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**Subject:** Comment on Formulary  
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**Attachments:** [Formulary comment July 2 2010.docx](#)

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I would like to submitted the attached formulary comment.

We are a large public employer whose pharmacy benefit was carved out from its medical benefit plans to create a self-insured and self-administered prescription drug benefit plan. The drug plan is offered to over 90,000 employees, retirees, and dependents. It is administered by one pharmacy benefit manager and managed by an internal benefit administration team. In 2009 total drug plan and member cost exceeded \$79 million dollars and more than 900,000 prescriptions were dispensed.

Several improvements were achieved through the new plan design including:

- Unified pharmacy benefits for all members regardless of medical plan enrollment
- Expanded coverage options
- Management of an open formulary using evidence-based decision making
- Increased cost-effectiveness
- Use of three-tiered copay plan design to incent use of generic and preferred branded drugs.

Organization Drug Plan Management:

The drug formulary is managed by an internal advisory committee comprised of health care professionals and benefit administrators that regularly review the plan's preferred drug list and recommend clinical management strategies for appropriate prescribing and dispensing practices. The committee also evaluates additional benefit design strategies to promote cost-effective medication use. Currently, without any mandatory generic use programs, the use of generic medications is at 76% of total drugs dispensed. This exceeds national generic dispensing rates, and is attributable to the self-insured, self-administered nature of our pharmacy plan design.

A major plan objective is to provide outpatient prescription drugs for appropriate use. The plan has exerted greater authority over design of its formulary and preferred drug list to encourage use of "best value" drugs based on available evidence and avoid overuse, misuse and/or abuse. This is accomplished through a host of utilization management programs that include drug approval for preferred status, prior authorizations, step therapies, quality and supply limits and other programs that provide incentives to members to use preferred brand and generic medications which are the lowest costs to members. As a result, we have successfully managed

prescription drug costs resulting in annual plan cost trend rates far below the national averages. From 2003 to 2010, we estimate total plan savings at over \$30 million dollars.

The drug formulary is a continually updated list of prescription medication guided by experts and enhances quality of care by encouraging use of safe and the most effective medications. Studies show the choice of the most appropriate drug results in fewer treatment failures, reduced hospitalizations, better patient adherence to their treatment plan, few adverse side effects and better overall outcomes. Nationally professional managed care pharmacy groups support and provide guidance on the benefits and management for best practices in drug formulary.

#### Organization Philosophy on Control of the Formulary:

Central to our success has been the ability to control formulary and the flexibility to evaluate drug classes and preferred products as market changes develop. Changes to formulary under the Affordable Care Act should permit drug plans to make routine changes to its formulary and preferred drug list, including adding new drugs or elimination of drugs that offer no superior clinical advantage over existing drugs within a drug class; preferred drug status within drug classes; changes in drug indications based upon FDA labeling; and utilization management programs (i.e., prior authorization, step therapy, quantity limits and supplies) to control appropriate use. These types of regular changes to formulary are necessary to maintain best value, appropriate prescribing and member use, and manage cost. Changes to formulary should not be permitted that completely eliminate a drug class; have no preferred products within a drug class; or create utilization restrictions not based on credible clinical evidence, nationally recognized compendia, studies published in peer reviewed journals and FDA labeling. Standard exclusions in formulary (e.g., cosmetic, anorexiant, experimental drugs without FDA approval) should be permitted. Plans should be permitted to change formulary and conduct pilot or research programs that test its effectiveness, quality of care, and cost management.

#### Opinion on Regulations Governing Formulary Changes:

It is our opinion that having control over formulary decisions not only increases physician and member acceptance, but also improves the quality of the plan for members and mitigates increased health care cost. If changes to

the formulary are considered a trigger for the loss of grandfather plan status, this will be detrimental to our plan and the members it serves, as plan costs will increase in order to comply with PPACA requirements for non-grandfather plans. We support giving group health plans the flexibility to make formulary changes that are evidence-based without loss of grandfather status.