

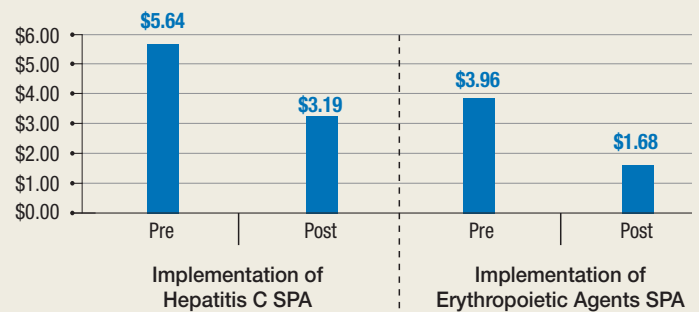
Case Study

Specialty Prior Authorizations (SPAs) Reduce Costs and Enhance Medication Safety

Results at a Glance

- Clients who managed hepatitis C medications with the Walgreens Health Initiatives SPA reduced their total per member per year (PMPY) costs in this class by 43.4% in 2008. This is equivalent to a savings of \$2.45 PMPY.
- Total PMPY costs erythropoietic agents (drugs that stimulate red blood cell production) fell by 57.6% in 2008, or \$2.28 PMPY, for clients who required prior authorization for coverage of these medications.
- A client with 100,000 covered lives could save \$473,000 per year by implementing the hepatitis C and erythropoietic agents SPA programs.

Total PMPY Cost



Business Challenge

Complex treatment regimens are a defining characteristic of many specialty drugs. If clinical guidelines for the use of these drugs are not followed, clients and members may incur additional prescription expenses and members may be exposed to unnecessary health risks. Clinical management safeguards are needed to help ensure safe, cost-effective specialty medication therapy.

Our Solution

Specialty prior authorization (SPA) programs encourage clinically appropriate and cost-effective use of medications by allowing benefit coverage when certain conditions are met. Walgreens Health Initiatives currently offers 17 SPAs to help ensure that evidence-based clinical guidelines for patient selection, treatment initiation and discontinuation and dosing in various specialty drug classes are followed. In light of the rapidly growing cost of many specialty drugs, SPAs are becoming an increasingly important cost management strategy for our clients.

Two new Walgreens Health Initiatives SPAs are highlighted in this case study. One SPA covers hepatitis C medication therapy with interferon and ribavirin. The other focuses on anemia-fighting drugs known as erythropoietic agents, or red blood cell stimulators. These drugs are prescribed for patients receiving chemotherapy treatment for cancer and those who have been diagnosed with chronic renal failure, among others.

Hepatitis C SPA Program

This SPA addresses the following hepatitis C drug therapy parameters:

- **Treatment duration.** The duration of treatment for hepatitis C can vary from 14 weeks to one year or longer, depending on the patient's subtype (known as genotype) of hepatitis C. A treatment period that is too short may reduce efficacy; an overly long course of treatment may expose patients to unnecessary risks without the potential for increased benefits.
- **Combination therapy.** Ribavirin, one of the drugs commonly used in hepatitis C treatment, is only effective when given in combination with interferon. The SPA safeguards against the use of ribavirin alone, without interferon.
- **Treatment response.** Not all patients with hepatitis C respond to standard treatments. Current national guidelines designate the time when therapy should be discontinued if a clinical laboratory test marker known as early virologic response is not attained.

Erythropoietic Agents SPA Program

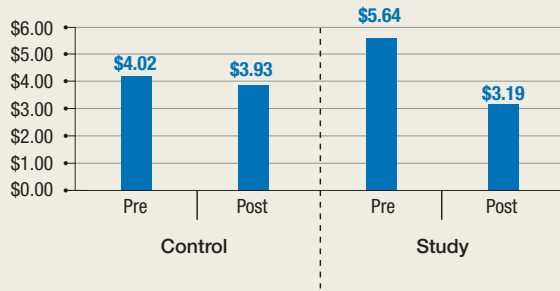
Drugs in this class include Epogen[®], Procrit[®] and Aranesp[®]. They stimulate red blood cell production in the bone marrow. This medication therapy may reduce the need for blood transfusions and improve anemia symptoms, but in clinical trials it has been associated with thrombotic events, such as heart attack and stroke, and an increased risk of death. As a result, drug manufacturers caution against targeting patients with certain hemoglobin levels. Furthermore, therapeutic effectiveness may depend on patient-specific characteristics. This SPA protects patients by monitoring the following:

- Use of appropriate patient selection criteria based on practice guidelines
- Individualized dosing to achieve and maintain designated hemoglobin levels
- Discontinuation of therapy at the recommended time

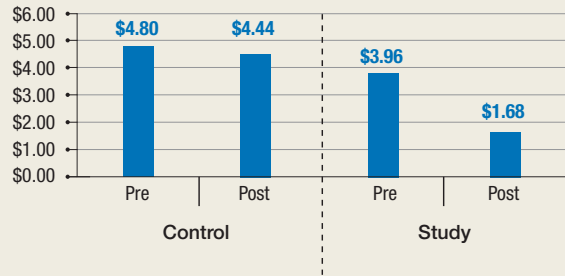
Our Results and Program Savings

- The clients' total PMPY costs fell by 43.4% following implementation of the Walgreens Health Initiatives Hepatitis C SPA on March 1, 2008, from \$5.64 in the pre-period to \$3.19 in the post-period. This represents PMPY savings of \$2.45.
- PMPY costs decreased \$0.09, or 2.2%, in the control group without clinical management of hepatitis C during the study period.
- Total PMPY costs in this class for the client group decreased 57.6% from \$3.96 to \$1.68 following implementation of Walgreens Health Initiatives Erythropoietic Agents SPA. This represents PMPY savings of \$2.28.
- PMPY costs decreased \$0.40, or 8.3%, in the control group without clinical management of erythropoietic agents during the study period.

Hepatitis C Total PMPY Cost



Erythropoietic Agents Total PMPY Cost



Benefits

- Reduces total PMPY costs for expensive specialty medications
- Manages and helps ensure appropriate utilization of expensive and potentially misprescribed specialty medications
- Helps ensure that national guidelines for patient selection criteria, therapy initiation and discontinuation and dosing are followed
- Provides support to physicians and other prescribers who are treating patients with complex conditions

A Note on Methodology

The client group for the Hepatitis C SPA represented approximately 73,000 covered lives, as compared with 42,000 in the control group. For the Erythropoietic Agents SPA, the client group consisted of approximately 85,000 covered lives; the control group included 37,000. The study pre-period (before SPA implementation) was six months. The post-period was nine months.



Let us estimate Specialty Prior Authorization cost savings based on your utilization and benefit design. Call 800-926-6779, email whi@walgreens.com or visit us at WalgreensHealth.com/pbmcs.

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