

Guide to the 2017 Covered Drug List

Rising drugs costs are a problem for everyone, not just those who take them. To lessen the impact of high-cost drugs on its members, Blue Cross and Blue Shield of Louisiana will change the way it covers some drugs starting Jan. 1, 2017.

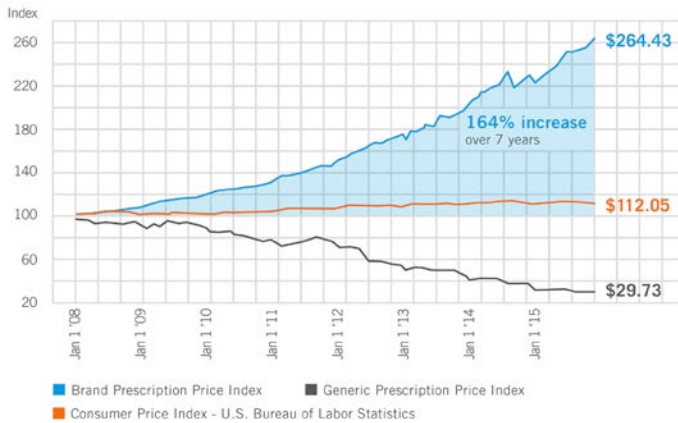
Trends that are driving changes in drug coverage nationwide.

Rising specialty drug costs.

Specialty drugs treat complex, chronic and/or life-threatening conditions. Specialty drugs account for few drugs and treat few people, yet make up a large portion of the cost.



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Drug companies making dramatic and sudden price changes.

The average price for the most commonly used brand-name drugs has increased 164% since 2008, while generic drug prices have continued to decline.

Due to manufacturer price hikes, a common brand-name drug that cost \$100 in January 2008 costs more than \$264 in December 2015. In the same time-frame, a common generic medication dropped in price from \$100 to \$29.73.

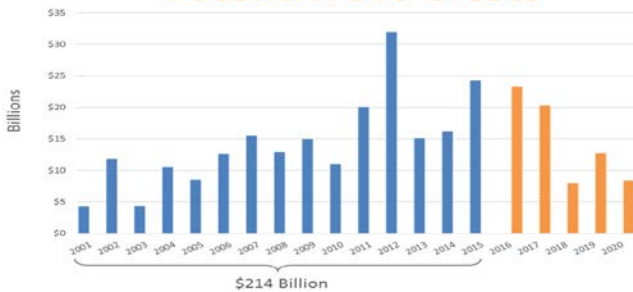
In contrast, a market basket of household goods that cost \$100 in January 2008 grew to only \$112.05 at 2015's end.

Coupon and copay savings' long-term effects.

Coupon and copay savings programs offer drastic manufacturer discounts for the patient. But they hide the true billed cost, do not reduce the cost of the drug to the payer and incent patients to choose more expensive drugs over lower-cost alternatives. This neutralizes the effect of an open, tiered pharmacy benefit. Drug coupons have long-term financial consequences by shifting dollars to premiums and inflating rates for everyone.

Drug companies spend \$4 Billion on Coupons	Drug coupons exist for 700 Drugs
60+% of brand drugs with coupons had lower cost options	

Patent Wave Crests



The generic pipeline is dwindling.

The number of drugs losing patent and moving from high-cost brands to lower-cost generic equivalents is declining. This means there are fewer drugs dropping in price to offset the large number of brand drugs with consistently high price increases.

References: Blue Cross and Blue Shield of Louisiana Claims Data | Express Scripts 2014 & 2015 Drug Trend Reports
Pharmaceutical Care Management Association, 2016 | Kaiser Family Foundation

Selecting the Drugs We Cover

Blue Cross and Blue Shield of Louisiana will start 2017 with a new covered drug list for non-grandfathered individual and non-grandfathered small group (2-50) plans. To us, this is called a closed formulary; to our members, this is simply **a list of covered drugs** for their plan. The move is an effort to control drug costs, which affect premiums.

What is on the new covered drug list?

The new covered drug list includes thousands of generic and brand drugs. There will be covered drug options on the list that may treat their health problems. The new covered drug list helps members get the covered drugs they need to manage their health and keeps costs down.

Who decides what drugs are on the list?

Blue Cross developed the list under the guidance of our Pharmacy and Therapeutics Committee, a group of independent Louisiana doctors and pharmacists who review safety, efficacy and cost information to help us make decisions.

Are we alone?

No, Blue Cross joins other health plans, including many Blue plans, across the nation in this trend of being more selective in the drugs they cover to lower drug costs.

Why are we making this change?

The goal of Blue Cross' pharmacy coverage is to give members a wide range of drugs that are safe, effective and affordable. A more compact drug list makes pharmacy benefits more affordable and slows the rate of premium increases. For some time, our group employers and individual members have asked us to hold the line on skyrocketing healthcare costs, including prescription drug costs. This is one major step forward in meeting that need.

Two things members should do to get the most out of their benefits:

- 1) Check to see if the drugs they take are on the drug list. Go to bcbsla.com/pharmacy for the list of covered drugs. The list will be online Nov. 1, 2016.
- 2) Talk to their doctors about switching to a drug that is on the list, if needed.

If an individual or small group member fills a prescription for a drug that is not on the covered drug list:

- If members fill a prescription for a drug that is not on the covered drug list, they could have to pay the full cost of the drug out of pocket.
- For the first 90 days after their renewal or effective date, members may get a one-time fill (up to a 30-day supply) of a drug that is not on the covered drug list. Then he or she will get a letter from Express Scripts telling them that the drug will not be covered next time. The member's doctor will get a similar letter.

If a member cannot take any of the covered drugs:

- If there is a medically necessary need for a drug that is not on the covered drug list, doctors may request coverage.
- Certain criteria must be met before the drug may be covered. If those criteria are not met, the member will have to fill a covered alternative or pay full price for a drug not on the list.

Member Communications:

We will reach out to members to make sure they know about the new covered drug list changes before they happen and what they can do to keep from getting surprised at the pharmacy. Members should watch for more information to come in the mail.

Go to bcbsla.com/pharmacy for more information.
