

# FORMULARY PERFORMANCE – THINK DIFFERENTLY AND SAVE

Cigna Pharmacy Management® formulary strategy



Want a better way to control rising drug costs? It's time to take action to combat expensive drugs. And to do that in a meaningful and sustainable way, we suggest rethinking the traditional tools used to measure formulary performance.

## Better performance and drug maker accountability

Our Low Net Cost Formulary strategy drives better pharmacy plan performance because it challenges drug makers to rethink their pricing strategy. We do this by taking high-priced, low-value drugs off the formulary – regardless of drug maker incentives. Instead, we promote coverage of lower-cost alternatives in their place.<sup>1</sup>

**At Cigna, we are dedicated to being a steward of our clients' and customers' dollars – like they are our own.**

### A proven strategy

In 2017, we decreased pharmacy cost trend for clients by an average of **3%–4%.**<sup>2</sup>



### Traditional approach

Drug companies offer incentives (rebates) to place their drug in a favorable position on a formulary. By making high-cost drugs more accessible, drug makers can use couponing and advertising to build consumer brand loyalty. This traditional strategy is a reason many drugs are egregiously priced.

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Offered by Cigna Health and Life Insurance Company or its affiliates.

## Bold moves

Sure, removing drugs from a formulary is a bold move. And so is foregoing rebates when appropriate since it can reduce our competitiveness during client pricing exercises. But it's a necessary move – and a proven strategy – to help our clients and customers lower pharmacy claims costs now and control pharmacy expenses for the long term.

The savings per prescription are significant, as you can see in this chart.<sup>2</sup>

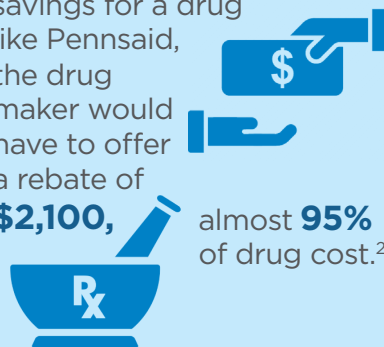
Drug	Cost per Rx	Cost of alternative Rx
<b>JUBLIA</b> (Toenail fungus)	\$820	\$60
<b>VIMOVO</b> (Pain treatment)	\$2,130	\$21
<b>PENNSAID</b> (Anti-inflammatory for knee arthritis)	\$2,280	\$97
<b>DUEXIS</b> (Arthritis pain)	\$1,950	\$14
<b>EPIPEN</b> (Severe allergic reactions)	\$610	\$255

### An unrealistic scenario:

To achieve equal cost savings for a drug like Pennsaid, the drug maker would have to offer a rebate of

**\$2,100,**

almost **95%** of drug cost.<sup>2</sup>



Pharmacy Benefit Manager (PBM)	Number of drugs removed according to 2018 formularies	High cost low value drugs removed from formulary <sup>3</sup>
Large National PBM A <sup>3</sup>	139 - Preferred formulary	15
Large National PBM B <sup>3</sup>	152 - Standard formulary	28
Cigna <sup>3</sup>	208 - Standard/Performance formularies	151
	274 - Value/Advantage formularies	151

## Are high-cost, low value drugs on your formulary?

We challenge clients and consultants to think differently and consider more than rebates when measuring the performance of a formulary. Call your Cigna representative to learn more.

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1. Drugs not covered by plan can be considered for coverage through Cigna's medical necessity exception process.

2. Cigna national book of business pricing analysis, 2017.

Duexis inflation from JAMA Internal Medicine (01/23/17) Hakim, Aaron; Ross, Joseph S. Actual costs may vary.

3. Total numbers of drugs removed from PBM A, PBM B and Cigna formularies, using the most recently published 2018 formularies. Criteria used to assess if drug is high cost, low value is if ingredient cost of a retail-adjusted 30-day fill is more than \$1,000, if there is a clinically similar alternative available and if cost difference between drug in question and alternative is \$500 or more.

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