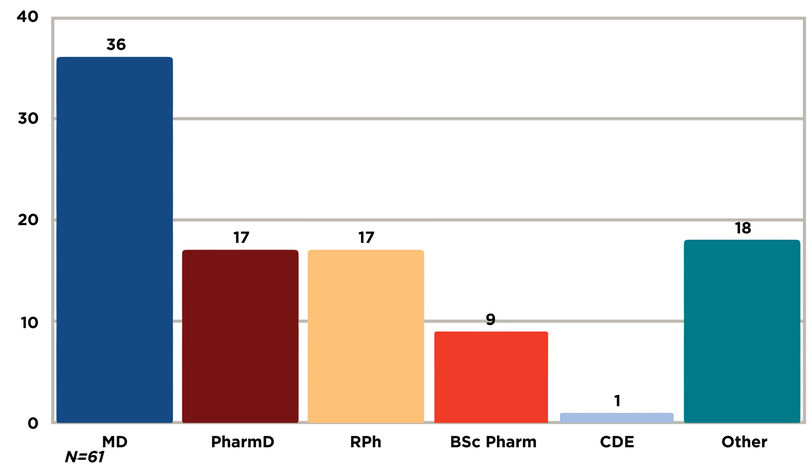
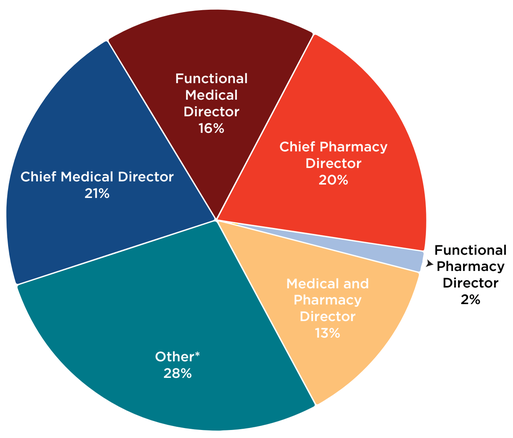
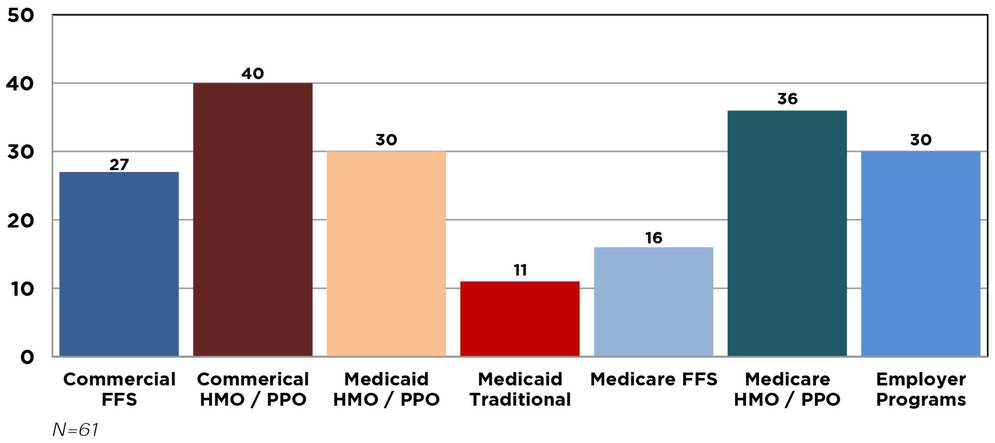


Figure 2: Respondent Titles



- Plans could cover multiple types of members (Figure 3)

Figure 3: Plan Coverage

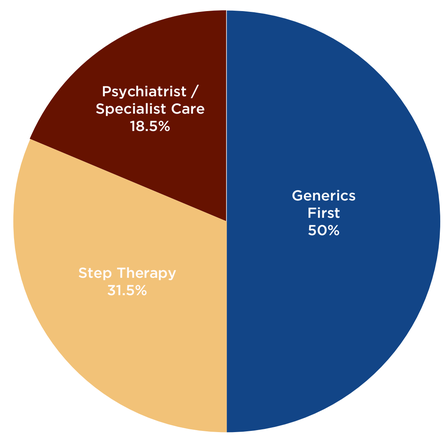


FFS=Fee For Service; **HMO**=Health Maintenance Organizations; **PPO**=Preferred Provider Organization; **Medicare**=Care for the aged and special populations; **Medicaid**=Care for the poor

RESULTS CONTINUED

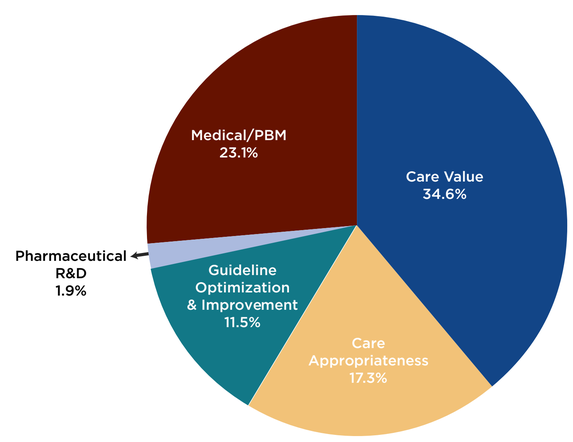
- In the majority of cases, changes to plan design were not anticipated (70.9%) however 14.5% expected some changes would be initiated
- Mental health [MH] products were carved-out by 29.5% of the plans
- Conditions with multiple MH-therapies required:
  - o generics first=50%, step therapy=31.5% or psychiatrist / specialist care=18.5% (Figure 4)

Figure 4: Top Specialty Pharmacy Conditions



- Cost-Effectiveness Research (CER) and Evidence-based medicine (EBM) are being increasingly used
- Plans reported Cost-Effectiveness Research (CER) results will be used by health plans to assess Care Value=34.6%; Care appropriateness=17.3%; Guideline optimization/improvement=11.5%; Pharmaceutical R&D=1.9%; Medical/pharmacy-benefit management=23.1% (Figure 5)

Figure 5: Plan Use of Cost-Effectiveness Research (CER)

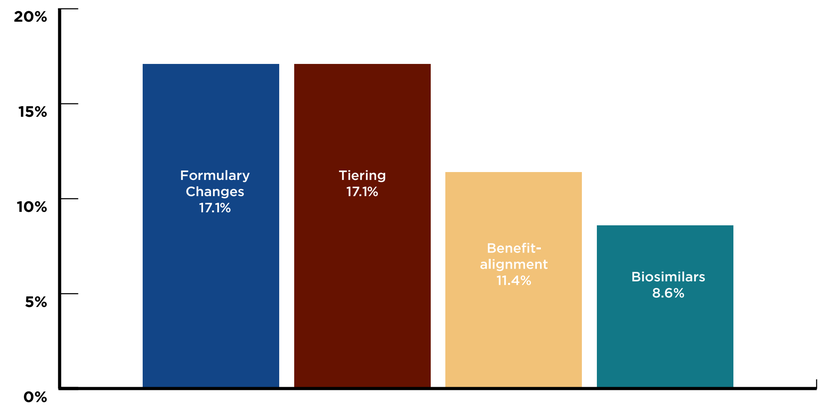


- In response to an open-ended questions:
  - o Changes were: Formulary changes (17.1%); Tiering (17.1%); Benefit-alignment (11.4%); Biosimilars (8.6%) (Figure 6)
  - o The most common desired P&T process change for the formulary was tied between no-change and better EBM data (both 31.6%)
  - o Although most were happy with their medical-benefit, among the 89.2% desiring a change, the most requested changes were:
    - -Moving all drugs to the pharmacy-benefit where they can be managed (24.2%)
    - -Having access to better data from electronic medical records, data integration, better reimbursement coding (15.2%)
    - -A better prior authorization process (12.1%)
    - -More disease management (9.1%)
  - o Top concerns today and in the future included Oncology; Diabetes and Cardiovascular diseases.
    - -Top concerns identified (with 6 or more responses) are presented in Table 1:

Table 1: Top Concerns From Medical Care and Budgetary Points of View

Timeframe	Level of Concern	Point of View	
		Medical Care	Budgetary
Today	1st	Cancer (19); Diabetes (11) and Hepatitis-C (8)	Cancer (27); Hepatitis-C (9) and Diabetes (6)
	2nd	Diabetes (14); Cancer (9) and Cardiovascular (9)	Hepatitis-C (10); Cancer (9); Autoimmune Disorders (7) and Diabetes (6)
	3rd	Cardiovascular (14) and Diabetes (6)	AutoImmune Disorders (8); Multiple Sclerosis (8) and Cardiovascular (7)
In 5 Years	1st	Cancer (27) and Diabetes (11)	Cancer (34) and Diabetes (5)
	2nd	Cardiovascular (10); Diabetes (10) and Cancer (7)	Cancer (8); Autoimmune Disorders (6) and Diabetes (6)
	3rd	Cardiovascular (12) and Diabetes (9)	Cardiovascular (8); AutoImmune Disorders (7) and Diabetes (7)

Figure 6: Advisors Top Desired Changes to their Plan's Pharmacy Benefit



CONCLUSIONS

- The managed care P&T Committee decision-making process is undergoing a series of changes
- Medical and Pharmacy Directors, who commonly serve as P&T Committee members, have distinct opinions as to how to alter the process to adapt to these influences.

REFERENCES

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