

Managing costs and delivering value for small businesses

# Specialty Medication Plan Design: Coinsurance



## What is a specialty medication?

Specialty medications are designed to address the most complex and life-threatening diseases. In the past several years, specialty medications have moved to the forefront of prescription drug management. Used by less than 1 percent of members, specialty medications account for over 20 percent of pharmacy benefit spend and are the number one driver of pharmacy trend.

## What is the Specialty Medication Plan Design?

The Specialty Medication Plan Design is the administration of a separate copayment or coinsurance for certain specialty medications. This provides members with coverage for important medications, while helping to keep employers' overall costs low.

## How does a tiered approach to specialty drugs help manage costs?

UnitedHealthcare tiers drugs based on clinical and economic factors to determine the best overall health care value. There are many examples of drugs being clinically equivalent, but their costs vary considerably. Having medications in different tiers facilitates two critical cost management outcomes:

- ▶ **Improved drug manufacturer pricing:** Drug manufacturers want to be in the lowest possible tier in order to increase the number of times their drug is prescribed. UnitedHealthcare leverages this objective in contract negotiations to achieve the lowest possible price.
- ▶ **Improved member decisions:** Tiers encourage members to use the lowest cost, highest value options. So when drugs are clinically similar, we want to encourage members, through the plan design, to select the less expensive option. This creates savings for the member and manages costs for the employer.

Without tiering, manufacturers would have no incentive to negotiate for a better tier placement and members would have no incentive to use a lower cost, higher value medication.

## Committed to responsible drug benefit management

With specialty drugs currently representing over 20 percent of UnitedHealthcare's overall pharmacy expenditure, and averaging \$1,900 per prescription, the new Specialty Medication Plan Design will allow us to continue our commitment to health care programs that better meet the needs of employers and plan members who entrust us with their health coverage.

## How is the program different from other specialty medication plans?

While our many competitors simply place all specialty medications in a high-cost fourth tier, UnitedHealthcare's specialty medication program uses a multi-tiered approach to lower manufacturer drug pricing and encourage better member decisions.

## What are the key advantages of the Specialty Medication Plan Design?

The program offers employers a better option for managing health care costs by encouraging employees to work with their physician and UnitedHealthcare resources to find the lowest cost specialty medications available to them. Employees continue to receive specialty medication access and support from our integrated clinical team as well as easy access to information regarding pharmacy benefit options and costs through customer care and myuhc.com®.

## Specialty Medication Sample Plan Design: Coinsurance

	Non-Specialty Medication (Approximately 99% of prescriptions)	Specialty Medication – Coinsurance Plan Design (Approximately 1% of prescriptions)
Tier 1	\$15	\$15
Tier 2	\$35	20%
Tier 3	\$60	25%

\*All numbers are for illustrative purposes only and may not represent actual plan designs.

## Specialty Medication Sample Plan Design example: Coinsurance

Condition	Specialty Rx	Tier	Prescription Drug Cost	Cost to Member
Multiple Sclerosis	Betaseron kit	2	\$2,281	\$456 (20% Coinsurance)
Rheumatoid Arthritis	Humira pen kit	3	\$1,545	\$386 (25% Coinsurance)

\* All numbers are for illustrative purposes only and may not represent actual plan designs or prescription drug costs. Deductibles may apply depending on plan design. Please refer to your benefit plan for more information. All Specialty Medications are available through a UnitedHealthcare Designated Specialty Pharmacy Network in a 31-day supply.

## Building plans for better health care

The separate specialty coinsurance enables UnitedHealthcare to better manage pharmacy costs, a necessary improvement that enhances the long-term strength and affordability of our insurance offerings. Ultimately, this helps us keep health care premiums as low as possible while continuing to provide your employees and their families with access to the quality health care they deserve.

**Please contact your broker or UnitedHealthcare representative for more information.**



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