

PRESS RELEASE

Cost-Sharing and Prior Authorization Rates Differ between the Medical and Pharmacy Benefit

Despite a plurality of payers reporting a disparity in cost-sharing levels and prior authorization rates for agents covered on the medical versus the pharmacy benefit, there is little attempt to reconcile the issue.

Millburn, NJ – January 10, 2012: Payers report that both prior authorization rates and cost-sharing amounts tend to be lower for medical benefit agents than for those agents managed on the pharmacy benefit. However, less than one-third of payers apply any one action to address the cost-sharing disparity between medical and pharmacy benefit drugs, while 35% of payers do nothing at all. Furthermore, nearly half of payers admit to doing nothing to address the disparity in prior authorization rates. Payers hold patient cost-sharing consistent for 30-day supplies of pharmacy benefit drugs, though this is not the case for medical benefit drugs, for which patient costs frequently vary by dose frequency or quantity. For agents with multiple routes of administration, 62% of payers split management between the medical benefit (IV formulation) and pharmacy benefit (subcutaneous formulation).

According to The Zitter Group's Fall 2011 *Managed Care Biologics and Injectables Index*, payers are more likely to implement prior authorizations to disadvantage drugs with Risk Evaluation and Mitigation Strategy (REMS) programs relative to drugs without REMS programs in place. To further reduce waste and save on costs, nearly 40% of payers currently require short-cycle dispensing for high-cost specialty medications, and another 15% intend to require short-cycle dispensing within 12 months.

The *Managed Care Biologics and Injectables Index* surveys approximately 100 managed care decision-makers to explore a wide range of issues surrounding payer management of biologics and injectables. This newest edition has an expanded look at contracting partnerships and dynamics, cross-benefit management, patient cost-sharing, and access restrictions, including REMS program impact and short-cycle dispensing. Key highlights from this most recent study include:

- Nearly 50% of the time, payers themselves are not primarily responsible for manufacturer contract negotiations; that responsibility falls to PBM / SPPs
- While ASP is now the primary reimbursement methodology for physicians and treatment centers, AWP still holds a majority share with SPP contracts
- A majority of payers requires prior authorization across all products in all specialty categories, though only in human growth hormones does at least a plurality of payers focus on driving preferred product utilization
- In the hepatitis C category, only 7% of payers currently prefer either Incivek or Victrelis, and 65% of payers do not intend to prefer either therapy in the near term
- Payers believe hepatitis C agents are significantly less differentiated by price net of rebates and discounts and more differentiated by efficacy than agents for hemophilia, immunodeficiency, and rheumatoid arthritis
- A majority of payers manages immunodeficiency IG agents on the medical benefit, subcutaneous formulations included
- Of the 78% of payers that prefer certain rheumatoid agents, a majority advantages Humira and Enbrel

ABOUT THE ZITTER GROUP

The Zitter Group is a business intelligence firm that assists life science companies with issues related to product access, reimbursement, and managed markets. Founded in 1989, The Zitter Group provides data-driven business insights derived from the nation's largest payer research panel. The company produces the largest and most detailed database on prior authorization policies, several of the largest syndicated studies on payer management of specialty and oncology drugs, and the only service tracking messages account managers provide to payers. For additional information on The Zitter Group, please visit <http://www.zitter.com>.

ABOUT THE MANAGED CARE BIOLOGICS AND INJECTABLES INDEX

The *Managed Care Biologics and Injectables Index* is the largest and longest running quantitative assessment of managed care market dynamics affecting biologic and injectable therapies. This semi-annual, multi-client study surveys approximately 100 top payer decision-makers to explore a wide range of payer management issues, including physician reimbursement, prior authorization, patient cost-sharing, specialty pharmacy, biosimilars, cross-benefit management, innovative contracting, copay assistance, and category-specific market dynamics.

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Are you an MCO professional interested in participating in The Zitter Group's research studies? Please contact Linda Dordevic at ldordevic@zitter.com for more information.

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