



Formularies

2007 Benefit Design Workshop

28 June 2006

▶ Formularies - Agenda

- What?
- Why?
- Uses - Mediscor
- How?
 - Compile
 - Implement
 - Maintain



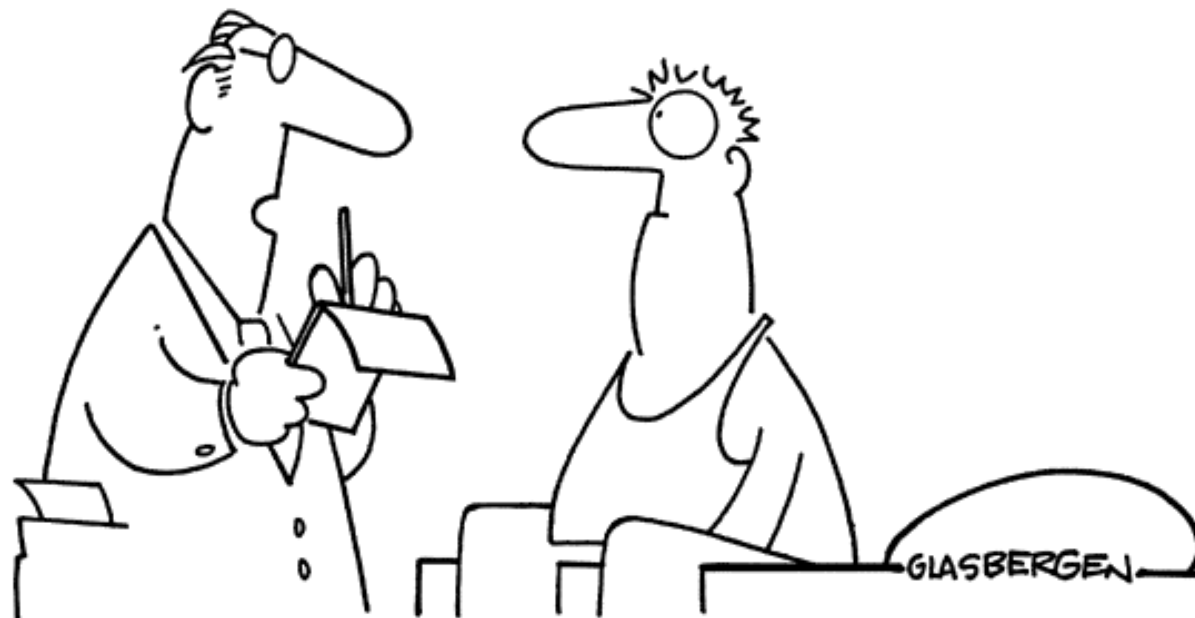
▶ Formularies

What is a formulary?

- A formulary is a list of medicines which a medical scheme/capitated provider is prepared to pay for

Formularies

Copyright 2003 by Randy Glasbergen.
www.glasbergen.com



“Your medical scheme won’t pay for a pacemaker, so I’m prescribing a set of jumper cables.”

▶ Why Implement Formularies?

- Manage medicine utilisation
- Cost management tool
- Intervention allowed for PMB management (legislation)
- Tool to differentiate between scheme options
- Can prevent buy-down by applying different formularies to different options
- Marketing tool
- Manage financial risk

▶ Legislation (Regulation 8 Medical Schemes Act 131 of 1998)

- (4) Medical Schemes may employ appropriate interventions such as pre-authorisation, treatment protocols, **formularies**, etc.

- (5) When a formulary drug is clinically appropriate and effective and the beneficiary knowingly declines and opts to use another drug instead, the scheme may impose a **co-payment**

▶ Why Implement formularies?

- Manage medicine utilisation
- Cost management tool
- Intervention allowed for PMB management (legislation)
- Tool to differentiate between scheme options
- Can prevent buy-down by applying different formularies to different options
- Marketing tool
- Manage financial risk

▶ Mediscor uses of formularies

- Mechanism to enter PMB benefit
- Tool for accurate
 - Patient disease identification, CDL PMBs
 - Disease costing
 - Benefit allocation - CDLs, HRT and other
 - REF reporting

▶ Creation of formularies: How?

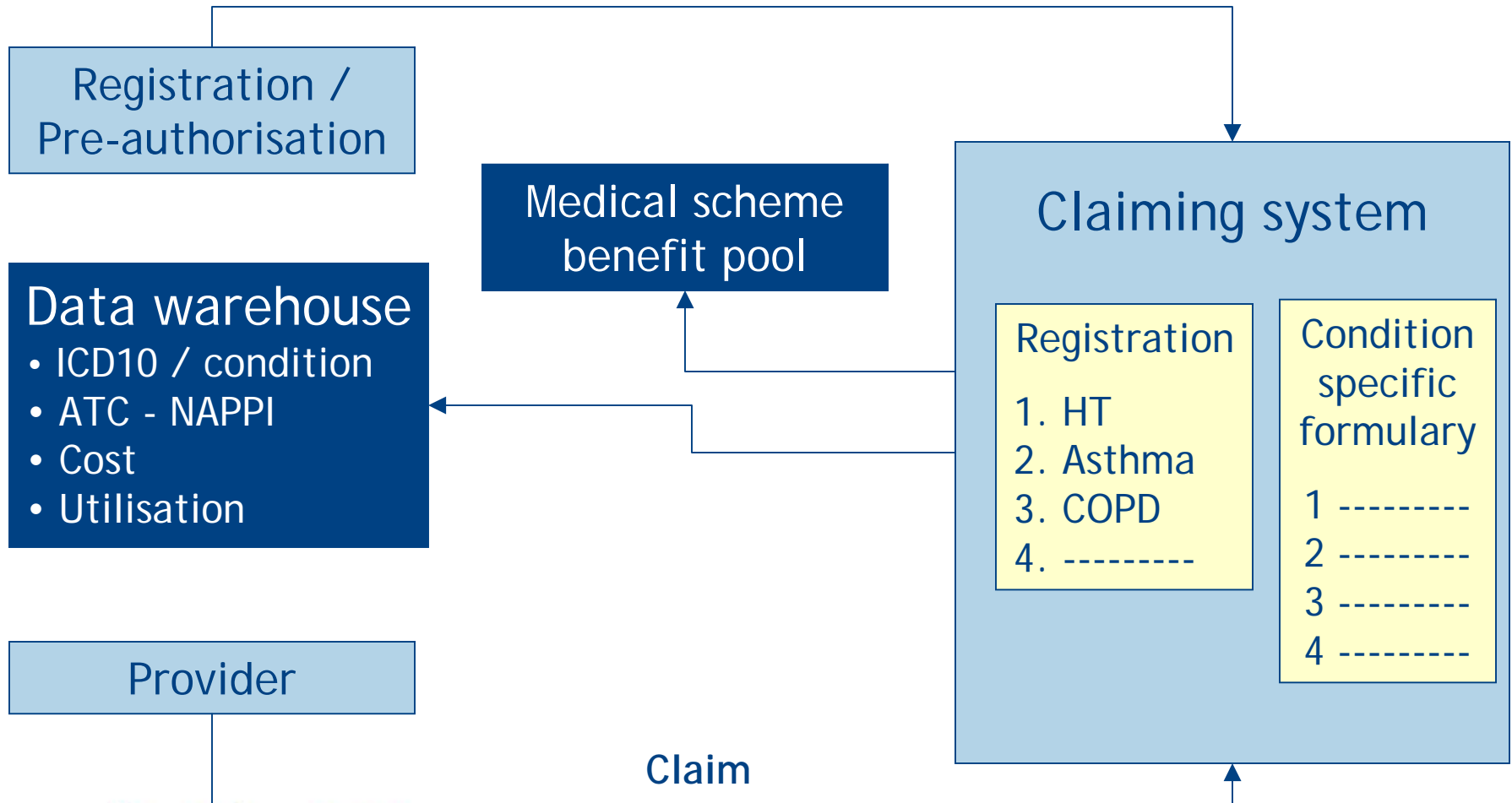
Developed by:

- Mediscor - client specific
- Medical scheme
- Managed Care Organisation (MCO)

Formulary enforcement

- Mediscor's unique system capabilities

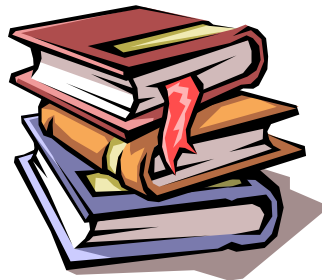
▶ Formulary implementation process



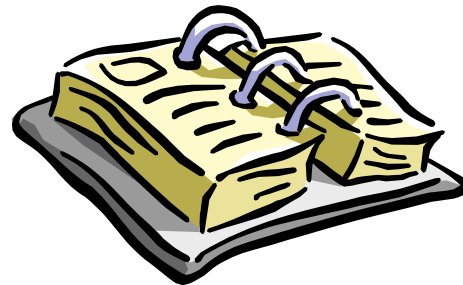
▶ Formulary types

- Benefit specific:
 - Acute, chronic, HRT, consumables, PMBs, etc.
- Generics only / branded / combination

• Closed



/ open



▶ How does Mediscor select formulary products?

- Pharmaceutical and Therapeutics Committee
- Adhere to treatment algorithms of CMS
- Select at least two products per medicine class
- Adhere to evidence based medicine principles
- Appropriateness
- Affordability taken into consideration
- Not branded
- Mini formulary per CDL condition

▶ Mediscor PMB CDL formularies

Three formularies to choose from:

- Basic = Level 1 - CDL algorithm (Limited choice)
- Standard = Level 1 + Level 2 (Further choice)
- Extended = Level 1 + Level 2 + Level 3 (Extended choice)



▶ Mediscor PMB CDL formularies

- Products not on formulary

- Attract co-payment



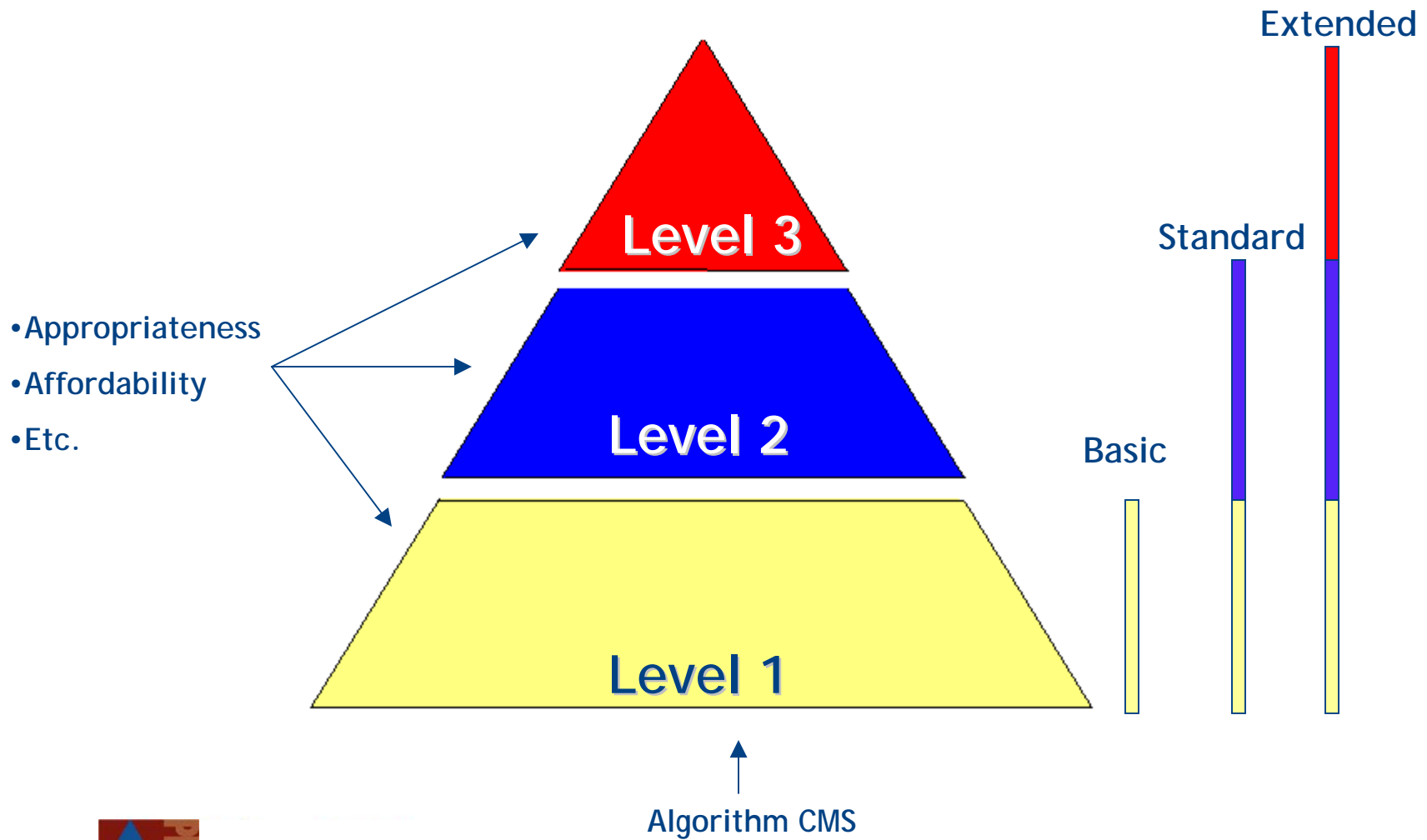
- Reject

- only low options with restricted formulary



- Paid from a different benefit pool

Mediscor PMB CDL formularies



Implementation

- Pre-authorisation
 - Very expensive products
 - Comply with REF entry criteria
 - Step therapy (e.g. ARBs)
- Reference price limits exposure (e.g. MRP)
- All other utilisation and clinical edits applied
- “Speciality tier” for expensive injectables, e.g. insulins (Lantus™/Levemir™)

▶ Maintenance of formularies

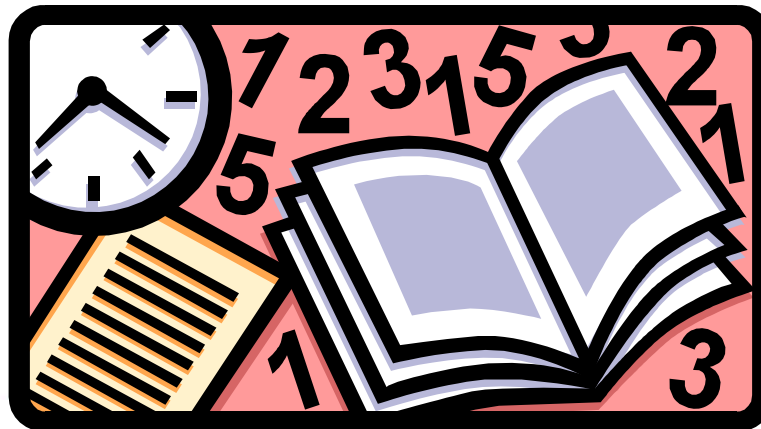
Formularies are **not static** -
living entity, **evolve** with
time



▶ Maintenance of formularies

Updated weekly with new NAPPI codes

- Generics added to current level
- New chemical entities added to level 3



Maintenance of formularies

Revisited annually and changes are made

- Previously in December
- Future
 - September
 - Schemes to participate
 - Changes to be communicated in advance
 - Helpdesk empowerment
 - Member communication vital
 - Member impact should be identified



▶ Exceptions / non-formulary products

- Motivation
- Appeals process
- Challenges
 - Conflicting value judgment of non-formulary products
 - Conflicting legal interpretation of non-formulary products and products not on algorithms
- Patient



▶ To conclude

Formularies available on our website

www.mediscor.net

- Regularly updated condition specific formularies
- Registration form and process
- Appeals form





▶ For more information please contact Dr. Elsabé
Hamman (Head: Medical Affairs) on +27 12 674-8113