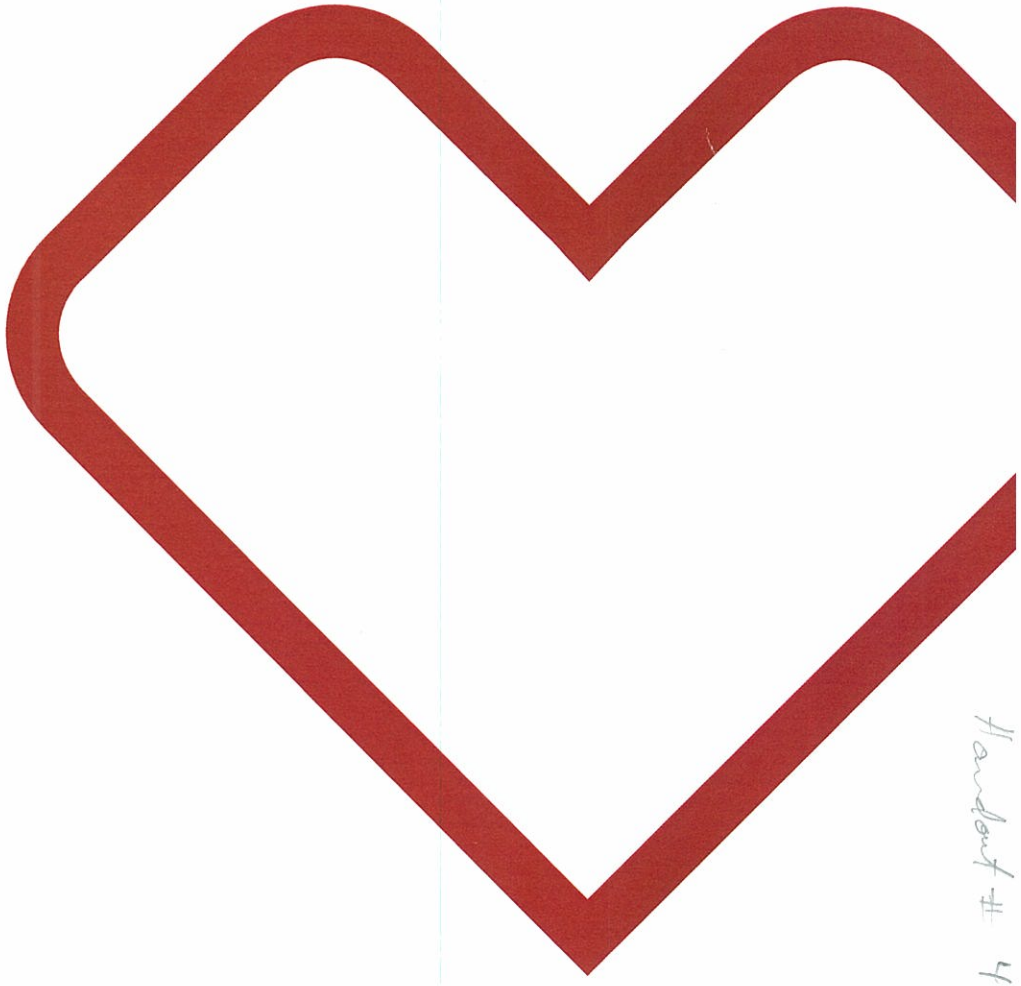
Arkansas Health Reform Legislative Task Force

July 15, 2015

Anne Winter, Senior Director
Medicaid



CVSHealth

Handout # 4.3

Topics for Today

1. CVS Health and Medicaid Experience
2. Best Practice – Generic Substitution
3. Best Practice – Clinical Programs in Managed Care
4. Questions

The CVS Health Enterprise

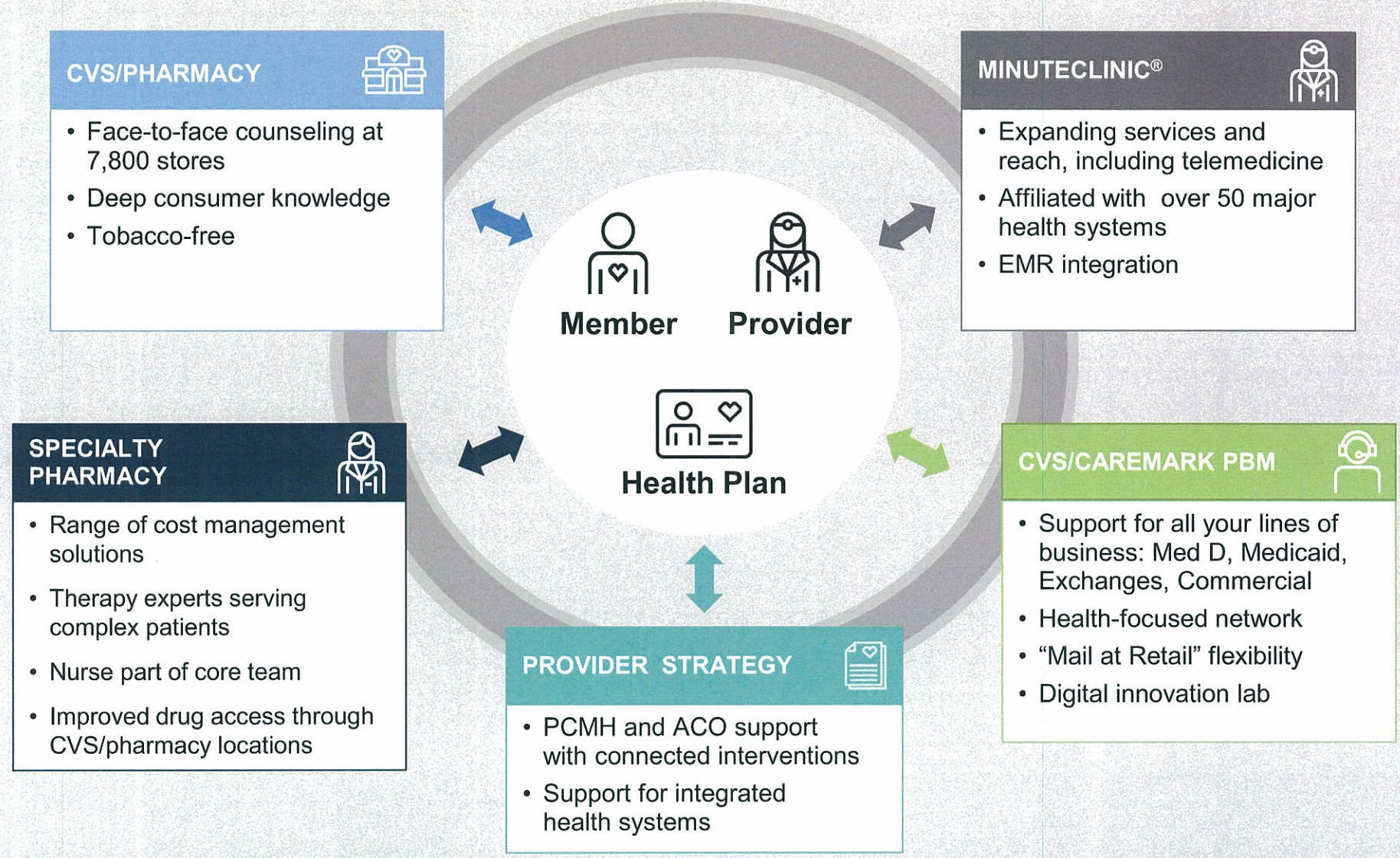
CVS/CAREMARK PBM	CVS/ PHARMACY®	SPECIALTY PHARMACY	PROVIDER RELATIONSHIPS	CVS/MINUTE CLINIC™
• 2,000 clients • 2 mail pharmacies • Over 900M Rx/Year • 50M mail Rxs/year • 63M members – 6M Med D – 13M Medicaid	• 7,800+ stores • 4.6 million customers served daily • 90 million+ active ExtraCare® members*	• 865K specialty patients • 6M scripts annually • Access through 7,800+ CVS/pharmacy locations**	• PCMH strategies • ACO alignment • Supporting integrated health systems	• Nearly 1,000 clinics • 20M patients served • Affiliated with 50+ major health systems

WORKING TOGETHER
TO HELP PEOPLE ON A BETTER PATH TO HEALTH

- **Unparalleled member access and engagement**
- **Pharmacy innovation to reduce costs and improve quality**

[1]CVS/pharmacy Customer Analytics Fiscal YTD, June 2015 *Based on the availability of CVS/pharmacy locations and subject to applicable laws and regulations. **In-store delivery not available in Arkansas and West Virginia. Other restrictions may apply.

Better Connections and Collaboration Help You Lower Costs and Improve Outcomes



Savings from Generic Dispensing

Comparison of Net Cost of Prescription Drugs in FFS and Managed Care 2014

	Generic Dispensing Rate 2014	% Claims Paid by Risk Entity	Pharmacy Payment	Rebates Collected by States	Admin and ACA Insurer Fee	Net Cost
FFS States	77.8%	0%	$84.50	$41.01	$0.00	$43.49
Managed Care States	81.5%	69%	$69.29	$33.55	3.37	$39.10

When only managed care claims are considered the estimated per prescription net cost is $6.61 less in managed care – 14.1% savings

Comparison of Medicaid Pharmacy Costs and Usage in Carve-In Versus Carve-Out States, The Menges Group, April 2015

Best Practice – North Carolina Value Payments

North Carolina has a tiered dispensing fee based upon a pharmacy's generic dispensing rate. This value based payment strategy helps influence dispensing of the lowest cost medication.

Generic Dispensing Rate	Dispensing Fee
> or = to 80%	$7.75
> or = 75% < 80%	$5.50
> or = 70% < 75%	$2.00
< 70%	$1.00

North Carolina Medicaid has achieved over an 86% GDR

Source: State of North Carolina Monthly Reporting

Pharmacy Savings from Managed Care

STATE OF NEW YORK

- Pharmacy moved to managed care in 2011
- State expected $100M in savings, but actual savings were $425M
- Savings were driven by increased generic dispensing rate and lower dispensing fees
- Saved three clients $90M through innovative formulary design

STATE OF TEXAS

- Pharmacy moved to managed care in 2012
- Budget estimates ranged from $65M to $76 million in increased revenues and cost avoidance depending upon whether or not the health plan controlled the formulary or used the state PDL
- Best practice is to allow health plans to control the formulary

•Savings Generated by New York's Medicaid Pharmacy Reform: Prepared by Special Needs Consulting Group: October 2012
• TX Health and Human Services Commission Presentation to House Appropriations Committee on Health and Human Services: February 2011

Arkansas DHS Request for Information

In May 2015, DHS issued an RFI to solicit information from interested parties on how a managed care program would be structured for complex populations

- Developmentally disabled
- Persons with mental illness diagnoses
- Persons using long term care services and supports

Goals of the new model for delivering care

- Improve the patient experience of care
- Enhance the performance of the broader health care system
- Slow or reverse spending growth
- Further payment reform objectives

Trend to move complex populations into managed care systems

- RFI: PA, OK
- RFP: LA, NE, IA, IN
- Legislation: NC, AL

TSG Report – 100 Highest Utilizers of Medicaid Services

Medicaid sub population known as "superutilizers"

- 5% of the population accounts for 55% of Medicaid costs
- Superutilizers are defined as persons with high number of ER visits and readmissions
- States report that 80% to 100% of superutilizers have a behavioral health diagnoses
- A significant percentage also have substance abuse issues

Many of the top 100 had hemophilia and mental health diagnoses

TSG reports that the top 100 utilizers had pharmacy as a "predominant component of their expenses."

Medicaid is the #1 payer of mental health services in the US and pharmacy is the highest component of mental health service spends

PBMs bring programs to Medicaid to help control the costs of the superutilizers

One-on-One Counseling Helps Improve Medication Management and Health Education

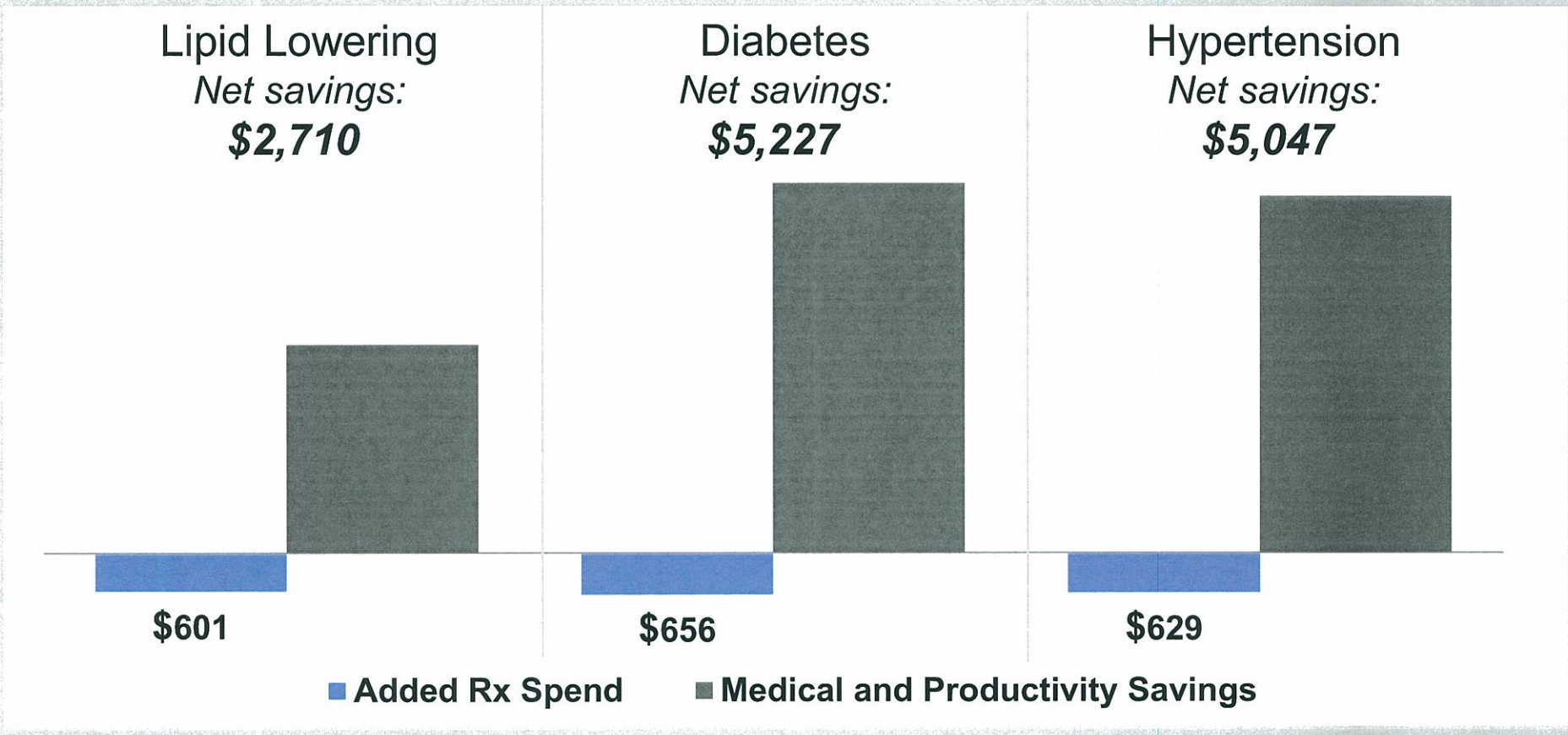
- Pharmacists provide targeted member-specific interventions
- Face-to-face at 7,800+ CVS/pharmacy® locations and 53K network pharmacies
- Educate and promote positive health behavior at key points in therapy;
  first fill and non-adherence
- Continuous claims monitoring identifies opportunities for improved care

Helps advance HEDIS quality initiatives and reduce health care spend

HEDIS (Healthcare Effectiveness Data and Information Set).

Better Pharmacy Care: Investing in Adherence Helps Reduce Overall Costs

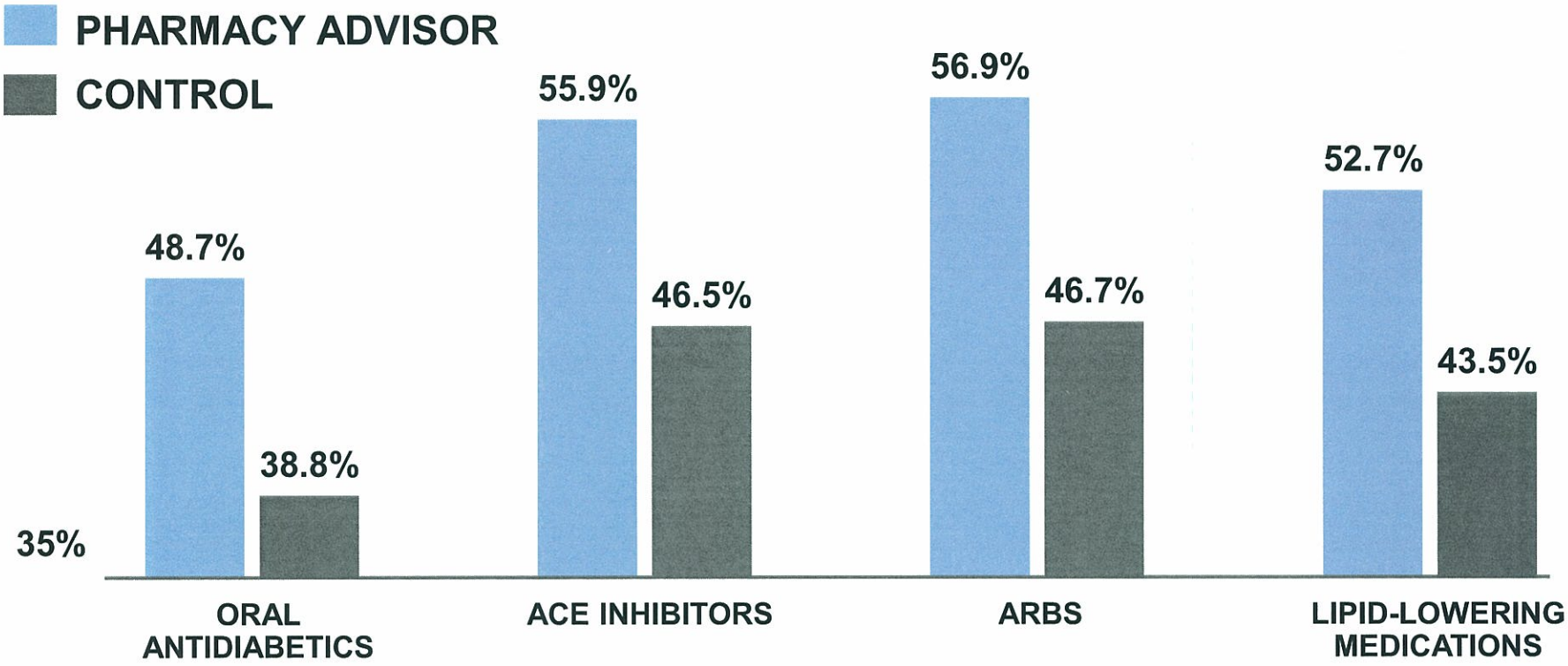
HEALTH CARE SAVINGS FROM IMPROVED ADHERENCE (PMPY)



Projections based on CVS/caremark data. Individual results will vary based on plan design, formulary status, demographic characteristics and other factors. Client-specific modeling available upon request.
Sources: Roebuck MC, Liberman JN, Gemmill-Toyama M, Brennan TA. Medication adherence leads to lower health care use and costs despite increased drug spending. Health Affairs. 2011;30(1):91-99.
Carls GS, Roebuck MC, Brennan TA, Slezak JA, Matlin OS, Gibson TB. Impact of medication adherence on worker productivity: an instrumental variables analysis in five chronic diseases. JOEM, 2012.
Savings quoted may vary based on various factors including things such as plan design, programs adopted and demographics.

Pharmacist Counseling Helps Improve Diabetes Patient Adherence

PERCENT OF NON-ADHERENT MEMBERS WITH DIABETES WHO MOVED TO OPTIMAL ADHERENCE*[1]



Pharmacy Advisor and control group populations are matched and include other adherence programs implemented by clients.

*Statistically significant. P-value <.0001. 1. CVS/caremark Enterprise Analytics 2012-2013; Evaluating the Impact of Pharmacy Advisor on Adherence and Gaps in Care, 2013. Results are based on PBM client commercial member populations. Results may differ depending on the specific line of business and for non-PBM member populations. Actual results may vary based on factors such as programs adopted by the plan. Client-specific modeling available upon request.

Client Case Study: Increasing Flu Vaccinations with Targeted Messaging

SITUATION AND SOLUTION

- A large health plan (~1.5M members) identified **61k** members within their Medicaid population to inform that a no-cost flu vaccination benefit was available to them
- Over a 45-day campaign, **25k** targeted members received the flu vaccination a targeted message
- Message was delivered face-to-face at the pharmacy by a technician, with a reinforcement message printed on their prescription bag

RESULTS

33%

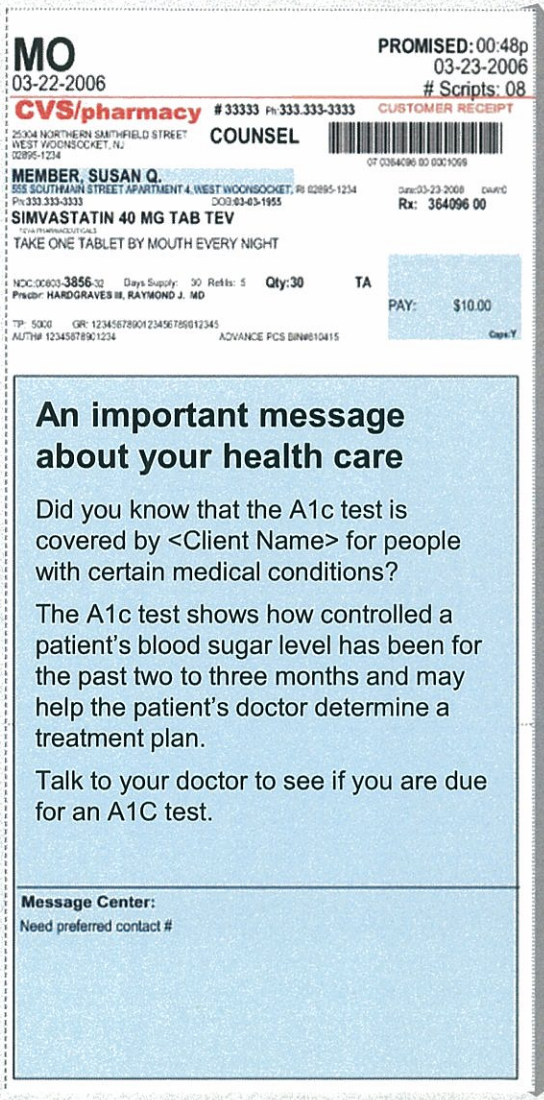
Increase in vaccinations for members that received HealthTag messages relative to controls[1]

10 days

HealthTag recipients were more likely to obtain their vaccine within **10 days** of campaign relative to controls[2]

Source: CVS/caremark Enterprise Analytics, 2015.
1. Effect size = 34% increase (Odds ratio = 1.34; 95% Confidence Interval: 1.10 – 1.63).
2. Effect size = 34% increase (Odds ratio = 1.34 (95% Confidence Interval: 1.03– 1.74).

HealthTag Label Message Example



MO
03-22-2006

PROMISED: 00:48p
03-23-2006
Scripts: 08

CVS/pharmacy #33333 Ph:333.333-3333 CUSTOMER RECEIPT

25304 NORTHERN SMITHFIELD STREET
WEST WOONSOCKET, NJ
02895-1234

COUNSEL

MEMBER, SUSAN Q.
555 SOUTHMAIN STREET APARTMENT 4, WEST WOONSOCKET, RI 02895-1234
Ph:333.333-3333 DOB:03-03-1955

Date:03-23-2008 DAW:0
Rx: 364096 00

SIMVASTATIN 40 MG TAB TEV

TAKE ONE TABLET BY MOUTH EVERY NIGHT

NDC:00603-3856-32 Days Supply: 30 Refills: 5 Qty:30 TA
Prscbr: HARDGRAVES III, RAYMOND J. MD

PAY: $10.00

TP: 5000 GR: 12345678901234567890123456
AUTH# 1234567890123 ADVANCE PCS BIN#610415 Copy:Y

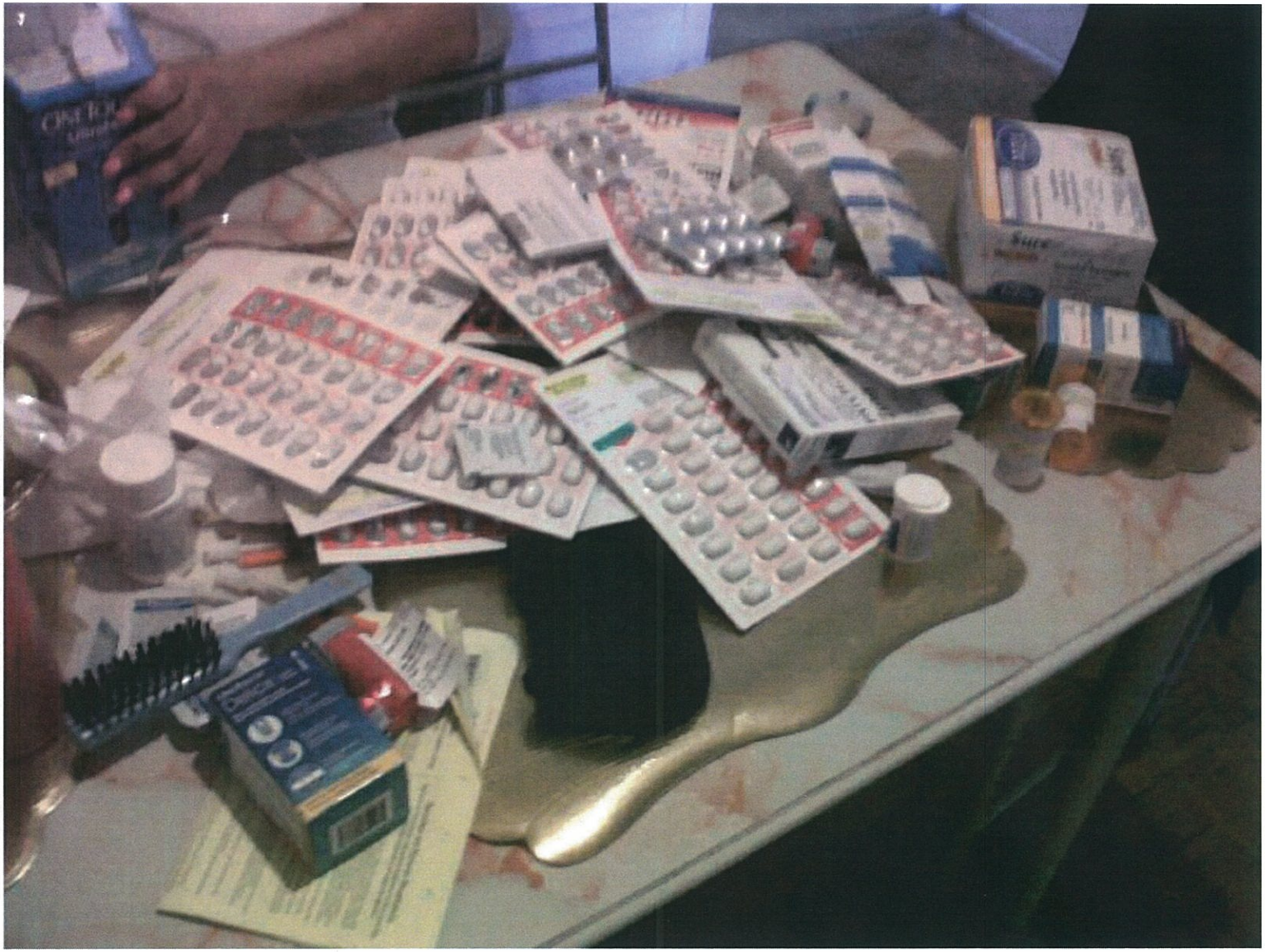
An important message about your health care

Did you know that the A1c test is covered by <Client Name> for people with certain medical conditions?

The A1c test shows how controlled a patient's blood sugar level has been for the past two to three months and may help the patient's doctor determine a treatment plan.

Talk to your doctor to see if you are due for an A1C test.

Message Center:
Need preferred contact #



Comprehensive Medication Review Focuses on High-Risk Members

Program Criteria

- Take four or more maintenance medications and
- Have an anticipated annual drug spend of at least $600 and
- Have three or more targeted conditions, OR
- Are referred by health plan or Disease Management vendor

Targeted Conditions

- ADHD
- Asthma
- Bipolar mood disorder
- Cardiovascular disorders
- Chronic Heart Failure
- Diabetes
- Depression
- HIV
- Schizophrenia
- Seizure disorders

Ongoing claims monitoring allows tracking of performance and identification of members to engage throughout the year

ADHD (Attention Deficit Hyperactivity Disorder). DM (Disease management).

All data sharing and use complies with applicable laws.

THANK YOU!

Questions

CVSHealth

Millions of times a day, we're helping people on their path to better health—from advising on prescriptions to helping manage chronic and specialty conditions. Because we're present in so many moments, big and small, we have an active, supportive role in shaping the future of health care.

How We Help the People of Arkansas on their Path to Better Health

CVS/pharmacy

Our CVS/pharmacy stores provide access to highly trained pharmacists who dispense prescriptions and expert advice.

5

CVS/pharmacy stores

100+

Employees

12

Pharmacists

118,780

prescriptions filled

CVS/caremark

Our Pharmacy Benefits Management (PBM) team helps make prescription medications more affordable and accessible, and helps people use them safely and effectively.

13,103,222

Arkansas Prescription Claims Processed through our PBM Mail Pharmacies

COMMUNITY GIVING

Our Community Giving supports a range of important causes, including health care for underserved populations, prevention and wellness, and children with disabilities.

TAX CONTRIBUTIONS

$1,932,378

in state and municipal taxes

MEDICATION ADHERENCE COST SAVINGS

Despite evidence that prescription medication can help manage chronic diseases, an alarming number of patients still do not take their medications as directed by their doctors. Annual excess health care costs due to medication nonadherence in the United States have been estimated to be as much as $290 billion.

Below is a snapshot of the potential savings in Arkansas that can be achieved by improving medication adherence.* The information was compiled using CVS Health's comprehensive database.

$224M

maximum potential savings by converting all brand prescriptions to generic prescriptions (when available)

$196M

maximum medical cost avoidance opportunity for moving all members who have sub-optimal medication possession ratios (MPR) to optimal MPR of ≥80%

Numbers based on 2014 data.

*Reflects estimates of the potential maximum savings opportunities that exist across the CVS Health book of business if we were able to achieve optimal adherence behaviors. Projections based on CVS Health data, individual results will vary based on plan design, formulary status, demographic characteristics and other factors. For more information, visit www.cvshealth.com to review the *2014 State of the States: Adherence Report*.