UFCW & PE Health and Welfare Fund

# Managed Pharmacy Report

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Segal

# Q'3 2023 Key Performance Indicators

# Managed Pharmacy Program
# Q'3 2023 Key Performance Indicators

**The UFCW & PE Health and Welfare Fund (the 'Fund') experienced a 7% trend increase in Q'3 2023 compared to Q'3 2022.**

- Plan Paid Gross[1] PMPM = $211
- Plan Paid Net[2] PMPM = $167 (Rebates offset gross costs by 21%)

**Trend Components:**

- Non-specialty trend was (-11%)
- Specialty trend was 35%

- **Specialty drugs represent 1.1% of all claims and 42% of costs.**
- **Diabetes, Inflammatory Conditions, Endocrine and Metabolic disease states accounted for 56% of overall plan spend.**
  - Inflammatory Conditions include rheumatoid arthritis, Crohn's disease, ulcerative colitis.
  - Endocrine and Metabolic conditions include diabetes, adrenal fatigue, congenital hyperplasia.
- **UM programs implemented in 2023 reduced costs by $9.75 PMPM ($165K):**
  - Prior Authorization savings = $8.56 PMPM
  - Quantity Limit savings = $1.20 PMPM.

[1]Costs prior to application of rebates and member cost share.
[2]Costs after application of rebates and member cost share.

Source: OptumRx UFCW UPE 3Q QPR, November 2023

# Managed Pharmacy Program
# Q'3 2023 Key Performance Indicators

Gross cost trend for Q'3 2023 is $211 PMPM, an increase of 7% from Q'3 2022.

OptumRx's labor group benchmark ('benchmark') is 5% lower.

The total gross **plan paid amount** decreased by 13% compared to the previous period.

Membership decreased by 19%; the number of members using the Rx benefit decreased by 26%.

Member cost share decreased by 13%, compared to the benchmark of -8%.

| Key Performance Indicators | | | |
|---|---|---|---|
| Description | Q'3 2023 | Q'3 2022 | Change |
| Members | 1,314 | 1,622 | -19% |
| Utilizers | 640 | 865 | -26% |
| Total Plan Paid Gross | $829,617 | $957,302 | -13% |
| Plan Paid PMPM (gross) | $211 | $197 | 7% |
| Member cost share | 4% | 5% | -13% |
| Generic Dispensing Rate* | 86% | 84% | 2% |
| Retail 90 Fill Rate* | 40% | 39% | 3% |

*Improvements in these KPI's will reduce plan and member costs.

Source: OptumRx UFCW UPE 3Q QPR, November 2023

# Q’3 2023 Plan Performance
# Top Disease States

The top 5 disease states accounted for 77% of total gross plan costs.

- Diabetes accounted for 22% of total plan paid:
  - 18% trend increase driven by cost
  - Jardiance was the top drug
- Inflammatory Conditions accounted for 19% of gross plan costs:
  - 10% trend increase driven by drug mix
  - Humira Pen was the top drug

| Top Disease States by Plan Cost (Gross) | | | | |
|---|---|---|---|---|
| Q'3 2023 | | | | |
| Rank | Indication | Plan Cost GROSS | Tend | Trend Driver |
| 1 | Diabetes | $ 46.85 | 18% | Cost |
| 2 | Inflammatory Conditions | $ 39.25 | 10% | Drug Mix |
| 3 | Endocrine and Metabobiic Disorders | $ 30.97 | 65% | Drug Mix |
| 4 | Oncology | $ 19.47 | 64% | Drug Mix |
| 5 | HIV | $ 14.20 | 2% | Cost |

Source: OptumRx UFCW UPE 3Q QPR, November 2023

# Q'3 2023 Plan Performance
# Top 10 Drugs by Plan Cost Net

Humira continues to be the #1 drug by plan cost (net of rebates and member cost share).

- OptumRx is adding four (4) Humira biosimilars to the formulary on January 1, 2024, which may reduce costs for treatment of Inflammatory Conditions, depending on prescriber/member uptake.
- The 4 biosimilars will be preferred drugs, along with the Brand Humira.

The Fund is not eligible for OptumRx's Specialty Copay card program, due to the current plan designs.

**Top Drugs by Plan Cost Net**

| Q'3 2023 | | | | | | Q'3 2022 | | |
|---|---|---|---|---|---|---|---|---|
| Rank | Peer Rank | Brand Name | Therapy Class | Plan Cost | Plan Cost Net PMPM | Rank | Plan Cost Net PMPM | % Change |
| 1 | 1 | HUMIRA(CF) PEN* | INFLAMMATORY CONDITIONS | $92,388 | 23.44 | 1 | 25.23 | -19% |
| 2 | 224 | SOMAVERT* | GROWTH HORMONES | $71,343 | $18.10 | 2 | $12.93 | 24% |
| 3 | 233 | SIGNIFOR LAR* | ENDOCRINE DISORDERS | $48,472 | $12.30 | n/a | $0.00 | n/a |
| 4 | 63 | KISQALI* | ONCOLOGY | $45,392 | $11.52 | n/a | $0.00 | n/a |
| 5 | 10 | BIKTARVY | HIV | $37,866 | $9.61 | 3 | $10.54 | -10% |
| 6 | 4 | JARDIANCE | SGLT-2 INHIBITORS & COMBOS | $32,087 | $8.14 | 10 | $5.00 | 58% |
| 7 | 69 | LENALIDOMIDE* | ONCOLOGY | $30,719 | $7.79 | n/a | $0.00 | n/a |
| 8 | 39 | COSENTYX PEN* | CHRONIC INFLAMMATORY DISEASE | $28,856 | $7.32 | 11 | $3.97 | n/a |
| 9 | 189 | MAYZENT* | MULTIPLE SCLEROSIS | $28,754 | $7.30 | 5 | $7.42 | 65% |
| 10 | 2 | OZEMPIC | GLP-1 RECEPTOR AGONISTS | $28,345 | $7.19 | 9 | $5.22 | -7% |

*specialty drugs

Source: OptumRx UFCW UPE 3Q QPR, November 2023

# Trends to Watch in 2024

## Growing urgency around cost.

Healthcare costs are steadily increasing, with no sign this trend is going away.

Cost pressures include inflation, provider shortages, mental health, deferred or missed care.

Plan sponsors ('Plans') are bracing for the impact of high-cost cell and gene therapies and the rising demand for GLP-1s, which will continue to have a major effect on pharmacy spend.

## New concerns emerge in mental health.

In the coming year, Plans are expected to address a growing concern with youth and adolescent behavioral health.

Access to mental health and substance abuse disorder services remains a concern.

Plans' strategies include collaboration with vendors and partners to ensure their offerings are integrated and cover what's needed.

## Growing alarm over the sustainability and lack of transparency into drug pricing.

Prescription drug trend, which is fueling overall healthcare trend, remains a concern for most Plans.

Plans are demanding greater transparency for prescription drug pricing, as well as alternative pricing models that include rebate-free programs.

Sources: Business Group on Health, November 2023; Fierce Healthcare November 29, 2023

# Thank You