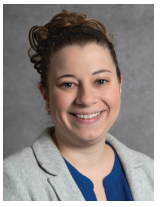
2020 Formulary Exclusion Lists — Why All the Changes?



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THE THREE BIG PBMS

(pharmacy benefit managers), Express Scripts, CVS Caremark, and OptumRx, released their 2020 exclusion lists in the fourth quarter of 2019. PBMs routinely make changes, adding newly approved brand medications to their formularies based upon their pharmacy and therapeutics (P&T) committee reviews. For the last few years, the PBMs have tended to address removal of drugs from their formularies at the beginning of the calendar year. This timing may minimize member disruption based upon annual plan changes that begin January 1 each year. Based on our analysis, we estimate that Express Scripts has removed 35 drugs from its 2020 formulary, CVS Caremark has removed a net 100 drugs, and OptumRx has removed 246 drug products. We will review how this will impact retail pharmacies and their patients.

EXPRESS SCRIPTS

Express Scripts placed a strong focus on the hematological class for 2020. The removed drugs include Jadenu, Jadenu Sprinkle, Nuwiq, Granix, and Mulpleta.

Mulpleta is one of several thrombopoietin (TPO) receptor agonists and may compete with Doptelet, Promacta, and Nplate. Express Scripts indicates that Doptelet is the preferred alternative. Other medications on the Express Scripts 2020 exclusion list are indicated for hereditary tyrosinemia type 1 (HT-1) and multiple sclerosis. Express Scripts' changes for 2020 indicate management of select specialty therapeutic categories and will have nominal impact on retail pharmacy, as many of the newly excluded products are already dispensed at specialty pharmacies.

> We suggest you welcome the chance to engage your patients and their prescribers to help them make an informed choice when changing products due to the new formulary exclusions.

CVS CAREMARK

CVS Caremark, in addition to removing some drug molecules from its formulary, also had a unique approach with an increase in the number of NDC-specific formulary exclusions. CVS Caremark excluded specific ANDA generic NDCs for benzonatate, butalbital-APAP, chlorzoxazone 250 mg, diclofenac sodium gel 1%, and Diclofex DC. The excluded NDCs tend to have higher published pricing than their pharmaceutically equivalent competitors. When these generics are reimbursed at a non-MAC (maximum allowable cost) rate [as a percentage discount off the published AWP [average wholesale price]), excluding specific NDCs reduces the reimbursement amount from the payer.

As an example, CVS Caremark added NDC 69499-0342-30 to its 2020 formulary exclusion list. According to the Medi-Span drug database, this butalbital-APAP 50-300 mg capsule NDC has a per-unit AWP price of $65.93. The only other pharmaceutically equivalent generic product (generic in the same GPI [generic product identifier]) has an AWP unit price of $14.55. For a 30-day supply of medication reimbursed at AWP minus 20%, excluding the specific NDC can reduce a payer's reimbursement by more than $1,200. These NDC-specific product edits will help pharmacists identify pharmaceutically equivalent generics with lower costs to the health plan or self-funded employer by reducing overall drug costs. For patients with a co-insurance or tiered generic co-pay, this will help reduce their out-of-pocket costs.

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OPTUMRX

OptumRx had by far the largest number of drug removals from its formulary. Of the 246 new formulary exclusions for OptumRx, 169 (69%) of those were for brands that have covered generic options available. This tripled the number of drugs on OptumRx's list of excluded brand-name medications with generic equivalents. OptumRx is not only excluding brands that lost exclusivity in 2019, but also expanding its exclusion list to include older agents, such as Synthroid, Neurontin, and Coreg CR.

How does this impact retail pharmacy? The formulary removal of brand drugs with AB-rated generic equivalents will help drive generic substitution. Overall, generics are generally more profitable than brand drugs, which is a positive for pharmacy. Furthermore, patients receiving the generic equivalents will generally have a lower co-payment, reducing their expenditure. We also expect the health plan or employer to have lower costs, as multisource generic drugs most often have a lower cost to the plan, even after factoring in brand rebates.

In summary, these formulary changes should drive a discussion with your patients about a change in the product they receive. For some patients, this may require that an A-rated generic is dispensed, and it will require the pharmacy staff to explain that the FDA has approved generics to be both pharmaceutically equivalent and bioequivalent regarding their effectiveness in patients. In many states, generic substitution is mandated unless the patient or the prescriber indicates otherwise. If patients have requested brand-name drugs in the past, this may be an excellent reminder to revisit a generic drug conversation.

In other situations, there are similar non-formulary drugs either in strength or dosage form that may be tried. For example, Express Scripts added high-cost Tivorbex (indomethacin 20mg capsules) to the exclusion list but continues to cover indomethacin 25mg capsules, which are available generically. We suggest you welcome the chance to engage your patients and their prescribers to help them make an informed choice when changing products due to the new formulary exclusions. While your patients can always contact the PBM for additional information or to ask for a medical exception/appeal, help them understand that the PBM decisions are made based upon clinical, financial, and patient needs. **CT**

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