



## **Executive Summary**

Calendar year 2020 was the eighteenth year of operation for the University's self-administered prescription drug plan. In a year largely shaped by a major pandemic, the plan was able to accomplish several key initiatives, including the successful implementation of a new pharmacy benefit manager (PBM), Magellan Rx Management. For the initial three-year term, this partnership is projected to cover over \$600M in drug expenses with a total projected savings of \$40.4M, or 7.1%, to the University. Additionally, the University added vaccine coverage to the pharmacy benefit in 2020, improving access to vaccinations for our members at retail pharmacy locations. This benefit was utilized by over 17,000 members and added \$1.2M to the prescription drug plan's spend in 2020.

In 2020, pharmacy costs represented 26.9% of the University's \$620M gross total spend on health benefit programs; an increase of 1.2% compared to 2019. While overall spend on health benefit programs decreased by approximately \$30M, or 4.6%, compared to 2019, pharmacy spend increased \$13.4M, or 8.8%.

On a per-member basis, total drug cost increased 5.8% in 2020. Despite representing less than 2% of all claims, gross total cost for specialty drugs rose 18.8% (or 16.7% on a per-member basis) in 2020, representing 48.9% of total drug costs and 52.5% of total plan cost.

The University has remained committed to controlling rising drug costs with sound, evidence-based formulary design. Additional clinical programs, utilization management strategies, and comprehensive class reviews have allowed the plan to maintain minimal growth in overall pharmacy spend while providing high-value pharmacy services for our members. Going forward, the pharmacy benefit team will continue to leverage clinical expertise and innovative strategies to mitigate cost increases, improve member outcomes, and support University objectives.

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## 2020 Cost and Utilization Metrics

Key performance metrics based on an average of 116,869 eligible members per month are reported in Tables 1 and 2. While the University saw an increase of 1.8% in 2020 over the previous year, eligible membership has grown on average 2.5% per year for the last five years.

Table 1: Cost and Utilization Metrics, 2020.

	All Claims		Non-Specialty		Specialty	
	Cost and Utilization	Change from 2019	Cost and Utilization	Change from 2019	Cost and Utilization	Change from 2019
Claim Volume	1,012,229	-2.0%	991,658	-1.9%	20,571	8.0%
Utilizing Members	85,751	-3.2%	85,614	-2.5%	2,687	0.4%
Total Drug Cost	\$180,168,285	7.7%	\$92,074,881	-1.2%	\$88,093,404	18.8%
Plan Cost	\$166,954,037	8.8%	\$79,374,213	-0.5%	\$87,579,823	18.8%
Member Cost	\$13,214,248	-4.8%	\$12,700,667	-5.2%	\$513,581	6.2%
Percent Member Total Cost Share	7.33%	-0.9%	13.8%	-0.6%	0.6%	-0.1%
Total Drug Cost PMPM*	\$128.47	5.8%	\$65.65	-2.9%	\$62.81	16.7%
Plan Cost PMPM	\$119.05	6.9%	\$56.60	-2.2%	\$62.45	16.8%
Member Cost PMPM	\$9.42	-6.5%	\$9.06	-6.9%	\$0.37	4.6%
Average Number of Claims Per Utilizing Member Per Year	8.7	-3%	11.58	0.7%	7.66	7.9%
Average Day Supply Per Claim	52	0.1%	51.99	6.1%	30.66	-4.2%

\*PMPM = per (eligible) member per month. Costs are reflective of point of sale claims and are not net of rebates, retiree drug subsidy (RDS), or other discounts.

Table 2: Tier Utilization, 2020.

Drug Tier	Paid Claims	% Total Claims			% Plan Cost		
	2020	2020	2019	Change	2020	2019	Change
Tier 0 – \$0 Copay	128,883	12.7%	10.8%	1.9%	7.4%	8.8%	-1.4%
Tier 1 – Generics	796,575	78.7%	80.6%	-1.9%	14.9%	17.4%	-2.5%
Tier 2 – Preferred Brands	54,430	5.4%	5.6%	-0.2%	60.9%	58.4%	2.5%
Tier 3 – Non-Preferred Brands	32,341	3.2%	2.9%	0.3%	16.8%	15.4%	1.4%

Note: Tier 0 represents generic and brand claims where the out of pocket cost to the member is \$0. Prior to 2013, this only applied to insulin and syringes for diabetes. In 2014, \$0 copay was also applied to preventive care drugs under the Affordable Care Act (ACA) including contraceptive products for females. Cholesterol lowering statins were added to ACA \$0 copay preventive care drugs in November 2017. Excludes 'paper' claims.

## **Plan Operations and Administration**

### ***Implementation of a New PBM***

The university's request for proposal (RFP) for pharmacy benefit manager (PBM) services was released on April 8, 2019 to nationally recognized PBMs or health plans and proposals were received by May 6, 2019. The RFP release provided adequate time for a review, contracting and transition to a new vendor if needed. A national pharmacy consultant, was employed to assist with development of the RFP, conduct financial and qualitative analysis of the RFP responses, participate in finalist interviews on-site, and make recommendations and presentations on the final selection.

The process involved pre-RFP interviews (8 vendors), a pre-bidders conference call (8 vendors), critical evaluation of RFP question responses (6 vendors), post RFP finalist interviews (4 vendors), and post RFP finalist capabilities demonstrations (2 vendors). After the comprehensive review of the proposals, the bid process was narrowed to one vendor finalist: MagellanRx Management, who presented the strongest combined financial, capabilities, flexibility and performance guarantee offer. MagellanRx Management personnel were interviewed by members of the Benefits Office Pharmacy Team, Pharmacy Benefits Advisory Committee Chair, Michigan Medicine Pharmacy, consultant firm and Procurement on several dates, followed by their providing of their best and final financial proposals and improvements in performance guarantees and other account and clinical areas important to the university.

MagellanRx Management was selected to be the university's new PBM in December 2019, effective July 1, 2020. The agreement is for thirty-six months, with the potential for two one-year extensions. The initial three-year term will cover over \$600M in drug expenses, with total projected savings during this period of \$40.4M, or 7.1% to the University over current pricing. Implementation was successful, with minimal member disruption.

### ***Regulatory Compliance***

Since 2015, IBM Watson, formerly Watson Health, has administered the Medicare Part D Retiree Drug Subsidy (RDS) for the drug plan. The Centers for Medicare and Medicaid Services (CMS) continues to pay this subsidy based on eligible claims. The plan received \$5.6M from CMS in 2020.

The plan continues to be compliant with all Affordable Care Act (ACA) requirements. The ACA requires coverage of preventive care medications at no out-of-pocket cost to patients, including female contraception, smoking cessation products, breast cancer prevention, use of statins for primary prevention of cardiovascular disease, aspirin, folic acid, iron, and other supplements for high-risk patients. Although not required by the ACA, the plan has historically also provided select insulin products at no out-of-pocket cost to members. Plan expenditures for the \$0 tier copay products in 2020 were over \$12M, including over \$3.5M in member cost share relief. Of the member cost share relief, members were able to avoid \$1.1M on insulins and syringes, \$825K on birth control products, \$716K on vaccines, and \$660K on statins. In 2020 additional medications were added including aromatase inhibitors (\$52K member cost share relief) and generic Truvada (\$3K member cost share relief). The plan continues to actively monitor the legislative and regulatory landscape in order to be as prepared as possible to respond to any changes that may occur.

In March 2020, Governor Whitmer signed a Michigan state-wide executive order to require health plans to allow for emergency fill overrides and cover up to a 90 day's supply of medication for plan members. The prescription drug plan followed this Executive Order and covered 2,781 early refills for 1,997 members. The plan continues to actively monitor the legislative and regulatory landscape in order to be as prepared as possible to respond to any changes that may occur.

A member survey regarding changes to healthcare utilization due to the COVID19 pandemic was sent to qualifying plan cardholders. The plan found that 17.8% of plan cardholders were aware of the Executive Order. In addition, 18.8% of respondents reported attempting to stock up on medication due to the uncertainty of the pandemic.

## Cost Management

### Plan Cost

A total of 1,012,229 prescriptions were dispensed at a plan cost of \$166.9M in 2020, a 6.9% increase PMPM from 2019 (Table 3). Plan size continues to grow year over year, with 1.8% growth in membership in 2020 compared to 2019, a slightly lower growth rate compared to previous years. Plan costs by employee type are reported in Table 3. LTD participants represent less than 1% of the plan member population.

Table 3: Plan Cost, 2020.

	Plan Paid	Plan PMPM	PMPM Change from 2019	% of Plan Paid	Change in % Plan Paid from 2019
Overall	\$166.9M	\$119.05	6.9%	-	-
Active Employees	\$113.0M	\$80.59	7.5%	67.7%	0.4%
Retirees	\$48.8M	\$34.79	5.9%	29.2%	-0.3%
LTD	\$5.1M	\$3.63	2.3%	3.0%	-0.1%

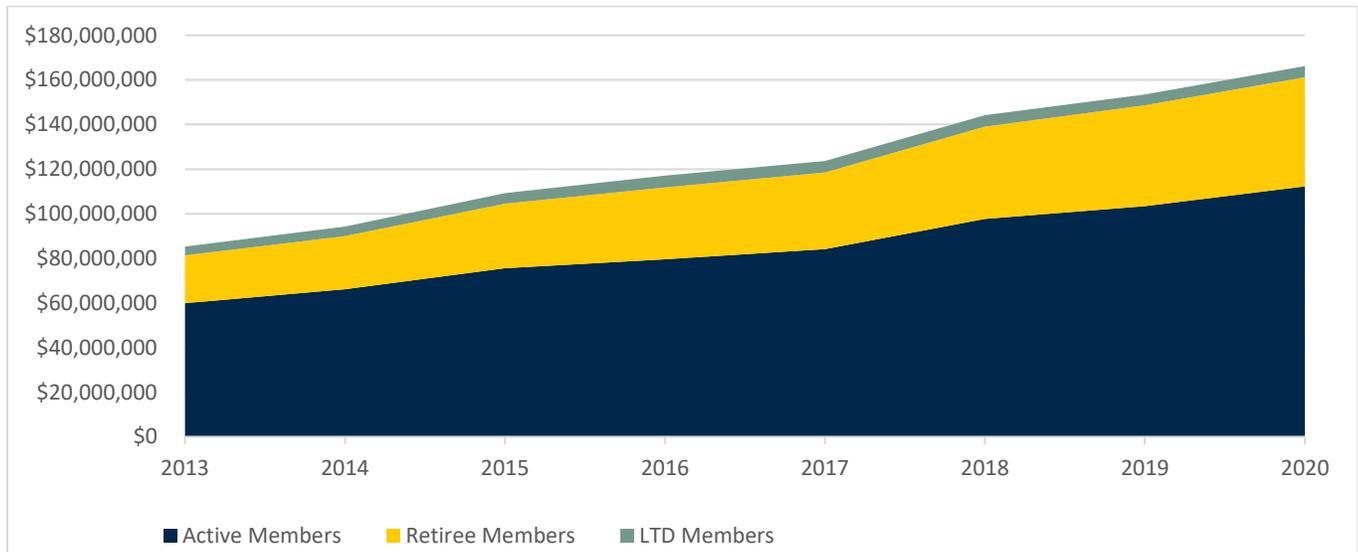


Figure 1: Plan Spend Across Actives, Retirees, and LTD members, 2013 – 2020.

The average plan cost for a 30-day prescription increased 5%, from \$91.54 in 2019 to \$95.97 in 2020. The aggregate discount from Average Wholesale Price (AWP) for combined specialty, retail, and 90-day retail prescriptions was -57.0%; a one-point decrease from 2019.

Price inflation is occurring with brands, as shown in the average ingredient cost, despite aggressive negotiated network discounts. The plan paid \$138M in brand claims in 2020, an increase of 10.6%, with a decrease in day-supply dispensed of 4.4%. The average ingredient cost per brand claim, normalized to a 30-day supply, increased to \$814, an increase of 15.3% from 2019. The average ingredient cost per single-source brand claim, normalized to a 30-day supply, increased 12.5% to \$863. The 30-day normalized ingredient cost for a generic product decreased 5.4% from 2019, to an average of \$24.

In 2020, for the first time, the plan paid more for specialty products (\$87.6M) than traditional products (\$79.4M) (Figure 2). Additionally, in 2020 the plan added coverage of vaccinations at retail pharmacies, which added \$1.2M (\$0.85 PMPM) to plan spend. This change improved access to vaccination sites throughout the COVID19 pandemic.



Figure 2: Plan Spend on Specialty and Traditional Prescription Drug Products, 2013 – 2020.

### Member Cost Share and Utilization

#### Member Cost Share

Due to a number of high-volume drugs facing generic competition, member cost share has steadily declined since 2003, reversing course briefly in 2014 due to copay increases for generic and preferred brand tiers of drugs (Figure 3). Member cost share decreased to 7.3% in 2020. On average, members paid \$13 per prescription and the plan paid \$165, up from \$149 per prescription in 2019. Drug plan members paid \$13.2M in total out-of-pocket cost, a decrease of 4.8% from 2019. The university continues to provide value to our members with cost share significantly lower than national values.

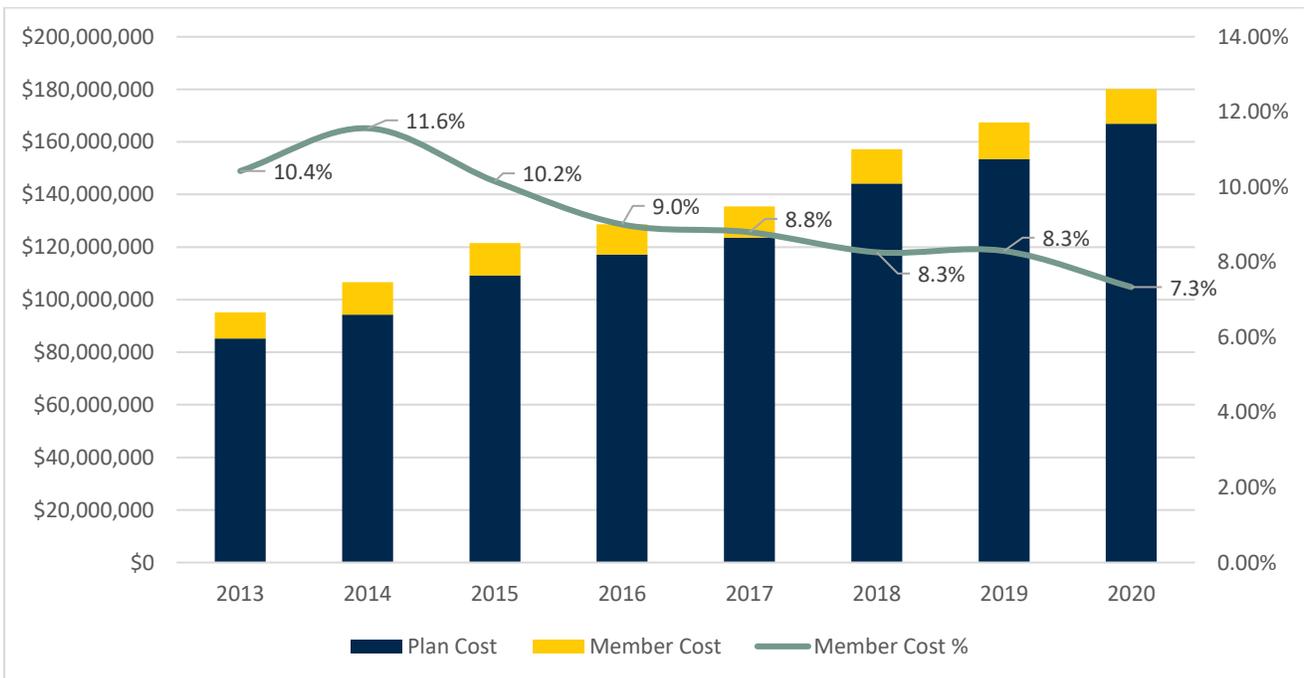


Figure 3: Member Cost Share, 2013 – 2020.

Table 4: Member Copays (30-Day Supply).

Drug Type	U-M Prescription Drug Plan	National Benchmark*
Generic	\$10	\$11
Preferred Brand	\$20	\$35
Non-Preferred Brand	\$45	\$62

\*Source: 2020 KFF Employer Health Benefits Survey.

Currently, all union groups have our standard copayment structure, except for the Michigan Nurses’ Association, which currently has lower copays than other plan members.

**Member Utilization**

In 2020, 73.4% of eligible members utilized their drug plan benefit, a decrease of 3.2% from 2019. However, overall utilization in 2020 increased 3.6%. The number of eligible members increased to 116,869, a 1.8% increase over the previous year. On average, an eligible member filled 12 prescriptions per year, the same amount in 2019. The average day supply per claim was 51.6, an increase of three days from 2019. When prescriptions are normalized to a 30-day supply, our overall utilization rate increased 1%, from 14.6 retail thirty-day prescriptions per member in 2019 to 14.9 retail thirty-day prescriptions in 2020.

An on-going strategic goal for the plan is to increase the day supply percentage of maintenance drugs filled for 90-day supply fills (Retail 90 and mail order) for better patient adherence and reduced cost. Studies have shown that 90-day supply claims are associated with better patient adherence and the distribution channels of 90-day retail and mail order provide the best contracted rates. To improve our 90-day fill rate on maintenance drugs, we have engaged in strategic quarterly member lettering promotions. The percent of prescriptions filled for 90-day supplies in 2020 was 42.4%, a 4% increase from 2019. This percentage has steadily increased since 2013 (Figure 4). Of all day-supply dispensed in 2020, 73.9% originated from retail 90 and mail order, 24.9% from retail 30 fills, and 1.2% from specialty fills.

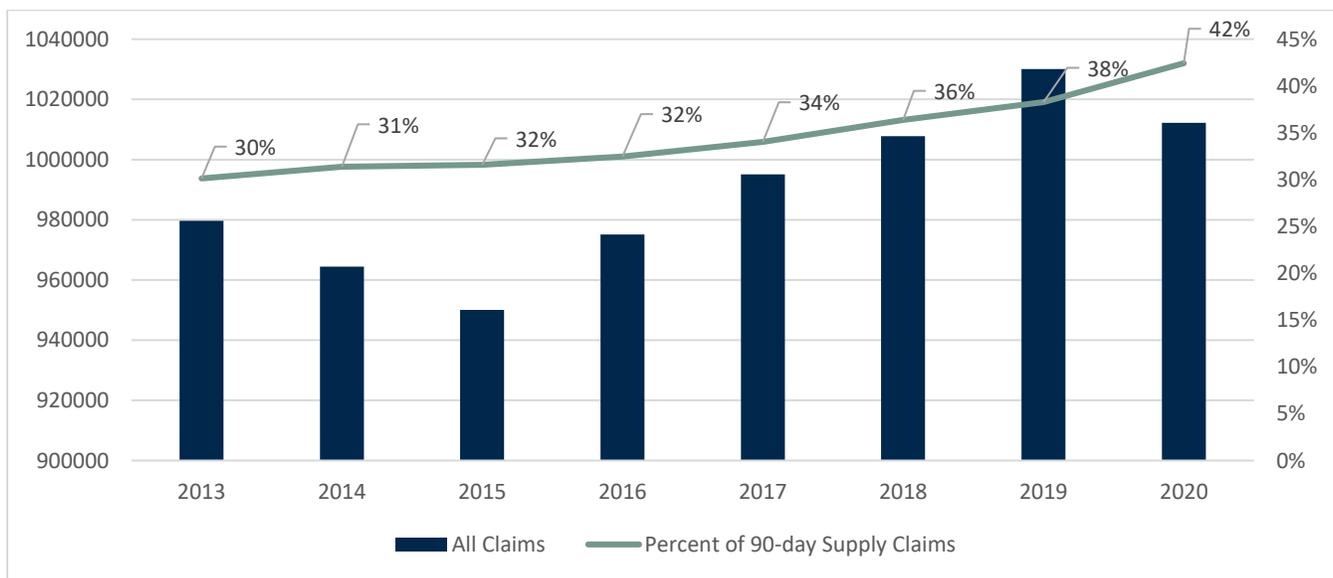


Figure 4: Percentage of 90-day supply claims filled at retail and mail order, 2013 – 2020.

Table 5: Top Trends Affecting Drug Costs, 2020.

Positive (Mitigated Trend)	Negative (Increased Trend)
<ol style="list-style-type: none"> <li>1. Improved generic pricing and network management</li> <li>2. Formulary management of high-cost generics</li> <li>3. Increase in 90-day supply claims</li> <li>4. Medicare Retiree Drug Subsidy</li> <li>5. Generic and brand drugs – high generic dispensing rate; less preferred and non-preferred brand use</li> <li>6. Prior authorizations, step therapy and quantity limits, assuring appropriate use</li> </ol>	<ol style="list-style-type: none"> <li>1. Addition of vaccines to the pharmacy benefit</li> <li>2. Pandemic utilization increase</li> <li>3. Addition of more high-cost specialty drugs, more indications, and increased utilization for specialty drugs</li> <li>4. A moderate increase in eligible membership.</li> <li>5. Increased cost shift of member copays for \$0 preventative drugs</li> <li>6. Brand Drug price inflation</li> </ol>

### *New Drug Impact*

Of the 53 newly approved FDA drug entities in 2020, 31 fall under the pharmacy benefit. New branded products approved in 2020 contributed \$179.1K in plan spend (Table 6), while new to market generic entries yielded an estimated \$1.5M in savings for the year (Table 7). Notable new generics include emtricitabine and tenofovir fumarate (generic for Truvada), insulin aspart (biosimilar for Novolog), dimethyl fumarate (generic for Tecfidera), and generic pyrimethamine (generic for Daraprim).

Table 6: New Branded Products with Plan Utilization, 2020.

Generic Name	Brand Name	Use	2020 Plan Paid
Tucatinib	Tukysa	Breast Cancer	\$129.4K
Rimegepant	Nurtec ODT	Acute Migraine	\$48.8K
Peanut Powder	Palforzia	Peanut Allergy	\$0.9K

Table 7: Top New Generic Products with Plan Utilization, 2020.

Generic Name	Brand Name	Use	Estimated 2020 Savings
Insulin Aspart	Novolog	Diabetes	\$862K
Dimethyl Fumarate	Tecfidera	Multiple Sclerosis	\$432K
Pyrimethamine	Daraprim	Toxoplasmosis	\$200K
Insulin Lispro	Humalog, Admelog	Diabetes	\$144K
Emtricitabine and Tenofovir Disoproxil Fumarate	Truvada	HIV, HIV PrEP	\$19.8K
Everolimus	Afinitor	Various Cancers	\$8.3K

## **Traditional Pharmacy**

### *Top Therapeutic Classes*

The top three traditional therapeutic classes for cost during 2020 included drugs to treat diabetes (\$20.8), anticoagulation (\$7.9M), and asthma/COPD (\$6.9M).

The plan spend on diabetes drug treatments increased approximately \$900K (4.5%) in 2020, a similar year over year increase as seen in 2019. While the plan paid less for insulins due to the use of biosimilars, the GLP1, SGLT2, and DPP4 classes continue to add to plan spend (Figure 5). We anticipate continued growth in these classes going forward.

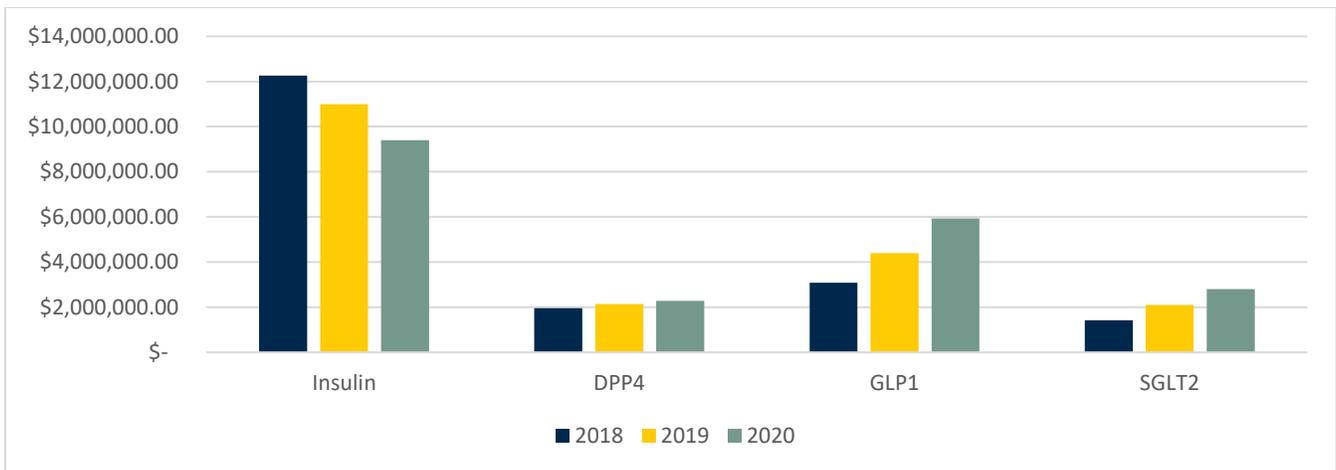


Figure 5: Plan Spend on Insulin, DPP4, GLP1, and SGLT2 Products, 2018 – 2020.

Plan costs for anticoagulants increased \$1.4M in 2020, or 22.7% - a similar increase year over year as seen in 2019. This increase is largely attributed to utilization of apixaban (Eliquis), which contributed over \$4M to plan spend in 2020.

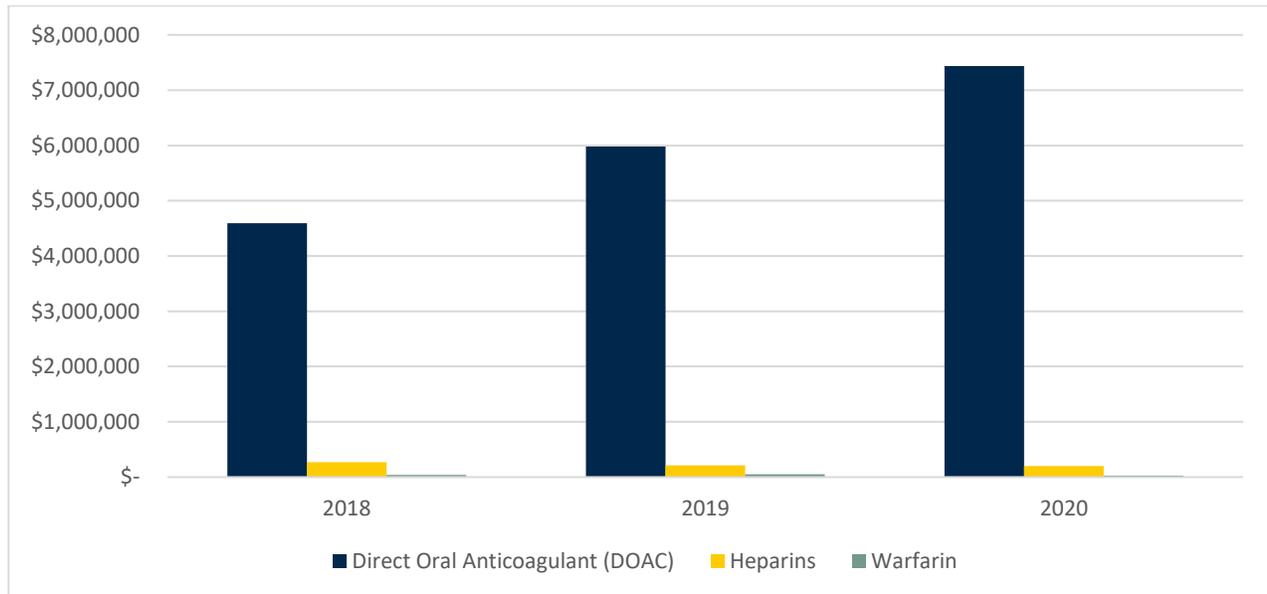


Figure 6: Plan Utilization of Anticoagulants by Plan Spend, 2018 – 2020.

The plan spend for asthma/COPD products decreased by \$1.8M in 2020, approximately 20%. This decrease was driven by the generic market entry of fluticasone/salmeterol inhalers, generics to AirDuo and Advair Diskus, in 2019, and by the generic launch of budesonide and formoterol (Symbicort) in 2020.

### ***Mail Order Pharmacy***

NoviXus Pharmacy Services completed its ninth full year of service in 2020, and is the largest volume pharmacy for the plan. In 2020, 103,848 orders (10.3% of total) were dispensed via mail order with a total plan spend of \$20.4M. Percent of claims dispensed at mail order increased 1.2% and by more than \$1.6M in plan spend from 2019.

Members consistently rate NoviXus as excellent. In 2020, 5,722 customer calls were handled by NoviXus staff, a 22.7% increase from 2019. The average speed to answer a phone call was 21 seconds. The majority of prescriptions are transmitted by e-prescribing. The average turnaround time for a prescription filled at NoviXus is

less than one day, even when intervention is required. In many cases, members receive their refill the day after ordering their medication.

### Specialty Pharmacy

Specialty drugs, including self-administered injectables, drugs that require special monitoring, and high-cost oral drugs, are of significant concern when assessing cost drivers and future plan cost. In many cases, the new specialty products provide therapeutic advances in various clinical conditions among small groups of patients and are priced at a premium cost. Despite much promise for the emergence of biosimilars and lower-cost generics within this category, the majority of specialty drugs dispensed continue to be brand-name products with no generic equivalent or interchangeable biologic.

Since 2013, the Michigan Medicine Specialty Pharmacy has processed most specialty medications for members, with few exceptions for limited distribution drugs that are only fillable through manufacturer-designated pharmacies. The University partners with Michigan Medicine’s Specialty Pharmacy to provide high-touch, value added services for members in need of specialty pharmaceuticals. These services include, but are not limited to, personalized onboarding, financial assistance coordination, clinical pathways assessment and prescription verification, proactive refill outreach to all patients for adherence enhancement, and utilization of patient care monitoring platforms for clinical reassessment by highly trained pharmacist staff members. The Michigan Medicine Specialty Pharmacy was awarded URAC accreditation in 2019, a reflection of their commitment to quality, operational, and clinical excellence.

This year represented an inflection point for plan spend, as specialty pharmacy medications, for the first time, cost the plan more than traditional pharmacy medications. Specialty drugs represented only 2% of all claims in 2020, up from 1.8% in 2019, yet accounted for more than 48.9% of total drug cost, up from 44.3% in 2019. A total of 20,571 specialty drug claims were paid at a plan cost of \$87.6M, a 18.8% increase in cost over 2019. The average total drug cost of a specialty drug, in 2020, was \$4,282.41 per claim, with an average day-supply of 30.66 days.

Table 8. Top Therapeutic Classes, Specialty Pharmacy Utilization and Spend, 2020.

AHFS Category	Plan Spend		Utilizing Members		Top Three Drugs in 2020 by Spend
	2020	Change from 2019	2020	Change from 2019	
Disease-modifying Antirheumatic Agents	\$28.0M	+18.9%	5,696	+3.0%	adalimumab (Humira) etanercept (Enbrel) tofacitinib (Xeljanz IR/XR)
Antineoplastic Agents	\$16.5M	+7.1%	2,106	+12.8%	lenalidomide (Revlimid) ibrutinib (Imbruvica) palbociclib (Ibrance)
Skin and Mucous Membrane Agents	\$10.9M	+55.7%	1,470	+45.8%	ustekinumab (Stelara) secukinumab (Cosentyx) dupilumab (Dupixent)
Multiple Sclerosis	\$6.1M	-9.7%	1,364	-4.7%	dimethyl fumarate (Tecfidera) teriflunomide (Aubagio) fingolimod (Gilenya)
Antiretrovirals	\$5.6M	+0.6%	1,470	-9.3%	emtricitabine/tenofovir disoproxil fumarate (Truvada) bictegravir/emtricitabine/tenofovir alafenamide (Biktarvy) elvitegravir/cobicistat/emtricitabine/tenofovir alafenamide (Genvoya)

### ***Current and Future Specialty Strategies***

Specialty pharmaceuticals continue to dominate the FDA approval landscape with more than half of the 2020 FDA approvals, covered under the pharmacy benefit at the University, meeting this designation. The high proportion of specialty approvals, and thus specialty spend, is a reality that appears to continue as we look into the 2021 pipeline and beyond. This trend continues to elicit creativity, collaboration and innovation within the prescription drug plan and among our partners. The plan is dedicated to managing these costs while continuing to maintain our commitment to provision of evidence-based access for our membership.

The university is currently working on several novel utilization management initiatives designed to ensure sustainable health care cost while maintaining comprehensive coverage and access to care for our members. Several evaluations of the clinical and economic impact of plan coverage policies for specialty classes were completed and presented in 2020; including assessment of the multiple sclerosis disease modifying therapies, autoimmune products, the growth hormone class, and the erythropoiesis stimulating agents. The plan will continue to investigate opportunities in tier strategy, value-and outcomes-based agreements, medical drug/pharmacy copay parity, new start wastage mitigation, and general oversight and management of specialty spend.

## **Clinical Administration**

### ***Leveraging Expertise***

The plan's clinical staff continues to leverage internal and external resources to provide sound, evidence-based recommendations for formulary additions and clinical management. These collaborations will gain importance as the number of specialty and orphan drugs come to market at an increasingly rapid pace in the future.

Consulting with specialist physicians within the university helps establish rational guidelines for the use of medications that are consistent with practices used at Michigan Medicine. We have found that by consulting with experts, particularly those who may have participated in clinical studies on drugs or disease states, we have been able to make better-informed decisions. Plan pharmacists attend the monthly Pharmacy and Therapeutic (P&T) Committee meetings and the Cancer Pharmacy Committee at Michigan Medicine, in addition to collaborating with specialists.

In the 2020 plan year many of professional conferences were cancelled or moved to virtual, however, the PDP team sought out and completed individual continuing education through both employer sponsored LinkedIn Learning<sup>®</sup> and external sources. The plan also works closely with the University of Michigan College of Pharmacy, hosting advanced practice pharmacy experiences (APPEs) for fourth year pharmacy students. In 2020, the plan hosted an unprecedented number of pharmacy students due to limitations around in-person APPE experiences.

### ***Drug Reviews, Indications and Utilization***

The plan's clinical pharmacists review newly approved drugs and other changes each week to identify drugs that will require review by the Pharmacy Benefit Advisory Committee (PBAC). Formulary recommendations and clinical guidelines are presented to PBAC during monthly meetings. In 2020, the drug plan reviewed 80 drugs (FDA newly approved; previously FDA approved, but newly available in market; significant administrative dosage form changes) for formulary consideration.

In addition to new drug reviews, the team monitors the market for new approved indications and plan utilization to assess the appropriateness of use by plan members. Prior to the implementation of the new PBM, the team reviewed over 250 prior authorization guidelines and policies, of which 159 were subsequently reviewed and updated during the annual review process. In addition, 55 utilization management changes were brought to PBAC for consideration.

The drug plan also conducts periodic reviews of various drug classes for the purpose of ensuring safe, appropriate, and cost effective utilization. These reviews incorporate professional input from the plan's clinical staff as well as subject matter experts from Michigan Medicine. In 2020, the plan developed and presented six drug class reviews to PBAC.

### ***Drug Use Evaluation (DUE) Programs***

Quarterly drug utilization reviews are conducted to assure safe and effective utilization of prescription drugs by plan members. The goal of these DUE programs is to improve the quality of care and avoid potential complications of drug therapy. In the first half of 2020, the plan's PBM continued three long-standing DUE programs: Asthma Management, Opioid Overutilization, and Controlled Substances Overutilization. These programs look at past pharmacy claims to identify potential safety and utilization management issues. Physicians are notified via letter of any patients that have been identified using the pre-specified criteria.

In July, with the implementation of a new PBM, several new programs were launched, including a program on migraine prophylaxis, members with diabetes or high risk for cardiovascular disease who are not on a statin therapy. The plan continues to work with MagellanRx on updating current programs and developing new initiatives.

### ***Comprehensive Medication Reviews***

For all members, except Medicare-eligible retirees, Comprehensive Medication Reviews (CMR) is included in our medical plan rates. This services involves a pharmacist reviewing a complete medication regimen with a member, with follow-up drug therapy recommendations to their providers. Historically, successful CMR interventions have included improved disease control (57.3%), safety (27.5%), and cost (15.2%). Participating members consistently rate the experience as very helpful, saying they are satisfied and would be very likely to recommend a CMR. In 2020, the plan had 611 CMR reviews completed for our members.

### ***Active Switch Programs***

Since 2007, the plan has worked with Michigan Medicine and the University's Pharmacy Innovations and Partnerships (PIP) group to conduct provider and member intervention switch programs to move members from brand drugs to lower cost, therapeutically equivalent, in-class generics. Based on the success of these previous switch programs, the plan continues to engage with Michigan Medicine and PIP for ongoing active switch programs as opportunities arise. Two active switch programs were conducted in 2020 – brand DPP-4 inhibitors to generic alogliptin, and brand teriparatide (Forteo) to follow-on teriparatide (Bonsity).

The DPP-4 active switch program was initiated in 2017. In 2018, this program was estimated to save the plan \$0.17 PMPM. An abstract and poster presentation of this program was awarded a gold-ribbon at the 2019 AMCP Annual Meeting.

In 2020, the plan initiated a new active-switch program for teriparatide (Forteo). This program leveraged the economic advantage of the clinically similar product teriparatide (Bonsity), approved through the FDA's 505B2 pathway. Through partnership with our specialty pharmacy, telephonic and integrated medical chart outreach was performed to ensure all stakeholders were on board with the switch. One-third of members on brand teriparatide (Forteo) at the onset of the program were successfully switched, on a voluntary basis, to the lower cost teriparatide product. This program has realized a plan savings of \$23.5K as of the writing of this report, and is projected to result in a total cost avoidance of \$50.9K over the remainder of the two year treatment cycle for the switched patients. Participating members saved in aggregate \$0.9K in cost share as of this report, with a projected cost avoidance of \$1.9K.

### ***E-Prescribing***

Michigan Medicine physician e-prescribing was implemented in 2010 to improve accuracy, efficiency, safety and member convenience. Overall prescriptions submitted electronically represented 81.0% of all claims in 2020, up

1.6% from 79.4% in 2019. We continue to monitor the ongoing legislative activity around mandating specific drug classes or all prescriptions to be e-prescribed.

### ***PGY-1 Managed Care Residency Program***

In support of the University of Michigan’s academic mission and key partnerships with the College of Pharmacy and Michigan Medicine, the Benefits Administration Office is in the fifth year of hosting an ASHP/AMCP-accredited Post-Graduate Year 1 (PGY1) Pharmacy Residency program. The residency program offers real-world learning in all aspects of pharmacy benefit management, including member support and communication, formulary management, and network and vendor management. This program underscores our commitment to education, training leaders and being a national leader in pharmacy benefits. All prior graduates of the program have successfully obtained roles within large health systems and managed care organizations.

In addition to numerous contributions to the plan throughout the 2019-2020 program year, Dr. Amina Bensami, successfully presented the results of her research project – “Real world outcomes of biologic therapies for the treatment of asthma within an employer group population” – at the 2020 AMCP Annual conference. After completion of the program, she obtained a position with Priority Health in Grand Rapids, Michigan. The plan’s resident for the 2020-2021 academic year, Dr. Anna Brecheisen, is currently researching the impact of COVID19 on pharmacy and medical healthcare utilization from an employer’s perspective. Results of this project will be presented at both the AMCP Annual Conference and the Great Lakes Pharmacy Residency Conference in 2021.

## **2021 Priorities**

Major projects targeted by the drug plan for 2021 include:

1. Complete a request-for-proposal (RFP) for an independent and external pharmacy benefit consultant.
2. Design and implement new-start wastage mitigation strategies and additional active switch clinical programs.
3. Evaluate the impact of adding a specialty copay tier level.
4. Evaluate medical drug to pharmacy copay parity.

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