Prescription Drug Benefit Review

Michigan State University Faculty Health Care Council

Fiscal Year 2015
Faculty 2015 Prescription Drug Experience & Utilization

Prescription Drug Gross Costs

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Gross Costs</td>
<td>$9,595,063</td>
<td>$10,774,551</td>
</tr>
<tr>
<td>Total Non-Specialty Costs</td>
<td>$6,599,533</td>
<td>$6,803,274</td>
</tr>
<tr>
<td>Total Specialty Costs</td>
<td>$2,995,530</td>
<td>$3,971,277</td>
</tr>
</tbody>
</table>

Member Prescription Drug Utilization Average

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>6,352</td>
<td>6,304</td>
</tr>
<tr>
<td>Non-Specialty</td>
<td>3,278</td>
<td>3,373</td>
</tr>
<tr>
<td>Specialty</td>
<td>127</td>
<td>128</td>
</tr>
</tbody>
</table>

Notes:
1. Total Gross Cost does not include any reductions in plan cost related to prescription drug rebates or member out of pocket costs.
2. Specialty Drugs: Drugs that require special handling and administration and usually treat complex and chronic conditions such as cancer, multiple sclerosis and rheumatoid arthritis.
Formulary Savings Opportunity Overview

Using the Fiscal Year 2015 Faculty drug experience:

Specialty Medications Savings  $417,300
Non-Specialty Medication Savings  $179,186
Total Savings  $596,486
Specialty Pharmacy Formulary Comparison

Current Formulary

- Step therapy for 4 therapeutic classes updated annually
  - Autoimmune
  - Fertility
  - Growth Hormone
  - Multiple Sclerosis
- No Day 1 control of new launches

Advanced Control Formulary

- Step therapy for 12 therapeutic classes updated on a quarterly basis
  - Autoimmune
  - Leukemia
  - Fertility
  - Hematology
  - Hepatitis C
  - Growth Hormone
  - Multiple Sclerosis
  - Ostearthritis
  - Osteoporosis
  - Prostate Cancer
  - Pulmonary Arterial Hypertension
  - Transplant
- Day 1 control of new launches
  - Auto-update of new therapies and new classes
- Therapy will be grandfathered except for the following classes
  - Transplant
  - Growth Hormone
  - Multiple Sclerosis (Betaseron)
  - Pulmonary Arterial Hypertension (Revatio)

Formulary Change Impact

Members: 4

Cost Savings Opportunity: $417,300*

*The Cost Savings Opportunity is derived from the utilization of lower cost medications and increased rebate savings
## Faculty Non-Specialty Formulary Comparison

<table>
<thead>
<tr>
<th></th>
<th>Current Formulary</th>
<th>CVS Standard Formulary</th>
</tr>
</thead>
</table>
| **Member Copay Amount**        | Generic: $10  
Formulary Brand: $20  
Non-Formulary Brand: $40  
Bio-Tech/Specialty: $50  
Generic Prescribing Program= cost difference between brand and generic + copay | Generic: $10  
Formulary Brand: $20  
Non-Formulary Brand: $40  
Bio-Tech/Specialty: $50 |
| **Brand Drug Total**           | 824                                                    | 824                                                    |
| **Brand Drugs Covered**        | 691                                                    | 727                                                    |
| *Not Requiring GPP/Prior Authorization/Medical Exception* |                                                       |                                                       |
| **Brand Drugs Covered Under Generic Prescribing Program** | 133                                                    | N/A                                                    |
| **Brand Drugs Covered by Prior Authorization/Medical Exception** | N/A                                                    | 97                                                     |
| **Member Impact**              | N/A                                                    | 427                                                    |
| **Cost Savings Opportunity**   | N/A                                                    | $179,186*                                              |

*The Cost Savings Opportunity is derived from the utilization of lower cost medications and increased rebate savings*