



Managing the Unmanageable

Controlling Costs in an Explosive Rx Environment

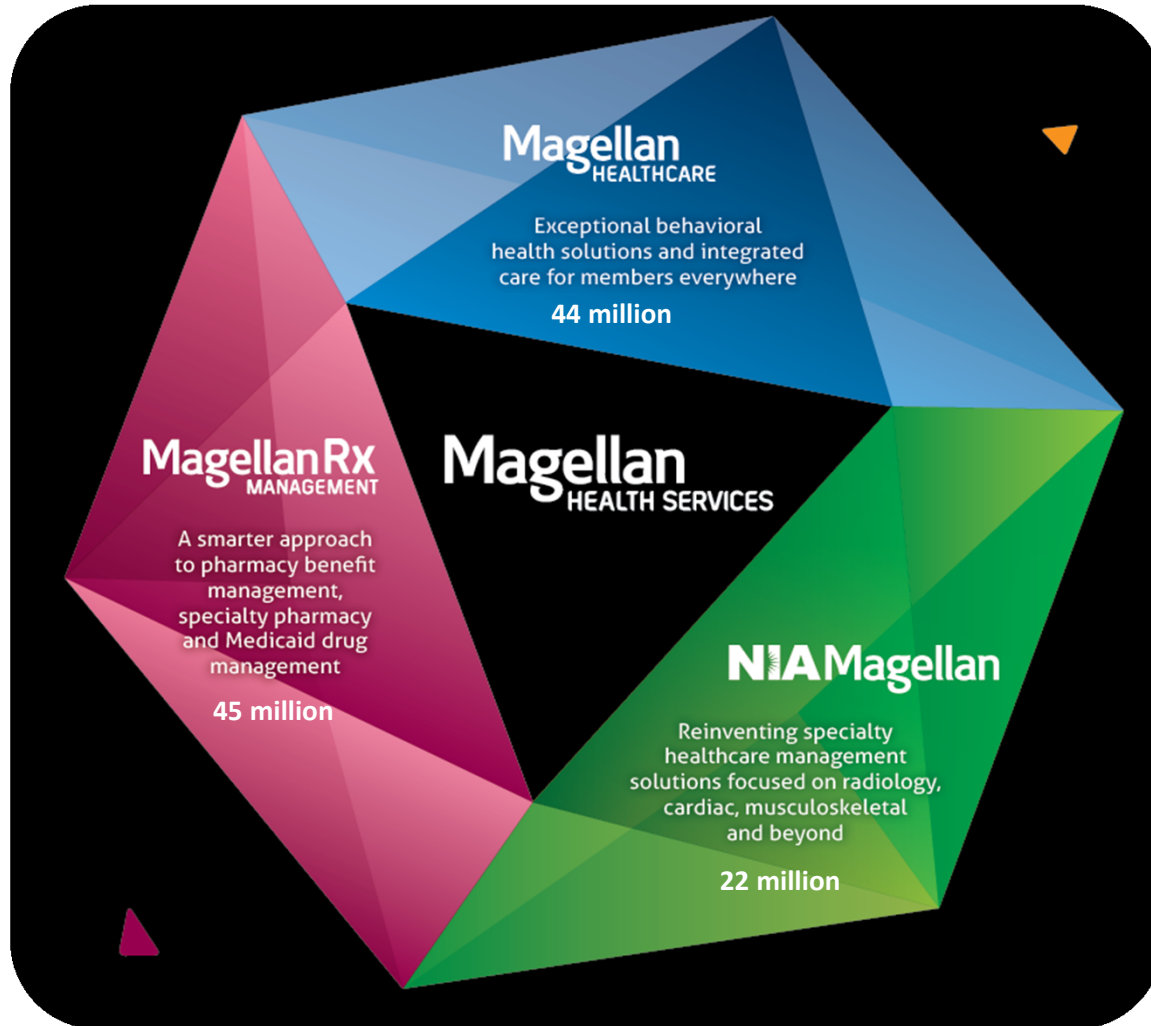
Presented by:

Dick Bullard, RPh, SVP Pharmacy

Darryl Martin, VP of Sales



A Unique Vision of Care





Marketplace Challenges

Reform 

Costs 

Specialty 

Health Outcomes 

There is a
Need
For **Better...**



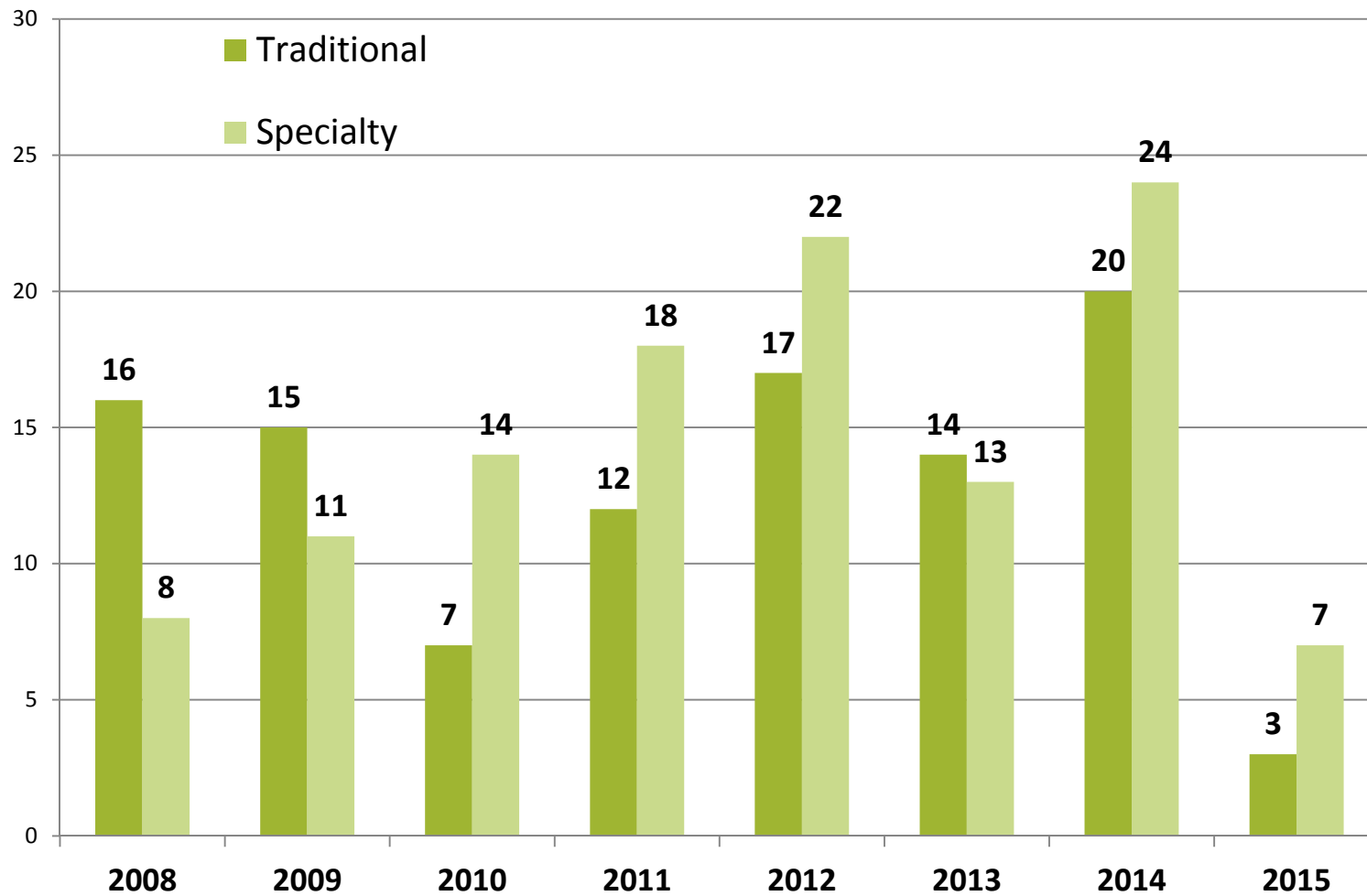


Market Trends

Impacting Pharmacy



FDA NME Drug Approvals





Pipeline Report-Specialty Medications - Notables

Pipeline Rx	Anticipated Approval	What is the drug being developed for?	Estimated Cost
alirocumab (Praluent - Sanofi /Regeneron)	2015	High cholesterol; SQ injection	\$12K/year
AZD-9291 (AstraZeneca)	2016	Cancer; oral	\$100K/year
evolocumab (Repatha - Amgen)	2015	High cholesterol; SQ injection	\$12K/year
lenvatinib (Lenvima - Eisai)	2015	Thyroid cancer; oral	\$12K/month
palbociclib (Ibrance - Pfizer)	2015	Breast cancer; oral	\$5K-\$10K/month
panobinostat (Farydak - Novartis)	2015	Multiple Myeloma; oral	\$9K/month
secukinumab (Cosentyx - Novartis)	2015	Chronic plaque-type psoriasis; SQ injection	\$4,500/month



Patent Expiration Report - Notables

Year (2015 - 2016)	Month/Day	Brand	Generic	Manufacturer	Common Use	Impact*	Medication Type
2015	April 20	Abilify	aripiprazole	Bristol-Myers Squibb	Mental/Neuro Disorders	M	Traditional
2015	June 22	EpiPen Auto-Injector	epinephrine	Mylan	Misc Conditions	L-M	Traditional
2015	August 31	Androgel 1%	testosterone gel	AbbVie	Hormonal Supplementation	L-M	Traditional
2015	November 20	Tracleer	bosentan	Actelion	Circulatory Disorders	L	Specialty
2015	2015	Copaxone 20mg/mL	glatiramer acetate	Teva	Mental/Neuro Disorders	L	Specialty
2016	October 25	Benicar	olmesartan	Forest	High Blood Pressure/Heart Disease	L-M	Traditional
2016	October 25	Benicar HCT	olmesartan / HCTZ	Forest	High Blood Pressure/Heart Disease	L-M	Traditional
2016	December 12	Zetia	ezetimibe	Schering-Plough	High Blood Cholesterol	L	Traditional
2016	December 13	Lupron Depot	leuprolide acetate	AbbVie	Cancer	L-M	Specialty
2016	2H 2016	Advair Diskus	salmeterol / fluticasone	GlaxoSmithKline	Asthma	H	Traditional

*Very Low (VL) <50 pts; Low (L) 50-299 pts; Medium (M) 300-499 pts; High (H) 500-999 pts; Very High (VH) ≥1,000 pts



The Magellan Rx Clinical Difference

Strategic Approach



Clinical Solutions



Smart Population Management



Formulary Strategy



Utilization Management



Data Insights



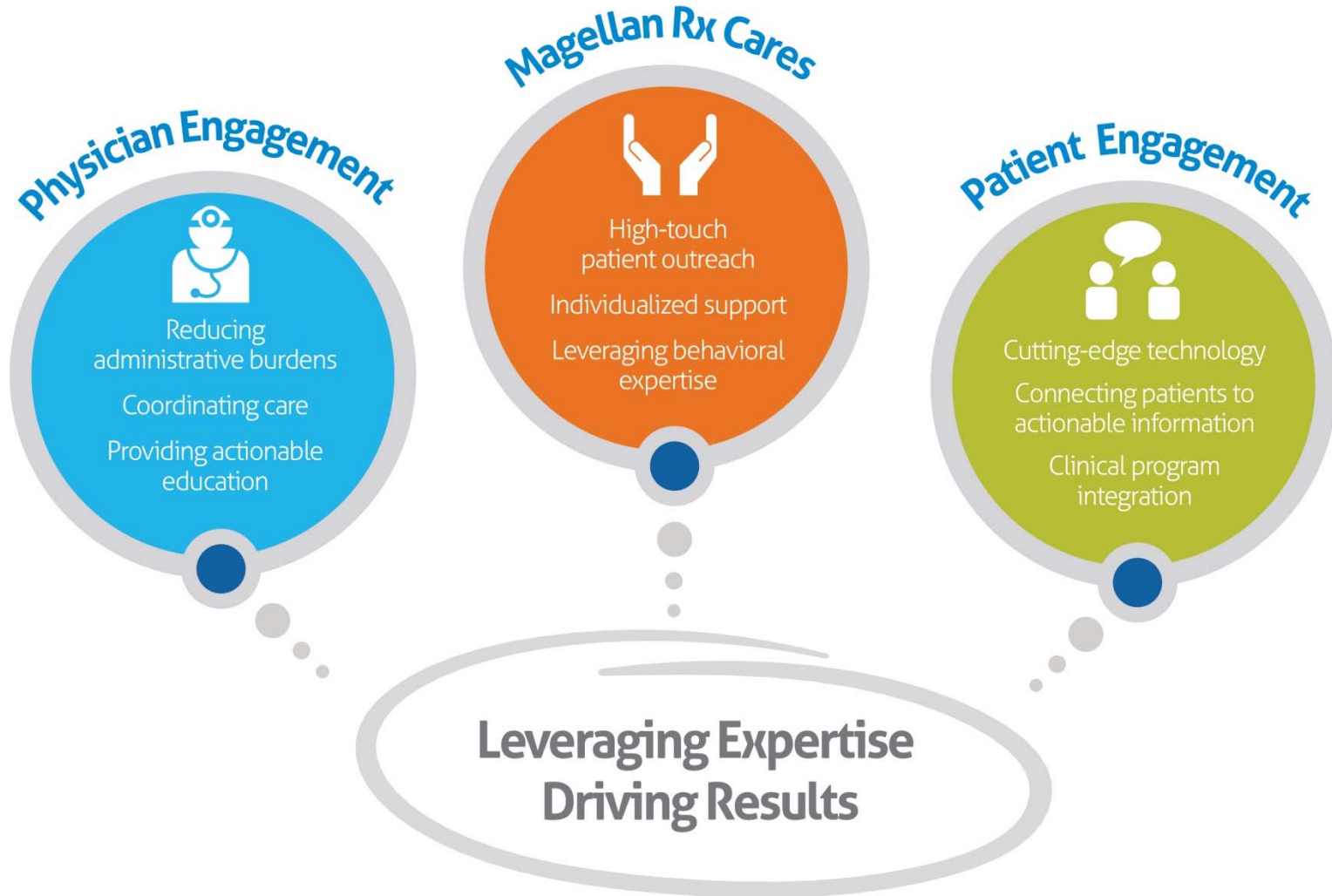
Program Integrity



Integrated Rx Programs



Best-in-Class Specialty Model



Magellan Rx Caressm

Clinical Program

Medication therapy management for patients and their caregivers
Drives adherence, enhances treatment outcomes, and fosters patient goodwill

New Patient Engagement
Welcome kit
Follow-up call



Support

Ongoing Phone Assessments

Health Coach Access

Education

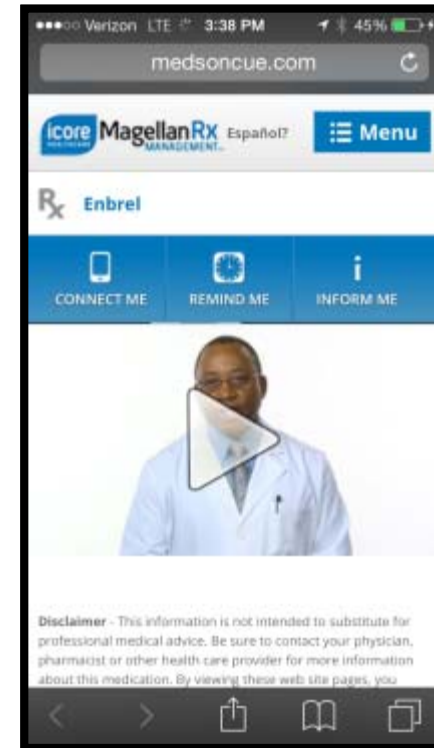
Optimal Patient Engagement through Technology



Customized video with information about the specific medication, dosage and how to administer



Available right on your prescription to scan anytime you want more information on your medication



Available in English and Spanish, videos provide comprehensive information on top-prescribed medications, including proper usage, expected benefits and potential side effects

Smart Hepatitis C Management

- Utilization Management
- Patient Engagement
- Site of Care
- Program Integrity

The Horizon of Chronic Hepatitis C Management

Optimizing Patient Health While Minimizing Payer Costs

The horizon of chronic Hepatitis C management is changing. There are approximately 3.2 million people in the United States with chronic Hepatitis C (HCV) infection¹, the leading cause of costly liver cancer and liver transplant. Even though the majority of Hepatitis C patients in the US (approximately 75%) are infected with Genotype 1, careful consideration has to be taken when treating to make sure the patient receives the treatment that's right for them. With complex treatment options and the availability of expensive new medications costing payers over \$1000 per pill, our industry is facing great challenges in helping to improve patient health while effectively managing costs.

The HCV landscape is rapidly evolving. The new wave of drugs represents an advance in management of HCV with improvements in efficacy and tolerability. At Magellan Rx Management we understand the complex and continuously evolving landscape surrounding Hepatitis C and how vital it is to help our clients promote the safe, appropriate and cost-effective use of these expensive medications.

Pipeline

Another wave of new products became available in late 2016. The first FDA-approved direct-acting antiviral (DAA) for new regimens for chronic HCV offer improved and robustly approved products such as Sovaldi (sofosbuvir) and Harvoni (sofosbuvir and ledipasvir) represent an advance in the management of chronic HCV with improvements in efficacy and tolerability.

As this emerging topic continues to evolve, new treatment strategies and options will unfold. Expect another wave of new approvals and expanded indications for existing products in 2017 and 2018. The new wave of DAA represents an advance in tolerability. However, high cost, side effects, and drug interactions remain barriers to appropriate access and management of HCV.

Get Started Today

In an environment where cost containment and quality care are constantly challenged solutions. Welcome to a better PBM. Welcome to Magellan Rx Management. Contact us today at 800-659-4117 or www.magellanrx.com

Treatment Options	Manufacturer	Estimated Monthly Therapy Costs
Sovaldi	Novartis	\$1,000
Harvoni	Novartis	\$1,000
Epclusa	Novartis	\$1,000
Mavyret	Novartis	\$1,000
Technivie	Novartis	\$1,000
Epclusa	Novartis	\$1,000
Mavyret	Novartis	\$1,000
Technivie	Novartis	\$1,000

Smart Hepatitis C Management



Effective, Clinically Based Utilization Management Program

Prior Authorization criteria includes pharmacist review for:

- Patient diagnosis and previous treatment history to ensure appropriate profile for drug coverage
- FDA label indications, compendia support, anticipated sustained virologic response (“cure rate”), and dosing to ensure most cost-effective treatment regimen
- Lab documentations to ensure appropriate candidate for treatment initiation, and continuation
- Consistency with up-to-date authoritative professional guidelines to ensure evidence based utilization

Physician consultation to help guide appropriate therapy



What to do?

Options for Managing:

- Exclude via benefit design
 - Pharmacy
 - Medical
- Cover with no stipulation – costly and high risk
- Cover with comprehensive Clinical Management Policies/Magellan Rx

Next Wave – Horizon

- Cholesterol Management
- Insulin Category
- New Technology

[*Download the Trend Report Now](#)



Magellan Rx
MANAGEMENT™

Click Here
To Listen Now 

Medical Pharmacy Trend Report Webinar

Our 2014 Medical Pharmacy Trend Report webinar recording is available! Now is your chance to hear our leaders cover key findings and valuable intelligence gathered from this year's report. This is the only industry benchmark of its kind to analyze high cost injectable drugs paid under the medical benefit.

Listen today to gain insights from the 2014 Medical Pharmacy Trend Report including:

- Specialty drug trends that are driving up costs
- Uncovering the hidden costs of specialty drugs paid under the medical benefit
- Effective and proven solutions for managing costs

Welcome to Magellan Rx Specialty

magellanhealth.com

Magellan Rx Management
Medical Pharmacy Trend Report™
2014 5TH EDITION

Click here to
DOWNLOAD
the report

Magellan Rx
MANAGEMENT™



Pipeline Report-Specialty Medications



Pipeline Rx	Anticipated Approval	What is the drug being developed for?	Estimated Cost
alirocumab (Praluent - Sanofi /Regeneron)	2015	High cholesterol; SQ injection	\$12K/year
asfotase alfa (Alexion)	2015	Hypophosphatasia; SQ injection	\$200K-300K/year
AZD-9291 (AstraZeneca)	2016	Cancer; oral	\$100K/year
brodalumab (Amgen / AstraZeneca)	2015	Psoriasis; SQ injection	\$4,500/month
daclatasvir (Bristol-Myers Squibb)	2015	Hepatitis C; oral	\$80K-\$100K/year
daclizumab (Zinbryta – Biogen Idec/AbbVie)	2015	Multiple Sclerosis; SQ injection	\$40K/year
daratumumab (Janssen)	2015	Cancer; IV	\$150K/year
drisapersen (BioMarin Pharmaceutical)	2015	Duchenne Muscular Dystrophy; SQ injection	\$300K/year
dupilumab (Regeneron / Sanofi)	2015	Eosinophilic asthma/atopic dermatitis; SQ injection	\$30K/year
evolocumab (Repatha - Amgen)	2015	High cholesterol; SQ injection	\$12K/year
grazoprevir / elbasvir (MK-5172 /MK-8742 – Merck)	2016	Hepatitis C; oral	\$80K-\$100K/ treatment course
lenvatinib (Lenvima - Eisai)	2015	Thyroid cancer; oral	\$12K/month
lumacaftor (Vertex)	2015	Cystic Fibrosis; oral	\$300K/year
mepolizumab (Bosatria -GlaxoSmithKline)	2015	Eosinophilic asthma; SQ injection	\$10K/year
migalastat (Amigal - Amicus)	2015	Fabry disease; oral	\$100K-\$300K/year
palbociclib (Ibrance - Pfizer)	2015	Breast cancer; oral	\$5K-\$10K/month
panobinostat (Farydak- Novartis)	2015	Multiple Myeloma; oral	\$9K/month
rociletinib (Clovis Oncology)	2016	Lung cancer; oral	\$100K/year
sebelipase alfa (Kanuma - Synageva)	2015	Woolman disease/lysosomal acid lipase deficiency; IV	\$400K/year
secukinumab (Cosentyx - Novartis)	2015	Chronic plaque-type psoriasis; SQ injection	\$4,500/month

Patent Expiration Report



Year (2015 - 2016)	Month/Day	Brand	Generic	Manufacturer	Common Use	Impact	Medication Type
2015	Jan. 09	Zyvox inj	linezolid	Pfizer	Infections	VL	Traditional
2015	Jan. 12	Clobex 0.05% Spray	clobetasol propionate spray	Galderma	Skin Disorders	VL	Traditional
2015	Feb. 01	Cosopt PF	dorzolamide / timolol	Akorn	Misc Conditions	VL	Traditional
2015	Feb. 24	Tarka	trandolapril / verapamil	AbbVie	High Blood Pressure/Heart Disease	VL	Traditional
2015	Mar. 02	Welchol	colesevelam	Daiichi Sankyo	High Blood Cholesterol	VL	Traditional
2015	Mar. 02	Welchol Powder	colesevelam	Daiichi Sankyo	High Blood Cholesterol	VL	Traditional
2015	Apr. 01	Generess FE	norethindrone / EE / Fe	Actavis	Contraceptives	VL	Traditional
2015	Apr. 18	Emend capsules	aprepitant	Merck	Nausea/Vomiting	VL	Traditional
2015	Apr. 20	Abilify	aripiprazole	Bristol-Myers Squibb	Mental/Neuro Disorders	M	Traditional
2015	Apr. 20	Abilify Discmelt	aripiprazole	Bristol-Myers Squibb	Mental/Neuro Disorders	VL	Traditional
2015	Apr. 26	Oxytrol	oxybutynin transdermal	Actavis	Urinary Disorders	VL	Traditional
2015	May. 18	Zyvox tablets	linezolid	Pfizer	Infections	VL	Traditional

Very Low (VL) <50 pts; Low (L) 50-299 pts; Medium (M) 300-499 pts; High (H) 500-999 pts; Very High (VH) ≥1,000 pts

Patent Expiration Report (cont.)



Year (2015 - 2016)	Month/Day	Brand	Generic	Manufacturer	Common Use	Impact	Medication Type
2015	Jun. 02	Integrilin	eptifibatide	Merck	Blood Modifying	VL	Traditional
2015	Jun. 06	Cipro HC Otic	ciprofloxacin / hydrocortisone Otic	Alcon	Eye Drugs	VL	Traditional
2015	Jun. 15	Angiomax	bivalirudin	Medicines Company	Anticoagulant	VL	Traditional
2015	Jun. 15	Factive	gemifloxacin	Cornerstone	Infections	VL	Traditional
2015	Jun. 22	EpiPen Auto-Injector	epinephrine	Mylan	Misc Conditions	L-M	Traditional
2015	Jul. 01	Aggrenox	aspirin / dipyridamole	Boehringer Ingelheim	Blood Modifying	VL	Traditional
2015	Jul. 07	Trelstar	triptorelin pamoate	Watson	Cancer	---	Medical
2015	Jul. 09	Targretin Capsules	bexarotene	Eisai	Cancer	VL	Specialty
2015	Jul. 11	Namenda	memantine	Actavis	Mental/Neuro Disorders	VL	Traditional
2015	Jul. 31	Finacea	azelaic acid topical gel	Intendis	Skin Disorder	L	Traditional
2015	Aug. 15	Xenazine	tetrabenazine	Valeant	Mental/Neuro Disorders	VL	Specialty
2015	Aug. 31	Androgel 1%	testosterone gel	AbbVie	Hormonal Supplementation	L-M	Traditional

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Patent Expiration Report (cont.)



Year (2015 - 2016)	Month/Day	Brand	Generic	Manufacturer	Common Use	Impact	Medication Type
2015	Sep. 01	Daytrana	methylphenidate	Shire	Attention Disorders	VL	Traditional
2015	Sep. 03	DepoCyt	cytarabine, depot	Pacira Pharms	Cancer	VL	Traditional
2015	Oct. 01	Fenoglide	fenofibrate	Santarus	High Blood Cholesterol	VL	Traditional
2015	Oct. 11	Namenda Oral Solution	memantine	Actavis	Mental/Neuro Disorders	VL	Traditional
2015	Oct. 13	Aloxi	palonosetron	Aloxi	Nausea/Vomiting	VL	Traditional
2015	Nov. 07	Axert	almotriptan	Ortho McNeil	Migraine Headaches	VL	Traditional
2015	Nov. 07	Frova	frovatriptan	Endo	Migraine Headaches	VL	Traditional
2015	Nov. 15	Asacol HD	mesalamine	Actavis	GI Disorders	VL	Traditional
2015	4Q 2015	Avodart	dutasteride	GlaxoSmithKline	Urinary Disorders	VL	Traditional
2015	4Q 2015	Jalyn	dutasteride / tamsulosin	GlaxoSmithKline	Urinary Disorders	VL	Traditional
2015	Nov. 20	Tracleer	bosentan	Actelion	Circulatory Disorders	L	Specialty
2015	Dec. 05	Mirena	levonorgestrel	Bayer	Contraceptives	---	Medical

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Patent Expiration Report (cont.)



Year (2015 - 2016)	Month/Day	Brand	Generic	Manufacturer	Common Use	Impact	Medication Type
2015	Dec. 06	Patanol	olopatadine	Alcon	Eye Drugs	L	Traditional
2015	Dec. 07	Fuzeon	enfuvirtide	Roche	HIV	VL	Specialty
2015	Dec. 19	Femring	estradiol acetate	Galen	Vaginal Disorders	VL	Traditional
2015	2015	Copaxone 20mg/mL	glatiramer acetate	Teva	Mental/Neuro Disorders	L	Specialty
2015	Dec. 31	Ortho Tri-Cyclen Lo	ethinyl estradiol / norgestimate	Janssen	Contraceptives	L	Traditional
2015	2H 2015	Renagel	sevelamer	Genzyme	GI Disorders	VL	Traditional
2016	Feb. 01	Gleevec	imatinib	Novartis	Cancer	VL	Specialty
2016	Feb. 01	Glumetza	metformin e.r.	Santarus	Diabetes	VL	Traditional
2016	Mar. 11	Visudyne	verteporfin inj.	QLT	Eye Drugs	---	Medical
2016	Mar. 15	Enablex	darifenacin, e.r.	Novartis	Urinary Disorders	VL	Traditional
2016	Mar. 23	Muse	alprostadil urethral suppository	Vivus	Circulatory Disorder	VL	Traditional
2016	Mar. 26	AcipHex Sprinkles	rabeprazole	Eisai	Ulcer Disease	VL	Traditional

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Patent Expiration Report (cont)



Year (2015 - 2016)	Month/Day	Brand	Generic	Manufacturer	Common Use	Impact	Medication Type
2016	Mar. 28	Epzicom	abacavir / lamivudine	ViiV Healthcare	HIV	VL	Specialty
2016	May. 02	Crestor	rosuvastatin	AstraZeneca	High Blood Cholesterol	M	Traditional
2016	Jun. 15	Cubicin	daptomycin	Cubist	Infections	VL	Traditional
2016	June 2016	Nuvigil	armodafinil	Cephalon	Attention Disorders/Wt Loss	VL	Traditional
2016	July 2016	Ziana	clindamycin/tretinoin gel	Medicis	Skin Disorders	VL	Traditional
2016	Aug. 02	Tamiflu	oseltamivir	Roche	Viral Infections	H	Traditional
2016	Sep. 11	Aczone	dapsone gel	Allergan	Skin Disorders	L	Traditional
2016	Sep. 15	Zirgan	ganciclovir ophthalmic gel	Bausch & Lomb	Eye Drugs	VL	Traditional
2016	Oct. 12	Ambisome	amphotericin B	Gilead	Fungal Infections	VL	Traditional
2016	Oct. 25	Azor	amlodipine / olmesartan	Daiichi Sankyo	High Blood Pressure/Heart Disease	VL	Traditional
2016	Oct. 25	Benicar	olmesartan	Forest	High Blood Pressure/Heart Disease	L-M	Traditional
2016	Oct. 25	Benicar HCT	olmesartan / HCTZ	Forest	High Blood Pressure/Heart Disease	L-M	Traditional

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Patent Expiration Report (cont.)



Year (2015 - 2016)	Month/Day	Brand	Generic	Manufacturer	Common Use	Impact	Medication Type
2016	Oct. 25	Tribenzor	amlodipine / olmesartan / HCTZ	Daiichi Sankyo	High Blood Pressure/Heart Disease	VL	Traditional
2016	Nov. 01	Seroquel XR capsules	quetiapine, extended-release	AstraZeneca	Mental/Neuro Disorders	VL	Traditional
2016	Dec. 12	Zetia	ezetimibe	Schering-Plough	High Blood Cholesterol	L	Traditional
2016	Dec. 13	Lupron Depot	leuprolide acetate	AbbVie	Cancer	L-M	Specialty
2016	Dec. 19	ProAir HFA	albuterol MDI	Teva	Asthma	H	Traditional
2016	Dec. 26	Kaletra Tablets	lopinavir	AbbVie	HIV	VL-L	Traditional
2016	2H 2016	Advair Diskus	salmeterol / fluticasone	GlaxoSmithKline	Asthma	H	Traditional
2016	4Q 2016	Azilect	rasagiline	Teva	Parkinsons Disease	VL	Traditional

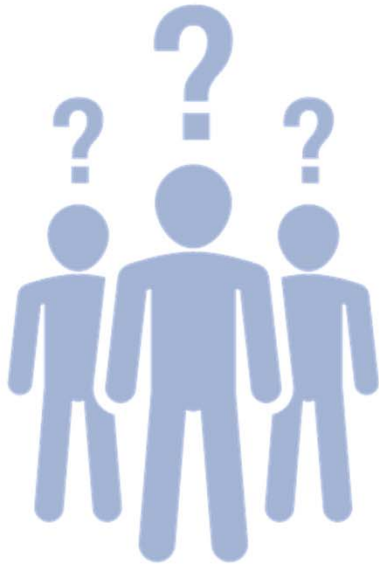
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Carving Out the Pharmacy Benefit





Question?



Why are your pharmacy benefits bundled with a carrier?



What is a Carve Out (Unbundling)?



Rationale & Benefits of a Carve Out



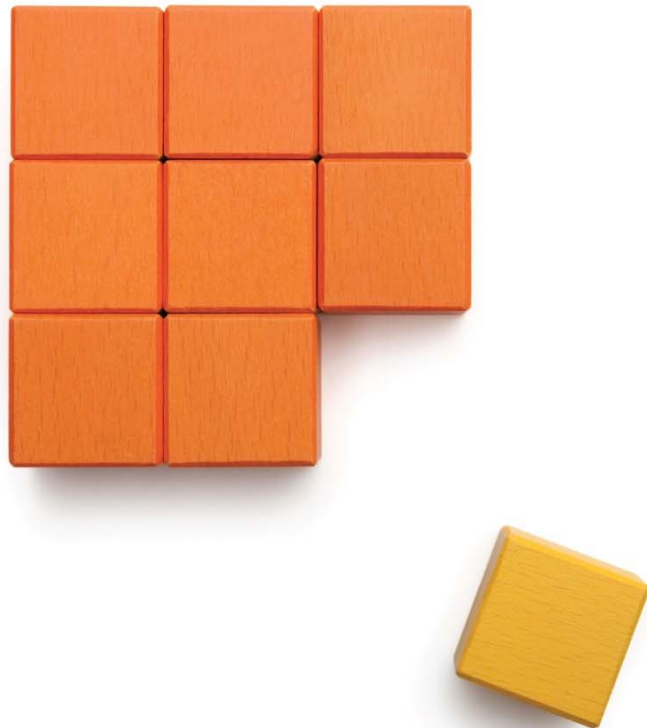
Advantages



Case Study



What is a Carve Out (Unbundling)?



Simple...this means that employers contract **directly** with a Pharmacy Benefits Manager (PBM) to provide pharmacy specific services in lieu of contracting with an Insurance company for Medical and Pharmacy Benefits (bundled program). The Medical carrier may either provide pharmacy services in-house or have a **separate** vendor agreement for PBM services.

Rationale and Benefits of a Carve Out



Employer control

Strategically design/customize a plan that improves member behavior and reduces healthcare costs.



Autonomy

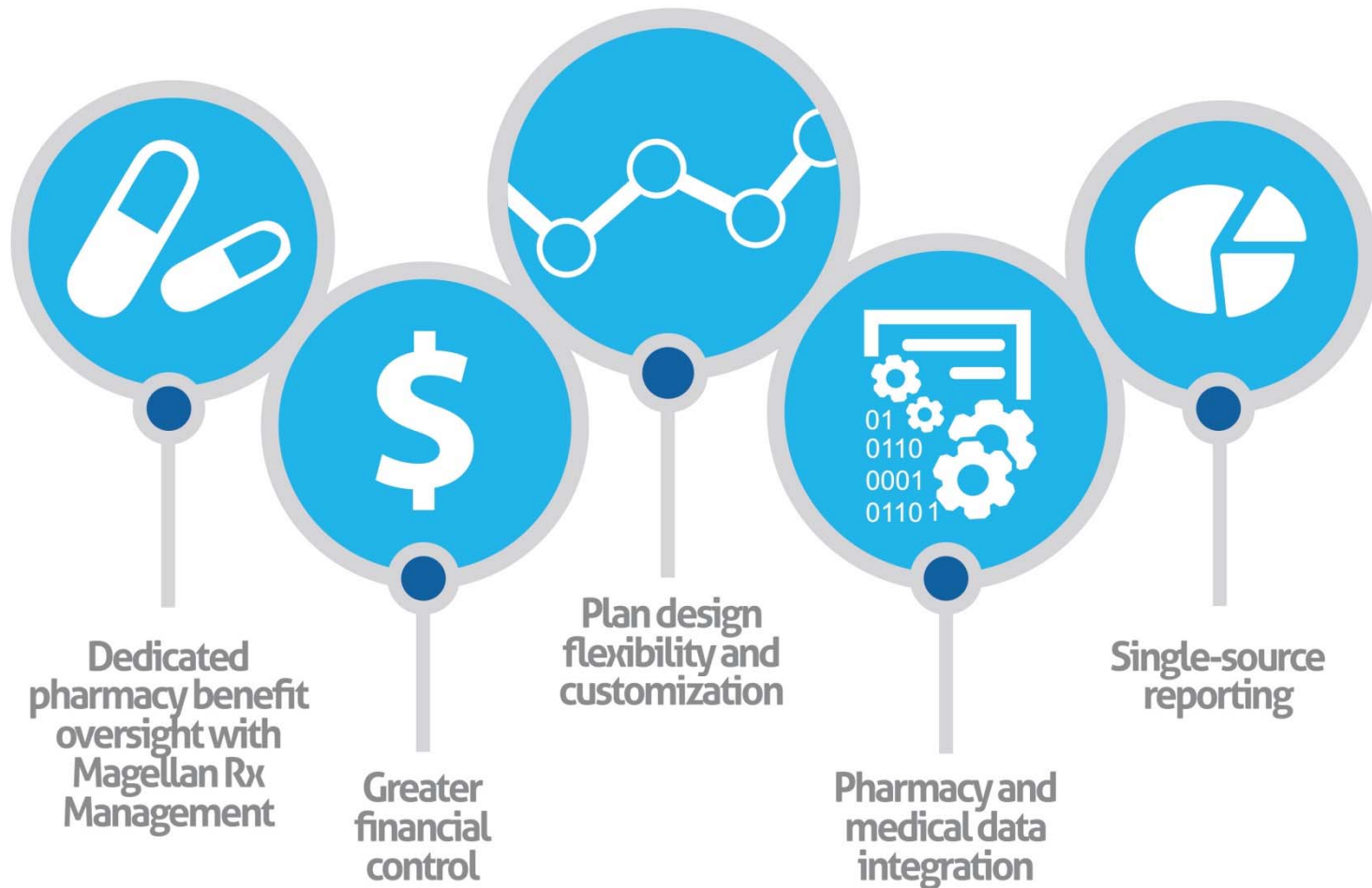
Employers also gain autonomy, complete and timely access to “their” claims information and a single benefit offering across multiple demographics.



Focused expertise

Bundled programs have been known to lack the focused expertise need to design effective benefit plans to achieve actual savings.

Advantages of a Carve Out



Advantages of a Carve Out



**Dedicated pharmacy
benefit oversight with
Magellan Rx
Management**

- Enables plans to work directly with a specialist in pharmacy care, allowing for easy access to valuable pharmacy data and more effective pharmacy benefits management
- Presents plans with management tools, drug management strategies, and safety programs that are all designed to improve member health, reduce costs and capture significant savings
- Provides plans with detailed quarterly data and quality reports that allow for the initiation of specific, targeted clinical campaigns and outreaches
- Involves plans in the MRx Account Review process, which benchmarks the group's performance against like peer groups, helping to facilitate impactful benefit strategies and recommendations
- Reduces plan costs by giving employers direct access to better discounts and rates while providing long-term stability and savings

Advantages of a Carve Out



**Greater
financial
control**

- Improves cash flow by allowing employers to pay for claims as they are incurred, rather than paying a fixed premium upfront to an insurance carrier
- Lowers administrative costs by enabling employers to contract directly with a PBM, removing any extra fees a plan sponsor may have been previously charged to manage the relationship

Advantages of a Carve Out



**Plan design
flexibility and
customization**

- Allows employers to effectively tailor the pharmacy benefit to their specific member population
- Enables more formulary design and copay structure control to help increase member compliance and control costs

Advantages of a Carve Out



**Pharmacy and
medical data
integration**

- Enables the PBM to blend drug and medical data to help employers effectively manage overall health costs
- Allows the employer to monitor healthcare trends across the spectrum by tracking data and money exchanges from multiple entities including the health plan, member, physician, manufacturer and payer

Advantages of a Carve Out



**Single-source
reporting**

- Separates pharmacy and medical data in order to better review and monitor trends, regardless of how many plans an employer group offers
- Allows employers to receive pharmacy data from a single-source
- Makes transition easy



Case Study: GBA Insurance Trust, Inc.

Large Association Achieves Significant Savings, Smart Reporting, and Member Satisfaction

Customer Description

Type: Self Funded Employer **Size:** 19,539 members
Location: Atlanta, GA **Magellan Rx Client Since** 2010

Situation

Inability to collect key pharmacy data, extreme year-over-year cost increases, and unacceptable slow responses in customer service resolution call-backs

Solution

Develop a specific pharmacy reporting plan to significantly decrease costs, increase generic utilization, and improve customer service

Overall Results

Effective, comprehensive solutions that produced optimal health outcomes, lower overall costs and higher member satisfaction

- Greater financial control
- Plan design flexibility & customization
- Unrestricted pharmacy and medical data integration
- Full financial disclosure

"Magellan Rx did a fantastic job with our complex implementation. They effectively coordinated and shipped our combo (medical/Rx) cards to over 500 locations without an issue and with the timeliest turnaround we have ever experienced. Their organization, attitude and overall approach to customer care gives a whole new meaning to the term partnership."

Dan Thomason
President & CEO, GBA Insurance Trust, Inc.



Implementation: Key Components

- Dedicated 24/7 Customer Service Line
- Prior Auth Logic, Pay 1st Fill With Messaging That Next Fill Requires PA
- Onsite AM Support The First Week Of Implementation
- Customized Member Cover Letter
- Formulary Disruption Analysis
- Mail Order Open Refill Transfer File (Active Prescriptions)
- Prior Authorization Transfer File (Active PAs)
- OTC Letter: 2 Versions (Standard Copay Plan And HDHP Captures Different Patient Pay Amounts)
- Top 15 Brand Products (15) Coded At T2 To Match Incumbent PBM's Formulary And Reduce Member Disruption

Rx Annual Savings **\$3,428,310 (14.4%)**



Contact Information



Darryl Martin

Vice President, Sales

(480) 624-9304

DGMartin@magellanhealth.com



Richard Bullard, RPh

Senior Vice President, Pharmacy

(480) 624-8925

RHBullard@magellanhealth.com



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