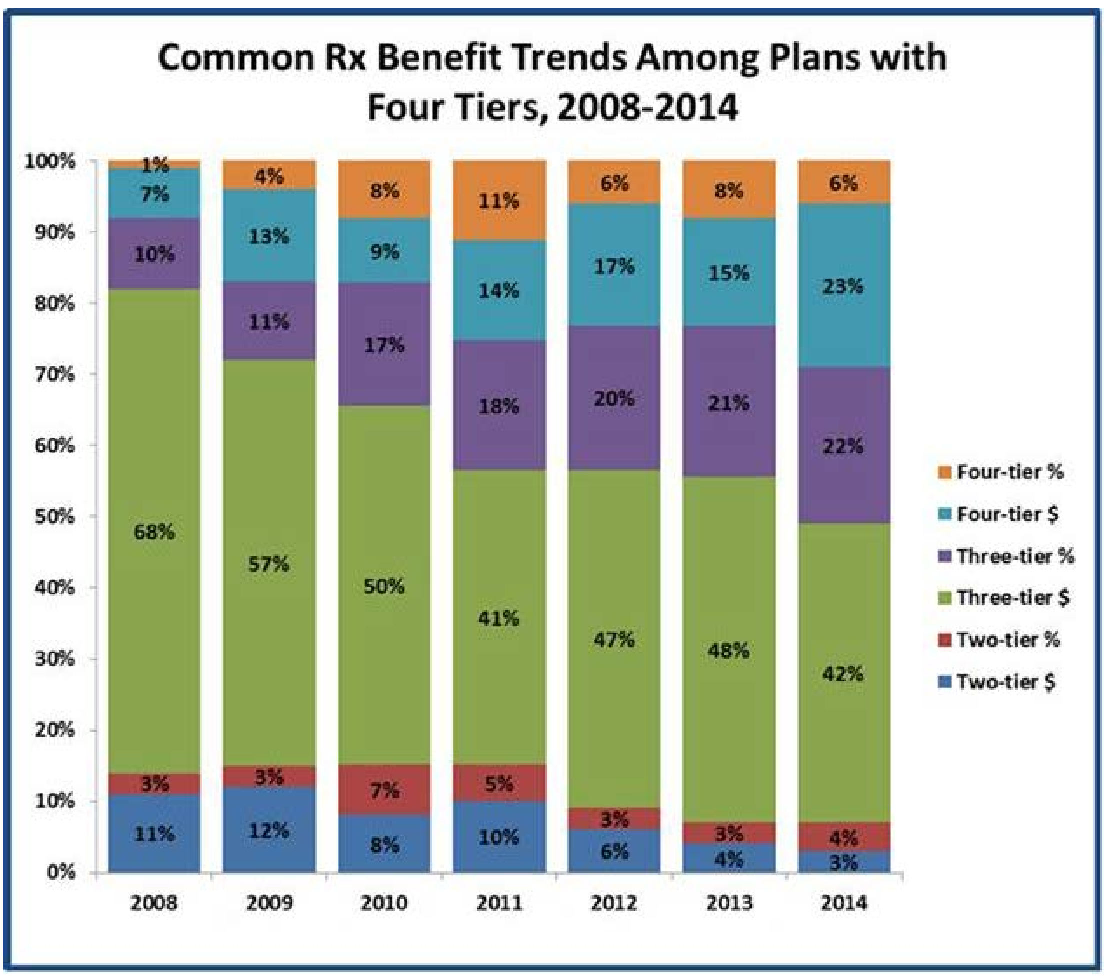
Use of Four-Tier Rx Benefits Continues to Rise

According to a recent national employer survey conducted by the Pharmacy Benefit Management Institute (PBMI) 42% of respondents employ a three-tier copayment structure, compared with nearly half of plans reporting last year and 68% of plans in 2008 (see chart). Meanwhile, 23% of plans say they use four copay tiers, which typically feature specialty drugs on the fourth tier, up from 15% just one year ago. This trend from three tiers to four tiers is not surprising as the cost of complex specialty medications continues to increase at double-digit rates every year. The introduction of a fourth tier to deal with these high cost and emerging medications is one of many techniques employers are embracing to fend off the skyrocketing costs.



Note: 2012 and later data are based on plan design for retail 30 fills. Plans with "other" cost-sharing structures and one tier or more than four tiers are excluded from the percentage calculations in all years. $ = fixed dollar amount per prescription.

The 2014-2015 Prescription Drug Benefit Cost and Plan Design Report, sponsored by Takeda Pharmaceuticals U.S.A., is based on a survey of 353 employers representing 29.5 million members. Smaller employers, defined as those with 1 to 5,000 covered enrollees including employees/retirees and dependents, made up 53% of the sample, while the other 47% of respondents had covered lives ranging from 5,001 to more than 10,000.

Specialty drug cost sharing tends to vary widely, with copayments ranging from $20 to $500 in 30-day retail programs. PBMI suggests this is an important observation because high cost-sharing levels for specialty drugs (e.g., those in the range of $100 to $250, depending on the therapy class) “may discourage the filling of prescriptions for necessary medication.” The survey also showed that member share of specialty cost is declining for example, members on average paid 13% of the total claim cost of specialty medications in 2013, compared with a 17% cost share in 2010 – but suggested that may not represent a trend so much as it “likely reflects the rapidly rising costs of specialty medications.”

As a result, these findings highlight the significance of management strategies such as utilization management, reimbursement management, and patient assistance programs as they pertain to the specialty drug benefit.

Comprehensive and integrated pharmacy management techniques are needed to help employers and plan sponsors deal with the combination of rising generic drug costs, the influx of specialty medication, and the emergence of new high-tech medicines being introduced to the market. Conner Strong & Buckelew can help employers and plan sponsors deal with these issues in a methodical way. For assistance with global pharmacy management, contact your Conner Strong & Buckelew account representative.

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