UK Retiree Prescription Benefit

- Pre-65 (non-Medicare Retirees)
  - Early Retirees
  - Working Retirees
- Medicare Retirees
  - Medicare A and B Participants
  - No longer working

Plan Differences

Where are Pre-65 Retiree Rx Benefit and Medicare Rx Benefit Different/Same
Pre-65 & Non-Medicare Rx Benefit

- Universal Prescription Benefit Plan for all health plans (UKHMO, PPO, EPO, etc)
- Same Rx Benefit as for Active Employees (use same Rx ID card as when active employee)
- Spouses/Dependents – covered under same ID number as retiree
- Administered by Express Scripts – UK direct access to enrollment

Medicare Retiree Rx Benefit

- UK Medicare PART D Prescription Drug Plan
- New ID card and ID numbers
- Medicare Covered Spouses have own ID card and unique ID numbers
- Administered by Express Scripts CMS (Medicare) controls enrollment

Pre-65 & Non-Medicare Rx Benefit

Actives and Retirees < 65 years

Retail (up to one month supply)

<table>
<thead>
<tr>
<th></th>
<th>coinsurance</th>
<th>minimum</th>
<th>maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generic</td>
<td>20%</td>
<td>$8</td>
<td>$50</td>
</tr>
<tr>
<td>Formulary</td>
<td>40%</td>
<td>$20</td>
<td>$60</td>
</tr>
<tr>
<td>Non-formulary</td>
<td>50%</td>
<td>$40</td>
<td>No Maximum</td>
</tr>
</tbody>
</table>

Express Scripts Home Delivery or UK Retail Pharmacies (35-90 day supply)

<table>
<thead>
<tr>
<th></th>
<th>coinsurance</th>
<th>minimum</th>
<th>maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generic</td>
<td>10%</td>
<td>$24</td>
<td>$100</td>
</tr>
<tr>
<td>Formulary</td>
<td>30%</td>
<td>$60</td>
<td>$120</td>
</tr>
<tr>
<td>Non-formulary</td>
<td>40%</td>
<td>$120</td>
<td>No Maximum</td>
</tr>
</tbody>
</table>
Medicare Rx Prescription Benefit (2014)

**Medicare Retirees**

**Retail (up to 90 day supply)**

<table>
<thead>
<tr>
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</thead>
<tbody>
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<td>50%</td>
<td>$40</td>
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**Express Scripts Home Delivery (35-90 day Rxs)**

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<th>maximum</th>
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<td>$60</td>
</tr>
<tr>
<td>Non-formulary</td>
<td>40%</td>
<td>$120</td>
</tr>
</tbody>
</table>

UK Retiree Prescription Benefit

Formularies

- **Pre-65 Retirees**
  - Express Scripts
  - High Performance Formulary

- **Medicare Retirees**
  - Express Scripts
  - Medicare High Performance Formulary

Plan Differences

<table>
<thead>
<tr>
<th>Pre-65 Retirees</th>
<th>Medicare Retirees</th>
</tr>
</thead>
<tbody>
<tr>
<td>90 day limited to Express Scripts Mail Order &amp; UK Retail Pharmacies</td>
<td>90 day allowed at any Medicare Part D Participating Pharmacy – discount only at Mail Order</td>
</tr>
<tr>
<td>Specialty Medications – after 1st fill, subsequent fills at UK Retail Pharmacy or Accredo</td>
<td>Specialty Medications – all fills allowed at any Medicare Part D Participating Specialty provider</td>
</tr>
<tr>
<td>PHARMA Copay Cards Allowed</td>
<td>PHARMA Copay Cards Excluded</td>
</tr>
<tr>
<td>Health Care Reform – Does not apply to Medicare Part D Plans</td>
<td>Health Care Reform – Does not apply to Medicare Part D Plans</td>
</tr>
<tr>
<td>$8 Minimum on Generics per 30 days</td>
<td>No Minimum Copays on Generics</td>
</tr>
</tbody>
</table>
Coverage Differences

Diabetes Testing Supplies
- Pre-65 – Covered on Express Scripts Card
- Medicare Rx – Covered on Red, White, Blue Medicare Card

Medicare B Covered Drugs – Neb Solutions, Transplant Medications, some Oral Chemotherapy
- Pre-65 – Covered on Express Scripts Card
- Medicare Rx – Covered on Red, White, Blue Medicare Card

Part D Excluded Drugs – Vitamins/minerals, Cough and Cold
- Pre-65 – Covered on Express Scripts Card (if Rx, not OTC)
- Medicare Rx – NON-Covered

Shingles Vaccine
- Pre-65 – Covered as Medical or Rx Benefit after age 60
- Medicare Rx – Covered ONLY on Prescription Benefit

UK Medicare Rx Benefit

Express Scripts Medicare (PDP) for the University of Kentucky

- This IS a Medicare Part D Plan
  - Do not enroll in a different Part D or Medicare Advantage Plan
  - Subject to all CMS Medicare D Requirements

Standard Medicare Part D Benefit, Jan 2014

- Catastrophic Coverage
  - 5% Medicare Pays 50%
  - 78% Co-Ins
  - 22% Plan Pay

- Coverage Gap
  - 60% - 85% Medicare
  - 5% - 85% Generic

- Partial Coverage
  - 25% Medicare Pays 75%

- Enrollee Out-of-Pocket Spending
  - Medicaid Part D Benefit

- Total Drug Costs:
  - $4,500 out of pocket
  - $2,910 in Total Drug Costs

- Out Of Pocket = Member copay + Pharma 50%
UK Medicare Part D (EGWP)

- NO Deductible
- Complete Coverage thru the Medicare Gap (aka "Donut Hole")
- Medicare defines Coverage Gap when Total Drug Spend (TDS) = $2850 (2014) increased to $2970 (2015)
- Catastrophic Coverage begins at $4550 for TrOOP for 2014, $4700 for 2015

Enrolling in UK Medicare Rx

- Sign up for Medicare Parts A and B within 3 months of 65th birthday
- Complete Medicare Carveout and Medicare enrollment form with UK HR Benefits
- UK sends file to Express Scripts, who sends on to CMS for processing
- When CMS approved Express Scripts will send letter and Welcome Packet with new ID card
Medicare Part D – TrOOP

- TrOOP = True Out of Pocket
  - Includes Retiree Copay/Coinsurance
  - Includes – PHARMA 50% contribution in GAP

<table>
<thead>
<tr>
<th></th>
<th>Initial Coverage Phase</th>
<th>Coverage Gap Phase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Cost of Rx</td>
<td>$3,000</td>
<td>$3,000</td>
</tr>
<tr>
<td>Member Copay</td>
<td>$60</td>
<td>$60</td>
</tr>
<tr>
<td>PHARMA Contribution</td>
<td>$0</td>
<td>$1,500</td>
</tr>
<tr>
<td>TrOOP</td>
<td>$60</td>
<td>$1,560</td>
</tr>
</tbody>
</table>

UK Medicare Part D (EGWP)

EOB

- Medicare required document
- Sent monthly following any Rx activity

Medicare Part D – LEP

- LEP = LATE ENROLLMENT PENALTY
  - 1% per Month of Standard Medicare D Premium
  - Receive a letter from Express Scripts
  - Documentation of Creditable Coverage
  - UK Benefits Pharmacist can provide Express Scripts with documentation for you IF you were previously covered on UK Prescription plan
Medicare Part D – IRMAA

- IRMAA = Income Related Monthly Adjustment Amounts
  - Paid Directly to Social Security Administration

<table>
<thead>
<tr>
<th>Income (annually)</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>$85,000 or less</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>$85,001 to $107,000</td>
<td>$11.00</td>
<td>$11.00</td>
<td>$12.00</td>
</tr>
<tr>
<td>$107,001 to $150,000</td>
<td>$20.00</td>
<td>$20.00</td>
<td>$31.10</td>
</tr>
<tr>
<td>$150,001 to $214,000</td>
<td>$42.00</td>
<td>$48.10</td>
<td>$55.10</td>
</tr>
<tr>
<td>$214,001 or more</td>
<td>$98.00</td>
<td>$103.60</td>
<td>$119.10</td>
</tr>
</tbody>
</table>

Medicare Part D – LIS

- LIS = Low Income Subsidy
  - Monthly Premium Reimbursement
  - Reduced Copays on Prescriptions

In 2014, you may qualify if you have up to $17,505 in yearly income ($23,595 for a married couple) and up to $13,400 in resources ($26,860 for a married couple).

https://secure.ssa.gov/i1020/start

Medicare Plan – Hospital Observation/ER Visit

Self-Administered Drugs
- Part A (Hospitalization) – only applies if patient is ADMITTED
- Part B will not cover self administered drugs (oral tablets, eyedrops, inhalers, etc)

Patient is charged for full amount of doses given
Reimbursement only available via manual claim form with Part D Prescription plan
Medicare Plan – Hospital Observation/ER Visit

Self Administered Drugs

Medicare A (hospitalization)
- Only covers drugs if ADMIITED

Medicare B
- Does not cover self-administered drugs (includes oral tablets/caps, eye drops, inhalers, etc)

Hospital bills patient for full amount
- Hospital charges for drugs have significant markup

Manual Claim Form to Express Scripts Medicare D plan
- Reimbursement MUCH lower than hospital charge

Hospital bills patient for full amount

Managing Drug Spend

KnowYour Rx Coalition
Pharm-Assist Offering

- Free counseling service via live pharmacists
- Identification of lower cost prescription alternatives
- Contacting physician to facilitate seeking authorization for lower cost alternative therapies
- Educational resources for members – adverse effects, drug interactions and general medication information

(855)-218-5979

Dedicated Clinical Pharmacists
Lucy Wells
Lea Goggin
Carrie Isaacs
Matt McMahan
Allison Russell
Kimberly Bottom
Know Your Rx Pharmacy Services

- New Member Services
- Copay Counseling
- ID Cards
- Savings Opportunities
- Medicare Retiree transition
- Therapeutic/Clinical Information
- Physician Liaison

Know Your Rx Coalition Current Membership

Know Your Rx Coalition

Current Membership

Patent Expiration Landscape

2001-2011: $126 Billion
### Key Brand Drugs Losing Patent Protection

More than $64.3 billion within the next five years

<table>
<thead>
<tr>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>$14.2 Billion</td>
<td>$18.2 Billion</td>
<td>$15.5 Billion</td>
<td>$11.2 Billion</td>
<td>$5.2 Billion</td>
</tr>
</tbody>
</table>

- AcipHex
- Cymbalta
- Dival
- Inviva
- Lidoderm 5%
- Niaspan
- Opana ER
- OxyContin*  
- Reclast/Zometa
- Suboxone SL
- Tenordar
- Actonel
- Avelox
- Celebrex
- Detrol LA
- Evista
- Exforge
- Flostrain 24 FE
- Lumigan 0.03%
- Namenda
- Ortho Tri-Cyclen Lo
- Patanol
- Treanda
- WuMax
- Zypsin tablets

### Generic Discount Program

- $4.00 for 30 day supply
- $10.00 for 90-day supply

- Over 400 generic drugs offered at rates lower than Rx benefit
- Obtain 90-day Rx without using Express Scripts Card to use the discount program (Kroger and Wal-Mart for pre-65 Retirees)
- Let the pharmacist know what other medications you are taking

### 90-day Maintenance Rx

- Do I get 3 months for 2 copays?
- Depends on the cost of the Rx.
- Minimum Copays triple, maximums only double

- UK Retail Pharmacies – non-open to all
- Express Scripts Home Delivery (Mail Order Pharmacy)
- For Medicare Rx (any 90 day participating pharmacy)

- http://www.express-scripts.com
- 1-877-242-1864
- Call Know Your Rx Pharmacists for assistance – we will contact your MD 859-218-5979
- http://www.uky.edu/hr/benefits/other-benefits/faqs-express-scripts-home-delivery

- Where can I get 90-day supplies?
- How do I enroll in the Express Scripts Mail Order Program?
Coupons and Samples

Can SAMPLES COST me MORE in COPAYS?

Coupons/Samples provide low or no-cost first fill
Refills may be more expensive than other lower cost brand or generic alternatives
Products with coupons may be “new” drugs (slightly modified “old” drugs with little or no therapeutic advantage) – Dex, Lev, XR

Market Projection
Rare and Specialty growth

- 2011: 82% Traditional Pharmacy Spend, 18% Specialty Pharmacy Spend
- 2014: 74% Traditional Pharmacy Spend, 26% Specialty Pharmacy Spend

Specialty Rx spend: $11 billion

Sources: Express Scripts Drug Trend Report, MarketScan Commercial Database

Specialty growth in pharmacy and medical

- 2012: 62% Traditional, 20% Specialty Pharmacy Benefit, 18% Specialty Medical Benefit
- 2015: 51% Traditional, 21% Specialty Pharmacy Benefit, 28% Specialty Medical Benefit

Sources: Express Scripts Drug Trend Report, MarketScan Commercial Database
UK Rx Specialty Utilization - 2014

- 1.1% of members use Specialty
  - Commercial Plan: 30% Specialty Pharmacy Spend, 70% Traditional Pharmacy Spend
  - Medicare Retirees: 22% Specialty Pharmacy Spend, 78% Traditional Pharmacy Spend

Direct to Consumer/Physician Marketing

Nasonex
- Copay: $89
- Fluticasone (generic Flonase) $8
- Flunisolide (generic Nasalde) $8
- Nasacort AQ (OTC) ~$12

Nexium
- Copay:
  - Nexium: $121 Pre-65 Plan
    - $60 Medicare Rx (2014)
    - $121 Medicare Rx (2015)
  - Lansoprazole (generic Prevacid) - $8
  - Omeprazole (generic Prilosec) - $8
  - Pantoprazole (generic Protonix) - $8
  - Rabeprazole (generic Aciphex) - $18
  - OTC - Nexium 20mg ~$18
### Medication Copays – Pre 65 Plan

<table>
<thead>
<tr>
<th>Drug</th>
<th>90-Day Supply at Retail Pharmacy (3 x 30 days)</th>
<th>90-Day Supply at Express Scripts Home Delivery Pharmacy or UK Pharmacy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crestor 5 mg Tablets</td>
<td>$288</td>
<td>$206</td>
</tr>
<tr>
<td>Avodart 0.5mg</td>
<td>$219</td>
<td>$155</td>
</tr>
<tr>
<td>Lumigan 0.01% Eyedrops</td>
<td>$178</td>
<td>$126</td>
</tr>
<tr>
<td>Benicar 20mg Tablets</td>
<td>$191</td>
<td>$135</td>
</tr>
<tr>
<td>Nasonex Nasal Spray</td>
<td>$267</td>
<td>$190</td>
</tr>
<tr>
<td><strong>Total Annual Copays</strong></td>
<td><strong>$4,572</strong></td>
<td><strong>$3,244</strong></td>
</tr>
</tbody>
</table>

### Medication Copays – Medicare Rx

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Crestor 5 mg Tablets</td>
<td>$180/$288</td>
<td>$120/$205</td>
</tr>
<tr>
<td>Avodart 0.5mg</td>
<td>$219</td>
<td>$155</td>
</tr>
<tr>
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<td><strong>Total Annual Copays</strong></td>
<td><strong>$4,020/$4,572</strong></td>
<td><strong>$2,904/$3,244</strong></td>
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</table>

### Therapeutic Alternatives - Pre-65 Plan

<table>
<thead>
<tr>
<th>Drug</th>
<th>90-Day Supply at Retail Pharmacy (3 x 30 days)</th>
<th>90-Day Supply at Express Scripts Home Delivery or UK Pharmacy</th>
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<tbody>
<tr>
<td>Crestor 5 mg Tablets</td>
<td>$288</td>
<td>$206</td>
</tr>
<tr>
<td>Atorvastatin 20mg</td>
<td>$24</td>
<td>$24</td>
</tr>
<tr>
<td>Avodart 0.5mg</td>
<td>$219</td>
<td>$155</td>
</tr>
<tr>
<td>Finasteride 5mg</td>
<td>$24</td>
<td>$24</td>
</tr>
<tr>
<td>Lumigan 0.01% Eye Drops</td>
<td>$178</td>
<td>$126</td>
</tr>
<tr>
<td>Latanoprost Eye Drops</td>
<td>$24</td>
<td>$24</td>
</tr>
<tr>
<td>Benicar 20mg Tablets</td>
<td>$191</td>
<td>$135</td>
</tr>
<tr>
<td>Losartan 100mg</td>
<td>$24</td>
<td>$24</td>
</tr>
<tr>
<td>Nasonex Nasal Spray</td>
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<td>$190</td>
</tr>
<tr>
<td>Fluticasone Nasal Spray</td>
<td>$24</td>
<td>$24</td>
</tr>
<tr>
<td><strong>Previous Annual Copay</strong></td>
<td><strong>$4,572</strong></td>
<td><strong>$3,244</strong></td>
</tr>
<tr>
<td><strong>New Annual Copay</strong></td>
<td><strong>$480</strong></td>
<td><strong>$480</strong></td>
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</table>
## Therapeutic Alternatives - Medicare Rx Plan

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<tbody>
<tr>
<td>Crestor 5 mg Tablets</td>
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</tr>
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<td>$25</td>
<td>$9</td>
</tr>
<tr>
<td>Avodart 0.5 mg</td>
<td>$178/$178</td>
<td>$140/$140</td>
</tr>
<tr>
<td>Finasteride 5 mg</td>
<td>$77</td>
<td>$10</td>
</tr>
<tr>
<td>Lumigan Eye Drops</td>
<td>$116/$145</td>
<td>$86/$114</td>
</tr>
<tr>
<td>Latanoprost Eye Drops</td>
<td>$12</td>
<td>$6</td>
</tr>
<tr>
<td>Benicar 20 mg Tablets</td>
<td>$110/$138</td>
<td>$82/$109</td>
</tr>
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<td>Losartan 100 mg</td>
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</table>

**New Annual Copay**  
- $412  
- $372  

Questions?