

Transcript Details

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A New Health Plan to Eliminate Diabetes Patients' Out-of-Pocket Costs

Announcer:

You're listening to *The Drug Report* on ReachMD, hosted by Linda Bernstein, Pharm.D., Clinical Professor on the Volunteer Faculty of the School of Pharmacy, University of California, San Francisco.

Dr. Bernstein:

Welcome to *The Drug Report*. I'm Dr. Linda Bernstein.

This week CVS Health announced a new plan called RXZero to eliminate out-of-pocket costs associated with diabetes prescription medicines, including insulin. The plan, to be offered through CVS Caremark, the company's pharmacy benefits manager, allows employers and health plan sponsors to work within a formulary and plan design to offer all types of diabetes medications at zero dollar out of pocket for their members without raising costs for the plan sponsor or increasing premiums or deductibles for all plan members.

Troyen A. Brennen, MD, Chief Medical Officer, CVS Health stated that the solution "ensures long-term affordability, improves adherence, and most importantly, puts patients on the path to better health." He pointed out that persons living with diabetes are tasked with "making difficult decisions about whether they can afford their medications and fill their prescriptions. Traditionally, the focus of affordability for diabetes medications has been on insulin, which is the cornerstone of therapy for the five percent of people with diabetes who are living with type 1 diabetes. RxZERO provides affordable options for the entire range of diabetes medications, improving affordability for the 95 percent of people with diabetes who are living with type 2 diabetes."

A CVS Caremark analysis found that plan members with diabetes taking branded diabetes medications spend on average, \$467.24 out-of-pocket per year, with nearly 12 percent spending over \$1,000 annually. The new RxZERO plan enables plan sponsors to get rid of these out of-pocket costs for all diabetes medicines, including oral agents for Type 2 diabetes and still meet American Diabetes Association (ADA) standards.

Kelly Mueller, Vice President of Community Impact for the American Diabetes Association, explained the impact of this plan: "There are more than 30 million Americans living with diabetes, and far too many of them are struggling to manage their diabetes because of the high cost of diabetes prescription medications." She stated that American Diabetes Association is hopeful that by "eliminating out-of-pocket costs for diabetes medications, CVS Health will remove one of the major barriers many people face that prevent them from managing their diabetes successfully."

CVS Health believes that this model of eliminating out-of-pocket costs for diabetes drugs could be an example to other health plan sponsors, to help meet the growing diabetes epidemic without raising other costs such as deductibles and premiums. The hope is that the plan will result in savings for plan sponsors through improved adherence and a reduction in overall medical costs.

The Rx Zero plan is described in a CVS Health White Paper, entitled, "A Prescription for Better Diabetes Management". According to the White Paper, studies show that improving adherence by removing the barrier posed by high deductibles can also enable payors to eliminate out-of-pocket costs across the range of treatments for diabetes, and still save money.

So how does RxZERO save money for both clients and members? CVS states the average post-rebate cost of diabetes to a plan is \$1,256 per year for every member taking an antidiabetic medication. Average member out-of-pocket costs for all diabetes medications was \$244 (this is for members taking any diabetes medication. Those taking a branded medication have higher costs — as stated earlier, almost twice that.) If member out-of-pocket costs are eliminated, the plan sponsor has to cover both the \$1,256 in medication costs and the \$244 in member costs they have forgone. Research shows that eliminating out-of-pocket costs for members, improves adherence. Based on published findings, this increase in adherence costs the client an additional \$51 per member per year.

This incremental plan cost can be offset in two steps:

- Clients can save \$170 per member per year by use of only approved generic medications and preferred brand medications from their Value Formulary. It covers choices in each drug category and fully adheres to the ADA standard. This is the same formulary CVS Health has used for its own employees, and many other large clients have as well.
- Plan sponsors can also save money in overall medical costs because higher adherence — as a result of lower out-of-pocket costs — improves member health. The CVS Pharmacy Care Economic Model reveals that for each member with diabetes, who goes from non-adherent status to adherent, client health care costs drop by \$2,202 per year. Applying these values to the entire member population, they estimate the value to the plan in improved adherence and lower medical costs is \$156 per member per year. These steps lower overall pharmacy costs for the client to \$1,225. The White paper states that while this is not a huge amount of money, it does help their members better afford their medication and improve health outcomes without raising premiums or deductibles.

For *The Drug Report*, I'm Pharmacist, Dr. Linda Bernstein.

Announcer:

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