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Blue Rx Clinical Pharmacy ProgramsSM

Formulating the future of pharmacy

Employer Guide



**BlueCross BlueShield
of New Mexico**



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Introduction



A Leader in Health Care Benefits

Blue Cross and Blue Shield of New Mexico

With 70 years of experience, we are a leading provider of health care benefits. When you choose Blue Cross and Blue Shield of New Mexico (BCBSNM), you get a reliable, affordable health care benefit plan, as well as the resources to assist you in making informed decisions about your health.

By focusing on our members, we have earned a solid reputation. Across the country, about one in three Americans put their trust in a Blue Cross and Blue Shield plan to provide them with health care benefits.

Our Clinical Program Advantage

As an employer, you know that your employees consider prescription drug coverage one of their most important health care benefits – with good reason. Prescription drugs enable people to safely and effectively manage health conditions and lead more productive lives at home and at work.

BCBSNM offers a wide range of clinical programs to help enhance the level of care and outcomes for your members and manage the pharmacy benefit in the face of rising drug costs through excellent programs and superior customer service.

The following clinical program offerings may be available depending on the benefit plan chosen.

- Formulary Management
- Concurrent Drug Utilization Review (DUR)
- Retrospective Drug Utilization Review (DUR)
- Drug Dispensing Limits
- Prior Authorization
- Over-the-Counter (OTC) Equivalent Exclusions
- Specialty Pharmacy
- Step Therapy
- Member and Provider Education
- Reporting

Formulary Management

The BCBSNM prescription drug formulary is a list of preferred drugs selected by a panel of physicians and pharmacists. The formulary includes all generic drugs and a select group of brand name drugs. All drugs are evaluated on their comparative clinical standards, including efficacy, safety, uniqueness, and cost effectiveness. BCBSNM's Pharmacy and Therapeutics (P&T) Committee revises the formulary on a regular basis to reflect the availability of new prescription drugs and other changes in the pharmaceuticals market.

Our P&T Committee is comprised of physicians and pharmacists from throughout the country. The Committee meets quarterly and reviews drugs recently approved by the U.S. Food and Drug Administration (FDA) for inclusion on the formulary.

Using formulary drugs helps your employees as it provides them with access to medications at a lower copayment or coinsurance amount. Benefits are provided for most drugs that are not listed on the formulary, but a higher copayment or coinsurance may apply. Additionally, pharmacists are provided with messaging at the point of sale to encourage the member to use generic and/or formulary medications. With proper member incentives in place, the utilization of formulary medications can be increased. Check the BCBSNM Web site at www.bcbsnm.com for an up-to-date list of the drug formulary.



This chart outlines the clinical program offerings available depending on the benefit plan design chosen.

| Clinical Program Offerings | HMO Insured | Non-HMO Insured | ASO |
|--|-------------|-----------------|-----|
| Formulary Management | X | X | X |
| Concurrent DUR | X | X | X |
| Retrospective DUR | X | X | X |
| Drug Dispensing Limits | X | X | X |
| Prior Authorization | X | X | X |
| Over-the-Counter (OTC) Equivalent Exclusions | X | X | X |
| Specialty Pharmacy | X | X | X |
| Step Therapy | X | X | X |
| Member and Provider Education | X | X | X |
| Reporting | X | X | X |

Concurrent Drug Utilization Review (DUR)

BCBSNM's Concurrent DUR program consists of a series of edits that are designed to check each member's prescription at the point of service to identify potential problems with a specific prescription before the prescription is filled. If a claim is flagged in the system for a potential problem, the system sends a message to the pharmacist informing him or her of the potential conflict before the member receives the medication. Whether a member fills a prescription at an independent or major pharmacy chain (retail or mail service), all pharmacies utilize the same processing systems so a pharmacist can view the message no matter where the member fills a prescription.

There are two types of concurrent DUR edits: hard and soft. Concurrent hard edits, e.g., the claim is stopped and blocked, cannot be overridden by the pharmacy. The rejected claim requires a prior authorization from the plan, which can be requested by the pharmacy. Concurrent soft edits can be overridden by the pharmacy and are provided mainly as a message to the pharmacy.

Some of our concurrent DUR edits include those shown in the table below.

| Concurrent DUR Edit | Detailed Description |
|--------------------------------------|--|
| Drug-to-drug interaction screening | Checks for interaction between drugs based on the sensitivity level of the interaction |
| Drug-to-gender screening | Identifies contraindications based on a member's gender |
| Duplicate therapy screening | Checks for two or more medications from the same therapeutic category |
| Duplicate prescription screening | Checks for a duplicate prescription |
| Drug-to-age screening | Identifies contraindications for specified age groups |
| Drug dosage and duration screening | Checks for dosages that are too high or too low and for duration of therapy |
| Drug regimen compliance screening | Ensures member is taking medication as prescribed |
| Drug-inferred health state screening | Reviews member history to infer state of health and compares the health state to the prescribed drug |

Retrospective Drug Utilization Review

Retrospective DUR programs analyze pharmacy claims history to identify potential prescribing and dispensing issues after the prescription is filled. BCBSNM conducts multiple different retrospective DUR programs each year.

The following are a few of the retrospective DUR programs that have been implemented:

- Appropriate use of controlled substances
- Generic utilization
- Diabetes
- Hypertension medical management
- Acetaminophen overdose

A retrospective DUR topic is selected and an interventional approach is directed at the provider to encourage more appropriate utilization for a specific drug issue or topic. The program is able to identify inappropriate utilization, severe drug-to-drug interactions, drug-disease interactions, and other important drug therapy related concerns, as well as prevent fraud.



Example: Hypertension ACE vs. ARB Therapy

The generic Angiotensin Converting Enzyme (ACE) retrospective DUR program identifies physicians who write for Angiotensin Receptor Blockers (ARB) in a greater proportion when compared to generic ACEs. An interventional letter is used to encourage the use of generic ACEs before ARBs and shows the physician his/her pattern of ARB vs. generic ACE prescribing. Measurements are taken three and six months following the mail date to determine the impact on prescribing patterns and drug costs. The average cost for an ARB prescription is nearly three times the average cost for an ACE prescription.

Drug Dispensing Limits

The BCBSNM Drug Dispensing Limits program is used to monitor and control a member's drug therapy by decreasing excessive utilization of acute medications while increasing the use of preventive medications. By implementing dispensing limits for certain drugs, we can promote appropriate utilization and prevent stockpiling of medications.

Dispensing limits are based on FDA-approved dosage regimens and product packaging. To make certain FDA-approved indications and regimens are safely followed, dispensing limits have been placed on select drug classes.

Examples of the types of drug dispensing limits that BCBSNM has implemented are:

- Quantity of medication available per prescription
- Quantity of medication available in a given time period
- Limits based on the age of the member

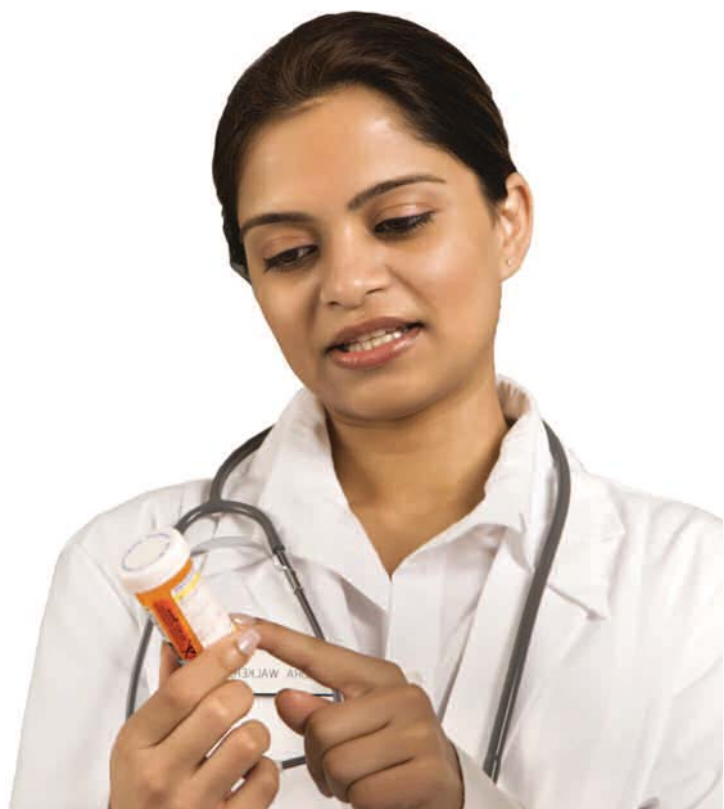
The following are some of the current drug classes with dispensing limits:

- Acne
- Allergies
- Antibiotics
- Anti-emetics
- Asthma
- Erectile dysfunction
- Flu
- Infertility
- Migraine
- Certain long-acting medications

Example: Migraine Drug Class

Imitrex and Maxalt are examples of medications that are within the migraine drug class and have dispensing limits established. When used appropriately, these medications, at nearly \$20 per tablet, are effective in managing recurrent migraine headaches. However, at a higher dose and frequency there is a greater incidence of side effects, including rebound headaches.

National published guidelines and studies were used to determine the average number of headaches associated with migraine sufferers. Through these resources, drug dispensing limitations were created that allow members to obtain a quantity of medication to treat their conditions and avoid excess costs.



Prior Authorization Program

The purpose of the Prior Authorization program is to manage the use of certain medications that are high cost and have the potential for misuse. BCBSNM relies on a clinical team of physicians and pharmacists to identify, develop, and approve the clinical programs and criteria for medications that are appropriate for prior authorization. The clinical team reviews FDA-approved labeling, scientific literature, and nationally recognized guidelines. To learn which drug categories are included in the Prior Authorization program, contact your BCBSNM representative or visit our Web site at www.bcbsnm.com.

Prior authorization necessitates that the member's physician or pharmacy contact BCBSNM for the approval of certain medications. If approved, an authorization is entered into the claims adjudication system, which allows the member to pay the appropriate amount based on their prescription drug plan benefit. If denied, the member can still purchase the drug; however, the drug will not be covered under their benefit plan and they are responsible for the full cost. Anabolic steroids and growth hormones are a few of the drug categories for which prior authorization programs exist.



Example:

Growth Hormone Therapy

The use of growth hormone to treat growth hormone deficiency and other medical conditions, is considered appropriate. However, growth hormone can also be misused to help increase muscle mass in body builders, or for its anti-aging effects. Under the Prior Authorization Program, these uses would be denied and could result in significant savings. The average cost of a growth hormone prescription is about \$2,000 for a one-month supply. Denial of one inappropriate claim could save about \$24,000 annually.



Over-the-Counter (OTC) Equivalent Exclusions

With the OTC program, brand and generic prescription medications that have OTC versions for the same prescription strength are not a covered benefit. Members may still purchase the OTC versions, but are responsible for the full cost of the medication(s). Often the OTC version of these medications is much less expensive than the prescription counterpart – resulting in savings to both the employer and member. Also, many OTC products are eligible for reimbursement from health care flexible spending accounts if they are used for diagnosing, curing, or treating a medical condition. Allergy medications, heartburn, and pain relief are examples of OTC drugs.

Specialty Pharmacy Program

BCBSNM offers several programs that help deliver specialty pharmaceuticals directly to providers or our members who are undergoing treatment for a complex, chronic illness. Specialty drugs refers to prescription drugs that (1) are unique, high-cost medications that may be given by any route of administration; (2) benefit a limited patient population; and (3) typically require complex dispensing technique, delivery procedures, and/or patient education and support.

Due to special storage requirements and high cost, specialty medications may not be routinely stocked by physicians' offices or readily available at local pharmacies. To better service our members and their physicians, BCBSNM has contracted with specialty pharmacy services for those specialty medications. Clinical support for those patients going through treatment for these complex conditions is also available to help provide the best possible outcome.

Specialty medications include injectable and infused therapies that treat complex medical conditions such as growth hormone deficiency, hepatitis C, immune deficiency, hemophilia, multiple sclerosis, rheumatoid arthritis and orally administered cancer drugs. These high-cost specialty medications are an expanding segment of the prescription drug market and are growing at a rate of more than 15 percent annually. Self-injectable medications are covered standardly under the member's prescription drug benefit. Non-self-injectable medications that are normally administered by a physician or in a physician's office would be covered under the member's medical benefit.

Specialty drugs account for approximately 10 percent of drug utilization, with an estimated annual cost over \$200 million per year. BCBSNM's aggressive discount arrangement through specialty pharmacies provides savings to you and your employees.

Visit the BCBSNM Web site at www.bcbsnm.com for a list of specialty drugs available under the program.

Additionally, the Specialty Pharmacy Program provides a range of clinical programs and interventions, including the following:

- Promoting appropriate use screening through drug utilization review
- Compliance monitoring and clinical intervention
- Patient education on disease states and management of side effects
- Clinical consultation for physicians
- Clinical review using FDA-approved dosing recommendations to reduce waste

Step Therapy Program

The BCBSNM Step Therapy program is for those individuals who take specific prescription drugs to treat certain ongoing medical conditions and requires the use of recognized first-line medications. Step therapy is a safe and effective way to minimize risks and reduce the cost of treatment by making sure that a proven cost effective therapy is tried before progressing to more costly treatment, if necessary. These programs are developed under the guidance and direction of independent, licensed physicians, pharmacists, and other medical experts.

Here's how it works:

- Step One. The member's physician prescribes a recognized first-line treatment that is safe and effective in treating specific medical conditions.
- Step Two. If the treatment plan subsequently requires a different medication, then the program covers a more costly second-line drug that the member's physician may prescribe.

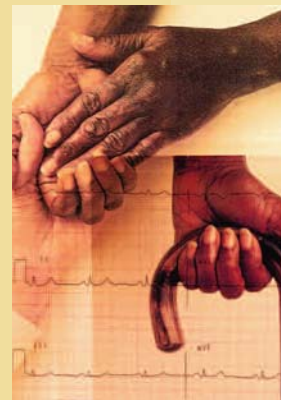
Medications used to treat asthma, pain, psoriasis, high cholesterol, anti-depressants, and rheumatoid arthritis are a few of the drug categories for which step therapy programs exist.

Example: Rheumatoid Arthritis Step Therapy Program

The intent of the step therapy criteria is to manage utilization of high cost injectable medications for the treatment of rheumatoid arthritis (Enbrel, Humira, and Kineret) in a manner consistent with FDA labeling, national guidelines and the primary literature. The cost savings can be significant if the disease is managed according to these published guidelines. The average cost for the first-line therapy, methotrexate, is \$50 per prescription as compared to \$1,500 for the second-line therapy, Enbrel.

The process of step therapy for rheumatoid arthritis requires that the patient have a prescription history for oral or injectable methotrexate prior to the use of Enbrel, Humira, or Kineret.

If the criteria for approval are not met, a message will be returned to the pharmacy stating that step therapy criteria were not met, and that prior authorization approval is necessary. If a member requires treatment with one of these medications, the member's physician may request a coverage exception. If the member's medical history and current medical condition warrant it, continued use of the second-line medication will be available.



Member and Provider Education

Our member and provider education materials increase awareness and improve patient care management. Employees receive materials that help explain their pharmacy benefit program and help them understand drug costs and how to make educated decisions regarding their drug therapy. BCBSNM provides physicians with quarterly physician profiles or report cards that allow physicians to see the effects of their prescribing patterns. The physician profile includes key performance measures such as generic utilization and formulary compliance with relative benchmarks. The report also summarizes information about the drugs commonly prescribed by the physician and suggested alternatives. BCBSNM also conducts meetings with providers on the management of prescription drug benefits.

Through the BCBSNM Web site at www.bcbsnm.com, your employees have a convenient, easy-to-use resource that places a range of helpful pharmacy benefit tools and information at their fingertips. By going to the Prime Therapeutics Web site at www.myprime.com, employees can get information on prescription drugs and their cost, pharmacy benefit information, and general health topics. These include:

- Ability to search the prescription drug formulary
- Locate a network pharmacy
- Look up the cost of a medication and member's share of payment
- View prescription claim history
- Order mail service refills online
- Learn about specific drugs
- Research drug and food interactions

In addition to the above features, the Prime Therapeutics Web site at www.primetherapeutics.com also provides physicians with access to:

- Communications on new drug information
- Drug trends within the pharmaceutical industry
- Information on new drugs under development or just released to the market
- Drug alert information to help assist physicians with patient intervention
- Formulary exception and prior authorization guidelines, forms, and process
- Information on clinical programs



Reporting

BCBSNM provides accounts with comprehensive reports on employee prescription drug utilization. The reports are designed to quickly identify trend and pharmacy spending, as well as potential opportunities for plan design improvement.

The reporting package consists of the following components:

Executive Summary: An overview of utilization, including total cost, plan and member paid, pricing and network performance, savings, drug mix, and member-submitted claims for both retail and mail order.

Key Indicators Summary: A quarterly breakout of nine key components and BCBSNM book of business benchmarks for comparison purposes. Summary also provides group specific graphs for total plan paid for top 10 drug classes.

Additional Report Sections: Include generic and formulary experience by retail and mail order, the top 25 drug classes by ingredient cost and by volume, and the top 50 drugs by ingredient cost and by volume.

Ad-hoc Reports:

Based on the client's needs, ad-hoc reports are also available





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