



# ADDING VALUE

**NATIONAL PREFERRED FORMULARY  
GENERATES SAVINGS  
FOR PLANS AND PATIENTS**



**EXPRESS SCRIPTS®**

**CHAMPIONS  
FOR  
BETTER™**



# UNLOCKING \$10.6 BILLION IN VALUE FOR PLANS

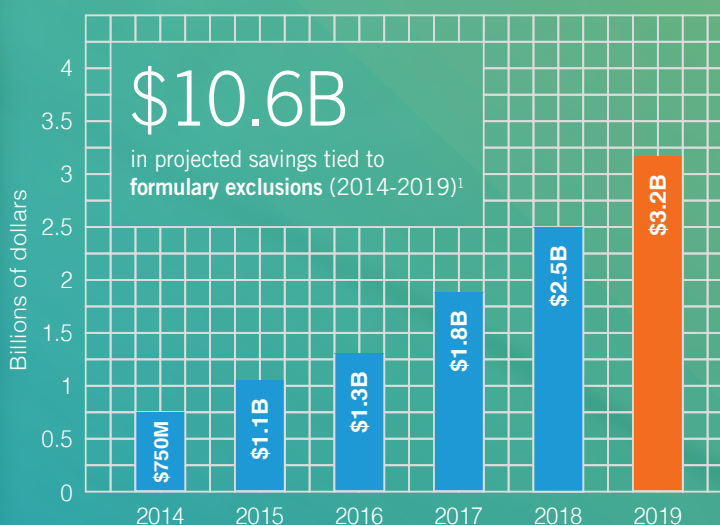


Every year, the U.S. wastes nearly one trillion dollars on unnecessary healthcare spending that provides no added health benefit, such as prescribing a brand drug when a lower-cost generic is available.

To help address this issue, Express Scripts developed the **National Preferred Formulary (NPF)**, a cost-effective, clinically focused formulary with minimal member impact.

By driving members to lower-cost medications, plans enrolled in the NPF have saved an estimated **\$10.6 billion** since 2014, including a projected **\$3.2 billion** for 2019 alone.

## Annual plan savings from NPF



<sup>1</sup> Does not include savings generated from our clinical programs.

### About this report

Express Scripts conducted a retrospective analysis to determine the impact of our formulary development strategy on three key tenets of healthcare – cost, choice and adherence.



### How NPF works

An independent, nationwide Pharmacy & Therapeutics (P&T) Committee of physicians and pharmacists carefully reviews and approves clinical evidence for medications. They recommend which drugs our NPF must include, may include, or must exclude. This P&T review ensures that the NPF gives members access to essential therapies that are clinically effective and safe.

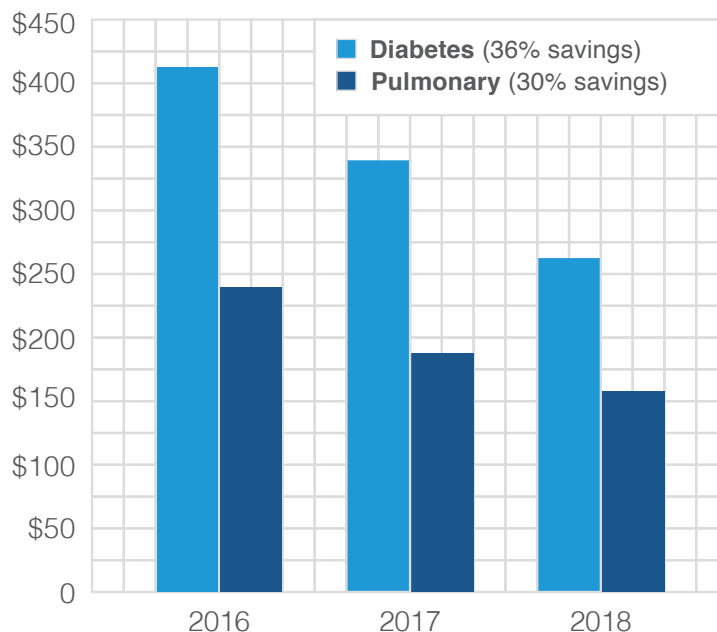
In 2014, the NPF began excluding select medications that do not provide greater clinical value than lower-cost alternatives. The majority of excluded medications are interchangeable with lower-cost alternatives and we work with members' physicians to convert members to preferred medications.



## REDUCING COSTS WITHOUT COMPROMISING CARE

The NPF has had a major role in driving down costs for particular therapy classes. Our analysis shows that from 2016 to 2018, average cost/Rx dropped **36%** for diabetes and **30%** for pulmonary.

### Average Cost Per Rx for NPF Plans



While unlocking new value for our healthcare system is necessary, our number one focus is caring for patients. With a clinical-first approach to formulary development, we also ensure as few members as possible are impacted by any changes.

For certain complex conditions where therapy stability is critical, we automatically “grandfather” patients who are currently taking an excluded medication to ensure their coverage continues.

In addition to formulary exclusions, Express Scripts delivers value by passing approximately 95% of all pharmaceutical purchase discounts, price reductions and rebates back to our core PBM commercial and health plan sponsors and their members.

We will continue to monitor new opportunities to uncover even more value for plan sponsors, members and the entire healthcare landscape. Areas we are exploring include the biosimilar pipeline, potential patent expirations in large specialty classes, and medications traditionally billed under the medical benefit.



EXCLUSIONS IMPACT ONLY **0.2% OF MEMBERS** ON THE NPF





## ENABLING EXCEPTIONS TO THE RULE

In certain cases, a prescribing physician can contact Express Scripts for a formulary exception. If granted based on clinical necessity, the member can continue filling the excluded medication.

Our analysis shows that, of the **less than 1%** of members affected by a formulary exclusion each year, only about **11.8%** seek an exception. Of those, about two-thirds are approved to remain on an excluded product; however, the approval percentage can vary significantly by drug.

Any member denied a formulary exception may appeal the decision with their prescriber. Each year, approximately **13.6%** of members seek an appeal for a denied formulary exception; of those **more than half** are granted approval.

FOR A PLAN WITH **100,000 LIVES**,  
**ONLY 24 MEMBERS** SEEK FORMULARY EXCEPTIONS



## KEEPING MEMBERS ADHERENT AND OUT OF THE ER

Based on our research, plan sponsors lose approximately **\$337 billion** annually in medical costs, lost earnings and lost productivity due to members not taking their medications as prescribed. While there are many different reasons for nonadherence, we have found that **16%** is due to members' concerns about cost.

Many member cost concerns are mitigated by a more tightly managed formulary, such as NPF, which drives patients to lower-cost therapies. Our research shows that a more tightly managed formulary with drug exclusions does not adversely affect member adherence.

**OVERALL ADHERENCE REMAINS CONSISTENT WHEN  
MEMBERS SWITCH TO LOWER-COST MEDICATIONS<sup>2</sup>**

<sup>2</sup> Based on Express Scripts member medical possession ratio.

Affordability, care and member choice are critical priorities for plan sponsors and their members. A carefully crafted formulary can achieve savings with minimal member impact, lead to more favorable medication adherence and reduce wasteful spending. When we help plan sponsors save money on their pharmacy benefit, they're able to invest in other important ways for members.

To learn more about the  
National Preferred Formulary,  
contact your Express Scripts  
account representative.



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