International Society
of Certified Employee Benefit Specialists

Navigating the Storm: What you Need to Know About Rx Cost Drivers

Central Pennsylvania ISCEBS
December 20, 2023

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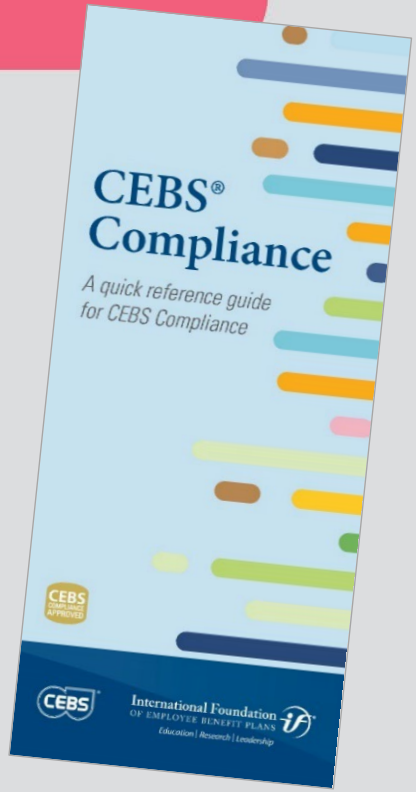

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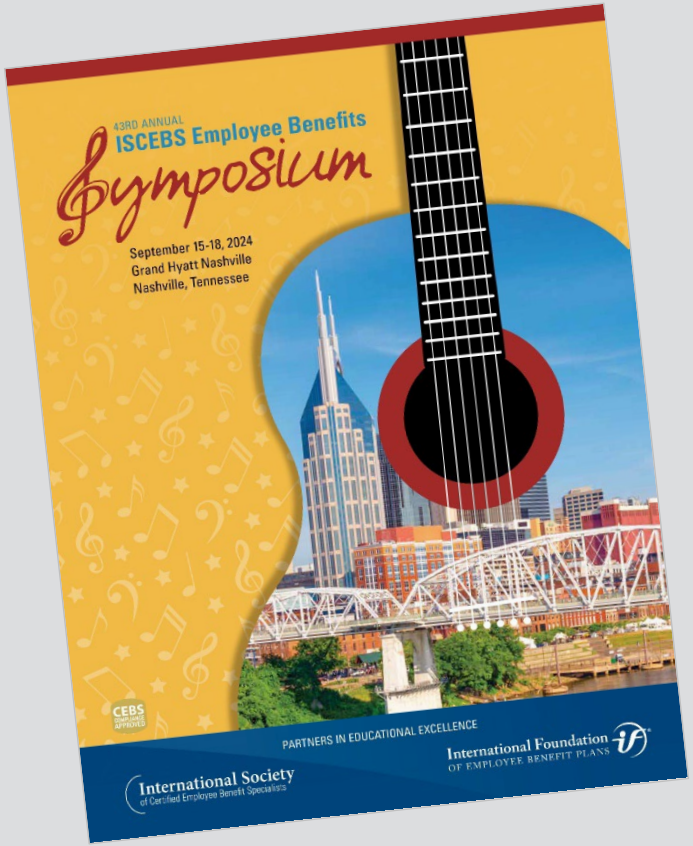

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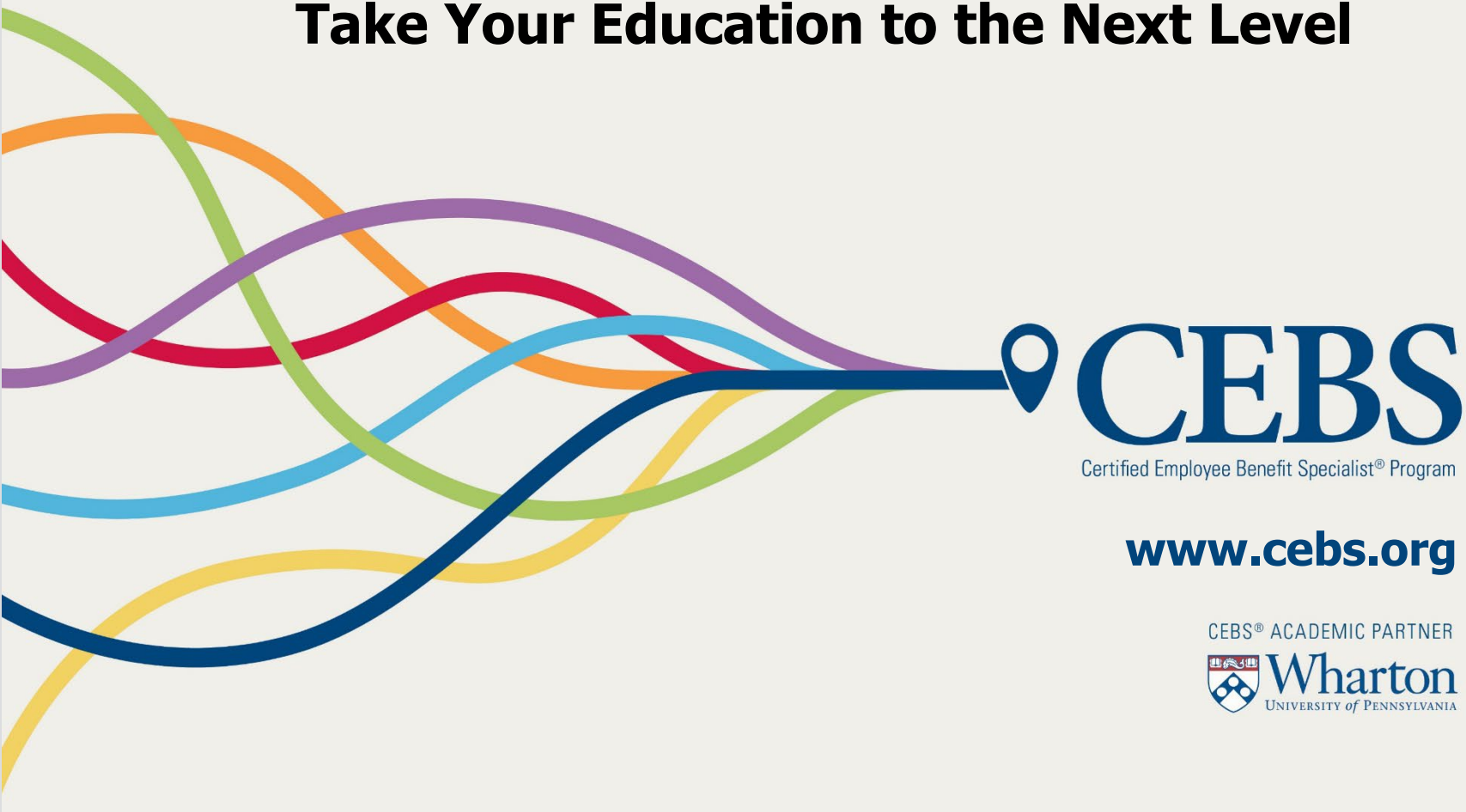

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Introducing our Speakers

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Employers Health™
Navigating the Storm:
What You Need to Know About Rx Cost Drivers
AssuredPartners

Presenters

Matthew Harman

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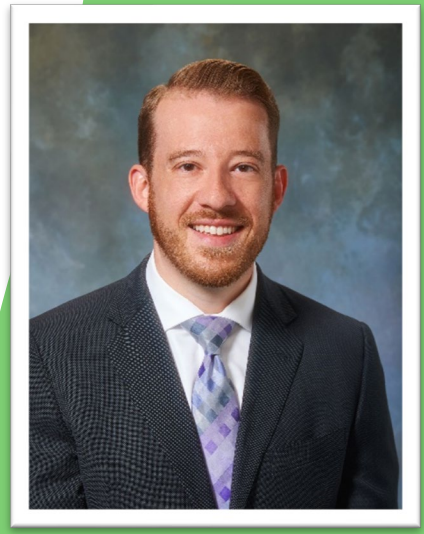
As vice president of clinical solutions, Matt works to monitor, evaluate and improve the pharmacy plan performance of the Employers Health $3.3 billion PBM group purchasing programs with CVS, Optum Rx and Elixir. He works proactively with the organization's more than 350 member employers to provide clinical information and strategies to help reduce health care spend and positively influence the health of more than 1.6 million individuals.

Matt founded the Employers Health managed care pharmacy residency program and currently serves as the director. Additionally, he serves as program officer for Employers Health Foundation and manages the organization's Flu Immunization Program which administers flu vaccines to thousands of individuals annually at their workplace.

He currently serves on the board of directors for the Health Policy Institute of Ohio, the AMCP Membership Committee, and is a member of the Society for Women's Health Research – Autoimmune Network.

Matt earned his Doctor of Pharmacy from the University of Kentucky where he co-founded an Academy of Managed Care Pharmacy student chapter and served as the inaugural president. While obtaining his PharmD, he enrolled in the College of Public Health to obtain a Master of Public Health with a concentration in health service management. Matt completed his residency training at The Ohio State University Health Plan, which expanded his knowledge and skills in managed care pharmacy.



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Presenters

Michael Devine

PA/NJ President

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Mike Devine joined AssuredPartners (AP) via the acquisition of M.F. Irvine (MFI) in 2017. He was named the Agency President of the former MFI in 2019. In 2022 Mike was given the opportunity to serve as Agency President of the newly formed AP Philadelphia agency which combined 5 “legacy agencies” acquired by AP between 2013 and 2019. Currently Mike has direct oversight for the AP Philadelphia agency and also has responsibility for AP’s 11 unique agencies in Pennsylvania and New Jersey.

Mike’s experience includes 3 years as a Chief Underwriter on Liberty Mutual’s National Accounts team where he worked exclusively on groups of 10,000+ lives. In this role Mike gained valuable experience evaluating merger and acquisition activity for both current and prospective customers, specifically on cost effective strategies for assimilating the disparate benefit offerings of the various entities involved. Following his time with Liberty Mutual, Mike spent 2 years as a benefits consultant and account manager for a large benefit advisory group and actuarial firm in King of Prussia, PA.

Presenters

Chris Ruegg
Vice President
Employee Benefits – Pharmacy Strategy

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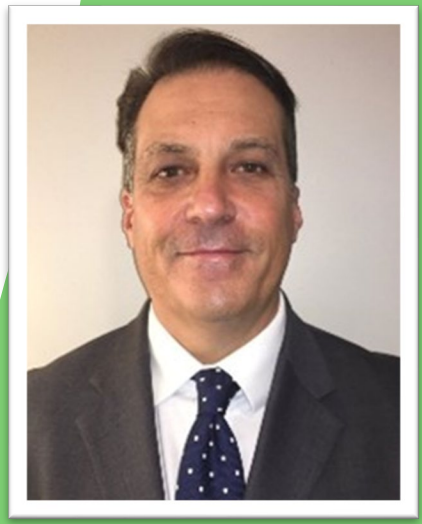


Chris is a Vice President of Pharmacy Strategy at AssuredPartners. He has over 30 years of experience in the pharmacy benefit management industry and joined the AssuredPartners Employee Benefits team in late 2020. Chris works together with his internal AP partners, their self-insured clients, and prospects along with the health carrier / PBM partners to deliver highly cost and clinically effective employee pharmacy benefit plans.

Chris is a graduate of Rutgers University with B.A. degrees in Accounting and Business Administration.

GLP-1 Medications

Brain
- ↓↓ Water intake
- ↓↓ Food intake

Stomach
- ↓↓ Gastric emptying
- ↓↓ GI motility

Pancreas
- ↓↓ Glucagon
- ↑↑ Insulin

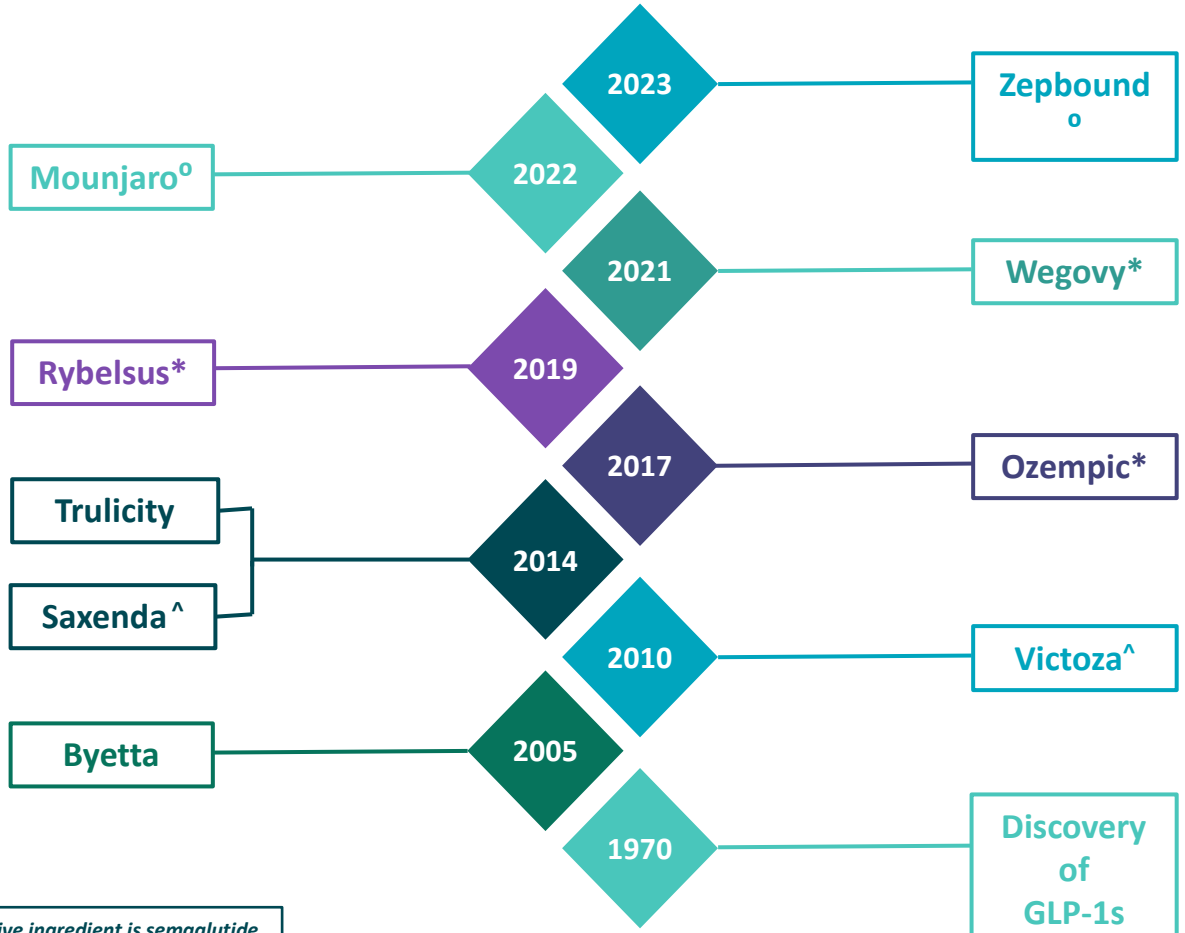
MECHANISMS

SIDE EFFECTS

Gastrointestinal
- Abdominal pain
- Constipation
- Diarrhea
- Nausea
- Vomiting

Nervous System
- Fatigue
- Headache

Respiratory
- Nasopharyngitis



** = Active ingredient is semaglutide*
^ = Active ingredient is liraglutide
o = Active ingredient is tirzepatide

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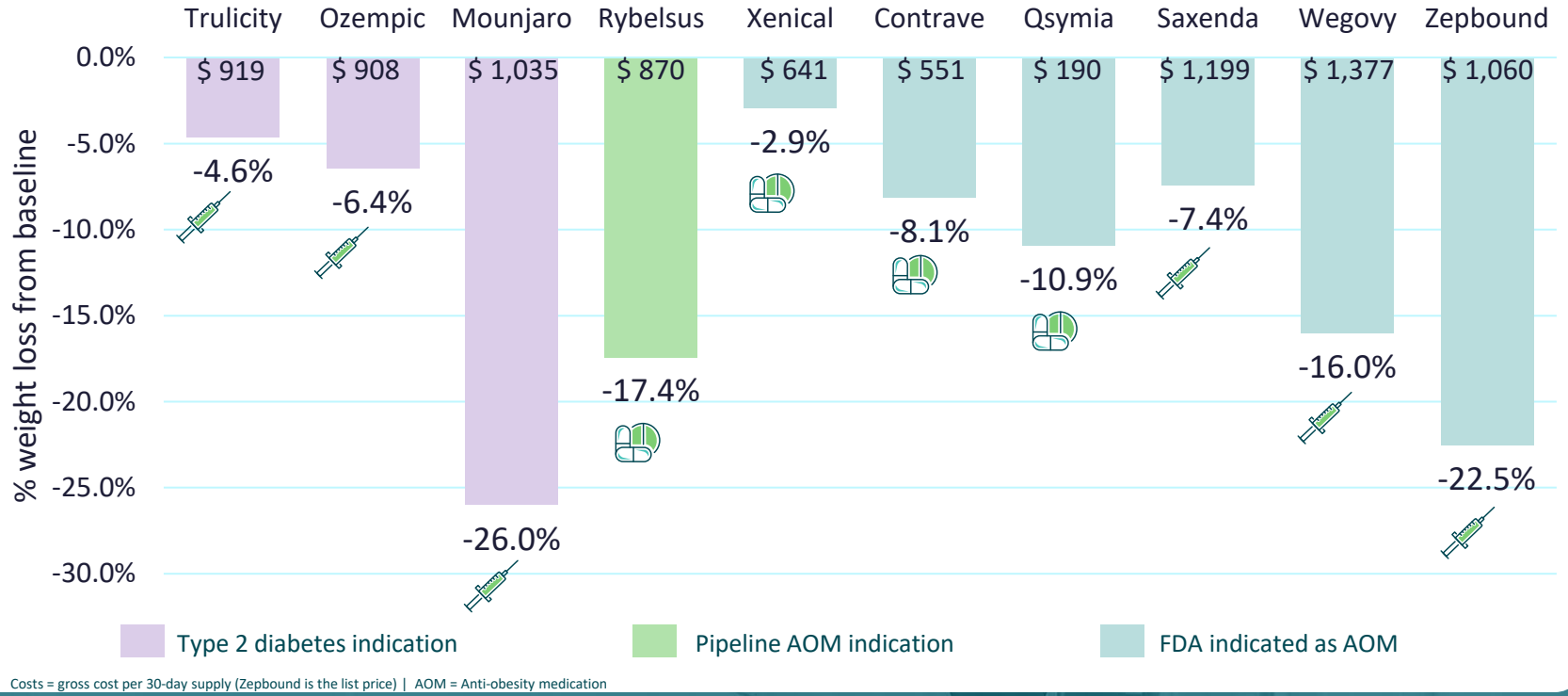
Notable GLP-1s on the Market

Product Name	Indication	Manufacturer	Cost (WAC/Year)	Weight Loss	Clinical Considerations	Additional Notes
Ozempic (semaglutide)	Type 2 diabetes	novo nordisk®	$12,165	6.4%	GLP-1s (like Ozempic) are first-line agents for certain patient populations, per the ADA.	Off-label use led to several shortages. Maximum strength is lower than Wegovy's.
Wegovy (semaglutide)	Obesity	novo nordisk®	$17,537	16%	Highest rates of gastrointestinal side effects (nausea, diarrhea, constipation) compared to Zepbound & Saxenda.	Recent study shows 20% reduction in heart attacks, strokes, or death due to CVD.
Mounjaro (tirzepatide)	Type 2 diabetes	Lilly	$13,300	26%	Highest efficacy in both A1c reduction and weight loss.	Novel mechanism. Mounjaro strengths are the same as Zepbound.
Zepbound (tirzepatide)	Obesity	Lilly	$13,778	22.5%	Lowest rates of discontinuation due to side effects. FDA approved in adults 18+ years old, while others (like Wegovy) are approved in those 12+ years old.	Insured without obesity coverage: $550 for a 1-month supply (50% lower than Wegovy's copay card).
Victoza (liraglutide)	Type 2 diabetes	novo nordisk®	$13,588	6%	First GLP-1 to show cardiovascular protection in clinical trials. Once daily instead of once weekly injection.	Not widely used off-label for obesity. Expected to lose patent exclusivity in June of 2024.
Saxenda (liraglutide)	Obesity	novo nordisk®	$16,413	7.4%	Lower adherence due to daily administration regimen compared to others.	Once daily instead of once weekly injection. Copay card available for a maximum savings of $200 per 30 day supply.
Trulicity (dulaglutide)	Type 2 diabetes	Lilly	$12,101	4.6%	Increased off-label utilization due to shortages across the class.	Exclusivity ending 2027, then Lilly will try to transition patients to Mounjaro.

ADA = American Diabetes Association | AOM = Anti-obesity medication | CVD = Cardiovascular Disease

Relative Costs and Clinical Impact



Costs = gross cost per 30-day supply (Zepbound is the list price) | AOM = Anti-obesity medication

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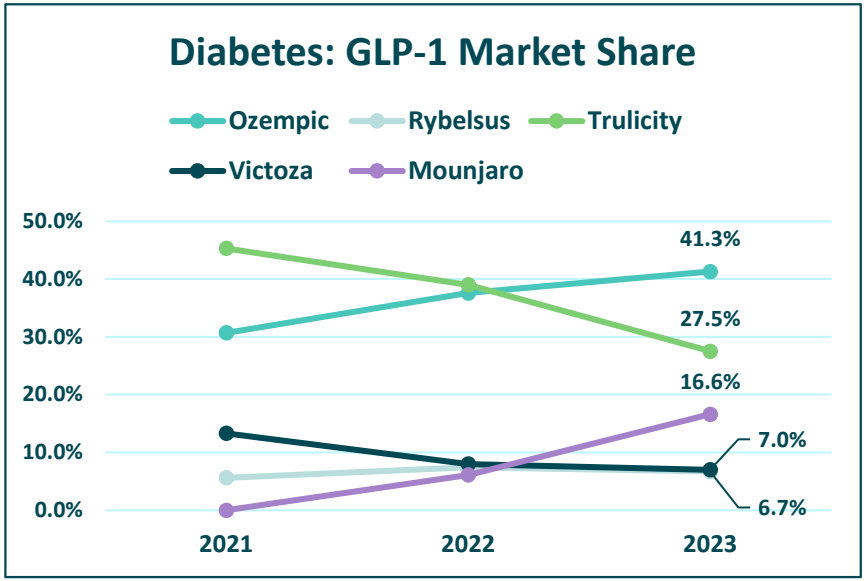
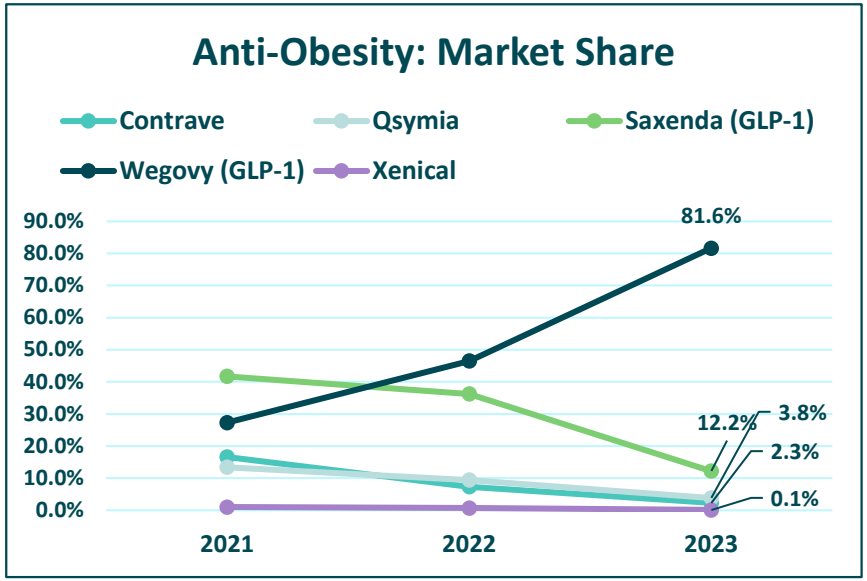
Market Share





*Contrave, Qsymia and Xenical are not GLP-1 products

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GLP-1 Management

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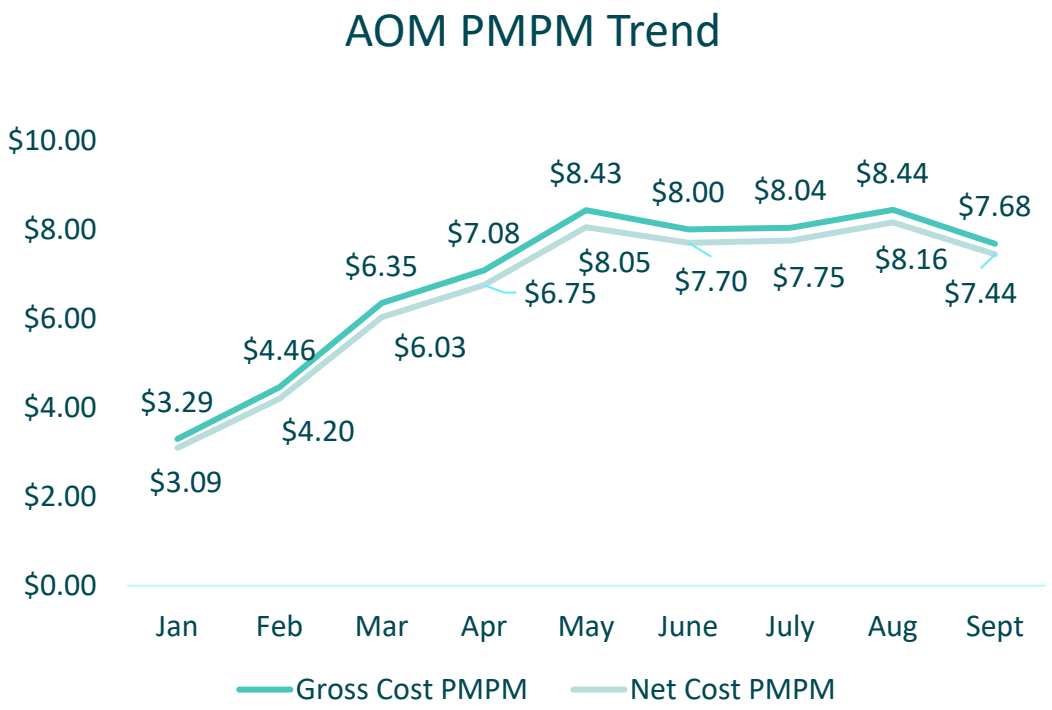
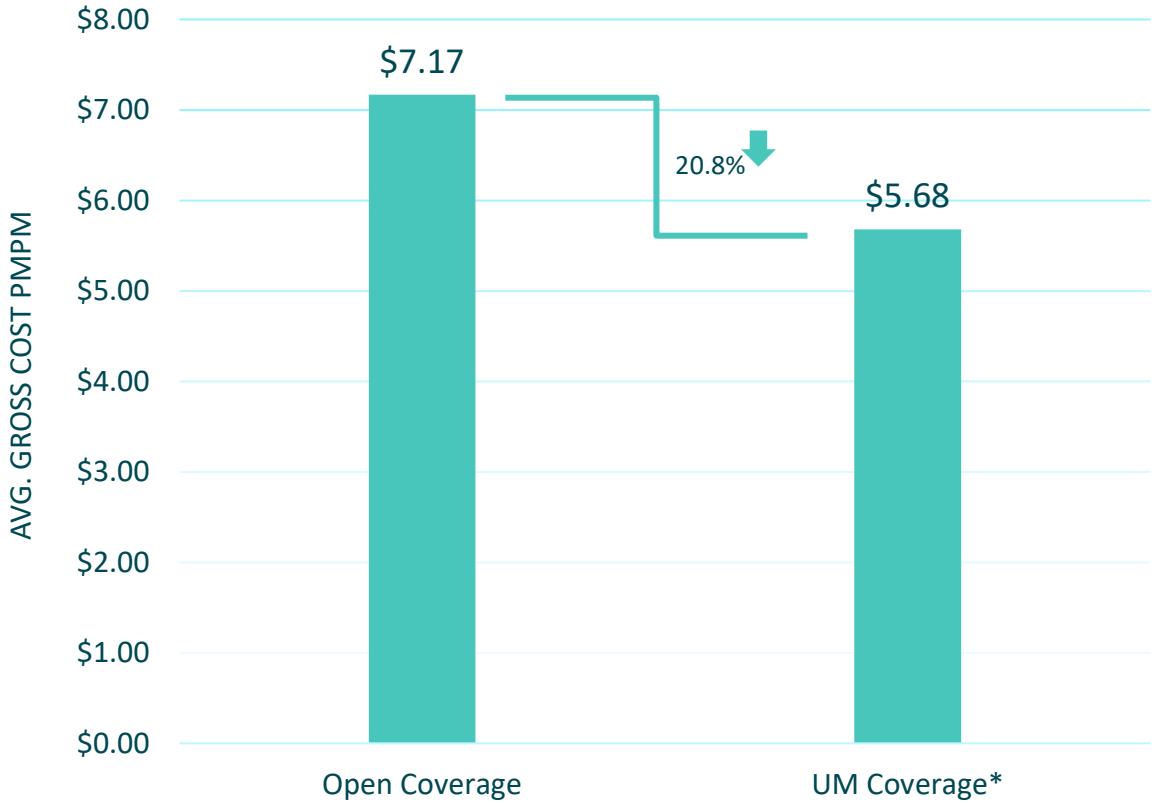
Anti-Obesity Trend



Month	Total Rx	Change in Rx Count
JANUARY	1970	
FEBRUARY	2544	▲ 29.1%
MARCH	3709	▲ 45.8%
APRIL	4075	▲ 9.9%
MAY	4657	▲ 14.3%
JUNE	4349	▼ 6.6%

AOM Avg. Gross Cost PMPM (Jan-May 2023)



*EH or CVS PA

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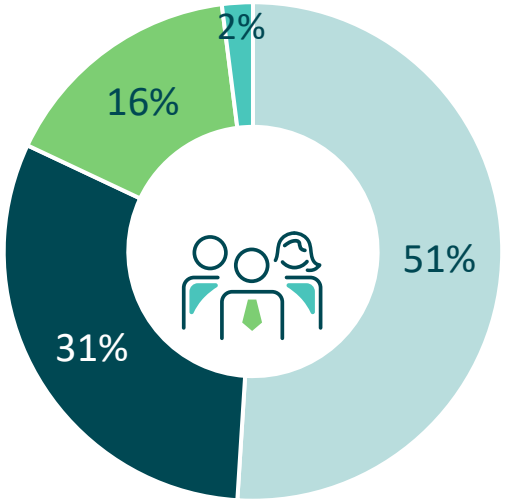
2023 Coverage Breakdown



Exclude
PA Restricted
Open Coverage
Other

CVS Strategies

Demand for GLP-1 agonists driving revised Prior Authorization processes

TYPE 2 DIABETES:

- **GLP-1 Smart Logic**
  - Claims analysis to prove GLP-1 is for diabetes
  - Looks for:
    - *Other* diabetes drug fills
    - ICD diagnosis codes
    - Diabetic supplies
  - If not met → traditional PA:
    - Confirmation of diagnosis
    - Documentation via chart notes (A1C ≥6.5%)

OBESITY:

- **Employers Health custom prior authorization**
  - BMI of 27 kg/m^2 with comorbidities
  - BMI of at least 30 kg/m^2 AND used as adjunct to lifestyle modification
    - Concurrent lifestyle management program as well as 6 months prior
  - 10% weight loss for continuation of coverage
    - Documentation

Can limit GLP-1s to a 30-day supply per Rx to minimize waste

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Optum Rx Strategies

Demand for GLP-1 agonists driving revised Prior Authorization processes

TYPE 2 DIABETES:

- Prior authorization
- 90+ day prior use of another antidiabetic drug
- Diabetes diagnosis
  - Documentation via chart notes

OBESITY:

- **Standard prior authorization**
  - BMI of 27 kg/m^2 with comorbidities
  - BMI of at least 30 kg/m^2 AND used as adjunct to lifestyle modification
- **Risk-managed (custom) prior authorization**
  - High-risk cardiovascular related comorbidity AND
  - BMI $\geq$ 35 AND
  - Prior trial of non-GLP-1 medication for obesity AND
  - Used as part of a weight loss program with caloric restriction and increased exercise

Early refill threshold increased to prevent stockpiling and waste

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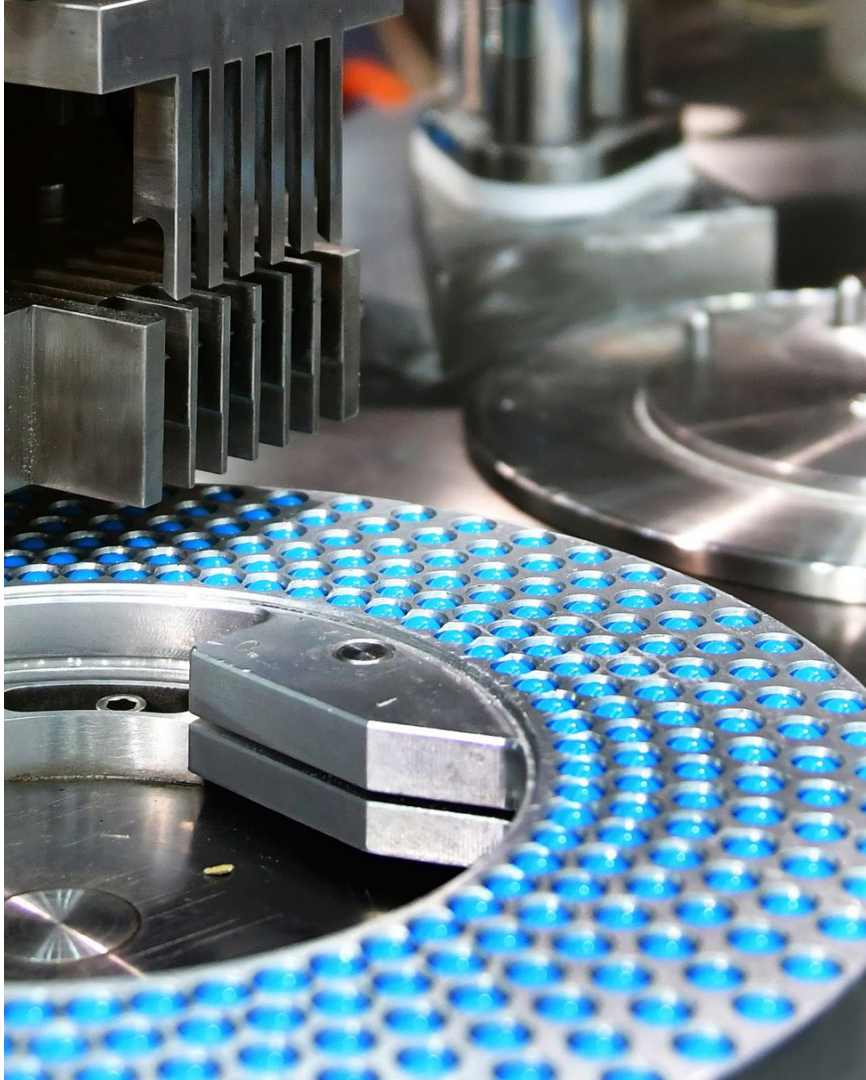
AOM pipeline

Product Name	Route	Manufacture	Status	Clinical Results
Zepbound (tirzepatide)		Lilly	Approved Nov 8th	13% - 22.5% weight loss
Rybelsus (semaglutide)		novo nordisk	Phase III	15.1% - 17.4% weight loss
orforglipron		Lilly CHUGAI	Phase III	14% - 15% weight loss
retatrutide		Lilly	Phase III	22% - 24% weight loss
survodutide		Boehringer Ingelheim	Phase II	~14.9% weight loss



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Gene Therapy Overview

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Definitions

Gene Therapy	When a mutated gene causing disease is offset by inserting a healthy/correct copy of the gene through a viral vector.
Gene Editing	When a mutated gene is revised, removed, or replaced at the DNA level and alters the genetic sequence.
Cell Therapy	The use of living cells, instead of drugs, to destroy and control cancer cells.

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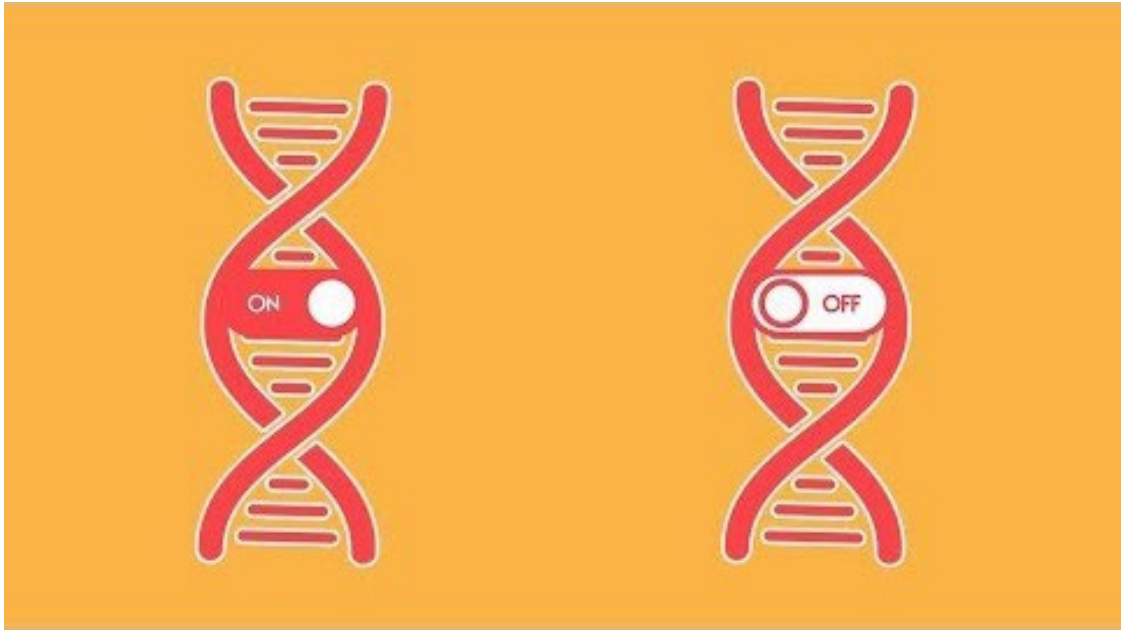
Gene Therapy

Goal – to use normal gene copies as drugs to compensate for the malfunctioning or missing protein(s)

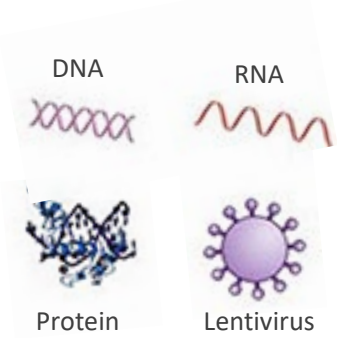


Gene Therapy Processes

Ex-vivo

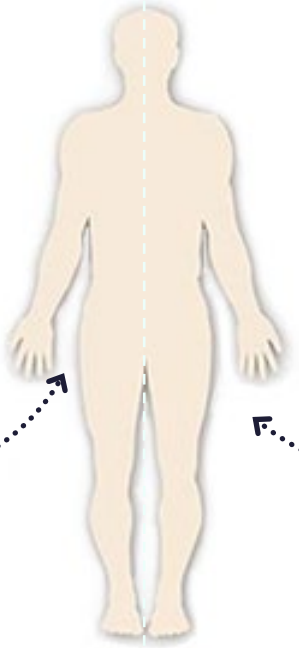
Cells are extracted from the patient's blood, genetically modified, and injected back into the patient

Deliver targeted nucleases to cells by physical, chemical or viral methods



Extract stem or progenitor cells

Introduce modified cells back into patient



In-vivo

Gene-carrying vector injected directly into patient

AAV

Lipid nanoparticle

Direct delivery to patient using viral or non-viral delivery vehicle

Source: https://www.fda.gov/vaccines-blood-biologics/cellular-gene-therapy-products/what-gene-therapy.

Approved Gene Therapies (as of 11/30/2023)

Name	Indication	Approval Date	WAC (One time cost)	Prevalence^
Roctavian	Hemophilia A	6/29/2023	$2,900,000	0.007
Elevidys	Muscular Dystrophy	6/22/2023	$3,200,000	0.005
Vyjuvek	Epidermolysis bullosa	5/19/2023	$630,500*	<0.001
Adstiladrin	Non-muscle invasive bladder cancer	12/16/2022	TBD	0.111
Hemgenix	Hemophilia B	11/22/2022	$3,500,000	<0.001
Skysona	Cerebral adrenoleukodystrophy (CALD)	09/16/2022	$3,000,000	<0.001
Zynteglo	Beta thalassemia	08/17/2022	$2,800,000	0.0036
Zolgensma IV	Spinal muscular atrophy	05/24/2019	$2,254,412	0.053
Luxturna	Inherited retinal disease (IRD)	12/19/2017	$850,000	0.001

*Yearly cost; ^Estimate values per thousand members

Risks are Rising

FDA is prioritizing Review of Gene Therapies

Probability Of At Least One Claim					
# of members	2025	2026	2027	2028	2029
500	0.4%	0.6%	1.2%	1.6%	2.0%
1,000	0.7%	1.3%	2.4%	3.2%	3.9%
2,500	1.8%	3.2%	5.8%	7.9%	9.4%
5,000	3.6%	6.2%	11.3%	15.1%	18.0%
7,500	5.4%	9.2%	16.4%	21.8%	25.7%
10,000	7.1%	12.1%	21.2%	27.9%	32.7%
15,000	10.5%	17.5%	30.1%	38.8%	44.8%
20,000	13.7%	22.7%	38.0%	48.1%	54.7%
35,000	22.7%	36.2%	56.6%	68.2%	75.0%
50,000	30.8%	47.4%	69.7%	80.6%	86.2%
75,000	42.4%	61.8%	83.3%	91.4%	94.9%
100,000	52.1%	72.3%	90.8%	96.2%	98.1%
250,000	84.1%	96.0%	99.7%	100.0%	100.0%

*Member Count Trended at 3%

The FDA is set to approve 5-10 new therapies per year.

Each therapy is estimated to cost $2MIL price tag.

Considerations for Plan Sponsors

Employers Health Recommendations

- Gene therapy is to be covered under the medical benefit, opening coverage under the pharmacy benefit is **NOT** advised at this time.
- Access does **NOT** mean coverage under the PBM.
- Seek stop-loss carriers or potential vendors if concerned about financial costs.
- Confirmation of gene therapy coverage should also be assessed when seeking stop-loss carriers.

Questions to Ask Vendors

- Which therapies will be covered?
- What is the minimum lives threshold?
- Which products have reimbursement?
- Which ICD-10 codes are billable for the therapies covered?
- What are the fees associated with the program?
- Is there an ROI?
- Are new therapies automatically added to coverage?

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