

Strategic Benefit Coverage Exclusions

What should your pharmacy benefit dollars cover?

Why should you exclude certain medications?

We understand exclusions can be disruptive for your employees – that’s why we only make the decision to exclude a medication when both of the criteria below are met:

- Other lower cost medications are available that treat the same condition and are determined to be therapeutically equivalent (defined as producing similar therapeutic outcomes and adverse events) to a covered medication.
- Excluding the medication from benefit coverage can yield significant employer cost savings.

Exclusions make sense in situations where medications offer no additional health care value over other options in their class.



With \$4–\$6.50 per member per month (PMPM) savings¹, exclusion strategies that include the use of lower-cost options help keep costs down for everyone.

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How do we decide to exclude a medication?

We carefully evaluate all medications. In particular, we look at those that are significantly more expensive and provide no additional clinical value over other options in their class. In these instances, strategic exclusions help ensure we are allocating your health care dollars to high-value medications.

As prices shift, new clinical information is introduced, or other dynamics in a class change, we continually reevaluate medications to determine if the overall clinical value has changed. For example, the cost of a covered drug may significantly increase and may warrant a modification in coverage. Cost-saving opportunities — along with member experience and satisfaction — are always at the forefront of our decision-making process.





Case studies

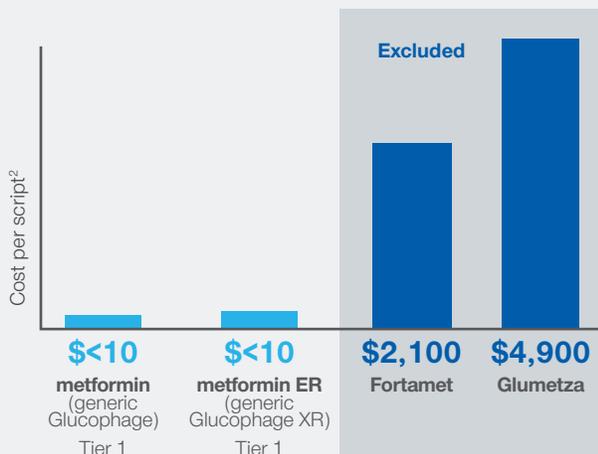
Diabetes example

Why pay more for medications with the same active ingredient?

Generic Glucophage and generic Glucophage XR along with brand-name medications, Fortamet® and Glumetza® are all used to treat diabetes. They all contain the same active ingredient (metformin) and are therapeutically equivalent to one another. We exclude the more expensive medications, maintaining two in Tier 1.

Manufacturers reformulate the same active ingredient into alternative dosage forms as a new way to market, often significantly increasing the price.

Higher cost products provide no clinical advantage and do not align to our lowest net cost strategy.



Metformin is the active ingredient for all of these medications.



PMPM savings

for a client who implements these exclusions compared to a population that covers them³

Depression example

Why pay more for the same active ingredient?

Wellbutrin XL® is an expensive medication used to treat depression. Its generic equivalent, bupropion XL, is equally effective for significantly less.

When patents expire for branded medications, other manufacturers are allowed to create equally effective “generic,” formulations of the same active ingredient. These generic medications are approved by the Food and Drug Administration for the same uses and have been proven to be equally safe and effective as their branded formulation.

Manufacturers of many brand name drugs such as Wellbutrin XL offer coupons which may lower patient out of pocket costs, but ultimately require the employer to pay more for the brand name drug. This exclusion strategy ensures employers aren’t paying for the brand cost.

Covered

\$33.00 bupropion XL
(generic Wellbutrin XL)⁴

Excluded

~\$2,100 Wellbutrin XL⁴



PMPM savings

for clients who implement the Wellbutrin XL⁴ exclusion, compared to a population that covers it.

Strategic exclusions.

UnitedHealthcare's strategy ensures members have timely access to new medications and they are supported by appropriate clinical programs. We typically exclude all drugs upon launch until they can be carefully reviewed to determine the most clinically appropriate and cost-effective coverage (e.g. tiering, prior authorization, supply limit, step therapy or permanent exclusion).

What kind of criteria do we look for?

- Post-market evidence and research that confirms the medication works effectively. We also rely on our vast access to clinical thought-leaders to help evaluate if new treatments work for all members.
- Medications which are higher cost and provide no additional clinical value or are a slight alteration to an already available medication (such as an extended-release formulation or combining two medications to make a new one).

This proactive approach allows us to quickly respond to new medication launches and better manage your pharmacy benefit.

Improving the member experience.

Since decisions are made several months before the effective date of the exclusion, we are able to implement the exclusion early for members new to therapy and guide prescribers to other covered, therapeutically-appropriate medications. This strategy avoids potential member disruption when the medication will soon be excluded.

We are continually evaluating lower cost alternatives that are equally effective. In some cases, **select brand-name medication may be less expensive than generic options.** In this case, brand-name medications may be offered instead of their generic option.



How should you spend your pharmacy benefit dollars?

Thousands of medications are available today. Even more enter the market every day — many with little innovation that add cost without adding clinical value. This means there are several therapeutically equivalent medications available to treat most conditions, including generic, over-the-counter and brand-name medications. When there are many affordable medications to treat a condition, do you want your pharmacy benefit dollars to cover the most expensive options?

Guiding members and physicians to the best pharmacy decisions.

We realize exclusions can be disruptive for your employees. Therefore, we take extra measures to provide both members and physicians with advanced communication and tools to determine an appropriate alternative prior to a disruption taking place.

Our engagement strategy goes well beyond written communication:



Physician engagement

With tools like PreCheck MyScript, physicians will see the most cost-effective covered medications in real time. Patient-specific information at the point of prescribing provides the insight they need to prescribe the best medication for each patient.



Digital tools

Members can use the Drug Pricing tool on myuhc.com or the UnitedHealthcare mobile app to search for medications before buying them at the pharmacy.



Automated phone calls and simplified voice messaging

We use technology to provide simple, personal communications that help members avoid cost and coverage surprises at the pharmacy.



Member services

Advocates, nurses and pharmacists can view members' specific lower-cost options and help them understand next steps to minimize disruption.



Letters and communications

We proactively notify members when a medication will be excluded and provide simple next steps along with potential alternatives that they can discuss with their doctor or care provider.



Prescription drug lists

Electronic and printed prescription drug lists show members the tier placement and coverage status for top medications.



For more information, please contact your broker or UnitedHealthcare representative.

¹ Savings estimates based on 2016 UnitedHealthcare claims data and a sample of exclusion models. This is not a guarantee. Individual plan results may vary.

² UHC FI and ASO from Jan-June 2016. Analysis compares members who have the exclusion versus those that do not.

³ UHC FI and ASO from Jan-June 2016. Analysis compares members who have the exclusion versus those that do not.

⁴ UHC FI and ASO from Jan.- June 2016. Analysis compares members who have the exclusion versus those that do not.

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