



State of Wisconsin  
Department of Employee Trust Funds  
Robert J. Conlin  
SECRETARY

801 W Badger Road  
PO Box 7931  
Madison WI 53707-7931

1-877-533-5020 (toll free)  
Fax 608-267-4549  
etf.wi.gov

## Correspondence Memorandum

**Date:** June 27, 2016  
**To:** Group Insurance Board  
**From:** Jeff Bogardus, Manager of Pharmacy Benefit Programs  
Office of Strategic Health Policy  
**Subject:** Pharmacy Benefits - Preferred Insulin Products at Cost-Share Level 1

**This memo is for informational purposes only. No Board action is required.**

With the 2016 implementation of the 20% coinsurance (\$50 maximum) for Level 2 drugs, ETF staff were concerned that the increased out-of-pocket costs could lead to non-adherence among diabetic members. Preferred insulin products covered on our formularies have traditionally been placed at Level 2, due to their higher cost. The average total cost for a preferred insulin product in 2016 is just over \$660 per fill, which means members will pay the \$50 maximum cost-share. In 2015, the member cost share for preferred insulin products was \$15 per fill.

ETF has re-examined this issue, due to the number of members affected and the number of member complaints. Staff were specifically interested in the effect of the members' \$35 increase in cost-sharing from 2015 to 2016 and analyzed insulin adherence and the potential medical costs incurred due to a patient's non-adherence to an insulin regimen.

Insulin utilization data from Navitus indicated that in 2013, 2014 and 2015 there was a gradual increase in both the number of prescriptions filled and the number of utilizing members from one quarter to the next in a given year. However, for 2016, there has been a relatively drastic decline in the number of prescriptions filled (-8.96% decline) and utilizing members (-4.55% decline). It is likely this decline reflects a mix of both members who are rationing their insulin, and members who have stopped using their insulin altogether.

Staff also reviewed available studies, including the [Impact of Medication Adherence on Hospitalization Risk and Healthcare Costs](#) study that utilized detailed medical cost data to evaluate the impact of cost sharing on non-adherence. The studies reviewed

Reviewed and approved by Lisa Ellinger, Director, Office of  
Strategic Health Policy

Electronically Signed 7/5/16

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indicated that associated medical costs increase as adherence decreases and it was broadly accepted throughout the studies that 20% to 40% of all diabetics in a plan are non-adherent. Applying these findings to our membership, staff concluded that if 20% of our population was only moderately non-adherent (i.e. rationing insulin as opposed to not taking it at all), associated medical costs could increase nearly \$2 million with diabetes alone, and nearly \$8.8 million with comorbidities, such as hypercholesterolemia and hypertension.

As a result of these findings, ETF worked with Navitus to implement a change to the cost-share level for preferred insulin products. Effective August 1, 2016, the preferred insulin products listed below will be placed at cost-share Level 1 (\$5 copayment) on the Navitus commercial and MedicareRx formularies. They are being moved from cost-share Level 2 (20% coinsurance with a \$50 maximum).

- Lantus
- Novolin
- Tresiba
- Levemir
- Novolog

The insulins listed above represent products that are currently considered preferred insulins; Navitus receives favorable discount and rebate terms from these manufacturers (Novo Nordisc and Sanofi). This list also covers the full range of insulin types – from rapid-acting to long-acting – since many diabetics use various types of insulins. Staff estimates that with this change, the group health insurance programs could incur a cost of approximately \$1.1 million as a result of the following:

- The lower cost share for members who already utilize the preferred insulins listed above.
- The migration of members from non-preferred insulins to comparable preferred insulins.

Lowering the member copay for preferred insulin products, should improve member health and adherence and avoid preventable medical costs related to non-adherence.

Navitus and staff are working closely to communicate this formulary change to members, health plans, clinics and individual providers. In addition, staff will evaluate the effect of this change by continuing to track the adherence of our diabetic population. Navitus' Clinical Programs staff have developed a baseline measurement of our population's insulin utilization, which will be used to compare future utilization in late 2016 and onward.

Staff will be at the Board meeting to answer any questions.