

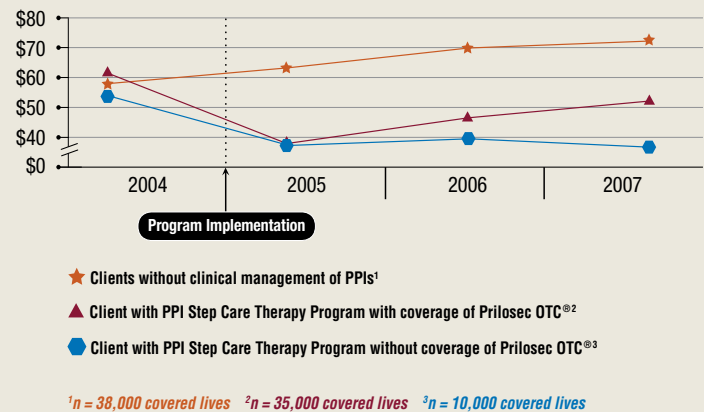
Case Study

Managing Heartburn and GERD Medication Costs

Results at a Glance

- Step care therapy for a highly utilized therapeutic class of medications resulted in per member per year (PMPY) cost savings of \$35, compared with costs for clients who had no clinical management of these medications.
- Even when coverage of an over-the-counter (OTC) medication was added to the plan design, savings on these medications, known as proton pump inhibitors (PPIs), were more than \$20 PMPY.

PPI Step Care Therapy Cost Comparisons



Business Challenge

PPIs are widely used in the treatment of heartburn and GERD (gastroesophageal reflux disease). In 2007, these medications (also known as ulcer medications) ranked as the third-highest therapeutic class in total expenditures for Walgreens Health Initiatives clients, representing 6.7 percent of total spend.

Our Solution

To manage the costs of treating heartburn and GERD, many clients choose to implement the Walgreens Health Initiatives PPI Step Care Therapy Program. This program helps ensure that members who have GERD or heartburn that can be effectively managed with Prilosec OTC[®] (omeprazole) try this medication before using prescription PPIs. The PPI Step Care Therapy Program has successfully reduced plan costs for many clients since its inception following the FDA's approval of Prilosec OTC in 2003.

Additionally, Walgreens Health Initiatives recognizes that some clients may be concerned about member resistance to paying the full out-of-pocket cost for Prilosec OTC and may seek a flexible, member-friendly option for PPI cost management. Clients may choose to cover Prilosec OTC with a tier 1 generic medication copay. With this approach, the member share of the cost of Prilosec OTC is the same as it would be for generic prescription PPIs—but the plan share, in most cases, is significantly lower.

Results

- When the study concluded in 2007, the PPI costs for clients who used our PPI Step Care Therapy Program were \$20 to \$35 PMPY less than costs for the clients who had no clinical management of PPIs.
- Savings for the client who offered the PPI Step Care Therapy Program with Prilosec OTC coverage were nearly 16 percent below the pre-implementation cost, decreasing from \$61.15 in 2004 to \$51.50 in 2007.
- Savings for the client who offered the PPI Step Care Therapy Program without Prilosec OTC coverage were more than 31 percent below baseline at the three year-mark, decreasing from \$53.50 in 2004 to \$36.65 in 2007.
- In contrast, PPI PMPY costs for the clients who did not implement clinical management strategies for PPIs increased more than 24 percent—from \$57.67 to \$71.67—during this period.

These results clearly demonstrate that clients can offer PPI management programs, even with member-friendly coverage of an OTC medication, and still achieve long-term cost savings. An OTC generic version of omeprazole became available in early 2008, which increases potential cost savings.

Benefits

- Offers a clinical solution to help ensure appropriate use of prescription medications
- Helps reduce prescription expenses for clients
- Helps maintain appropriate cost sharing between plans and members
- Enhances member satisfaction by offering coverage of an OTC medication and provides a low-cost, effective therapy option

A Note on Methodology

The two clients described in this case study who had PPI clinical management programs implemented the PPI Step Care Therapy Program (with and without coverage of Prilosec OTC, respectively) on January 1, 2005. Deidentified prescription claims data were obtained for all five clients for 2004 and the three years following program implementation (2005 through 2007). PPI claim costs PMPY were analyzed one year pre-implementation and over a three-year period post-implementation.



A model is available to estimate the PPI Step Care Therapy Program's cost savings based on PPI utilization and benefit design. To obtain cost savings estimates, call 800-207-2568, email whi@walgreens.com, or visit us at WalgreensHealth.com/pbm.