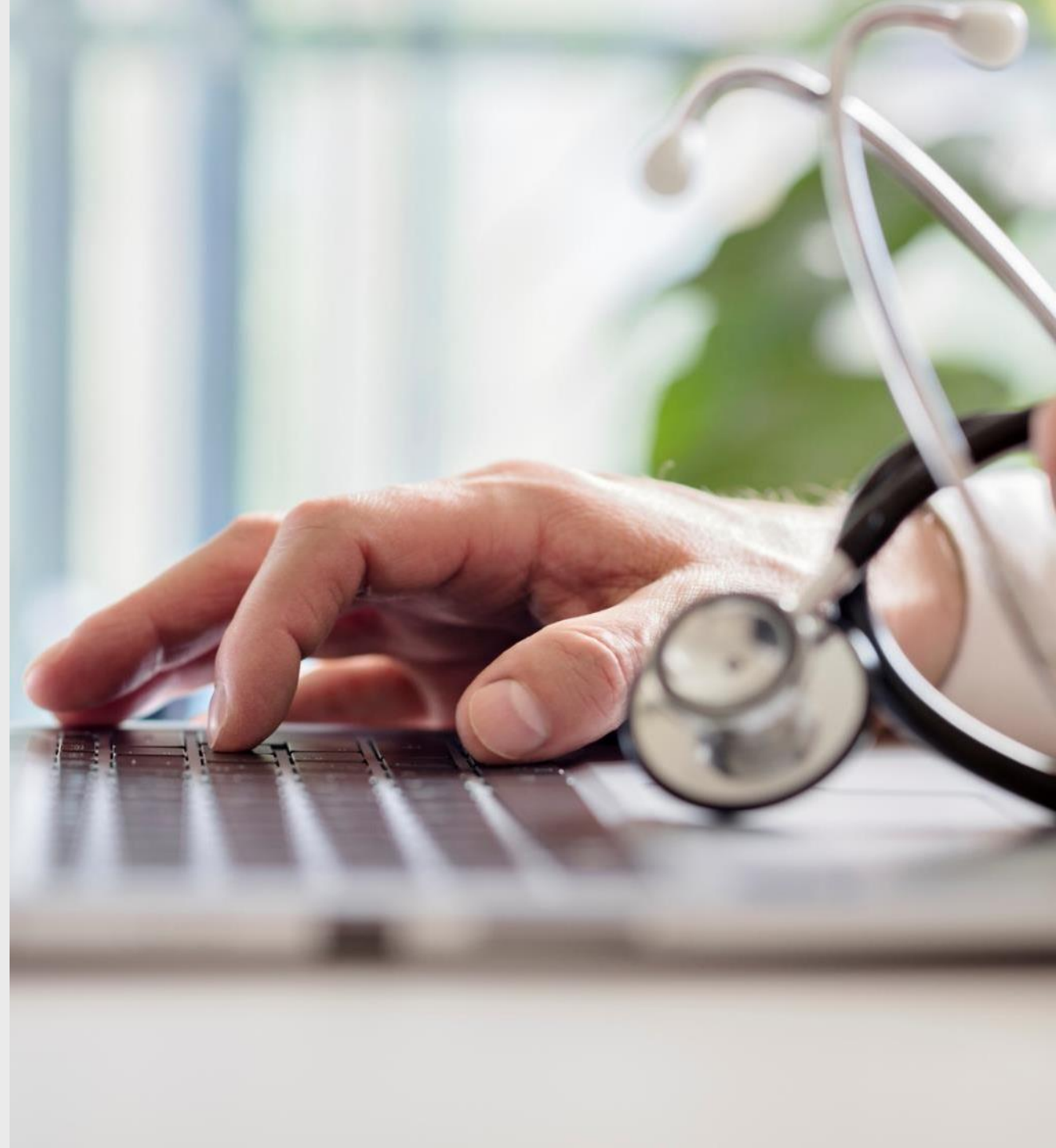


# Retiree Plan Specialty Prior Authorization Opportunity



# Addressing rising costs and improving outcomes

## RISING PRESCRIPTION COSTS



**Up to \$600B**  
projected drug spend in the  
U.S by 2023<sup>1</sup>

**AFFORDABILITY**

## ADVERSE DRUG EVENTS



Risk of an adverse drug event  
increases by  
**7-10%**  
with each additional medication<sup>2</sup>

**SAFETY**

## SPECIALTY DRUG INCREASE



**More than 2x**  
specialty medication growth  
rate vs. other drugs<sup>3</sup>

**ACCESS**

# Specialty medications dominate spend

## COST

8% year over year growth **\$505B** in spend by 2023<sup>1</sup>

>10% increase in utilization in past four years<sup>1</sup>

~**\$52K**/year per medication<sup>2</sup>

## COMPLEXITY

### Specialty patients

Take ~**10** different medications over the course of a year<sup>3</sup>

Manage ~**7** conditions at a time<sup>3</sup>

# Retiree Plan Specialty Drug Costs Per Rx

Specialty medications for chronic conditions

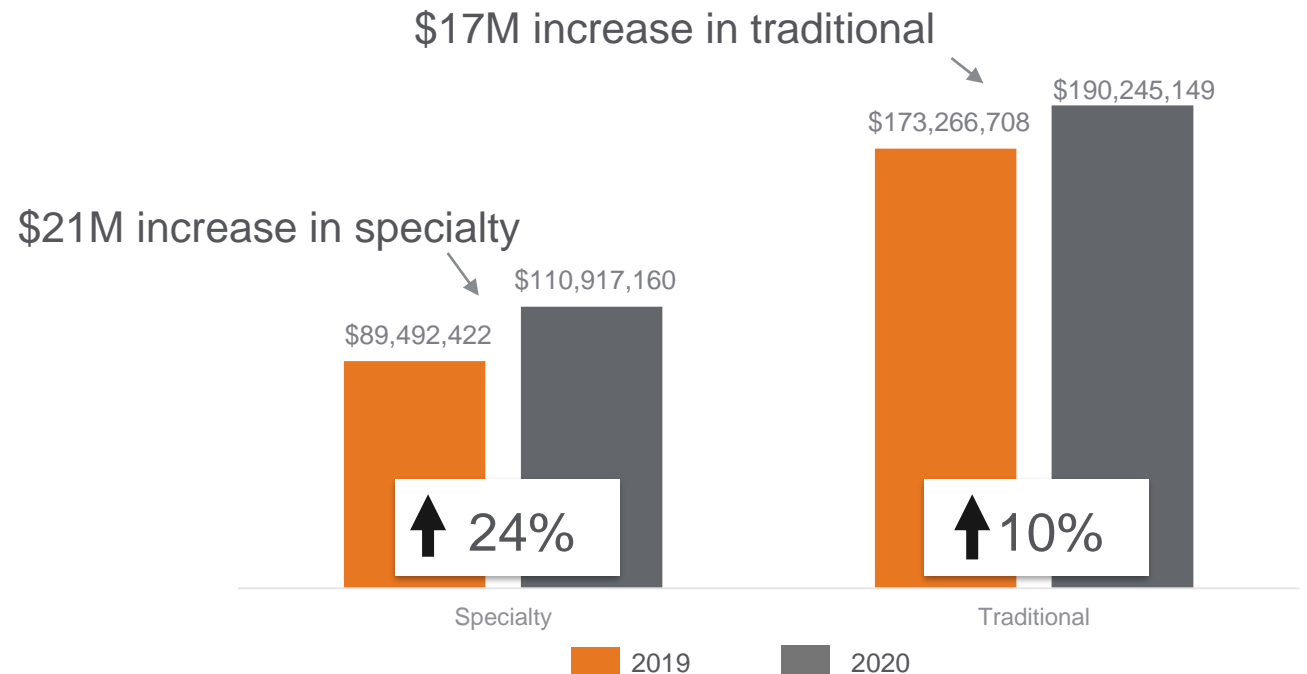
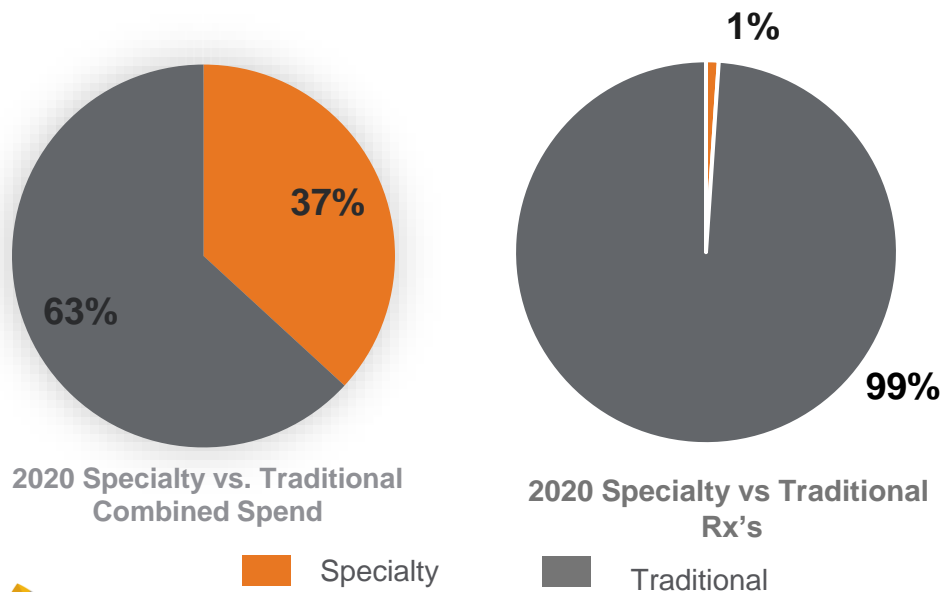
---

Specialty Drug	Average Cost Per 30 Day Supply <u>Per Utilizer</u>	Average Cost Annually <u>Per Utilizer</u>	Total Number of Utilizers in 2020
Humira Pen	\$9,570	\$114,841	166
Xeljanz XR	\$9,476	\$113,715	74
Enbrel Sureclick	\$10,017	\$120,213	59
Jakafi	\$13,369	\$160,439	16
Revlimid	\$16,061	\$192,743	60

# Retiree Specialty Medication Increases

2019 to 2020

- Specialty medication represented 37% of combined retiree total pharmacy spend, or **\$110 M in 2020**
- This was an increase from **\$89M, or 34.1%, in 2019**. This was driven by an increase in specialty Rx's and more costly specialty medications.
- Specialty Rx's represent 1% of the total Rx's.



# What is prior authorization?

A pre-approval process guided by rigorous clinical standards similar to AlaskaCare medical review process for intensive, high-cost medical procedures.



## THE RIGHT DRUG AT THE RIGHT TIME

Your physician provides specific information to OptumRx clinicians to review and compare to evidence-based criteria and clinical standards for the drug



## SAFETY

The process promotes safe and effective use of high-cost medications  
Better health outcomes along with prudent plan management preserves health trust funds



## RETIREE EXPERIENCE

Prior Authorization decisions are communicated to you and your physician  
OptumRx Specialty prior authorization approval rate is 72-77%

# How does OptumRx develop prior authorization?

OptumRx National Pharmacy & Therapeutics Committee

Independent, multi-specialty and nationally represented group of physicians and pharmacists that provides evidence-based review and appraisal of new and existing medications and their place in therapy.

## Multi Specialty



- Internal Medicine
- Epidemiology
- Cardiovascular
- Geriatrics
- Pediatrics
- Endocrinology
- Rheumatology
- Pain Medicine
- Hematology/Oncology

## Nationally Represented



- Northeast
- Southeast
- Midwest
- West
- Southwest

## Responsibilities



- Appraisal of new and existing drugs and drug classes
- Utilization management (prior authorization) program review
- Oversight of clinical programs

## Determinations



- Unique therapeutic benefit
- Comparable safety and efficacy
- Risk of harm outweighs the benefit

# Retiree Plan – Specialty Prior Authorization Savings Opportunity

**Estimated annual savings** (based on Jan 2020 – Dec 2020 data)

- A total of 60,677 retirees utilized the prescription drug plan in 2020. **2,272 retirees, 3.7% of all utilizers, utilized a specialty medication**
- Specialty Rx's totaled 10,923, less than 1%, of the overall 1,380,472 prescriptions
- In 2020 **specialty costs increased \$21M, or 24%**

	Total Annual Estimated Savings	Estimated Annual PMPM Savings
Over 65 Retiree	\$8,996,142	\$17.85
Under 65 Retiree	\$4,015,741	\$12.87
<b>Combined Retiree</b>	<b>\$ 13,011,883</b>	<b>\$ 15.95</b>



# Retiree Plan

## A look at the top 5 specialty classes prior authorization opportunity

	Anti-Inflammatory Biologic Agents	Multiple Sclerosis	Pulmonary Hypertension	Pulmonary Fibrosis	Oncology – Oral Agents
Commonly Used Medications (full drug listing in appendix)	Stelara,, Humira, Taltz, Cosentyx, Xeljanz, Cimzia, Enbrel, Otezla	Tecfidera, Ocrevus, Gilenya, Aubagio, Copaxone, Avonex	Uptravi, Adempas, Orenitram, Letairis, Opsumit	Ofev, Esbriet	Revlimid, Jakafi, Zejula, Calquence, Alecensa, Ninlaro, Idhifa
Utilizers	787	169	83	40	561
Actual Plan Paid	\$35,548,336	\$8,863,490	\$4,135,856	\$2,996,883	\$36,967,233
Average Cost Per Rx in Class	\$8,745	\$10,862	\$9,070	\$11,395	\$12,510
Estimated Plan Reduction	\$3,520,828	\$688,392	\$574,123	\$519,530	\$3,876,799

# Prior Authorization Savings

## What's considered in the savings calculation?

- Some prior authorization requests are not approved because use of the medication is not appropriate and does not meet evidence-based criteria. Actiq prescribed for migraines demonstrates a medication that may not be approved based on criteria. Commonly used drugs and approval rates\*:
  - Humira PA approval rate 86%
  - Revlimid PA approval rate 94%
  - Tecfidera PA approval rate 85%
  - Stelara PA approval rate 65%
- Some prior authorization requests result in the physician writing a prescription for an alternative drug. The difference between the cost of the original medication and the alternative is considered savings.
- Some prior authorization requests are abandoned by the physician or patient. The cost of the drug associated with the abandoned prior authorization is considered savings.



\* OptumRx Book of Business approval rates

## Example: Actiq®



**COVERED**  
for cancer pain

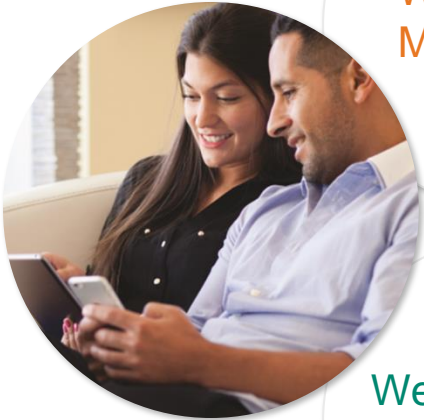
FDA-approved for treating cancer-related pain in members already taking opioid medication around-the-clock



**NOT COVERED**  
for migraines

Contraindicated in the management of acute or post-operative pain including migraines

# Enhance the member and provider experience with sophisticated digital tools



We support  
Members by:

- Giving them **control** to **initiate or check the status** of a PA request through our **website** and **mobile app**
- Offering **MyScript Finder** to look up **details, costs** and **formulary-driven lower-cost alternatives**
- **Providing clinical rationale** and next steps if they experience a denial

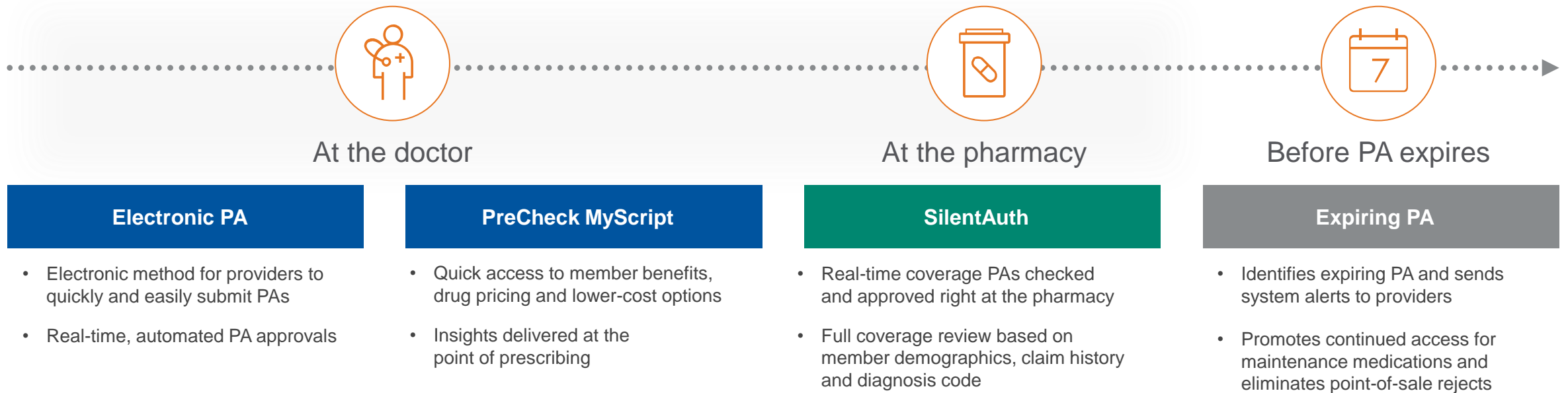
We support  
Physicians by:

- The use of our **provider portal** allows providers to **check PA status**
- Offering the **PreCheck MyScript®** tool to **initiate authorizations** and give **formulary-driven alternatives** in **real-time**. In 2020, 12,597 physicians treating AlaskaCare retirees utilized **PreCheck MyScript®**.

# Prescriber experience and tools

Faster prescribing, better communication, continued access

Prior authorization (PA) capabilities work together to improve the provider and member experience



# Member experience

Prior authorization review is needed to ensure appropriate and effective medication use for the member's specific condition

Member receives notification letter 60 days in advance advising their medication will be subject to prior authorization



Member discusses the medication subject to prior authorization with their prescriber



Prescriber initiates prior authorization with OptumRx in one of three methods: electronic, phone or mail submission



Coverage is approved\* and member can fill at their preferred pharmacy



## Coverage Determinations

OptumRx will provide notice of the coverage decision within 24 hours after receiving an expedited request or 72 hours after receiving a standard request. The initial notice may be provided verbally so long as a written follow-up notice is mailed to the enrollee within 3 calendar days of the verbal notification.

## Expiring Prior Authorizations

OptumRx identifies approved prior authorizations for prescriptions expiring within 30 days and initiates outreach to prescriber to extend prior authorization proactively, taking the member out the middle.

Clinical criteria is not met for coverage approval and member and prescriber are notified in writing with decision rationale and next steps for reconsideration

Provider writes new prescription for alternative medication or proceeds with next steps for reconsideration through OptumRx

\*Approvals are valid for 3-36 months depending on medication



# Retiree Journey: Barbara's story

## Prior authorization promotes safe and effective medication use



Barbara, age 61 diagnosed with multiple sclerosis



Electronic Prior Authorization (ePA) saves time and avoids unnecessary delays.



Barbara can check real-time status through our website and mobile app.

1

Barbara is prescribed **Gilenya** by her physician and the pharmacy receives her electronic prescription.

2

The pharmacy processes the prescription and **receives a utilization management message indicating "prior authorization (PA) required."**

3

The pharmacy notifies Barbara's physician that a PA is required and the **physician submits an ePA to OptumRx.**

4

The PA request **meets clinical criteria and is auto-approved** with no additional information required.

5

Barbara's physician is notified of the PA approval.

The **pharmacy re-submits the claim to OptumRx and the claim is approved.**

Barbara receives PA approval notification via letter from OptumRx.

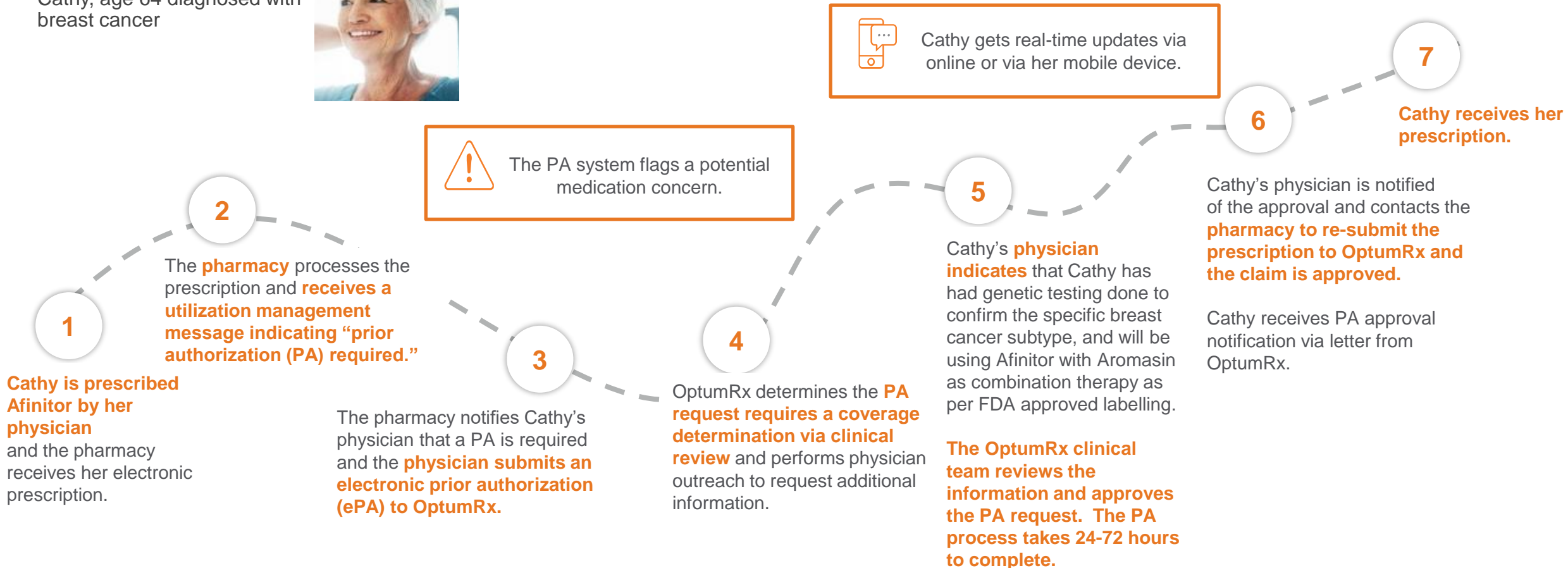
6

Barbara receives her prescription.

# Retiree Journey: Cathy's story

## Clinical rigor helps to ensure members receive the right medications

Cathy, age 64 diagnosed with breast cancer



# Specialty Management Savings Opportunity Summary

- ✓ A total of 60,677 retirees utilized the prescription drug plan in 2020. Retirees who filled for a specialty medication represented 2,272, or 3.7%, of that total.
- ✓ Specialty Rx's totaled 10,923, or less than 1%, of the overall 1,380,472 prescriptions
- ✓ Specialty represented 37% of the total retiree pharmacy spend
- ✓ Retiree plan specialty costs increased \$21M in 2020, or 24%, based on increased Rx's and higher cost specialty medications being utilized
- ✓ Implementing specialty prior authorization would save an estimated **\$13M**



# Appendix



# Top 5 Specialty Class Prior Authorization Opportunities

## Medication list

	Anti-Inflammatory Biologic Agents	Multiple Sclerosis	Pulmonary Hypertension	Pulmonary Fibrosis	Oncology – Oral Agents
Medications	Actemra, Avsola, Cimzia, Cosentyx, Enbrel, Enbrel Mini, Entyvio, Humira, Ilumya, Inflectra, Kevzara, Kineret, Olumiant, Orencia, Otezla, Renflexis, Remicade, Rinvoq, Siliq, Simponi, Simponi Aria, Skyrizi, Stelara, Taltz, Tremfya, Xeljanz, Xeljanz XR	Ampyra, Avonex, Aubagio, Bafiertam, Betaseron, Extavia, Copaxone, Gilenya, Glatopa, Lemtrada, Mavenclad, Mayzent, Novantrone, Ocrevus, Plegridy, Rebif, Tecfidera, Tysabri, Vumerity, Zeposia	Adcirca, Adempas, Alyq, Flolan, Letairis, Opsumit, Orenitram, Remodulin, Revatio, Tracleer, Tyvaso, Uptravi, Veletri, Ventavis	Esbriet, Ofev	Afinitor, Afinitor Disperz, Alecensa, Alunbrig, Ayvakit, Balversa, Bosulif, Braftovi, Brukinsa, Cabometyx, Calquence, Caprelsa, Cometriq, Copiktra, Cotellic, Daurismo, Erivedge, Erleada, Farydak, Gilotrif, Gleevec, Ibrance, Iclusig, IDHIFA, Imbruvica, Inlyta, Inrebic, Iressa, Jakafi, Kisqali, Kisqali Femara, Koselugo, Lenvima, Lonsurf, Lorbrina, Lynparza, Mekinist, Mektovi, Nerlynx, Nexavar, Ninlara, Nubeqa, Odomzo, Pemazyre, Piqray, Pomalyst, Qinlock, Retevmo, Revlimid, Rozlytrek, Rubraca, Rydapt, Sprycel, Stivarga, Sutent, Tabrecta, Tafinlar, Tagrisso, Talzenna, Tarceva, Targretin, Tassigna, Tazverik, Temodar, Thalomid, Tibsovo, Tukysa, Turalio, Tykerb, Venclexta, Verzenio, Vitakvi, Vizimpro, Votrient, Xalkori, Xeloda, Xospata, Xpovio, Xtandi, Yonsa, Zejula, Zelboraf, Zolanza, Zydelig, Zykadia, Zytiga

# Non-EGWP (Under 65) Retiree Plan

A look at the top 5 specialty classes with prior authorization opportunity (Jan 2020 – Dec 2020)

	Anti-Inflammatory Biologic Agents	Multiple Sclerosis	Pulmonary Hypertension	Osteoporosis	Oncology – Oral Agents
Example Medications (full drug listing in appendix)	Stelara,, Humira, Taltz, Cosentyx, Xeljanz, Cimzia, Enbrel, Otezla	Tecfidera, Ocrevus, Gilenya, Aubagio, Copaxone, Avonex	Uptravi, Adempas, Orenitram, Letairis, Opsumit	Forteo, Prolia, Xgeva, Tymlos, Evenity	Revlimid, Jakafi, Zejula, Calquence, Alecensa, Ninlaro, Idhifa
Utilizers	307	79	5	75	121
Actual Plan Paid	\$13,405,897	\$3,954,684	\$1,290,256	\$634,985	\$5,948,179
Actual Plan Paid per Rx	\$8,004	\$10,894	\$26,332	\$3,097	\$10,273
Estimated Plan Reduction	\$1,147,215	\$302,200	\$123,803	\$202,747	\$725,076

# EGWP (Over 65) Retiree Plan

A look at the top 5 specialty classes with prior authorization opportunity (Jan 2020 – Dec 2020)

	Anti-Inflammatory Biologic Agents	Multiple Sclerosis	Pulmonary Hypertension	Pulmonary Fibrosis	Oncology – Oral Agents
Example Medications (full drug listing in appendix)	Cimzia, Cosentyx, Enbrel, Humira, Skyrizi, Stelara, Taltz, Tremfya, Xeljanz	Copaxone, Gilenya, Ocrevus, Rebif, Tecfidera, Tysabri	Letairis, Revatio, Tracleer, Tyvaso, Upravi	Ofev, Esbriet	Bosulif, Gleevec, Ibrance, Imbruvica, Jakafi, Mekinist, Revlimid, Sprycel, Tagrisso, Tassigna, Verzenio, Xospata
Utilizers	480	90	78	34	440
Actual Plan Paid	\$22,142,439	\$4,908,806	\$2,845,600	\$2,661,737	\$31,019,054
Actual Plan Paid per Rx	\$9,135	\$10,836	\$6,992	\$11,137	\$13,050
Estimated Plan Reduction	\$2,373,613	\$386,192	\$450,320	\$455,586	\$3,151,723

## Specialty pharmacy drug list

July 1, 2021



Optum<sup>®</sup> Specialty Pharmacy provides specialty medication support through your pharmacy benefits with OptumRx. Optum Specialty Pharmacy provides comprehensive support services, including access to pharmacists around the clock, for high-cost oral and injectable medications used to treat rare and complex conditions. In addition, your medications will be shipped to you at no extra cost.

## Characteristics of specialty medications

Specialty medications are often drugs you take by mouth or inject. For a medication to be filled through Optum Specialty Pharmacy, it must be at least one of the following:

### High-priced

- Can cost more than \$1,000/30 day supply.

### Complex

- Drug imitates compounds found in the body.
- Part of a specialty drug class.

### High-touch

- Special shipping or handling like refrigeration.
- Needs a doctor or pharmacist to measure how well it works for you.
- Special steps to follow as you take.



# Specialty pharmacy drug list

## Adult incontinence

Solesta

## Ammonia detoxicants

Ravicti <sup>PA</sup>

## Anemia

Aranesp <sup>PA</sup>

Epogen <sup>PA</sup>

Mircera <sup>PA</sup>

Procrit <sup>PA</sup>

Reblozyl <sup>PA</sup>

Retacrit <sup>PA</sup>

## Antibacterials

Arikayce <sup>PA</sup>

## Anticoagulation

Arixtra

Fragmin

Lovenox

## Anticovulsants

Diacomit <sup>PA</sup>

Epidiolex <sup>PA</sup>

Fintepla <sup>PA</sup>

## Anti-gout agent

Krystexxa <sup>PA</sup>

## Antihyperlipidemic

Evkeeza

Juxtapid <sup>PA</sup>

## Anti-infective

Daraprim <sup>PA</sup>

Prevymis

## Asthma

Cinqair <sup>PA</sup>

Fasenra <sup>PA</sup>

Nucala <sup>PA</sup>

Xolair <sup>PA</sup>

## Cardiovascular

Northera <sup>PA</sup>

Vyndamax <sup>PA</sup>

Vyndaqel <sup>PA</sup>

## Central nervous system agents

Austedo <sup>PA</sup>

Brineura <sup>PA</sup>

Enspryng <sup>PA</sup>

Firdapse <sup>PA</sup>

Hetlioz <sup>PA</sup>

Ingrezza <sup>PA</sup>

Radicava <sup>PA</sup>

Ruzurgi <sup>PA</sup>

Sabril <sup>PA</sup>

Tiglutik <sup>PA</sup>

Uplizna <sup>PA</sup>

Xenazine <sup>PA</sup>

## Chemotherapy protectant

Elitek

## Cystic fibrosis

Bethkis

Cayston <sup>PA</sup>

Kalydeco <sup>PA</sup>

Kitabis pak

Orkambi <sup>PA</sup>

Pulmozyme <sup>PA</sup>

Symdeko <sup>PA</sup>

Tobi

Tobi Podhalr

Tobramycin

Trikafta <sup>PA</sup>

## Dermatologic

Scenesse <sup>PA</sup>

## Diagnostic

Acthrel

## Duchenne muscular dystrophy

Amondys 45

Emflaza <sup>PA</sup>

## Endocrine

Bynfezia Pen <sup>PA</sup>

Chenodal <sup>PA</sup>

Crysvita <sup>PA</sup>

Cuprimine <sup>PA</sup>

Cystadane

Depen Titra

Egrifta <sup>PA</sup>

Firmagon <sup>PA</sup>

Imcivree

Isturisa <sup>PA</sup>

Jynarque

Korlym <sup>PA</sup>

Kuvan <sup>PA</sup>

Lupaneta <sup>PA</sup>

Lupron Depot <sup>PA</sup>

Makena <sup>PA</sup>

Myalept <sup>PA</sup>

Mycapssa <sup>PA</sup>

Natpara <sup>PA</sup>

Nityr <sup>PA</sup>

Parsabiv

Procysbi <sup>PA</sup>

Samsca

Sandostatin <sup>PA</sup>

Signifor <sup>PA</sup>

Somatuline <sup>PA</sup>

Somavert <sup>PA</sup>

Supprelin LA <sup>PA</sup>

Syprine <sup>PA</sup>

Tepezza <sup>PA</sup>

Thiola

Thyrogen <sup>PA</sup>

Triptodur <sup>PA</sup>

Xuriden <sup>PA</sup>

## Enzyme therapy

Aldurazyme <sup>PA</sup>

Aralast NP <sup>PA</sup>

Buphenyl

Carbaglu

Cerdelga <sup>PA</sup>

Cerezyme <sup>PA</sup>

Cholbam <sup>PA</sup>

Cystagon

Elaprase <sup>PA</sup>

Elelyso <sup>PA</sup>

Fabrazyme <sup>PA</sup>

Galafold <sup>PA</sup>

Givlaari <sup>PA</sup>

Glassia <sup>PA</sup>

Kanuma <sup>PA</sup>

Lumizyme <sup>PA</sup>

Mepsevii <sup>PA</sup>

Naglazyme <sup>PA</sup>

Onpattro <sup>PA</sup>

Orfadin <sup>PA</sup>

Palynziq <sup>PA</sup>

Prolastin-C <sup>PA</sup>

Revcovi <sup>PA</sup>

# Specialty pharmacy drug list

Strensiq<sup>PA</sup>  
 Sucraid  
 Tegsedi<sup>PA</sup>  
 Vimizim<sup>PA</sup>  
 Vpriv<sup>PA</sup>  
 Zavesca<sup>PA</sup>  
 Zemaira<sup>PA</sup>

## Gastrointestinal agents

Gattex<sup>PA</sup>  
 Ocaliva<sup>PA</sup>  
 Xermelo<sup>PA</sup>

## Gene therapy

Zolgensma<sup>PA</sup>

## Growth hormone deficiency

Genotropin<sup>PA</sup>  
 Humatrope<sup>PA</sup>  
 Increlex<sup>PA</sup>  
 Norditropin<sup>PA</sup>  
 Nutropin AQ<sup>PA</sup>  
 Omnitrope<sup>PA</sup>  
 Saizen<sup>PA</sup>  
 Serostim<sup>PA</sup>  
 Zomacton<sup>PA</sup>  
 Zorbtive<sup>PA</sup>

## Hematological agents

Adakveo<sup>PA</sup>  
 Cablivi<sup>PA</sup>  
 Doptelet<sup>PA</sup>  
 Fibryga  
 Mozobil<sup>PA</sup>  
 Mulpleta<sup>PA</sup>  
 Nplate<sup>PA</sup>  
 Oxbryta<sup>PA</sup>

Panhematin  
 Promacta<sup>PA</sup>  
 Riastap  
 Soliris<sup>PA</sup>  
 Tavalisse<sup>PA</sup>  
 Thrombat III  
 Ultomiris<sup>PA</sup>

## Hemophilia

Advate  
 Adynovate  
 Afstyla  
 Alphanate  
 Alphanine SD  
 Alprolix  
 Benefix  
 Ceprotin  
 Coagadex  
 Corifact  
 Eloctate  
 Esperoct  
 Feiba  
 Helixate FS  
 Hemlibra  
 Hemofil M  
 Humate-P  
 Idelvion  
 Ixinity  
 Jivi  
 Koate  
 Koate-DVI  
 Kogenate FS  
 Kovaltry  
 Mononine  
 Novoeight  
 Novoseven RT  
 Nuwiq  
 Obizur

Profilnine  
 Rebinyn  
 Recombinate  
 Rixubis  
 Sevenfact  
 Tretten  
 Vonvendi  
 Wilate  
 Xyntha

## Hepatitis B

Baraclude  
 Epiriv HBV  
 Hepsera  
 Vemlidy

## Hepatitis C

Eplclusa<sup>PA</sup>  
 Harvoni<sup>PA</sup>  
 Ledip-Sofosb<sup>PA</sup>  
 Mavyret<sup>PA</sup>  
 Pegasys<sup>PA</sup>  
 Peg-Intron<sup>PA</sup>  
 Ribavirin  
 Sofos/Velpat<sup>PA</sup>  
 Sovaldi<sup>PA</sup>  
 Technivie  
 Viekira<sup>PA</sup>  
 Vosevi<sup>PA</sup>  
 Zepatier<sup>PA</sup>

## Hereditary angioedema

Berinert<sup>PA</sup>  
 Cinryze<sup>PA</sup>  
 Firazyr<sup>PA</sup>  
 Haegarda<sup>PA</sup>  
 Kalbitor<sup>PA</sup>  
 Orladeyo

Ruconest<sup>PA</sup>  
 Takhzyro<sup>PA</sup>

## Immune globulin

Asceniv<sup>PA</sup>  
 Bivigam<sup>PA</sup>  
 Carimune NF<sup>PA</sup>  
 Cutaquig<sup>PA</sup>  
 Cuvitru<sup>PA</sup>  
 Cytogam<sup>PA</sup>  
 Flebogamma<sup>PA</sup>  
 Gamastan S/D<sup>PA</sup>  
 Gammagard<sup>PA</sup>  
 Gammaked<sup>PA</sup>  
 Gammaplex<sup>PA</sup>  
 Gamunex-C<sup>PA</sup>  
 Hizentra<sup>PA</sup>  
 Hyperrho S/D  
 Hyqvia<sup>PA</sup>  
 Micrhogam  
 Octagam<sup>PA</sup>  
 Panzyga<sup>PA</sup>  
 Privigen<sup>PA</sup>  
 Rhogam  
 Winrho SDF  
 Xembify<sup>PA</sup>

## Immunological agents

Actimmune<sup>PA</sup>  
 Arcalyst<sup>PA</sup>  
 Benlysta<sup>PA</sup>  
 Gamifant<sup>PA</sup>  
 Illaris<sup>PA</sup>  
 Lemtrada<sup>PA</sup>  
 Lupkynis



Palforzia <sup>PA</sup>

### **Infertility**

Cetrotide <sup>PA</sup>

Follistim AQ <sup>PA</sup>

Ganirelix <sup>PA</sup>

Gonal-F <sup>PA</sup>

HCG <sup>PA</sup>

Menopur <sup>PA</sup>

Novarel <sup>PA</sup>

Ovidrel

Pregnyl <sup>PA</sup>

### **Inflammatory conditions**

Actemra <sup>PA</sup>

Avsola <sup>PA</sup>

Cimzia <sup>PA</sup>

Cosentyx <sup>PA</sup>

Dupixent <sup>PA</sup>

Enbrel <sup>PA</sup>

Entyvio <sup>PA</sup>

H.P.Acthar <sup>PA</sup>

Humira <sup>PA</sup>

Ilumya <sup>PA</sup>

Inflectra <sup>PA</sup>

Kevzara <sup>PA</sup>

Kineret <sup>PA</sup>

Olumiant <sup>PA</sup>

Orencia <sup>PA</sup>

Otezla <sup>PA</sup>

Remicade <sup>PA</sup>

Renflexis <sup>PA</sup>

Ridaura

Rinvoq <sup>PA</sup>

Siliq <sup>PA</sup>

Simponi <sup>PA</sup>

Skyrizi

Stelara <sup>PA</sup>

Taltz <sup>PA</sup>

Tremfya <sup>PA</sup>

Xeljanz <sup>PA</sup>

### **Metabolic agents**

Nulibry

### **Metabolic bone disease**

Reclast

### **Mood disorder**

Spavato <sup>PA</sup>

Zulresso <sup>PA</sup>

### **Multiple sclerosis**

Ampyra <sup>PA</sup>

Aubagio <sup>PA</sup>

Avonex <sup>PA</sup>

Bafiertam <sup>PA</sup>

Betaseron <sup>PA</sup>

Copaxone <sup>PA</sup>

Extavia <sup>PA</sup>

Gilenya <sup>PA</sup>

Kesimpta <sup>PA</sup>

Mavenclad <sup>PA</sup>

Mayzent <sup>PA</sup>

Ocrevus <sup>PA</sup>

Plegridy <sup>PA</sup>

Ponvory

Rebif <sup>PA</sup>

Tecfidera <sup>PA</sup>

Tysabri <sup>PA</sup>

Vumerity <sup>PA</sup>

Zeposia <sup>PA</sup>

### **Musculoskeletal agents**

Botox Cosmet <sup>PA</sup>

Evrysdi <sup>PA</sup>

Exondys 51 <sup>PA</sup>

Spinraza <sup>PA</sup>

Viltepso

Vyondys 53

Xiaflex <sup>PA</sup>

### **Narcolepsy**

Wakix <sup>PA</sup>

Xyrem <sup>PA</sup>

Xywav <sup>PA</sup>

### **Neurological agents**

Botox <sup>PA</sup>

Dysport <sup>PA</sup>

Myobloc <sup>PA</sup>

Xeomin <sup>PA</sup>

### **Neutropenia**

Fulphila <sup>PA</sup>

Granix <sup>PA</sup>

Leukine <sup>PA</sup>

Neulasta <sup>PA</sup>

Neupogen <sup>PA</sup>

Nivestym <sup>PA</sup>

Nyvepria

Udenyca <sup>PA</sup>

Zarxio <sup>PA</sup>

Ziextenzo <sup>PA</sup>

### **Oncology - injectable**

Abecma

Abraxane

Adcetris <sup>PA</sup>

Adriamycin

Adrucil

Alferon N

Alimta

Aliqopa <sup>PA</sup>

Alkeran

Arranon

Arzerra <sup>PA</sup>

Asparlas

Avastin <sup>PA</sup>

Bavencio <sup>PA</sup>

Beleodaq <sup>PA</sup>

Belrapzo <sup>PA</sup>

Bendamustine <sup>PA</sup>

BendeKa <sup>PA</sup>

Besponsa <sup>PA</sup>

Bicnu

Blenrep <sup>PA</sup>

Bleomycin

Blinicyto <sup>PA</sup>

Bortezomib <sup>PA</sup>

Busulfex

Breyanzi

Campath

Camptosar

Carboplatin

Cisplatin Injectable

Cladribine

Clolar

Cosela

Cosmegen

Cyclophosphamide

Cyramza <sup>PA</sup>

Cytarabine

Dacogen <sup>PA</sup>

Danyelza

Darzalex <sup>PA</sup>

Daunorubicin

Docetaxel

Doxil

Doxorubicin

Eligard <sup>PA</sup>

Ellence

Elzonris <sup>PA</sup>

# Specialty pharmacy drug list

Empliciti <sup>PA</sup>	Libtayo <sup>PA</sup>	Tecentriq <sup>PA</sup>	Balversa <sup>PA</sup>
Enhertu <sup>PA</sup>	Lumoxiti <sup>PA</sup>	Temodar <sup>PA</sup>	Bosulif <sup>PA</sup>
Erbix <sup>PA</sup>	Lupron Depot <sup>PA</sup>	Tepadina	Braftovi <sup>PA</sup>
Erwinaze	Margenza	Thiotepa	Brukinsa <sup>PA</sup>
Etopophos	Marqibo	Tice BCG	Cabometyx <sup>PA</sup>
Etoposide Injectable	Mesnex	Torisel	Calquence <sup>PA</sup>
Evomela	Mitomycin Injectable	Totect	Caprelsa <sup>PA</sup>
Faslodex	Monjuvi <sup>PA</sup>	Trazimera <sup>PA</sup>	Cometriq <sup>PA</sup>
Fensolvi <sup>PA</sup>	Mvasi <sup>PA</sup>	Treanda	Copiktra <sup>PA</sup>
Fludarabine	Mylotarg <sup>PA</sup>	Trelstar mix <sup>PA</sup>	Cotellic <sup>PA</sup>
Fluorouracil Injectable	Navelbine	Trisenox	Daurismo <sup>PA</sup>
Folotyng <sup>PA</sup>	Nipent	Trodely <sup>PA</sup>	Erivedge <sup>PA</sup>
Fusilev	Ogivri <sup>PA</sup>	Truxima <sup>PA</sup>	Erleada <sup>PA</sup>
Gazyva <sup>PA</sup>	Oncaspar	Unituxin <sup>PA</sup>	Etoposide Capsule
Halaven <sup>PA</sup>	Onivyde	Valstar	Farydak <sup>PA</sup>
Herceptin <sup>PA</sup>	Ontruzant <sup>PA</sup>	Vantas <sup>PA</sup>	Fotivda
Herzuma <sup>PA</sup>	Opdivo <sup>PA</sup>	Vectibix	Gavreto <sup>PA</sup>
Hycamtin	Padcev <sup>PA</sup>	Velcade <sup>PA</sup>	Gilotrif <sup>PA</sup>
Idamycin PFS	Pamidronate	Vidaza	Gleevec <sup>PA</sup>
Ifex	Paraplatin	Vinblastine Injectable	Gleostine
Ifosfamide	Pepaxto	Vyxeos <sup>PA</sup>	Hycamtin
Imfinzi <sup>PA</sup>	Perjeta <sup>PA</sup>	Xgeva <sup>PA</sup>	Ibrance <sup>PA</sup>
Imlygic	Phesgo <sup>PA</sup>	Yervoy <sup>PA</sup>	Iclusig <sup>PA</sup>
Infugem	Photofrin	Yescarta <sup>PA</sup>	Idhifa <sup>PA</sup>
Intron A <sup>PA</sup>	Polivy <sup>PA</sup>	Yondelis	Imbruvica <sup>PA</sup>
Istodax OVR <sup>PA</sup>	Portrazza <sup>PA</sup>	Zaltrap <sup>PA</sup>	Inlyta <sup>PA</sup>
Ixempra kit	Poteligeo <sup>PA</sup>	Zanosar	Inqovi <sup>PA</sup>
Jelmyto	Proleukin	Zepzelca <sup>PA</sup>	Inrebic <sup>PA</sup>
Jevtana <sup>PA</sup>	Provenge <sup>PA</sup>	Zevalin	Iressa <sup>PA</sup>
Kadcyla <sup>PA</sup>	Riabni	Zinecard	Jakafi <sup>PA</sup>
Kanjinti <sup>PA</sup>	Rituxan <sup>PA</sup>	Zirabev <sup>PA</sup>	Kisqali <sup>PA</sup>
Kepivance	Romidepsin <sup>PA</sup>	Zoladex	Koselugo <sup>PA</sup>
Keytruda <sup>PA</sup>	Ruxience <sup>PA</sup>	<b>Oncology - oral</b>	Lenvima <sup>PA</sup>
Khapzory <sup>PA</sup>	Sarclisa <sup>PA</sup>	Afinitor <sup>PA</sup>	Lonsurf <sup>PA</sup>
Kymriah <sup>PA</sup>	Sylatron <sup>PA</sup>	Alecensa <sup>PA</sup>	Lorbrena <sup>PA</sup>
Kyprolis <sup>PA</sup>	Sylvant <sup>PA</sup>	Alkeran	Lynparza <sup>PA</sup>
Lartruvo <sup>PA</sup>	Synribo <sup>PA</sup>	Alunbrig <sup>PA</sup>	Matulane
Leuprolide Injectable <sup>PA</sup>	Taxotere	Ayvakit <sup>PA</sup>	Mekinist <sup>PA</sup>
Levoleucovor	Tecartus <sup>PA</sup>		Mektovi <sup>PA</sup>

Mesnex  
Nerlynx <sup>PA</sup>  
Nexavar <sup>PA</sup>  
Nilandron  
Ninlaro <sup>PA</sup>  
Nubeqa <sup>PA</sup>  
Odomzo <sup>PA</sup>  
Onureg <sup>PA</sup>  
Orgovyx  
Pemazyre <sup>PA</sup>  
Piqray <sup>PA</sup>  
Pomalyst <sup>PA</sup>  
Purixan  
Qinlock <sup>PA</sup>  
Retevmo <sup>PA</sup>  
Revlimid <sup>PA</sup>  
Rozlytrek <sup>PA</sup>  
Rubraca <sup>PA</sup>  
Rydapt <sup>PA</sup>  
Sprycel <sup>PA</sup>  
Stivarga <sup>PA</sup>  
Sutent <sup>PA</sup>  
Tabloid  
Tabrecta <sup>PA</sup>  
Tafinlar <sup>PA</sup>  
Tagrisso <sup>PA</sup>  
Talzenna <sup>PA</sup>  
Tarceva <sup>PA</sup>  
Targretin <sup>PA</sup>  
Tasigna <sup>PA</sup>  
Tazverik <sup>PA</sup>  
Temodar <sup>PA</sup>  
Tepmetko  
Thalomid <sup>PA</sup>  
Tibsovo <sup>PA</sup>  
Tukysa <sup>PA</sup>  
Turalio <sup>PA</sup>  
Tykerb <sup>PA</sup>  
Ukoniq  
Venclexta <sup>PA</sup>

Verzenio <sup>PA</sup>  
Vitrakvi <sup>PA</sup>  
Vizimpro <sup>PA</sup>  
Votrient <sup>PA</sup>  
Xalkori <sup>PA</sup>  
Xeloda <sup>PA</sup>  
Xospata <sup>PA</sup>  
Xpovio <sup>PA</sup>  
Xtandi <sup>PA</sup>  
Yonsa <sup>PA</sup>  
Zejula <sup>PA</sup>  
Zelboraf <sup>PA</sup>  
Zolinza <sup>PA</sup>  
Zydelig <sup>PA</sup>  
Zykadia <sup>PA</sup>  
Zytiga <sup>PA</sup>

### **Oncology - topical**

Targretin Gel <sup>PA</sup>  
Valchlor <sup>PA</sup>

### **Ophthalmic agents**

Beovu <sup>PA</sup>  
Bevacizumab  
Cystadrops <sup>PA</sup>  
Cystaran <sup>PA</sup>  
Dextenza  
Eylea <sup>PA</sup>  
Iluvien  
Jetrea  
Keveyis <sup>PA</sup>  
Lucentis <sup>PA</sup>  
Luxtorna <sup>PA</sup>  
Macugen <sup>PA</sup>  
Oxervate <sup>PA</sup>  
Ozurdex  
Retisert  
Visudyne  
Yutiq

### **Opioid antagonists**

Sublocade

### **Osteoarthritis**

Durolane <sup>PA</sup>  
Euflexxa <sup>PA</sup>  
Gel-one <sup>PA</sup>  
Gelsyn-3 <sup>PA</sup>  
Genvisc 850 <sup>PA</sup>  
Hymovis <sup>PA</sup>  
Monovisc <sup>PA</sup>  
Orthovisc <sup>PA</sup>  
Sodium Hyalu <sup>PA</sup>  
Supartz <sup>PA</sup>  
Synvisc <sup>PA</sup>  
Triluron <sup>PA</sup>  
Trivisc <sup>PA</sup>  
Visco-3 <sup>PA</sup>

### **Osteoporosis**

Evenity <sup>PA</sup>  
Forteo <sup>PA</sup>  
Prolia <sup>PA</sup>  
Teriparatide <sup>PA</sup>  
Tymlos <sup>PA</sup>

### **Pain management**

Prialt

### **Parkinson's disease**

Apokyn <sup>PA</sup>  
Inbrija <sup>PA</sup>  
Kynmobi <sup>PA</sup>

### **Pulmonary fibrosis**

Esbriet <sup>PA</sup>

Ofev <sup>PA</sup>

### **Pulmonary hypertension**

Adcirca <sup>PA</sup>  
Adempas <sup>PA</sup>  
Flolan <sup>PA</sup>  
Letairis <sup>PA</sup>  
Opsumit <sup>PA</sup>  
Orenitram <sup>PA</sup>  
Remodulin <sup>PA</sup>  
Revatio <sup>PA</sup>  
Tracleer <sup>PA</sup>  
Tyvaso <sup>PA</sup>  
Uptravi <sup>PA</sup>  
Veletri <sup>PA</sup>  
Ventavis <sup>PA</sup>

### **RSV**

Synagis <sup>PA</sup>

### **Substance abuse treatment**

Vivitrol

### **Transplant**

Astagraf XL  
Atgam  
Cellcept  
Cellcept IV  
Envarsus XR  
Myfortic  
Neoral  
Nulojix <sup>PA</sup>  
Prograf  
Rapamune  
Sandimmune  
Zortress <sup>PA</sup>

## About OptumRx

OptumRx specializes in the delivery, clinical management and affordability of prescription medications and consumer health products. Our high-quality, integrated services deliver optimal member outcomes, superior savings and outstanding customer service. We are an Optum® company — a leading provider of integrated health services. Learn more at [optum.com](https://www.optum.com).

---

To fill a prescription for a specialty medication on this list, please call **1-855-427-4682** or visit [specialty.optumrx.com](https://www.specialty.optumrx.com)

---

This specialty pharmacy drug list may not be a complete list of all specialty medications; this list can change at any time without notice.

Non-specialty alternatives may be a recommended first-line therapy to treat your condition. Please consult your doctor.



OptumRx specializes in the delivery, clinical management and affordability of prescription medications and consumer health products. We are an Optum® company — a leading provider of integrated health services. Learn more at [optum.com/optumrx](https://www.optum.com/optumrx).

All Optum® trademarks are owned by Optum, Inc. in the U.S. and other jurisdictions. All other brand or product names are trademarks or registered marks of their respective owners.

# Specialty Prior Authorization

July 28, 2021



# Prior Authorization vs. Step Therapy



## Prior-Authorization

- A review by OptumRx on behalf of your plan to ensure a prescription drug is medically necessary.
- Ensures therapy meets FDA guidelines for the condition being treated.
- Ensures providers follow nationally recognized care criteria when prescribing medication.
- Requires the prescriber to provide documentation in support of the PA criteria prior to medication being dispensed.



## Step Therapy

- Requires a patient try one or more lower cost, preferred medications to treat a health condition.
- Ensures therapy follows cost and clinical guidelines.

# Why Prior Authorization for Specialty Medications?

- Achieves improved quality of member care by using evidence-based criteria to promote appropriate use of certain specialty medications
  - Reduces inappropriate use of high-cost specialty medications



## FIDUCIARY RESPONSIBILITY

Health plans have a responsibility to ensure services provided align with the terms of the plan and are medically necessary.



## SAFETY

Adverse drug events are the most common cause of medicinal harm for patients.



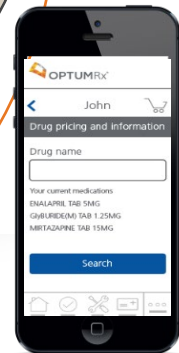
## STANDARD PLAN MANAGEMENT

OptumRx administers Prior Authorization for 55 million members.\*

\*Includes 221K EGWP retirees from the State of New Jersey.  
\*98.4% (60 out of 61) Public Sector clients with coverage for specialty medications have Prior Authorization review.

# Accessibility to the OptumRx Specialty PA Criteria

- ✓ Specialty Prior Authorization criteria will be located on the OptumRx member portal.
- ✓ Retirees will have the ability to access the criteria specific to their specialty medication directly from the member portal at [www.optumrx.com](http://www.optumrx.com) or by calling OptumRx Customer Service.





# Visibility to your Prior Authorization

## Conveniently monitor PAs

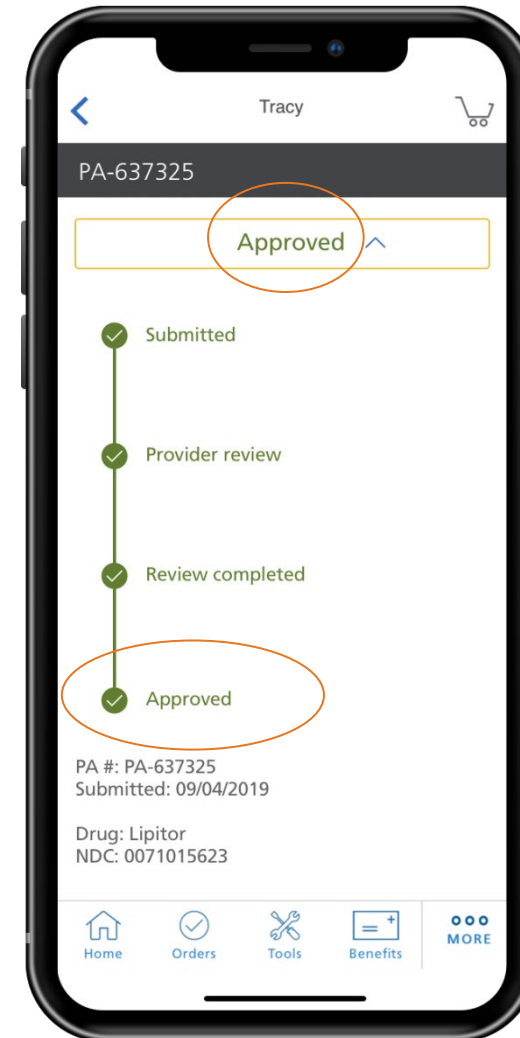
Track a PA status at anytime

## PA alerts eliminate surprises

Members know before they arrive at the pharmacy or need to call their doctor's office and can take immediate action

## Proactive notification

Messages member with immediate actions they can take without having to call customer service



# Prior Authorization

Promoting appropriate and effective medication use

Some medications should be reviewed for coverage because

- They're only approved for, and effective in, treating specific illnesses
- They're high cost and may be prescribed for conditions for which appropriateness and effectiveness have not been well-established

**If left unmanaged without requiring prior authorization, these medications can significantly increase plan costs.**

Example: Xyrem<sup>®</sup>

Annual Cost \$159.6K



**COVERED**  
for narcolepsy

FDA-approved for treating narcolepsy with or without cataplexy



**NOT COVERED**  
for chronic fatigue syndrome or fibromyalgia

Not FDA-approved or sufficient clinical and safety evidence to support use in these conditions

# Prior Authorization Criteria: Xyrem

Product Name: <u>Xyrem</u>	
Diagnosis	Narcolepsy with Cataplexy (Narcolepsy Type 1) [2, 3, A, C, D]
Approval Length	6 month(s)
Therapy Stage	Initial Authorization
Guideline Type	Prior Authorization
<p><b>Approval Criteria</b></p> <p>1 - Diagnosis of narcolepsy as confirmed by sleep study (unless the prescriber provides justification confirming that a sleep study would not be feasible)</p> <p style="text-align: center;"><b>AND</b></p> <p>2 - Symptoms of cataplexy are present</p> <p style="text-align: center;"><b>AND</b></p> <p>3 - Symptoms of excessive daytime sleepiness (e.g., irrepressible need to sleep or daytime lapses into sleep) are present</p> <p style="text-align: center;"><b>AND</b></p> <p>4 - Prescribed by or in consultation with one of the following:</p> <ul style="list-style-type: none"> <li>• Neurologist</li> <li>• Psychiatrist</li> <li>• Sleep Medicine Specialist</li> </ul>	

## References:

- 1.Xyrem Prescribing Information. Jazz Pharmaceuticals, Inc. Palo Alto, CA. October 2018.
- 2.Morgenthaler TI, Kapur VK, Brown T, et al. Practice parameters for the treatment of narcolepsy and other hypersomnias of central origin: An American Academy of Sleep Medicine report. Sleep. 2007 Dec;30(12):1705-11.
- 3.Wise MS, Arand DL, Auger RR, et al. Treatment of narcolepsy and other hypersomnias of central origin: An American Academy of Sleep Medicine review. Sleep. 2007 Dec;30(12):1712-27.
- 4.International classification of sleep disorders. 3rd ed. Darien, IL: American Academy of Sleep Medicine; 2014.
- 5.Sateia MJ. International classification of sleep disorders - third edition: highlights and modifications. CHEST. 2014 Nov;146(5):1387-1394.
- 6.Scammell TE. Clinical features and diagnosis of narcolepsy. UpToDate Website. March 2017. www.uptodate.com. Accessed October 24, 2018.
- 7.Per clinical consult with neurologist/sleep specialist, October 9, 2012 (confirmed on March 20, 2015).

# Prior Authorization

Promoting appropriate and effective medication use

Example: Humira<sup>®</sup>

Annual Cost \$114.8K



**COVERED**

for RA, PJIA, PsA, AS,  
CD, UC, Plaque  
Psoriasis, Hydradenitis  
Suppurativa, UV

FDA-approved for treating  
rheumatoid arthritis, polyarticular  
juvenile idiopathic arthritis,  
psoriatic arthritis, ankylosing  
spondylitis, crohn's disease,  
ulcerative colitis, plaque  
psoriasis, hidradenitis  
suppurativa, and uveitis



**NOT COVERED**

for Behcet's Disease,  
Sarcoidosis

Not FDA-approved or  
sufficient clinical and safety  
evidence to support use in  
these conditions

# Prior Authorization Criteria: Humira

Product Name: Humira	
Diagnosis	Rheumatoid Arthritis (RA)
Approval Length	12 month(s)
Therapy Stage	Initial Authorization
Guideline Type	Prior Authorization
<b>Approval Criteria</b>	
1 - Diagnosis of moderately to severely active RA	
<b>AND</b>	
2 - Prescribed by or in consultation with a rheumatologist	
<b>AND</b>	
3 - Trial and failure, contraindication, or intolerance to one non-biologic disease-modifying antirheumatic drug (DMARD) [e.g., methotrexate (Rheumatrex/Trexall), Arava (leflunomide), Azulfidine (sulfasalazine)] [2]	

## **Trial & Failure:**

This criteria is for a patient with a moderately to severely active disease state. Based on nationally accepted treatment guidelines, patients with this diagnosis are started on a conventional treatment regimen until the disease progresses or the conventional treatment is unsuccessful for the patient. The patient then progresses to a biologic as a last line of therapy. Biologics are more aggressive therapies with greater side-effects. This approach is in accordance with the patient selection for clinical trials by the manufacturer and submitted to the FDA for approval of the drug.

# Prior Authorization Criteria: Humira

Product Name: Humira	
Diagnosis	Crohn's disease
Approval Length	12 month(s)
Therapy Stage	Initial Authorization
Guideline Type	Prior Authorization
<p><b>Approval Criteria</b></p> <p><b>1</b> - Diagnosis of moderately to severely active Crohn's disease [7, 8, B]</p> <p style="text-align: center;"><b>AND</b></p> <p><b>2</b> - Trial and failure, contraindication, or intolerance to one of the following conventional therapies: [7]</p> <ul style="list-style-type: none"> <li>• 6-mercaptopurine (Purinethol)</li> <li>• azathioprine (Imuran)</li> <li>• corticosteroids (e.g., prednisone, methylprednisolone)</li> <li>• methotrexate (Rheumatrex, Trexall)</li> </ul> <p style="text-align: center;"><b>AND</b></p> <p><b>3</b> - Prescribed by or in consultation with a gastroenterologist</p>	

## References:

1. Humira Prescribing Information. Abbvie Inc. North Chicago, IL. February 2021.
2. Singh JA, Saag KG, Bridges SL Jr, et al. 2015 American College of Rheumatology Guideline for the Treatment of Rheumatoid Arthritis. *Arthritis Care Res.* 2015;68(1):1-25.
3. Ringold S, Angeles-Han ST, Beukelman T, et al. 2019 American College of Rheumatology/Arthritis Foundation guideline for the treatment of juvenile idiopathic arthritis: therapeutic approaches for non-systemic polyarthritis, sacroiliitis, and enthesitis. *Arthritis Rheumatol.* 2019;71(6):846-863.
4. Singh JA, Guyatt G, Ogdie A, et al. 2018 American College of Rheumatology/National Psoriasis Foundation guideline for the treatment of psoriatic arthritis. *Arthritis Rheumatol.* 2019;71(1):5-32.
5. Menter A, Strober BE, Kaplan DH, et al. Joint AAD-NPF guidelines of care for the management and treatment of psoriasis with biologics. *J Am Acad Dermatol.* 2019;80:1029-72.
6. Ward MM, Deodhar A, Gensler LS, et al. 2019 Update of the American College of Rheumatology/Spondylitis Association of America/spondyloarthritis research and treatment network recommendations for the treatment of ankylosing spondylitis and nonradiographic axial spondyloarthritis. *Arthritis Rheumatol.* 2019;71(10):1599-1613.
7. Lichtenstein GR, Loftus EV, Isaacs KL, et al. ACG clinical guideline: management of Crohn's disease in adults. *Am J Gastroenterol.* 2018;113:481-517.
8. Hanauer SB, Sandborn WJ, Rugeerts P, et al. Human anti-tumor necrosis factor monoclonal antibody (adalimumab) in Crohn's disease: the CLASSIC-I trial. *Gastroenterol.* 2006;130:323-333.
9. Rubin DT, Ananthakrishnan AN, Siegel CA, et al. ACG clinical guideline: ulcerative colitis in adults. *Am J Gastroenterol.* 2019;114:384-413.
10. Feuerstein JD, Isaacs KL, Schneider Y, et al. AGA clinical practice guidelines on the management of moderate to severe ulcerative colitis. *Gastroenterol.* 2020;158:1450-1461.



Richard Ward, FSA, FCA, MAAA  
 West Region Market Director, Public Sector  
 T 956.818.6714  
 M 619.710.9952  
 RWard@Segalco.com

500 North Brand Boulevard  
 Suite 1400  
 Glendale, CA 91203-3338  
 segalco.com

## Memorandum

**To:** Ajay Desai, Director, Division of Retirement and Benefits

**From:** Richard Ward, FSA, FCA, MAAA

**Date:** August 10, 2021

**Re:** OptumRx Retiree Plan Specialty Prior Authorization Program – Focus on Actuarial and Financial Impact for the Retiree Plan

The AlaskaCare Retiree program currently provides coverage for both Pre-Medicare and Medicare Retirees. The Pre-Medicare program is currently being administered through OptumRx. The Medicare Part D (prescription drug coverage) program provides coverage through an Employer Group Waiver Plan (EGWP) administered by OptumRx. Under the EGWP AlaskaCare covers all approved Medicare Part D drugs, plus additional medications through the “wrap” coverage. For approved medications the Plan applies general pharmacy benefit provisions, such as copays, to determine any portion of the costs that are the member’s responsibility. Below is a table outlining the current benefits offered under the Plan:

Deductibles		
Annual individual / family unit deductible	\$150 / up to 3x per family	
Coinsurance		
Most medical expenses	80%	
Most medical expenses after out-of-pocket limit is satisfied	100%	
Second surgical opinions, Preoperative testing, Outpatient testing/surgery (No deductible applies)	100%	
Out-of-Pocket Limit		
Annual individual out-of-pocket limit <ul style="list-style-type: none"> <li>• Applies after the deductible is satisfied</li> <li>• Expenses paid at a coinsurance rate other than 80% do not apply against the out-of-pocket limit</li> </ul>	\$800	
Benefit Maximums		
Individual lifetime maximum (LTM) <ul style="list-style-type: none"> <li>• Prescription drug expenses do not apply against the LTM</li> </ul>	\$2,000,000	
Individual limit per benefit year on substance abuse treatment without precertification. Subject to change every three years	\$12,715	
Individual lifetime maximum on substance abuse treatment without precertification. Subject to change every three years	\$25,430	
Prescription Drugs		Up to 90 Day or 100 Unit Supply
	Generic	Brand Name
Network pharmacy copayment	\$4	\$8
Mail order copayment	\$0	\$0

A change is currently being considered to add additional oversight to specialty medications for members with coverage in the EGWP and non-EGWP plans. Specialty medications continue to be a growing portion of a program's pharmacy spend. While these medications can be highly effective, they also represent some of the most costly medications on the market. Additionally, specialty medications may be more or less effective for certain members, and in an effort to ensure the right individuals receive these medications, many plans have implemented evidenced-based guidelines for approval. These guidelines can help promote safe and effective use of specialty medications, while mitigating the potential for waste in a high dollar medication category.

The OptumRx Specialty Prior Authorization program would implement evidenced-based review aspects before specialty medications are dispensed. These specialty medications would be reviewed for the specific therapeutic benefit, dosage recommended, and effectiveness given the retiree's need(s) and/or other potential medication usage. OptumRx will then render a clinical coverage determination for the specific drug and dosage under review.

## Actuarial Value

The Department of Administration is considering implementing a prior authorization program to help manage specialty medications. While this program does introduce changes that promote safe and effective usage of specialty medications to help manage costs, it does not impact the retiree's cost for that medication. This change also does not remove any drugs currently being covered by AlaskaCare. Due to these factors implementation of this program would not impact the actuarial value.

## Financial Impact

Based on the most recent retiree medical and pharmacy claims projection of \$617,000,000 for 2022, the projected financial impact for 2022 pharmacy claims would be a reduction of roughly \$12,300,000 (or 2.0% of total projected costs).

OptumRx performed initial analysis on the impact to claims costs, rebates and EGWP subsidies, which were then refined by Segal. The primary refinement was to adjust for the OptumRx analysis being based on general market and book-of-business data and assumptions. The Segal analysis accounts for prescribing and utilization patterns in the AlaskaCare program.

Projected claims savings are due primarily to the PA program resulting in more clinically appropriate drugs being prescribed, as well as some reviews resulting in no medications being dispensed.

Implementing the PA program will affect drug manufacturer rebates. Changes in the prescribed medication may change the rebate associated with the prescription, but the introduction of utilization management also enables OptumRx to access more favorable rebate terms in some manufacturer contracts. These increased rebates are available regardless of whether or not the PA review results in a change in the medication.

For both the EGWP and the non-EGWP plans, this is primarily driven by medications in the anti-inflammatory class. The expected increase in rebates from these enhanced contract terms will more than offset any decreases in rebates from PA reviews that change the initial prescription.



The chart below provides a breakout of the total projected savings in detail:

	<b>Non-EGWP</b>	<b>EGWP</b>	<b>Total</b>
2022 Claims Savings	\$3,400,000	\$7,700,000	\$11,100,000
2022 Rebates Changes*	\$3,600,000	\$1,600,000	\$5,200,000
2022 EGWP Changes	N/A	-\$4,000,000	-\$4,000,000
<b>Total Savings</b>	<b>\$7,000,000</b>	<b>\$5,300,000</b>	<b>\$12,300,000</b>

\* The change in earned rebates is shown and should be a reasonable indication of the annual impact over the long term. However, should there be a shortfall in the actual rebates compared to the levels guaranteed by OptumRx, then these amounts would be offset by the shortfall.

## Additional Notes

The data used for this analysis was reviewed, but not audited, and found to be sufficient and credible.

The above projection is an estimate of future cost and is based on information available to Segal at the time the projection was made. Segal has not audited the information provided. A projection is not a guarantee of future results. Actual experience may differ due to, but not limited to, such variables as changes in the regulatory environment, local market pressure, change in demographics, overall inflation rates and claims volatility. Projection of retiree costs takes into account only the dollar value of providing benefits for current retirees during the period referred to in the projection. It does not reflect the present value of any future retiree benefits for active, disabled, or terminated employees during a period other than that which is referred to in the projection, nor does it reflect any anticipated increase in the number of those eligible for retiree benefits, or any changes that may occur in the nature of benefits over time.

The Coronavirus (COVID-19) pandemic is rapidly evolving and will likely impact the 2021 US economy and health plan claims projections for most Health Plan Sponsors. As a result, projections could be significantly altered by emerging events. At this point, it is unclear what the impact will be for Health Plan Sponsors. Segal continues to develop and review plan cost adjustment factors and reports to apply to both short-term and long-term financial projections. Additionally, the potential for federal or state fiscal relief is also not contemplated in these budget projections.

cc: Emily Ricci, Division of Retirement and Benefits  
Betsy Wood, Division of Retirement and Benefits  
Andrea Mueca, Division of Retirement and Benefits  
Noel Cruse, Segal  
Kautook Vyas, Segal  
Amy Jimenez, Segal  
Eric Miller, Segal  
Quentin Gunn, Segal