

REAL-TIME PRESCRIPTION BENEFIT LOWERS COSTS FOR PLAN SPONSORS AND THEIR MEMBERS

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WHAT IS THE PURPOSE OF THIS WHITE PAPER?

Healthcare industry experts and studies indicate that delivering prescription price transparency to the point of care supports improved patient adherence and outcomes, patient and provider satisfaction, and decreased cost in the healthcare system. To better understand the impact of Surescripts Real-Time Prescription Benefit in delivering drug savings for health plans and pharmacy benefit managers (PBMs), a study was conducted to understand the cost savings delivered by the service, as well as identify opportunities for continuous improvement and value enhancement.

This white paper demonstrates the ways in which Real-Time Prescription Benefit lowers costs for plan sponsors and members. It does this by:

- Defining what the solution is and how it works
- Describing the benefits of the solution
- Identifying the ways in which a plan sponsor can generate cost savings
- Quantifying the value of these cost savings to health plans and members/patients

WHAT IS REAL-TIME PRESCRIPTION BENEFIT?

The tool allows prescribers to receive member-specific cost and benefit information through the electronic prescribing workflow in real-time, at the point of care.

HOW DOES REAL-TIME PRESCRIPTION BENEFIT WORK?

The electronic prescribing workflow starts when a prescriber inputs a member's prescription into their electronic health record (EHR). Surescripts sends the request to the member's PBM and returns a price for the requested medicine, as well as therapeutic equivalent options for lower cost alternative medications or alternative distribution channels, (e.g. mail order).

WHAT ARE THE BENEFITS OF REAL-TIME PRESCRIPTION BENEFIT?

Real-Time Prescription Benefit makes medication cost information more readily available for members and prescribers at the POC. Nearly 10%¹ of members who abandon their medication do so because of cost. By making costs more transparent at the POC, prescribers can have cost conversations with their patients, prepare patients for what costs will be when they arrive at the pharmacy, and, if opportunities are available, change their prescription request to a more affordable alternative, reducing adherence barriers.

A market analysis was conducted to further explore the benefits of Real-Time Prescription Benefit for the member, PBM or plan sponsors. The analysis revealed that the solution:

- Improves the member experience by avoiding surprise costs and the need for prior authorization at the point of care.
- Increases formulary compliance, leading to:
 - Lower member costs
 - Increased pharmaceutical manufacturer rebates
 - Decreased ingredient costs
 - Lower administration costs due to fewer prescriptions that need prior authorization
- Provides a health plan/PBM data connection to the contracted EHRs, reducing costs and investments in individually managed direct implementations, allowing for faster provider adoption and sharing of the member cost and alternative drug information across a network of EHRs
- Supports easier compliance maintenance with the Centers for Medicare and Medicaid Services (CMS) regulatory requirements for price transparency and real time benefit tool (Medicare only)

In addition to these perceived benefits, this study further highlighted how health plans and PBMs have not yet fully capitalized on the solution's true value—its ability to lower costs.

THE APPROACH:

Raw transaction data was collected from seven PBMs during September 2020, for 12.9 million unique transactions.

- The transaction data included detailed information pertaining to the prescribed medication, as well as other pertinent information, such as formulary and pharmacy channel alternatives.
- The data was summarized to include information such as the total number of unique raw transactions, “adopted” transactions, drug costs (e.g. ingredient costs) and the number of days’ supply.

- The types of prescription changes that generated savings were identified, and when the prescriber adopted the recommended change, those changes were included in the savings calculations.

This approach allowed us to identify the following potential areas for savings:

- Change of drug type (generic, brand)
 - Generic drugs have a lower average wholesale price (AWP) list price and higher discounts than brands resulting in lower drug costs for the plan sponsor
- Change of pharmacy types (mail, retail)
 - Plan sponsors receive higher discounts (lower drug costs) and increased rebates when the pharmacy channel changes from a retail to retail 90 and mail order
 - Members copays for retail 90 and mail order are lower than retail copays
- Change in days of supply (1-30 days, 31-60 days, 61-82 days and 83+ days)
- Change from Prior Authorization (PA) to non-PA
 - PA administrative costs are eliminated lowering plan sponsor costs
- The following industry benchmark² assumptions were then applied to the analysis:

1) PA Administrative Cost:

\$32 per prior authorization request

2) Average Discounts, Rebate and Dispensing Fee (per prescription)

BRAND/ GENERIC	RETAIL/ MAIL	DAYS SUPPLY	DISCOUNT	REBATE	DISPENSING FEE
BRAND	RETAIL	1-82 DAYS	16-19.0%	\$175-\$250	\$0.60-\$0.90
BRAND	RETAIL	83+ DAYS	24-25.8%	\$650-\$750	\$0
BRAND	MAIL ORDER	83+ DAYS	24-25.8%	\$650-\$750	\$0
GENERIC	RETAIL	1-82 DAYS	84-85.5%	\$0	\$0.60
GENERIC	RETAIL	83+ DAYS	87-89.0%	\$0	\$0
GENERIC	MAIL ORDER	83+ DAYS	87-89.0%	\$0	\$0
SPECIALTY	RETAIL	1-82 DAYS	17-21.0%	\$250-\$300	\$0
SPECIALTY	RETAIL 90/MAIL ORDER	83+ DAYS	20-24.0%	\$2,500-\$3,100	\$0

3) Average Member Copay³:

DRUG TYPE	PREFERRED / NON-PREFERRED	ASSUMED MEMBER COPAYS			
		1-30 DAYS	31-60 DAYS	61-82 DAYS	83+ DAYS
GENERIC	PREFERRED	\$10	\$20	\$30	\$25
GENERIC	NON-PREFERRED	\$12	\$24	\$36	\$30
BRAND	PREFERRED	\$35	\$70	\$105	\$88
BRAND	NON-PREFERRED	\$55	\$110	\$165	\$138
SPECIALTY	PREFERRED	\$75	\$150	\$225	\$188
SPECIALTY	NON-PREFERRED	\$75	\$150	\$225	\$188

COST SAVINGS

The resulting analysis shows that, for each transaction, cost savings are generated when a prescriber adopts drug changes or pharmacy channel changes. It is important to note that the study reflected first-fill only and did not include any additional long-term cost savings.

The average member cost savings per adopted prescription ranges from \$3 to \$9. The savings come from a variety of initiatives, including drug and channel changes, although only a limited number of transactions include both.

DRUG CHANGES

- Drug changes, on average, generate more savings per adopted change than pharmacy channel changes. These represent only 7% of adopted changes, however they make up 11% of the total savings. (Figure 1)
- Brand to generic and brand to brand drug changes generate high savings per prescription: \$100 and \$300 respectively. These savings are generated by moving to an alternative drug with a lower AWP.

However, for brand to generic changes, some of the ingredient cost savings is offset by a loss of rebates. (Figure 1)

- Although minimal, PA administration costs are eliminated by moving from a PA-required to non-PA-required drug. (Figure 1)
- Ingredient cost savings are the largest source of savings for all transaction types at 63% of the total savings (Figure 2).

PHARMACY CHANNEL CHANGES

- Pharmacy channel changes make up approximately 86% of the total adopted changes. On average, they provide fewer savings per adopted change compared to drug changes, and they make up a large percent of the total savings or approximately 88%. (Figure 1)
- Retail to retail 90 conversions account for the majority of channel changes (approximately 60%) and total adopted changes (approximately 52%). This category also generated the largest savings at 53% of the total savings. (Figure 1)
- Savings from rebates make up approximately 21% of the total savings and are a result of the following transaction changes: retail to retail 90, retail to mail order channel changes and brand to brand changes. (Figure 2)
- Although minimal per adopted script, a large percent of total non-rebate savings (due to the quantity) are generated from having no dispensing fees when changing from a retail to retail 90 or mail order prescription. (Figure 1)

Figure 1:

	ADOPTED CHANGES	PERCENTAGE OF ADOPTED CHANGES	TOTAL COST SAVINGS	COST SAVINGS PER TRANSACTION	PERCENT OF TOTAL SAVINGS
DRUG CHANGE ONLY	15,127	7.2%	\$1,717,116	\$114	11.5%
BRAND TO GENERIC	9,195	4.4%	\$1,111,459	\$121	7.4%
BRAND TO BRAND	2,094	1.0%	\$561,653	\$268	3.8%
OTHER	3,838	1.8%	\$44,004	\$60	0.3%
PHARMACY CHANNEL CHANGE ONLY	181,909	86.4%	\$13,213,034	\$73	88.3%
NON-SPECIALTY RETAIL TO RETAIL 90	110,333	52.4%	\$7,946,229	\$72	53.1%
NON-SPECIALTY RETAIL TO MAIL	19,447	9.2%	\$1,830,488	\$94	12.2%
SPECIALTY RETAIL TO RETAIL 90	415	0.2%	\$1,154,416	\$2,782	7.7%
SPECIALTY RETAIL TO MAIL	1,800	0.9%	\$2,797,918	\$1,554	18.7%
OTHER	49,914	23.7%	-\$516,017	-\$10	-3.5%
DRUG AND PHARMACY CHANNEL CHANGE	1,039	0.5%	\$10,135	\$10	0.1%
OTHER CHANGES	12,516	5.9%	\$15,215	\$1	0.1%
TOTAL	210,591	100%	\$14,955,500	\$197	100.0%

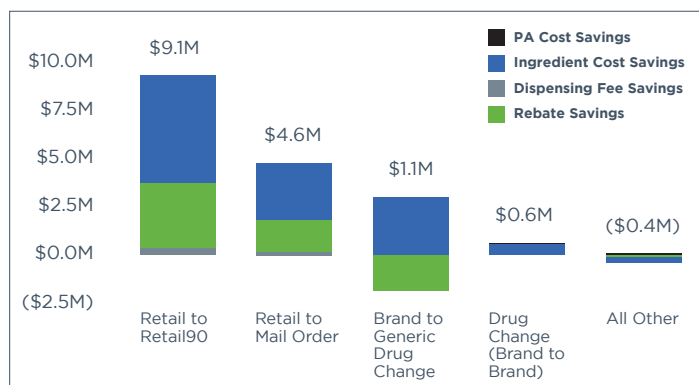
CONCLUSION:

The vision for Real-Time Prescription Benefit is to deliver member/patient-specific drug benefit and cost information in the electronic prescribing workflow at the point of care to support patient and provider drug cost conversations and opportunities to change to less costly alternatives—and Real-Time Prescription Benefit achieves this goal. Prescribers are adopting lower-cost drugs, reducing costs for members/patients and plan sponsors alike. Real-Time Prescription Benefit provides tangible, measurable value in the savings generated from drug changes (brand to generic or PA required to non-PA required drugs) and pharmacy channel changes executed at the point of care.

Prior to this study, it was commonly believed that Real-Time Prescription Benefit generated most savings from drug changes. However, the findings in this study showed that although the drug changes generate the most savings per adopted change, in aggregate, the primary source of savings is, in fact, pharmacy channel changes. Depending on contractual discounts, rebate sharing arrangements and plan designs, there may be variations between plans on the savings realized per opportunity.

These findings demonstrate that Real-Time Prescription Benefit delivers even more savings to PBMs and health plans than previously expected and should help make for a more informed decision when considering the value generated.

Figure 2: Total Cost Savings by Unique Transaction Type Changes


¹Truven Health Analytics-NPR Health Poll: Prescription Drugs, June 2017

^{2,3}Industry benchmarks for AWP discounts, rebates and dispensing fees and copays are based on a wide range of client types, size, line of business, (e.g., Medicare, Medicaid, Commercial, and HIX)