



International trends in managing medicine benefits

Trends

- Increase the use of generic equivalents
- Prepare for the financial impact of biotech drugs
- Increase patient compliance to therapies
- Manage high growth speciality drug classes
- Review which drugs should be paid for - do they add value?
- Mediscor's response.



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Increase the use of generic equivalents

Fundamentals:

- Generic equivalents are good medicines.
- Generic equivalents reduce costs.
- Generic medicines are accepted as 1st line treatment.
- The public's perception has changed in favour of generics.
- Represent 50% of total volume in US.

▶ Increase the use of generic equivalents

What is the trend?

- Incentivising patients by not charging levies or co-payments.
- Implementing generic based formularies.
- Starting to introduce reference pricing.
- No access to original brand without pre-authorization.
- Promoting generic use through patient/ physician communication.
- Preferred Providers may only dispense generics.

Prepare for the financial impact of biotech drugs

Fundamentals:

- Drug companies are focusing research on therapies to treat chronic diseases of an ageing population.
- New hi-tech therapies based on genetic modification; proteomics and enzymatic manipulation.
- Biotech drugs are priced very aggressively to maximize returns over the short term.
- Estimated that up to 112 “Blockbuster” drugs will be released by 2008.



Miracles are perceived as happening now and everyone wants one!

Prepare for the financial impact of biotech drugs

What is the trend?

- No access to these drugs without pre-authorization.
- Pre-authorization must apply strict clinical protocols.
- Protocols must be approved by the PBM's Pharmacy & Therapeutics (P&T) Committee.
- P&T Committee must decide if a drug "adds value" or not.
- Decisions need to be consistent and able to withstand critique.
- All results of the pre-authorization process must be evidence based.

▶ Increase patient compliance to therapies

Fundamentals:

- Average compliance to chronic therapies is 65%, i.e. 7.8 fills per year.
- Patients don't comply due to barriers such as levies & co-payments.
- Lack of education regarding the seriousness of their condition leads to patient apathy.
- Poor compliance leads to increased hospitalization and an increase in co-morbidities.
- Communication between funders and patients is not effective in establishing the "We care about you" concept.

▶ Increase patient compliance to therapies

What is the trend?

- Remove any barriers which limit patients' adherence, i.e. remove or reduce levies & co-payments on chronic medicine.
- Communicate with high risk groups who don't fill scripts on time e.g. e-mail; phone or SMS.
- Provide effective education to high risk groups and let them feel that "someone cares".
- Involve the patient in choosing the benefit which suits them best by providing web-based tools.

Managing high growth speciality drug classes

Fundamentals:

- Most often used to treat cancer, multiple sclerosis, rheumatoid arthritis and HIV/ AIDS.
- Approximately 1-3% of the population use speciality medications.
- Members on speciality medication account for as much as 25% of health plan costs - expected to exceed 40% soon.
- Speciality pharmaceutical treatment range from \$ 6000 to \$ 350 000 per patient per year.

▶ Managing high growth speciality drug classes

What is the trend?

Utilize the PBM managed care toolbox:

- Benefit design
- Pre-authorisation
- Provider network management
- Formulary management
- Only cover drugs with evidence based value added benefits.
- Allow the P&T committee to make the value-add decisions with their expertise.
- Set-up treatment plans and subject all applications to strict pre-authorisation protocols.
- Contract a speciality pharmacy provider and negotiate price.

Review which drugs should be paid for - do they add value?

Fundamentals:

- New drugs launched do not necessarily add value.
- Many new entrants are modifications of current drugs without any significant advantages.
- Some drug manufacturers create irrational expectations.
- The focus is not only on quality but also on affordability.

Review which drugs should be paid for - do they add value?

What is the trend?

- PBM must appoint a Pharmacy & Therapeutics (P&T) Committee with credible credentials to determine which drugs to re-imburse.
- The P&T Committee must determine which drugs to include in formularies.
- P&T Committee to be responsible for setting up treatment protocols.
- All drugs must pass the “Do they add value?” test.

▶ Mediscor PBM – Your management solution

- Pharmacy and Therapeutics (P&T) Committee appointed in 2006.
- Formularies for the management of CDL- and non-CDL conditions developed, implemented and available to clients.
- Reference pricing developed and implemented – Mediscor MRP or scheme specific.

▶ Mediscor PBM – Your management solution

ChroniLine

- Staffed by experienced pharmacists trained in latest drug therapies.
- Pre-authorization system fully integrated with claims processing system.
- Pre-authorisations issued according to P&T approved protocols.
- Performs CDL registrations to comply to REF entry criteria and ensure accurate REF information.
- Pre-authorization department communicates with members and service providers via fax, e-mail, letter or SMS.



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