



## MEMORANDUM

**TO:** Health Care Commission  
Duane Goossen, Chair  
Steve Dechant  
Sandy Praeger  
Nancy Ruoff  
John Staton

**FROM:** Doug Farmer

**DATE:** May 5, 2010

**SUBJECT:** **Pilot Pharmacy Programs**

The State Employee Health Plan (SEHP) has been asked to participate in two pilot pharmacy programs beginning July 1, 2010. The first pilot involves putting into place a preferred specialty benefit for rheumatoid arthritis (RA) and human growth hormone (HGH). The second pilot is a pharmacogenomics program. Pharmacogenomics is the branch of pharmacology which deals with genetic responses to certain drugs. The goal of pharmacogenomics is to provide evidence-based guidelines to optimize drug therapy with respect to a patient's genotype to ensure maximum efficacy with minimal adverse effects. The plan's participation in these pilots is not contingent upon the continuation of the contract with Caremark beyond this year.

### **Preferred Specialty**

The number of members using these RA and HGH drugs is very limited but the cost is substantial. In 2009 the plan spent \$2,300,927 on 184 patients for RA specialty drugs and \$799,300 for 34 patients on HGH. The specialty drug treatments provided for RA are all biologically similar and interchangeable, as are the HGH specialty drug treatments. Caremark has negotiated additional discounts from the drug manufacturers for the RA and HGH products that will be on the new PDL. The change to the Preferred Drug List (PDL) will affect 80 current users of RA drugs and 19 users of HGH. HGH products are all basically the same, so there are not different outcomes from one product over another. For members utilizing RA products, in some cases one product may work better than another. Therefore, if the member has a history of having tried the preferred RA product without success, they will be allowed to use one of the other products in the market without a penalty. There are, however, significant price differences among the products. The majority of the cost of these drugs is currently paid by the State Employee Health Plan, as the member responsibility is capped. By developing a preferred specialty approach which limits the number of products offered, the plan saves money without compromising care. CVS Caremark's solution will save the SEHP \$685,000 over 3 years, with impact to less than 100 total members.

## **Pharmacogenomics**

The pharmacogenomics pilot program involves working with the member and the member's physician to do appropriate genetic testing to determine if a drug will be effective or to determine the right drug and dosage to minimize adverse events. The plan saves by reducing the waste of paying for prescriptions that are not effective or by reducing health care costs to treat members with adverse events associated with trial and error dosages. Health outcomes can be improved by greater accuracy and precision in drug therapy. A recent study found that 90% of doctors agree that using genetic testing can aid in delivering actionable genetic information to improve patient care.

A recent example of pharmacogenomics involves the prescription drug Plavix. Plavix is used to prevent blood clots after a recent heart attack or stroke and in people with certain disorders of the heart or blood vessels. The Food and Drug Administration (FDA) has recently placed a black box warning on Plavix that recommends genetic tests be done. The FDA black box warning indicates that 25-30% of members who are prescribed the medication do not metabolize Plavix and therefore receive no benefit from its use. Genetic testing can show whether or not Plavix will be an effective therapy for individuals. According to Caremark, "Research has shown that 90% of physicians see the value in genetic testing, while only a small percent know enough about it to inform their prescription therapy recommendations. The CVS Caremark program will be rolling out the pharmacogenomic pilot in July 2010 to educate physicians about the value of genetic testing (when appropriate) and will measure physician authorization rates. A recent study showed that almost 70% of physicians agreed to authorize a genetic test when a patient qualified."

Caremark and its subsidiary, Generation Health, have contracted with lab providers to provide the plan with discounts for the genetic testing services. This program is activated by the member purchasing one of the targeted drugs. Caremark/Generation Health reaches out to the prescribing physician to see if genetic testing has been done. If testing has not been done, Generation Health sends the provider and the patient a test kit and information on how to get the test done. Once the test is completed, the results are reviewed to make sure the patient will benefit from the drug or to review the dosages. The attached exhibit shows the SEHP utilization of the drugs that will be targeted in this pilot program.