

Direct Pay Data Request - 2010

AG

AG1 - 27

In his pre-filed testimony on pages 5-6, Dr. Manocchia describes changes to its formulary.

(a) Please provide a complete list of prescription drug formulary changes. Have these changes been applied across the board to all Blue Cross customers, or have some exceptions been allowed? If exceptions have been allowed, please describe.

(b) For the top 20 drugs (by frequency of usage, and, separately, by historical spend amount) affected by formulary changes please explain the rationale and what alternatives are available to patients. Is an appeal process available? If so, please describe.

(c) For each formulary change indicated in (b) above, please provide the projected cost impact in total dollars and PMPM.

(d) Please provide the analysis supporting the projected impact on claim costs resulting from the formulary changes.

(e) Please describe Blue Cross's efforts to notify and educate subscribers regarding these changes and please provide copies of all materials related to those communications.

(f) Page 28 of Exhibit 4, Mr. Lynch notes that where drugs are removed from formularies altogether that "multiple therapeutic alternatives" are available. What provisions are being made for subscribers where the alternatives are not effective or where there is a medical reason to not use the therapeutic alternative?

**Person Responsible:** Manocchia.A

**Answer:**

(a) The drug formulary changes include tiering changes, i.e. moving certain drugs from coverage under one drug tier to another drug tier, and exclusions, where a drug will no longer be covered by Blue Cross. These changes are outlined and identified in the attachment to AG 1-27(a). The tiering changes along with the drug exclusions are referred to as the "Premier Formulary". For Direct Pay and fully insured groups, the Premier Formulary went into effect on November 1, 2010. There were no exceptions to the application of the Premier Formulary for fully insured groups, other than Medicare Advantage Part D. Except for the tiering changes, which were effective November 1, 2010, self funded groups are allowed to choose whether to implement the Premier Formulary upon their group contract renewal.

Prescription drug formulary changes are made with clinical input from our Pharmacy & Therapeutics Committee - a committee of local, independent physicians and pharmacists. Safety, effectiveness, and cost were all considered before the Premier Formulary was adopted. It is important to note that, during this process the committee adopted prior authorization procedures and grandfathering rules for certain drugs when the committee deemed it clinically appropriate to do so.

(b) An analysis of the top 20 drugs affected by the formulary changes are shown in the attachment for AG

1-27(b) along with the rationale for the formulary change and suggested alternatives for the affected drugs; either therapeutic alternatives or generic equivalents.

Members are always entitled to appeal or grieve coverage issues, however formulary exclusions are not subject to utilization review procedures and as such, any appeal would be eligible for administrative review only. Since these drugs are not covered by the policy, an appeal or grievance and would not result in an exception for coverage being granted. Again, self-funded groups are allowed to choose whether to allow exceptions.

(c) The projected cost impact of the top 20 drugs is included in the attachment to part (b).

(d) See attached.

(e) Blue Cross and Blue Shield of Rhode Island has made a variety of efforts to notify subscribers regarding the changes to the pharmacy formulary. These efforts include a general educational mailer sent to subscribers about the cost of prescription medications and what BCBSRI is doing to control the costs, an educational article in Choices Magazine and disruption letters to all members that were impacted by the formulary changes.

See attached documents.

(f) The formulary changes came about after extensive input from our pharmacy and therapeutics committee to help lower the cost of care without reducing its quality or minimizing therapeutic options. The committee removed drugs only when they felt that there were therapeutic alternatives that were clinically appropriate and comparable (in efficacy and safety), which should be a reasonable alternative for the removed drug. Approximately 80% of the brand name exclusions have chemical equivalent generic alternatives that are covered by the plan. In those rare cases where a clinician does not wish to use one of the covered alternatives, and no prior authorization or grandfathering rule applies, the physician may still prescribe and the patient may still receive the brand-name drug, but no reimbursement would be available under the policy.

c. N. Benoit, Esquire  
J. Cogan, Jr., Esquire  
B. Niehus, FSA, MAAA

12/08/2010

# 2010 Formulary Changes

Effective 11/1/2010

## Generic Drugs Moving to Tier 2

The following drugs will require a second-tier copayment

ADAPALENE	FENTANYL TD
ALPROSTADIL	FEXOFENADINE
AMPHETAMINE-DEXTROAMPHETAMINE SR	FEXOFENADINE-PSEUDOEPHEDRINE TAB SR
BENZOYL PEROXIDE	GABAPENTIN
BENZOYL PEROXIDE-ERYTHROMYCIN	ISOTRETINOIN
BENZOYL PEROXIDE-SULFUR	MYCOPHENOLATE
BENZOYL PEROXIDE-UREA	PANTOPRAZOLE†
BUDESONIDE	SULFACETAMIDE SODIUM TOPICAL
CLINDAMYCIN PHOSPHATE FOAM	TACROLIMUS
CLINDAMYCIN PHOSPHATE-BENZOYL PEROXIDE	TAMSULOSIN
DESMOPRESSIN ACETATE	TOPIRAMATE
ERYTHROMYCIN TOPICAL PADS	URSODIOL
FAMCICLOVIR	VALACYCLOVIR
FENTANYL CITRATE	VENLAFAXINE HCL ER

## Brand-Name Drugs (Non-preferred or Tier 3)

The following brand-name drugs have been changed to non-preferred status, requiring the highest copayment.

ABILIFY	CEREFOLIN†	FLOMAX†	NUVARING	PULMICORT†
ALAMAST	CLEOCIN†	KERALYT†	OPTIVAR†	SANDIMMUNE
ALDARA†	DELESTROGEN†	KLOR-CON-25	ORTHO EVRA	SEASONIQUE
ALOCRIIL	DEPO PROVERA†	LOESTRIN 24 FE†	ORTHO TRI-CYCLEN LO	SKELAXIN†
ALOMIDE	DEXPAK†	LOSEASONIQUE	OVCON 50	SULAR†
ARIMIDEX†	DILANTIN	LYBREL	PATADAY	SYNTHROID
ASTELIN†	DILANTIN - 125	MIRAPEX†	PATANOL	ULTRALYTIC 2
AUGMENTIN†	ELESTAT	NATAZIA	PEPCID†	YAZ†
BEPREVE	EMADINE	NECON 10/11	PHENYTEK	ZADITOR
BIAFINE†	EXELON†	NEORAL	PROGRAF	
CELLCEPT	FEMCON FE	NUMOISYN†	PROVIGIL	

## Preauthorization Required

The following additional drugs require prior authorization for members with the Managed Pharmacy benefit.

- ABILIFY\*
- DEPAKENE\*
- DEPAKOTE\*
- DEPAKOTE ER\*
- KEPPRA\*
- LAMICTAL\*
- PROVIGIL
- TOPAMAX\*

†excluded in Premier Formulary  
\*new starts to therapy only



# 2010 Formulary Changes

Effective 11/1/2010

## Premier Formulary

The following brand-name drugs with generic equivalents are no longer covered effective November 1, 2010. If your patient is a BCBSRI member and is taking one of these drugs, please talk with her or him about a generic equivalent to reduce out-of-pocket costs.

ACCUHIST DM	ANAMANTLE HC	BSS PLUS	COLISTIN	DESOGEN-28	ELOCON
ACCUNE B NEB	ANAPROX	BUPRENEX	COLY-MYCIN M	DESOXYN	ELOXATIN
ACCUPRIL	ANAPROX DS	BUSPAR	COLYTE	DESQUAM-X	EMLA
ACCURETIC	ANASPAZ	CAFCIT	CONDYLOX	DEXPAK	ENDAL CD
ACEON	ANECTINE	CAFERGOT	COPEGUS	DEXTRAN 70	EPIQUIN
ACLARO	ANTIVERT	CALAN	CORDARONE	DIABETA	ESTRACE
ACLOVATE	ANTIZOL	CALAN SR	CORGARD	DIAMOX SEQUEL	ESTROSTEP FE
ACTIGALL	ARALEN	CALCIFOLIC-D	CORLOPAM	DIATX ZN	ETHRANE
ACTIQ	ARAVA	CALCIJEX	CORTANE-B	DIDREX	ETHYOL
ACTIVELLA	ARELIA	CAMPTOSAR	CORTEF	DIDRONEL	EVOCLIN
ACULAR	ARIMIDEX	CARAFATE	CORTENEMA	DIFFERIN	EXELON
ACULAR LS	ASTELIN	CARBATUSS	CORTISPORIN	DIFLUCAN	FAMVIR
ADALAT CC	ATIVAN	CARBA-XP	CORTROSYN	DIGEX NF	FELDENE
ADENOCARD	ATROVENT	CARBOCAINE	CORVERT	DILACOR XR	FIBRICOR
ADIPEX-P	ATUSS DS SUS	CARDENE	CORVITE	DILAUDID	FIORICET
ADOXA	AUGMENTIN	CARDIZEM	CORZIDE	DILAUDID-HP	FIORICET/COD
ADRENALIN	AXID	CARDIZEM CD	COSMEGEN	DILEX-G	FIORINAL
AEROHIST	AYGESTIN	CARDIZEM LA	COSOPT	DIPRIVAN	FLAGYL
AGRYLIN	AZACTAM	CARDURA	COUMADIN	DIPROLENE	FLEXERIL
ALA SCALP	AZULFIDINE	CARMOL	COZAAR	DIPROLENE AF	FLEXTRA DS
ALACOL DM	BACITRACIN	CARNITOR	CUTIVATE	DITROPAN XL	FLOLAN
ALAHIST DM	BACTRIM	CAROMEGA	CYCLESSA	DIURIL IV	FLOMAX
ALCAINE	BACTRIM DS	CASODEX	CYCLOGYL	DOLOPHINE	FLONASE
ALDACTAZIDE	BACTROBAN	CATAFLAM	CYSTEINE HCL	DONATUSSIN	FLUDARA
ALDACTONE	BALTUSSIN	CATAPRES	CYTARABINE	DONNATAL	FLUDARABINE
ALDARA	BENTYL	CATAPRES-TTS	CYTOTEC	DOPRAM	FLUMADINE
ALDEX D	BENZAC AC	CEFTIN	CYTOVENE	DOVONEX	FLUORACAINE
ALDEX DM	BENZAC W	CELESTONE	D.H.E. 45	DRISDOL	FLUORESCITE
ALFENTA	BENZA CLIN	CELEXA	DALLERGY	DRYSOL	FLURESS
ALKERAN	BENZAMYCIN GEL	CELLUGEL	DANTRIUM	DUONEB	FML LIQUIFLM
ALLEGRA 60MG	BENZI Q LS	CEREFOLIN	DARVOCET	DURABAC	FOLGARD
ALLEGRA-D 12H	BETAGAN	CERUBIDINE	DARVOGET-N	DURACLON	FOLT X
ALLERX DF	BETAPACE	CILOXAN	DARVON	DURAFLU	FORANE
ALLERX-D	BETAPACE AF	CIPRO	DAYPRO	DURAGESIC	FORTAZ
ALOPRIM	BIAFINE	CLAFORAN	DDAVP	DYAZIDE	FOSAMAX
ALPHAGAN P	BIAXIN	CLARIFOAM	DELATESTRYL	DYNACIN	FUDR
ALTACE	BIAXIN XL	CLEOCIN	DELESTROGEN	EC-NAPROSYN	GASTROGRAFIN
AMARYL	BLEPH-10	CLEOCIN-T	DEMADEX	ED A-HIST	GEL-KAM
AMBIEN	BONTRIL	CLIMARA	DEMEROL	EFFEXOR	GENELAN
AMERGE	BRETHINE	CLINORIL	DEPO-MEDROL	EFFEXOR XR	GENELAN NF
AMICAR	BREVIBLOC	CLOMID	DEPO-PROVERA	EFUDEX	GENTEX 30
AMIDATE	BREVICON	CLOZARIL	DEPO-TESTOST	ELDEPRYL	GLUCOPHAGE
AMIKIN	BREVOXYL	COGENTIN	DERMATOP	ELDOPAQUE	GLUCOTROL
ANAFRANIL	BRONTEX	COLAZAL	DESFERAL	ELDOQUIN	GLUCOTROL XL
ANALPRAM	BROVEX	COLESTID		ELLENC	GLUCOVANCE

GLYNASE	LIPOSYN III	MIRCETTE	ORTHO-CYCLEN	PROCARDIA XL	SINEMET CR
GOLYTELY	LITHOBID	MOBIC	ORTHO-NOVUM	PRO-CLEAR	SKELAXIN
GRANULEX	LO/OVRAL-28	MODICON	OTICIN HC	PROCTOCORT	SOMA
HALCION	LOCOID	MONODOX	OVACE PLUS	PROSCAR	SONATA
HEMOCYTE PLS	LODRANE	MONOKET	OVACE WASH	PROSTIGMIN	SPECTRACEF
HEPARIN	LOESTRIN	MS CONTIN	OVCON-35	PROSTIN VR	SPORANOX
HESPAN	LOESTRIN FE	MYAMBUTOL	OVIDE	PROTONIX	SPS
HIPREX	LOFIBRA	MYDFRIN	OXANDRIN	PROVERA	STADOL
HISTEX	LOMOTIL	MYDRIACYL	PACERONE	PROZAC	STAFLEX
HYDREA	LOPID	MYOCHRYSSINE	PALGIC	PROZAC WEEKLY	STAHIST
HYDRO 35	LOPRESSOR	MYSOLINE	PALGIC	PULMICORT	STROVITE
HYDRO 40	LOPRESSOR HCT	NALEX-A	PAMELOR	PURINETHOL	SUBUTEX
HYLIRA	LOPROX	NAPROSYN	PAMINE	PYRIDIUM	SULAR
HYZAAR	LORAZEPAM	NARIZ	PAMINE FORTE	QUESTRAN	SUMAXIN
ICAR-C PLUS	LORCET	NASOHIST DM	PANLOR SS	RA SOL	SUTTAR-2
IDAMYCIN	LORCET PLUS	NATURE-THROID	PARAFON FORT	RAPIFLUX	SUTTAR-SF
IFEX	LORTAB	NAVANE	PARCOPA	RAZADYNE	SYMAX
IFOSFAMIDE	LOTENSIN	NAVELBINE	PARLODEL	RAZADYNE ER	TALADINE
IMDUR	LOTENSIN HCT	NEO DM	PARNATE	REBETOL	TAMBOCOR
IMITREX	LOTREL	NEOBENZ MICR	PAXIL	REGLAN	TANDEM F
IMURAN	LOTRISONE	NEOSPORIN	PEPCID	REMERON	TANDEM PLUS
INDERAL LA	LOVENOX	NEO-SYNEPHRINE	PERANEX HC	REQUIP	TAPAZOLE
INDOCIN	LOXITANE	NEPHROCAPS	PERCOCAN	RESPA-BR	TARKA
INSPRA	LUFYLLIN-GG	NEPHRO-VITE	PERCODAN	RESPAHIST-II	TEMOVATE
INTRALIPID	LUMINAL	NEPTAZANE	PERIDEX	RESTORIL	TEMOVATE E
IOPIDINE	LURIDE	NESACAINE	PERIOSTAT	RETIN-A	TENEX
ISMO	LUSTRA	NIMOTOP	PERSANTINE	RETROVIR	TENORETIC
ISO ATROPINE	LUSTRA-AF	NIPENT	PFIZERPEN-G	REVIA	TENORMIN
ISO HOMATROP	LUSTRA-ULTRA	NIRAVAM	PHENA-S	RIFADIN	TERAZOL 3
ISOPTIN SR	LYMPHAZURIN	NITRO-DUR	PHENERGAN	RIFAMATE	TERAZOL 7
ISOPTO CARP	MACROBID	NITROGLYCERIN	PHENYDEX	RISPERDAL	TESSALON
ISORDIL	MACRODANTIN	NIZORAL	PHOSLO	RISPERDAL M	THERA-FLUR-N
J-MAX	MARCAINE	NORCO	PHRENILIN	ROBAXIN	TIAZAC
J-TAN D	MARCAINE/EPI	NORDETTE	PLAN B	ROBINUL	TIGAN
KAYEXALATE	MARINOL	NORFLEX	PLAQUENIL	ROBINUL FORTE	TIMOPTIC
KEFLEX	MAVIK	NORINYL	PLEGISOL	ROCALTROL	TIMOPTIC-XE
KENALOG-10	MAXIDONE	NORPACE	PLETAL	ROSANIL	TOBRADEX
KENALOG-40	MAXIPHEN DM	NORPRAMIN	PLEXION	ROSULA	TOBEX
KERALAC	MAXIPIME	NOR-QD	POLY HIST	ROWASA	TOFRANIL
KERALYT	MAXITROL	NORVASC	POLY HIST DM	ROXICODONE	TOFRANIL-PM
KERLONE	MAXZIDE	NOTUSS-AC	POLY HIST PD	RYDEX	TOPICORT
KEROL	MEBARAL	NOTUSS-DC	POLY CITRA-K	RYNA-12	TOPICORT LP
KEROL AD	MEDROL	NOVANTRONE	POLYTRIM	RYNATAN	TOPROL XL
KETALAR	MEGACE	NUCORT	POLY-TUSSIN	RYTHMOL	TRANDATE
KLARON	MERREM	NULYTELY	POLY-TUSSIN DM	SALAGEN	TRANXENE
KLONOPIN	MESNEX	NUMOISYN	POLY-TUSSIN DHC	SALEX	TRIAZ
K-LOR	MESTINON	NUOX	PONTOCAINE	SALVAX	TRI-NORINYL
K-PHOS	METAGLIP	NUZON	POTABA	SCOPACE	TRIOSTAT
KYTRIL	METANX	NYSTATIN	PRAMOTIC	SEASONALE	TRITUSS
LAC-HYDRIN	METHERGINE	OCUFEN	PRAVACHOL	SECTRAL	TROPHAMINE
LAGESIC	METROCREAM	OCUFLOX	PRECOSE	SEDAPAP	TRUSOPT
LAMISIL	METROGEL	OLUX	PRED FORTE	SELSEB	TUSNEL PEDI
LANOXIN	METROLOTION	OMNII	PRELONE	SELSUN	TUSSI-12
LASIX	MEVACOR	OMNIPRED	PREVACID	SENETONIC	TUSSI-PRES
LEUSTATIN	MIACALCIN	OPTIPRANOLOL	PREVIDENT	SEPTRA	TUSSO-C
LEVBIID	MICROZIDE	OPTIVAR	PRILOSEC	SEPTRA DS	TYLENOL/COD
LEVOPHED	MIDAMOR	ORAPRED	PRINIVIL	SERADEX	TYLOX
LEVSIN	MINIPRESS	ORTHO MICRONOR	PRINZIDE	SEROMYCIN	ULTANE
LIDAMANTLE	MINOCIN	ORTHO TRI-CYCLEN	PROAMATINE	SILVADENE	ULTRACET
LIPOSYN II	MIRAPEX	ORTHO-CEPT	PROCARDIA	SINEMET	ULTRALYTIC

ULTRAM	URSO FORTE	VICODIN	WELLBUTRIN	ZAROXOLYN	ZODERM
ULTRAM ER	UTA	VICODIN ES	WELLBUTRIN XL	Z-COF DM	ZOFRAN
ULTRAVATE	VALIUM	VICOPROFEN	WESTCORT	Z-COF DM	ZOFRAN ODT
UMECTA	VALTRET	VIDEX EC	WESTHROID	ZEBETA	ZOLOFT
UNASYN	VASERETIC	VISTARIL	XANAX	ZEMURON	ZONALON
UNIRETIC	VASOTEC	VITAFOL	XANAX XR	ZERIT	ZOTEX
UNIVASC	VAZOBID	VITAROCA	XENADERM	ZESTORETIC	ZOTEX PED
URAMAXIN	VAZOL	VIVACTIL	XOPENEX	ZESTRIL	ZOVIRAX
URECHOLINE	VAZOL-D	VOLTAREN	XYLOCAINE	ZIAC	ZYBAN
UREX	VAZOTAN	VOLTAREN-XR	YASMIN	ZINACEF	ZYLOPRIM
UROCIT-K	VERELAN	VOSOL	YAZ	ZINECARD	
UROQID	VERELAN PM	VOSOL HC	ZANAFLEX	ZITHROMAX	
URSO	VIBRAMYCIN	VOSPIRE ER	ZANTAC	ZOCOR	

## Premier Formulary

The following brand-name and selected generic drugs are no longer covered effective November 1, 2010.

ACANYA	AVAR LS	CLARITIN	LIPOFEN	PRECEDEX	TRIGLIDE
ACIPHEX	AVAR-E LS	CLARITIN RDT	LUNESTA	PREVACID	TRILIPIX
ACZONE	AVIDOXY DK	CLINAC	MINOCIN	PRILOSEC	VANOXIDE HC
ADOXA	AZELEX	CLINDAGEL	MONODOX	PROTONIX	VIBRAMYCIN
AKNE-MYCIN	BENCORT	CLINDAREACH	NEXIUM	RA SOL	XYZAL
ALLEGRA SUSP	BENZACLIN	DIFFERIN	NICOMIDE-T	RESTASIS	ZACARE
30MG/5ML	BENZAMYCIN	DORAL	NORITATE	RETIN-A MICRO	ZEGERID
ALLEGRA ODT 30MG	BENZASHAVE 5	DORYX	NUTRIDOX	SOLODYN	ZIANA
ALLEGRA-D 24H	BENZEFOAM	DUAC CS	OMEPRABICAR	SOMNOTE	ZODERM
ALODOX	BENZIQU	EDLUAR	OMEPRAZOLE 10MG	SULFOAM	ZYRTEC
AMBIEN CR	CHLORAL HYDRATE	EPIDUO	OMEPRAZOLE 40MG	TRETIN-X	
ANTARA	CLARINEX	FENOGLIDE	ORACEA	TREXIMET	
ATRALIN	CLARINEX RDT	INOVA	PACNEX MX	TRIAZ	
AVAR	CLARINEX-D	LANSOPRAZOLE	PANTOPRAZOLE	TRICOR	

**Direct Pay Utilization  
Top 20 Drugs Affected By Formulary Changes - By Volume  
Healthmate Plans Only**

Rank by Volume	Drug Name	Defined	Alternatives	Annual Estimated Cost Savings	RMPM
1	PANTOPRAZOLE SODIUM	Generic	generic omeprazole 20mg, Dexilant, OTC products	(\$32,600)	(\$0.19)
2	OMEPRAZOLE (10MG & 40MG)	Generic	generic omeprazole 20mg, Dexilant, OTC products	n/a	n/a
3	NEXIUM	Therapeutic Alternative Available	generic omeprazole 20mg, Dexilant, OTC products	(\$16,900)	(\$0.10)
4	LANSOPRAZOLE	Generic	generic omeprazole 20mg, Dexilant, OTC products	n/a	n/a
5	EFFEXOR XR	Generic Equivalent Available		(\$6,400)	(\$0.04)
6	TOPROL XL	Generic Equivalent Available		(\$1,700)	(\$0.01)
7	LUNESTA	Therapeutic Alternative Available		(\$6,900)	(\$0.04)
8	AMBIEN CR	Generic Equivalent Available	generic zolpidem	(\$7,300)	(\$0.04)
9	YAZ	Generic Equivalent Available		(\$10,700)	(\$0.06)
10	RESTASIS	Therapeutic Alternative Available	OTC Artificial Tears, Ophthalmic lubricant	(\$9,400)	(\$0.06)
11	EPIDUO	Therapeutic Alternative Available	adapalene and benzoyl peroxide individual agents	(\$2,600)	(\$0.02)
12	VALTRES	Generic Equivalent Available		(\$500)	(\$0.00)
13	ACIPHEX	Therapeutic Alternative Available	generic omeprazole 20mg, Dexilant, OTC products	(\$3,100)	(\$0.02)
14	XANAX	Generic Equivalent Available		(\$5,900)	(\$0.03)
15	ORACEA	Therapeutic Alternative Available	generic doxycycline	(\$5,600)	(\$0.03)
16	TRILIPIX	Therapeutic Alternative Available	generic fenofibrate	(\$400)	(\$0.00)
17	ORTHO TRI-CYCLEN	Generic Equivalent Available		(\$1,600)	(\$0.01)
18	WELLBUTRIN XL	Generic Equivalent Available		(\$7,500)	(\$0.04)
19	YASMIN 28	Generic Equivalent Available		(\$600)	(\$0.00)
20	COUMADIN	Generic Equivalent Available		(\$3,400)	(\$0.02)
				<u>(\$123,100)</u>	<u>(\$0.72)</u>

\*\* Estimated savings are based on anticipated shifting from non-covered drug to a covered alternative.  
\*\* Savings do not include changes to prescription drug rebates.

**Direct Pay Utilization  
Top 20 Drugs Affected By Formulary Changes - By Cost  
Healthmate Plans Only**

Rank by Cost	Drug Name	Defined	Alternatives	Annual Estimated Cost/Savings	PMPM
1	PANTOPRAZOLE SODIUM	Generic	generic omeprazole 20mg, Dexilant, OTC products	(\$32,600)	(\$0.19)
2	OMEPRAZOLE (10MG & 40MG)	Generic	generic omeprazole 20mg, Dexilant, OTC products	n/a	n/a
3	NEXIUM	Therapeutic Alternative Available	generic omeprazole 20mg, Dexilant, OTC products	(\$16,900)	(\$0.10)
4	EFFEXOR XR	Generic Equivalent Available	generic omeprazole 20mg, Dexilant, OTC products	(\$6,400)	(\$0.04)
5	LANSOPRAZOLE	Generic	generic omeprazole 20mg, Dexilant, OTC products	n/a	n/a
6	LUNESTA	Therapeutic Alternative Available	generic zolpidem	(\$6,900)	(\$0.04)
7	ACIPHEX	Therapeutic Alternative Available	generic omeprazole 20mg, Dexilant, OTC products	(\$3,100)	(\$0.02)
8	ORACEA	Therapeutic Alternative Available	generic doxycycline	(\$5,600)	(\$0.03)
9	SOLODYN	Therapeutic Alternative Available	generic minocycline	(\$6,400)	(\$0.04)
10	ARIMIDEX	Generic Equivalent Available		(\$34,800)	(\$0.20)
11	AMBIEN CR	Generic Equivalent Available		(\$7,300)	(\$0.04)
12	VALTRET	Generic Equivalent Available		(\$500)	(\$0.00)
13	RESTASIS	Therapeutic Alternative Available	OTC Artificial Tears, Ophthalmic lubricant	(\$9,400)	(\$0.06)
14	EPIDUO	Therapeutic Alternative Available	adapalene and benzoyl peroxide individual agents	(\$2,600)	(\$0.02)
15	WELLBUTRIN XL	Generic Equivalent Available		(\$7,500)	(\$0.04)
16	PERCOCET	Generic Equivalent Available		(\$2,500)	(\$0.01)
17	PROZAC	Generic Equivalent Available		(\$2,700)	(\$0.02)
18	RISPERDAL	Generic Equivalent Available		(\$1,900)	(\$0.01)
19	ZOLOFT	Generic Equivalent Available		(\$2,100)	(\$0.01)
20	YAZ	Generic Equivalent Available		(\$10,700)	(\$0.06)
				(\$159,900)	(\$0.94)

\*\* Estimated savings are based on anticipated shifting from non-covered drug to a covered alternative.  
\*\* Savings do not include changes to prescription drug rebates.

**Formulary Annual Savings Opportunities  
By Therapeutic Class  
Direct Pay Business  
Healthmate Plans Only**

	<u>Current Paid Costs - Before Formulary Changes</u>	<u>Proposed Paid Costs - After Formulary Changes</u>	<u>Estimated Savings</u>
Other Therapeutic Classes	\$4,569,979	\$4,491,974	\$78,005
Ulcer Drugs-Proton Pump Inhibitors	\$288,239	\$243,344	\$44,895
Antipsychotics	\$340,213	\$302,926	\$37,287
Antihyperlipemic-Statins	\$610,438	\$586,122	\$24,316
Antihistamines - Non-Sedating	\$22,930	\$0	\$22,930
Stimulants - ADHD	\$141,698	\$120,368	\$21,330
Contraceptives	\$222,592	\$202,742	\$19,850
Antidepressant-Ssri	\$154,743	\$135,196	\$19,547
Ophthalmic	\$81,689	\$63,455	\$18,234
Anticonvulsant	\$224,391	\$208,686	\$15,705
Dermatological-Acne Products	\$130,433	\$114,982	\$15,450
Hypnotics	\$92,289	\$77,845	\$14,443
Tetracyclines	\$34,856	\$25,991	\$8,865
Analgesics-Narcotic	\$330,842	\$322,697	\$8,145
Antihypertensive-Antihypertensive Comb.	\$96,441	\$89,184	\$7,257
Antihypertensives - Aces & Arbs	\$128,054	\$122,016	\$6,038
Dermatological-Rosacea Products	\$14,665	\$9,018	\$5,647
Antiviral-Herpes Agents	\$106,477	\$101,037	\$5,440
Antidepressant-Bupropion	\$105,348	\$103,853	\$1,496
Migraine	\$69,050	\$67,721	\$1,329
Antihyperlipemic-Fibric Acid Derivatives	\$46,396	\$45,465	\$931
Stim/Anti-Obes/Anorex-Amphetamines	\$135,898	\$135,368	\$530
Antiasthmatic-Steroid Inhalants	\$55,230	\$55,013	\$217
	<u>\$8,002,891</u>	<u>\$7,625,002</u>	<u>\$377,888</u>

09528

**Formulary Savings Factors**

\*\* Supporting analysis to the Rx formulary factor in column (6) on Schedule 29.

\*\* Savings do not include changes to prescription drug rebates.

**Formulary Annual Savings Opportunities  
By Therapeutic Class  
Direct Pay Business  
HSA Plans Only**

	<u>Current Allowed Costs - Before Formulary Changes</u>	<u>Proposed Allowed Costs - After Formulary Changes</u>	<u>Estimated Savings</u>
Other Therapeutic Classes	\$1,709,031	\$1,661,953	\$47,078
Ulcer Drugs-Proton Pump Inhibitors	\$111,536	\$63,377	\$48,160
Antipsychotics	\$134,639	\$134,639	\$0
Antihyperlipemic-Statins	\$119,274	\$119,274	\$0
Antihistamines - Non-Sedating	\$17,829	\$13,595	\$4,234
Stimulants - ADHD	\$59,264	\$59,264	\$0
Contraceptives	\$55,056	\$51,336	\$3,720
Antidepressant-Ssri	\$54,438	\$50,695	\$3,743
Ophthalmic	\$22,622	\$22,622	\$0
Anticonvulsant	\$98,304	\$93,470	\$4,833
Dermatological-Acne Products	\$23,495	\$21,640	\$1,855
Hypnotics	\$46,355	\$29,853	\$16,502
Tetracyclines	\$12,228	\$6,631	\$5,597
Analgesics-Narcotic	\$134,735	\$128,074	\$6,661
Antihypertensive-Antihypertensive Comb.	\$30,059	\$28,804	\$1,255
Antihypertensives - Aces & Arbs	\$37,901	\$32,145	\$5,756
Dermatological-Rosacea Products	\$7,233	\$7,233	\$0
Antiviral-Herpes Agents	\$20,439	\$20,439	\$0
Antidepressant-Bupropion	\$32,621	\$32,274	\$348
Migraine	\$14,286	\$13,243	\$1,043
Antihyperlipemic-Fibric Acid Derivatives	\$13,301	\$9,697	\$3,603
Stim/Anti-Obes/Anorex-Amphetamines	\$21,930	\$21,930	\$0
Antiasthmatic-Steroid Inhalants	\$14,381	\$14,381	\$0
	<u>\$2,790,956</u>	<u>\$2,636,567</u>	<u>\$154,389</u>

0,9447

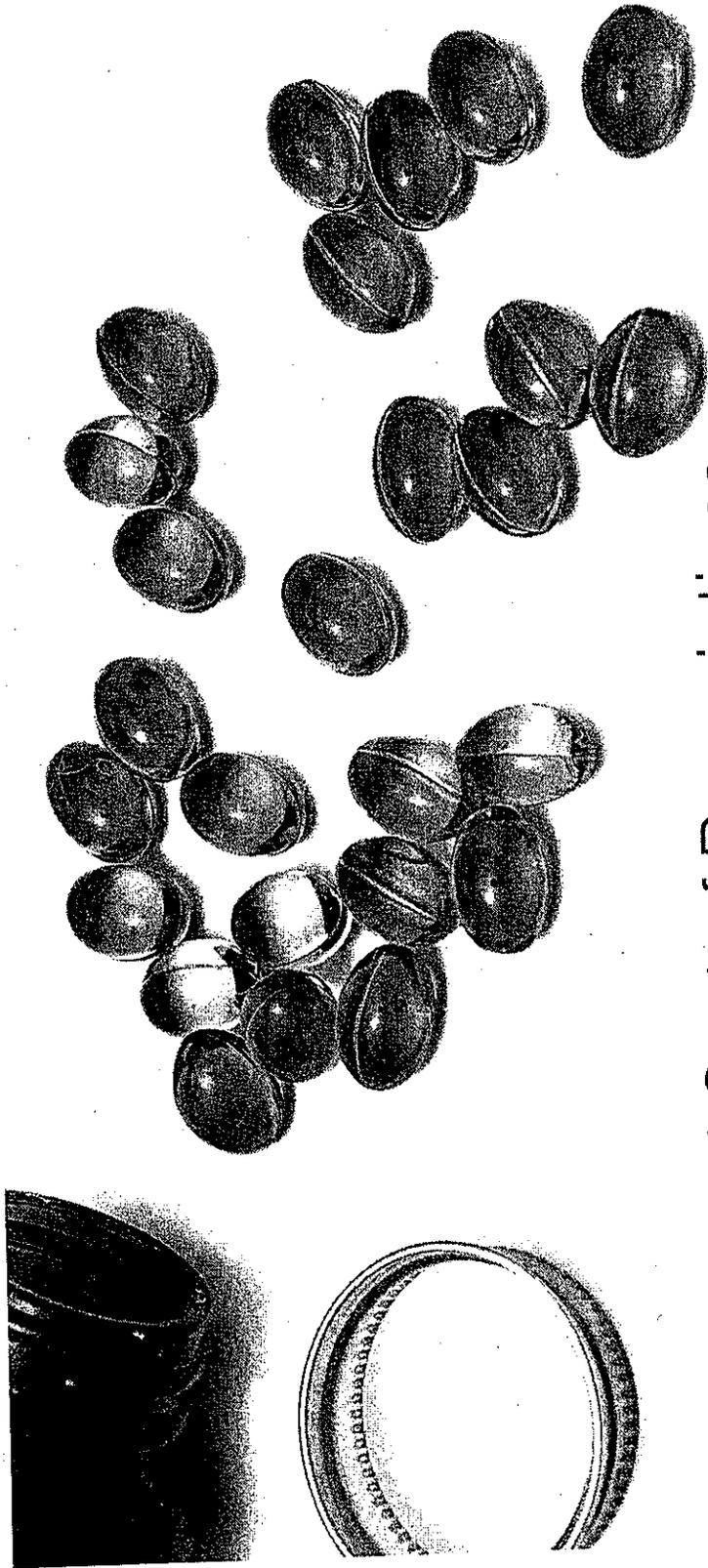
Formulary Savings Factors

\*\* Supporting analysis to the Rx formulary factor in column (6) on Schedule 30.  
\*\* Savings do not include changes to prescription drug rebates.

By 2013, Americans could  
be spending almost  
1/3 of all personal health costs  
on prescriptions alone.<sup>1</sup>

**Working together, we can change that.**

Our new approach  
to prescription coverage  
can help keep your  
out-of-pocket costs lower.



## The Real Cost of Prescriptions

While the increasing variety and use of prescription drugs can improve your quality of life, it's also a leading contributor to rising healthcare costs.

In fact, two-thirds of total healthcare spending is devoted to hospital care, clinical services, and prescription drugs. And though you may only see your copayment, costly prescriptions ultimately affect your premium and out-of-pocket costs.

# What We're Doing About It

At Blue Cross & Blue Shield of Rhode Island, we're making changes to help reduce healthcare costs while making quality care more accessible.

First, we're refocusing our prescription coverage on value, not brand names or bottom lines. Our team of clinicians, pharmacists, and analysts are looking at clinical outcomes, lower-cost alternatives, and overall effectiveness with the goal of making the highest value prescriptions the most accessible.

Second, we're putting more information in our members' hands—so you and your doctor can make the best decisions for your health needs.

Please stay tuned as we continue working to make quality healthcare more accessible and affordable for you.



**Blue Cross  
Blue Shield**  
of Rhode Island

[www.BCBSRI.com](http://www.BCBSRI.com)

Blue Cross & Blue Shield of Rhode Island is an independent licensee of the Blue Cross and Blue Shield Association.

# What You Can Do to Help

Choosing the right prescriptions can help keep your out-of-pocket costs lower.

**OTC & Non-prescription** Many medications—such as those for allergies—that once required a prescription are now available over-the-counter (OTC). OTC medications must meet the same FDA requirements for safety and effectiveness as the prescription versions.

**Generic Medicines** All generic medications must pass the same FDA approval process and have the same active ingredients, strength, and form as their brand-name versions—offering the same medication without the research, development, and marketing costs associated with the brand name.

**Therapeutic Class** All drugs fall within a family, or therapeutic class, based on the conditions they treat. If your brand-name prescription doesn't have a generic version, you may be able to take the generic equivalent of a different brand-name medication within the same therapeutic class.

**Talk to your doctor to explore these options and find the most effective solution for your situation.**

## Searching for a Cure for Rising Drug Costs

Take a guess how many prescription drug orders were filled by Rhode Island pharmacists last year. One million? Five million? Ten million? Try nearly 15 million, according to the Kaiser Family Foundation (KFF), a nonprofit organization that tracks healthcare costs.

In fact, prescription drug costs currently account for more than 19 percent of Blue Cross & Blue Shield of Rhode Island (BCBSRI) member claims. That makes prescription drugs one of the primary drivers of healthcare costs and, in turn, health insurance premiums locally. And the story is the same across the country. Nationally, prescription drug purchases reached \$300 billion last year, a figure that is expected to continue to rise, according to industry experts.

Surprising? Probably not when you consider everyone needs a prescription drug at some point in their life. These medications play an important role in fighting disease and managing chronic conditions like diabetes, asthma, and high cholesterol. However, as more and more people turn to prescription drugs, the cost implications for consumers, health insurers, and the government are profound. Interestingly, one of the most effective approaches being used to tackle this complex issue is a relatively simple one.

### Cost-saving solutions

Prescription drug formularies, the lists of drugs covered by health plans, help health insurers manage soaring drug costs while maintaining quality prescription drug benefits for their members, noted Charles Cote, a spokesman with the Pharmaceutical Care Management Association, the national organization that represents pharmacy benefit managers.

“Drug formularies are widely recognized as effective tools in lowering prescription drug costs while maintaining access and options for consumers,” said Cote. “When drug makers are forced to compete against one another for inclusion on an insurer’s drug formulary, that competition drives prices down. Overall, consumers realize a savings of about 30 percent on prescription drug purchases.”

### Shopping smarter

Drug formularies serve another important function: They help educate consumers about lower cost brand-name and generic drugs that are available. Because pharmaceutical companies spend so much money marketing their brand-name drugs, lower cost alternatives can easily be overlooked by consumers. Formularies not only result in better prices on prescription drugs, they raise awareness of the equally effective generics on the market, Cote said.

It’s important to point out that lower cost does not mean lower quality. Generic drugs are, in fact, chemical equivalents to their more expensive counterparts and subject to the same U.S. Food and Drug Administration (FDA) safety and effectiveness requirements. And

the savings can be substantial. According to BCBSRI claims data, the average cost of a brand name prescription drug for a one-month supply is \$153 (which is paid by both the member and the insurance plan), while the average price for a generic drug is \$21 per month. This represents a monthly savings of \$132 for a single prescription.

Cost-conscious consumers should ask their doctor or pharmacist about over-the-counter (OTC) medications as well. Many OTC drugs that once required a prescription—such as those used to treat allergies—are safe, cost-effective solutions for a host of health needs.

In an age when prescription drug spending makes up nearly a quarter of all healthcare spending, every effort—and every dollar—counts.

[chart]

#### An Alarming Trend

From 2005 to 2009, the population of the United States increased by four percent, whereas the total expenditure for prescription drugs went up by 50 percent.

[end chart]

[sidebar]

**With a little education and the help of your doctor, you may be able to reduce the amount you spend on prescription drugs.**

Here are some quick tips on how to cut your out-of-pocket drug expenses:

- If you are taking a brand name drug, ask your doctor or pharmacist if a generic alternative is on the market.
- If a generic version of your drug is not available, ask if there are any less expensive brand name alternatives, or ask if there is generic version of another drug that has the same therapeutic value.
- Periodically review your medications with your doctor. This way, if a generic becomes available, you'll know.
- Turn to page 7 for more details on how you can save on prescription drugs.

[end sidebar]

[sidebar]

**Did you know?**

Switching from a brand-name drug to a generic could save you hundreds of dollars each year. Consider the popular cholesterol drug Zocor<sup>®</sup>. Depending on your drug coverage, it could cost you up to \$175 a month on average. However, a generic version, Simvastatin, would cost most BCBSRI members just \$7 out-of-pocket each month. Over the course of a year, that's a potential savings of more than \$2,000.

[end sidebar]



Blue Cross  
Blue Shield  
of Rhode Island

500 Exchange Street, Providence, Rhode Island 02903-2699  
(401) 459-1000 www.BCBSRI.com

October 2010

NAME  
ADDRESS  
CITY, STATE ZIP

**Important Information About  
Your Prescription Drug  
Copayments**

Dear [Name],

Prescription drug coverage is an important part of your health plan—prescription drugs are used to treat everything from allergies to heart disease, and they can really improve quality of life. However, they are also a key contributor to healthcare costs.

As your health insurer, we are looking at every way possible to lower your out-of-pocket costs and make healthcare more affordable for you, especially in these tight economic times. We are making changes to our prescription drug coverage as part of that effort.

Prescription drug formulary changes are made with clinical input from our committee of local, independent physicians and pharmacists. Safety, effectiveness, *and* cost are all considered before any change is made. As a result of recent changes, the generic medication you are currently taking is unusually expensive and therefore is being placed at a tier 2 co-pay level. Another alternative may be available in some cases.

Ultimately, by making these prescription drug coverage changes, we are trying to limit your out-of-pocket costs and make healthcare more affordable for you.

To keep your out-of-pocket costs lower, we encourage you to talk to your doctor or pharmacist about lower-cost alternative drugs. Switching to an alternative medication is optional, and that decision is between you and your doctor. **However, please note that if you continue to use <DRUG> after <DATE>, you will have a higher copay (tier 2 copay).**

If you take more than one prescription drug, you may receive more than one version of this letter. Please read the letters carefully, since the coverage changes may be different for each drug. For more information, please call our Customer Service Department at (401) 459-5000 or 1-800-639-2227 (outside Rhode Island only), or visit **BCBSRI.com**.

Sincerely,

*Peter Hollmann MD*

Peter Hollmann, M.D.  
Associate Chief Medical Officer of Provider Relations



October 2010

NAME  
ADDRESS  
CITY, STATE ZIP

**Important Information About  
Your Prescription Drug  
Copayments**

Dear [Name],

Prescription drug coverage is an important part of your health plan—prescription drugs are used to treat everything from allergies to heart disease, and they can really improve quality of life. However, they are also a key contributor to healthcare costs.

As your health insurer, we are looking at every way possible to lower your out-of-pocket costs and make healthcare more affordable for you, especially in these tight economic times. We are making changes to our prescription drug coverage as part of that effort.

Prescription drug formulary changes are made with clinical input from our committee of local, independent physicians and pharmacists. Safety, effectiveness, *and* cost are all considered before any change is made. Generic drugs and lower-cost brand name drugs are subject to the same FDA safety and effectiveness requirements as more expensive drugs. Lower cost does not mean lower quality, and the savings can be substantial. For example, the average cost of a brand-name prescription is \$153 (which is paid by both you and your insurance plan). The average price for generic drugs is \$21. This represents a savings of \$132 for a single prescription.

Ultimately, by making these prescription drug coverage changes, we are trying to limit your out-of-pocket costs and make healthcare more affordable for you.

To keep your out-of-pocket costs lower, we encourage you to talk to your doctor or pharmacist about lower-cost alternative drugs. Switching to an alternative medication is optional, and that decision is between you and your doctor. **However, please note that if you continue to use <DRUG> after <DATE>, you will have a higher copay (tier 3 copay).**

If you take more than one prescription drug, you may receive more than one version of this letter. Please read the letters carefully, since the coverage changes may be different for each drug. For more information, please call our Customer Service Department at (401) 459-5000 or 1-800-639-2227 (outside Rhode Island only), or visit [BCBSRI.com](http://BCBSRI.com).

Sincerely,

Peter Hollmann, M.D.  
Associate Chief Medical Officer of Provider Relations



October 2010

**Important Information About  
Your Prescription Drug Coverage**

NAME  
ADDRESS  
CITY, STATE ZIP

Dear [Name],

Prescription drug coverage is an important part of your health plan—prescription drugs are used to treat everything from allergies to heart disease, and they can really improve quality of life. However, they are also a key contributor to healthcare costs.

As your health insurer, we are looking at every way possible to lower your out-of-pocket costs and make healthcare more affordable for you, especially in these tight economic times. We are making changes to our prescription drug coverage as part of that effort.

Prescription drug formulary changes are made with clinical input from our committee of local, independent physicians and pharmacists. Safety, effectiveness, *and* cost are all considered before any change is made. Generic drugs and lower-cost brand name drugs are subject to the same FDA safety and effectiveness requirements as more expensive drugs. Lower cost does not mean lower quality.

As of <DATE>, <DRUG> will no longer be covered by your prescription drug plan. We encourage you to talk to your doctor or pharmacist about an alternative treatment. Switching to an alternative medication is a decision between you and your doctor. Drugs that are excluded from coverage are not eligible for an exception process for coverage and your doctor cannot call for an authorization.

If you take more than one prescription drug, you may receive more than one version of this letter. Please read the letters carefully, since the coverage changes may be different for each drug. For more information, please call our Customer Service Department at (401) 459-5000 or 1-800-639-2227 (outside Rhode Island only), or visit **BCBSRI.com**.

Sincerely,

Peter Hollmann, M.D.  
Associate Chief Medical Officer of Provider Relations



October 2010

**Important Information About  
Your Prescription Drug Coverage**

NAME  
ADDRESS  
CITY, STATE ZIP

Dear [Name],

Prescription drug coverage is an important part of your health plan—prescription drugs are used to treat everything from allergies to heart disease, and they can really improve quality of life. However, they are also a key contributor to healthcare costs.

As your health insurer, we are looking at every way possible to lower your out-of-pocket costs and make healthcare more affordable for you, especially in these tight economic times. We are making changes to our prescription drug coverage as part of that effort.

Prescription drug formulary changes are made with clinical input from our committee of local, independent physicians and pharmacists. Safety, effectiveness, *and* cost are all considered before any change is made. Generic drugs and lower-cost brand name drugs are subject to the same FDA safety and effectiveness requirements as more expensive drugs. Lower cost does not mean lower quality, and the savings can be substantial. For example, the average cost of a brand-name prescription is \$153 (which is paid by both you and your insurance plan). The average price for generic drugs is \$21. This represents a savings of \$132 for a single prescription.

Ultimately, by making these prescription drug coverage changes, we are trying to limit your out-of-pocket costs and make healthcare more affordable for you.

As part of these changes, prior authorization (approval) will now be required before some drugs will be covered. Prior authorization helps ensure that drugs are covered when they are medically necessary. **In order to receive coverage for <DRUG> after <DATE>, you will need to get prior authorization.** Please contact your doctor as soon as possible. He or she can request prior authorization for you.

If you take more than one prescription drug, you may receive more than one version of this letter. Please read the letters carefully, since the coverage changes may be different for each drug. For more information, please call our Customer Service Department at (401) 459-5000 or 1-800-639-2227 (outside Rhode Island only), or visit **BCBSRI.com**.

Sincerely,

Peter Hollmann, M.D.  
Associate Chief Medical Officer of Provider Relations