Mail Order Is Not For Everyone!

Face-to-face patient counseling by pharmacists can have a powerful impact on long-term health care costs and quality. So, the way health plan sponsors promote mail and generics use is crucial, because the wrong way could stifle patient care and adherence

Adherence

- $290 billion is the estimated minimum annual cost of non-adherence to the U.S. health system[1]
- A retrospective analysis of data published over 40 years found that in-store face-to-face counseling was the most effective at driving patient adherence followed by nurses talking directly with patients as they were leaving the hospital[2]
- Face-to-face counseling by a pharmacist is 2 to 3 times more effective at increasing patient adherence[3]
- Complex regimens with multiple prescriptions negatively impact patient adherence [4]
- 10% of cardiovascular patients made 11 or more pharmacy visits in 90 days and had 23 or more prescriptions[5]
- 12: Average number of retail prescriptions per capita, 2009[6]
- Patient behavior indicates that certain patients prefer to access prescription medications via mail service and others through community pharmacy channels. [7]
- Mandatory mail appears to cause some members to discontinue therapy prematurely, particularly those without previous mail service pharmacy experience[8]
- Restrictive benefit designs that incentivize patients to use less preferable pharmacy channels may adversely affect patient convenience, which could have the unintended consequence of reducing medication use and adherence.[9]
- Fifty-eight percent of employers are using retail pharmacies to dispense 90-day supplies of medications[10]

[1] The New England Healthcare Institute (NEHI); August 11, 2009

[2] Modes of Delivery for Interventions to Improve Cardiovascular Medication Adherence; Sarah L. Cutrona, MD, MPH; Niteesh K. Choudhry, MD, PhD; Michael A. Fischer, MD, MPH; Amber Servi, BA; Joshua N. Liberman, PhD; Troyen A. Brennan, MD, JD; and William H. Shrank, MD, MSHS; Am J Managed Care. 2010;16(12):929-942)

[3] The Asheville Project: Clinical and economic outcomes of a community-based long-term medication therapy management program for hypertension and dyslipidemia; Barry A. Bunting, Benjamin H. Smith, and Susan E. Sutherland; *J Am Pharm Assoc.* 2008;48:23–31.
doi: 10.1331/JAPhA.2008.07140

[4] The Implications of Therapeutic Complexity on Adherence to Cardiovascular Medications. *Archives of Internal Medicine*, January 2010.

[5] Niteesh K. Choudhry, Michael A. Fischer, Jerry Avorn, Joshua N. Liberman, Sebastian Schneeweiss, Juliana Pakes, Troyen A. Brennan, William H. Shrank. The Implications of Therapeutic Complexity on Adherence to Cardiovascular Medications. *Archives of Internal Medicine*. Published onlineJanuary 10, 2011. doi:10.1001/archinternmed.2010.495

[6] Prescription Drug Trends, Kaiser Family Foundation, May 2011.

[7] Revealed preference for community and mail service pharmacy Joshua N. Liberman, Yun Wang, David S. Hutchins, Julie Slezak, and Will H. Shrank *J Am Pharm Assoc*. 2011;51:50–57. doi: 10.1331/JAPhA.2011.09161

[8] Adherence to Medication Under Mandatory and Voluntary Mail Benefit Designs Joshua N. Liberman, PhD; David S. Hutchins, MHSA, MBA; Will H. Shrank, MD; Julie Slezak, MS; and Troyen A. Brennan, JD, MD Am J Managed Care. 2011;17 (7):e260-e269

[9] Revealed preference for community and mail service pharmacy Joshua N. Liberman, Yun Wang, David S. Hutchins, Julie Slezak, and Will H. Shrank *J Am Pharm Assoc*. 2011;51:50–57. doi: 10.1331/JAPhA.2011.09161

[10] 201- 2011Prescription Drug Benefit Cost and Plan Design Report, Executive Summary pp3. Pharmacy Benefit Management Institute, LP

Generic Utilization

- Almost no payers are maximizing potential generic drug savings[11]
- Retail pharmacies dispensed generics 72.7% of the time[12]
- The Big 3 PBMs Mail Order pharmacies dispense generics less than 62% of the time[13]
- In 2006, the generic market share was just 63 percent; in 2010, it is 78 percent[14]
- The prescription drug market available for generic substitution rose from just 70 percent in 2006 to 84 percent in 2010[15]
- Twenty-two of the top 25 most-prescribed products in 2010 are generics, versus three brand drugs[16]
- Within six months of brand patent loss, patients received the generic form of the drug 80 percent of the time in 2010. This compares to just 55 percent in 2006[17]
- For patients starting therapy for chronic conditions in 2010, 3.2 million more patients started their therapy with a generic while 6.6 million fewer patients started therapy with a brand[18]
- For every 1 percent increase in generic utilization, health plans can expect to save 2.5%. That's a 2.5:1 ROI[19]
- Improved PBM "contracting" empowers retention of **all** generic savings[20]
- Challenge PBMs to significantly increase and guarantee GDRs rather than simply float on market dynamics[21]
- PBM misclassification of generic drugs reduce health plan savings[22]
- In 2009, Medicaid had $329 million of overspending as a result of underutilizing generics[23]
- Today, 7 out of 10 prescriptions are filled with generic drugs[24]
- Average price of generic drug is about one quarter of the average brand: $35.22 vs. $137.90[25]
- Approximately 80% of FDA-approved drugs available as generic[26]
- 2.6B Rx are filled with generics annually[27]
- Generics account for 69% of all U.S. Rx but only 16% of all dollars spend on Rx[28]
- Generic Drugs saved the health system $931B from 2001 – 2010 & $158B in 2010 alone[29]
- In 2011 & 2012, 6 of the 10 largest-selling brands in the U.S. will lose their patents, enabling a windfall in generic savings [30]
- The PBMs common practice of cost shifting 33 percent of the patients' cost sharing responsibility (co-payments) for 90-day supplies of brand drugs back to the health plans reduces the financial motivation for mail order patients to move away from expensive brand drugs.
- For a health plan with 10,000 members every 1 percent increase in generics saved the plan $180,000.[31]

---

[11] Don't Pay Too Much for Generic Fills; L. Cahn, Managed Care Magazine– November 2010, pp. 21-27
[12] Big 3 GDR by Channel, SEC filings and company reports; 2007-2010
[13] Big 3 GDR by Channel, SEC filings and company reports; 2007-2010
[14] The Use of Medicines in the United States; Review of 2010; IMS Institute for Health Informatics, Executive Summary, pp 1
[15] The Use of Medicines in the United States; Review of 2010; IMS Institute for Health Informatics, , pp 22
[16] The Use of Medicines in the United States; Review of 2010; IMS Institute for Health Informatics, Appendix 4, pp 33
[17] The Use of Medicines in the United States; Review of 2010; IMS Institute for Health Informatics, Executive Summary, pp 3
[18] The Use of Medicines in the United States; Review of 2010; IMS Institute for Health Informatics, Executive Summary, pp 3
[19] Prescription Drug Costs and the Generic Dispensing Ratio; J N. Liberman, PhD, M. Christopher Roebuck, MBA, Journal of Managed Care Pharmacy, Sept. 2010, pp. 502-506, Vol. 16, No. 7
[20] Don't Pay Too Much for Generic Fills; L. Cahn, Managed Care Magazine– November 2010, pp. 21-27
[21] Insights 2011 Advancing The Science Of Pharmacy Care pp 5
[22] Don't Pay Too Much for Generic Fills; L. Cahn, Managed Care Magazine– November 2010, pp. 21-27
[23] AEI Health Policy Studies Working Paper 2011-01, March 28, 2011; A. Brill, Executive Summary pp1
[24] Don't Pay Too Much for Generic Fills; L. Cahn, Managed Care Magazine– November 2010, pp. 21-27
[25] The Use of Medicines in the United States; Review of 2010; IMS Institute for Health Informatics, , pp 22
[26] Don't Pay Too Much for Generic Fills; L. Cahn, Managed Care Magazine– November 2010, pp. 21-27
[27] Don't Pay Too Much for Generic Fills; L. Cahn, Managed Care Magazine– November 2010, pp. 21-27
[28] Don't Pay Too Much for Generic Fills; L. Cahn, Managed Care Magazine– November 2010, pp. 21-27
[29] Analysis, conducted for GPhA by the IMS Institute for Healthcare Informatics and IMS Health, Sept. 21 2011
[30] Don't Pay Too Much for Generic Fills; L. Cahn, Managed Care Magazine– November 2010, pp. 21-27
[31] Walgreens Health Initiatives – 2010 Trend Report; 2010, pp. 3

Total Cost of Drugs

- Plans offering no mail-service co-payment incentives have a 6.6% - 18.7% lower cost share [32]
- A 2009 study (concluded that co-payment incentives to use mail-service pharmacies were associated with higher costs to plan sponsors.[33]
- The study's conclusions were consistent with previous studies and examined plans that utilized co-payments as an incentive for members to use mail-service pharmacies.[34]
- These plans paid more for mail service medications; between 4.5% - 8.3% more overall. [35]
- Plans promoting mail with co-payment incentives paid 21.4% - 25% more for generic drugs.[36]
- A study concluded that generic dispensing ratios were lower in the mail-order channel than in the community pharmacy channel by 10.3% - 11.3% [37]
- Over 96% of health plans offer mail order service for maintenance medications, but only about 19% mandate the use of mail order[38]
- Forty-one percent of health plans use pharmacists counseling to improve utilization and control pharmacy cost while only 25 percent use co-payment waiver or reduction [39]
- PBMs will not guarantee on a dollar-for-dollar basis mail order promised savings because savings are seldom achieved
- Year-over-year mail order growth as a percentage of total prescriptions remains flat to negative because patients prefer retail channel[40]

[32] Clark BE PhD, Siracuse MV, PharmD, PhD, Garis RI MBS, PhD Comparison of mail-service and retail community pharmacy claims in 5 prescription benefit plans, pp1
[33] Clark BE PhD, Siracuse MV, PharmD, PhD, Garis RI MBS, PhD Comparison of mail-service and retail community pharmacy claims in 5 prescription benefit plans, pp1
[34] Carroll NV, Brusilovsky I, York B, et al. Comparison of costs of community and mail service pharmacy. J. Am Phar Assoc 2005;45:336-343
[35] Clark BE PhD, Siracuse MV, PharmD, PhD, Garis RI MBS, PhD Comparison of mail-service and retail community pharmacy claims in 5 prescription benefit plans, pp1
[36] Comparison of Mail-Order With Community Pharmacy in Plan Sponsor Cost and Member Cost in Two Large Pharmacy Benefit Plans; Michael Johnsrud, PhD, RPh; Kenneth A. Lawson, PhD, RPh; and Marvin D. Shepherd, PhD, RPh; J Manag Care Pharm. 2007;13(2):122-34 2005;45:336-343JohnsrudM, Lawson KA, Shepherd MD
[37] Comparison of mail-order with community pharmacy in plan sponsor cost and member cost in two large pharmacy benefit plans. J Manage Care Phar 2007;13:122-134
[38] 201- 2011Prescription Drug Benefit Cost and Plan Design Report, Executive Summary pp3. Pharmacy Benefit Management Institute, LP
[39] 201- 2011Prescription Drug Benefit Cost and Plan Design Report, Executive Summary pp3. Pharmacy Benefit Management Institute, LP
[40] Atlantic Information Systems Mail Order Penetration Q12011

Notes: