Electronic Prior Authorization (ePA):

Where We've Been, Where We're Going and What It Means to Pharmacies

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Agenda

- PA Today
  - Definition
  - Workflow
  - Impact
  - Current Automation
- Vision for ePA
- Current Situation
  - NCPDP Script
  - State of the States
  - Current Landscape
- Where it's all going
  - Alerting Prescribers that PA Required
  - Proposed Alternative Workflows
    - LTC
    - Pharmacy
    - Specialty

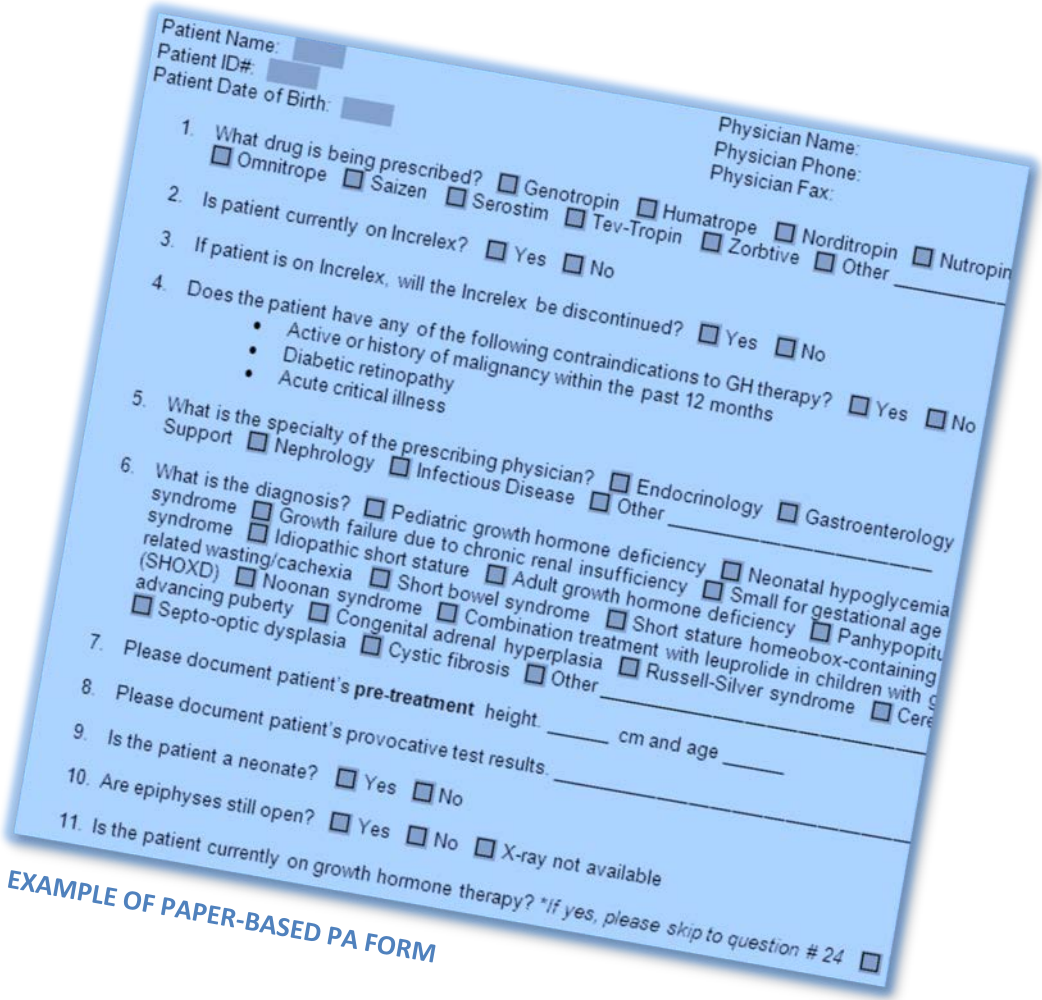
Learning Objectives

- Understand how prior authorization affects patients, prescribers and pharmacies.
- Describe the history of electronic prior authorization (ePA) and its value to constituencies.
- Describe factors driving the adoption of ePA.
- Explain how ePA works and what is needed to improve its utilization.
- Understand how the SCRIPT standard works to support ePA and its adoption status.

Defining Prior Authorization

Prior Authorization is a cost-savings feature that helps ensure the safe and appropriate use of selected prescription drugs and medical procedures.

- Criteria based on clinical guidelines and medical literature
- Selection of PA drug list and criteria can vary by payer



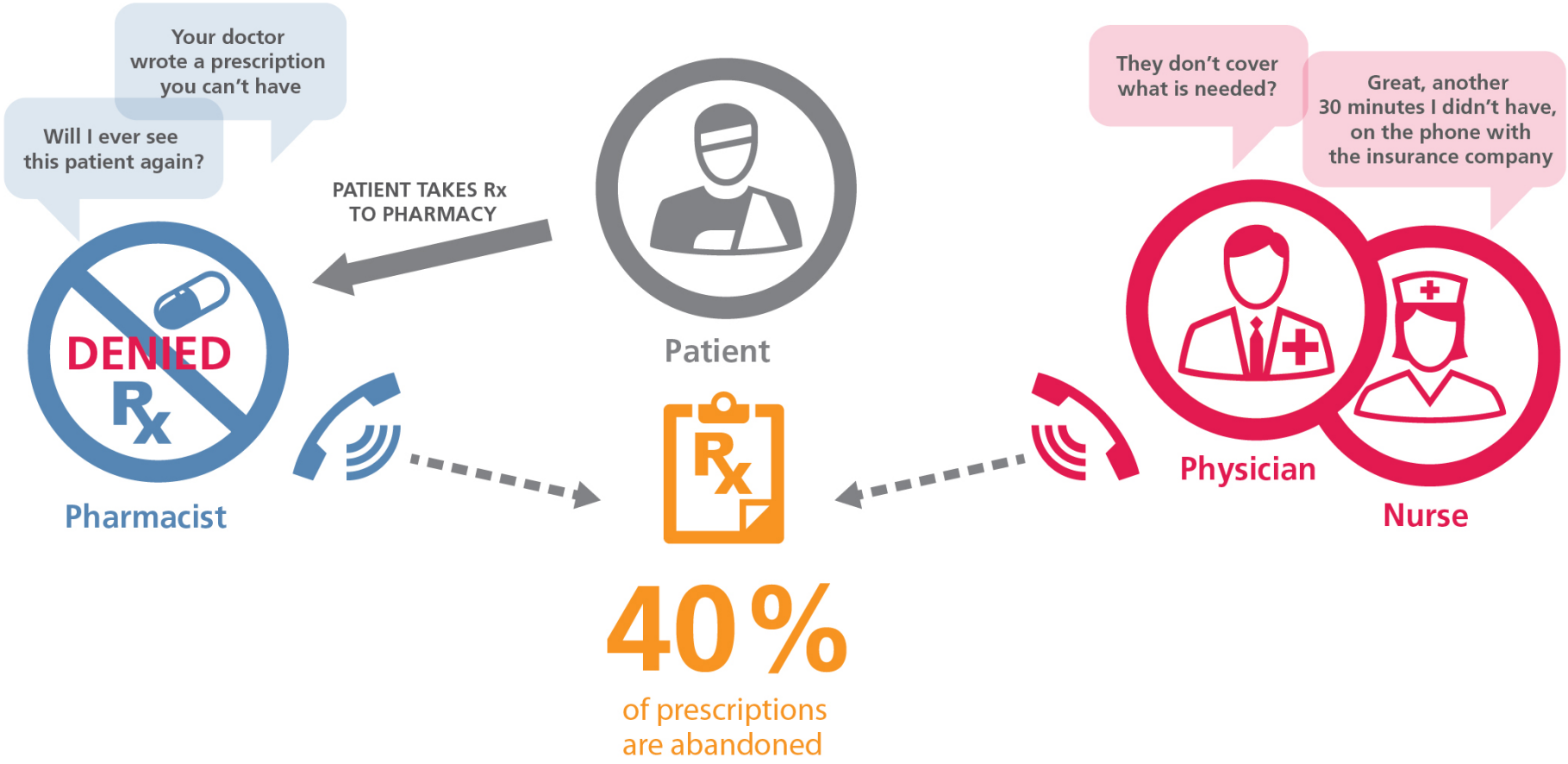
Patient Name:
Patient ID#:
Patient Date of Birth:

Physician Name:
Physician Phone:
Physician Fax:

1. What drug is being prescribed? ☐ Genotropin ☐ Humatrope ☐ Norditropin ☐ Nutropin ☐ Omnitrope ☐ Saizen ☐ Serostim ☐ Tev-Tropin ☐ Zorbtive ☐ Other _____
2. Is patient currently on Increlex? ☐ Yes ☐ No
3. If patient is on Increlex, will the Increlex be discontinued? ☐ Yes ☐ No
4. Does the patient have any of the following contraindications to GH therapy? ☐ Yes ☐ No
   - Active or history of malignancy within the past 12 months
   - Diabetic retinopathy
   - Acute critical illness
5. What is the specialty of the prescribing physician? ☐ Endocrinology ☐ Gastroenterology ☐ Nephrology ☐ Infectious Disease ☐ Other _____
6. What is the diagnosis? ☐ Pediatric growth hormone deficiency ☐ Neonatal hypoglycemia ☐ Growth failure due to chronic renal insufficiency ☐ Small for gestational age ☐ Idiopathic short stature ☐ Adult growth hormone deficiency ☐ Panhypopitu ☐ Noonan syndrome ☐ Short bowel syndrome ☐ Short stature homeobox-containing ☐ Congenital adrenal hyperplasia ☐ Combination treatment with leuprolide in children with ☐ Cystic fibrosis ☐ Russell-Silver syndrome ☐ Cere ☐ Other _____
7. Please document patient's **pre-treatment** height _____ cm and age _____
8. Please document patient's provocative test results _____
9. Is the patient a neonate? ☐ Yes ☐ No
10. Are epiphyses still open? ☐ Yes ☐ No ☐ X-ray not available
11. Is the patient currently on growth hormone therapy? *If yes, please skip to question # 24* ☐

EXAMPLE OF PAPER-BASED PA FORM

Current manual prior authorization



Prior Authorization Impacts All Healthcare

PHARMACY HASSLE

•Pharmacy must call prescriber's office, and sometimes the plan

Pharmacy

PATIENT HASSLE AND TREATMENT DELAY

- PA unknown until patient has already left office
- Treatment might be delayed for days

Patients

PRESCRIBER HASSLE AND DISRUPTION

- Call back from pharmacy, must call plan, wait for faxed form, completes form and sends it back
- Turnaround time can be 48 hours or more

Prescribers

Prior Authorization Impact

PHARMACEUTICAL OBSTACLES

- Delayed and abandoned prescriptions
- Extensive outlay for physician and patient administrative assistance

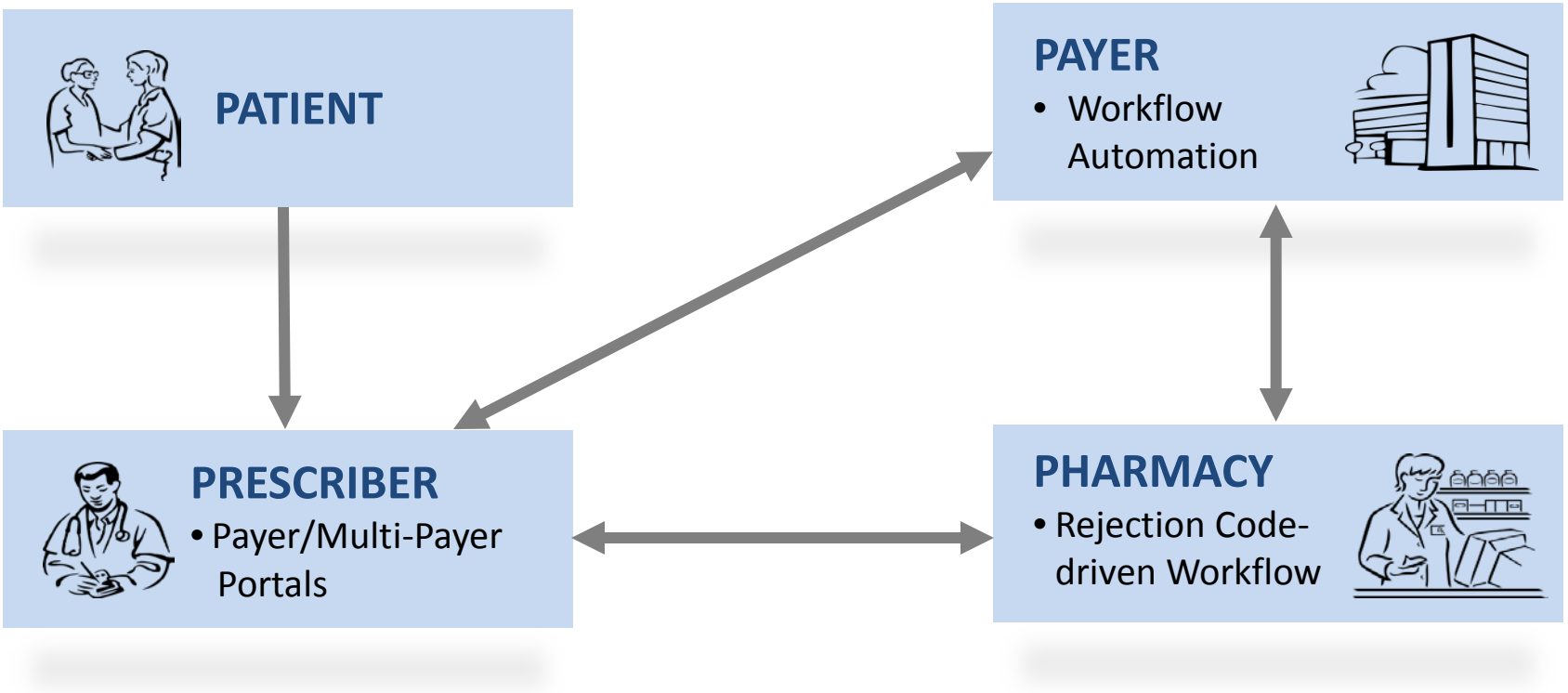
Pharmaceutical Co.

PBM/HEALTH PLAN INEFFICIENCY

- Expensive and labor intensive process that creates animosity

PBM/ Health Plan

Interim PA Automation (non-ePA)



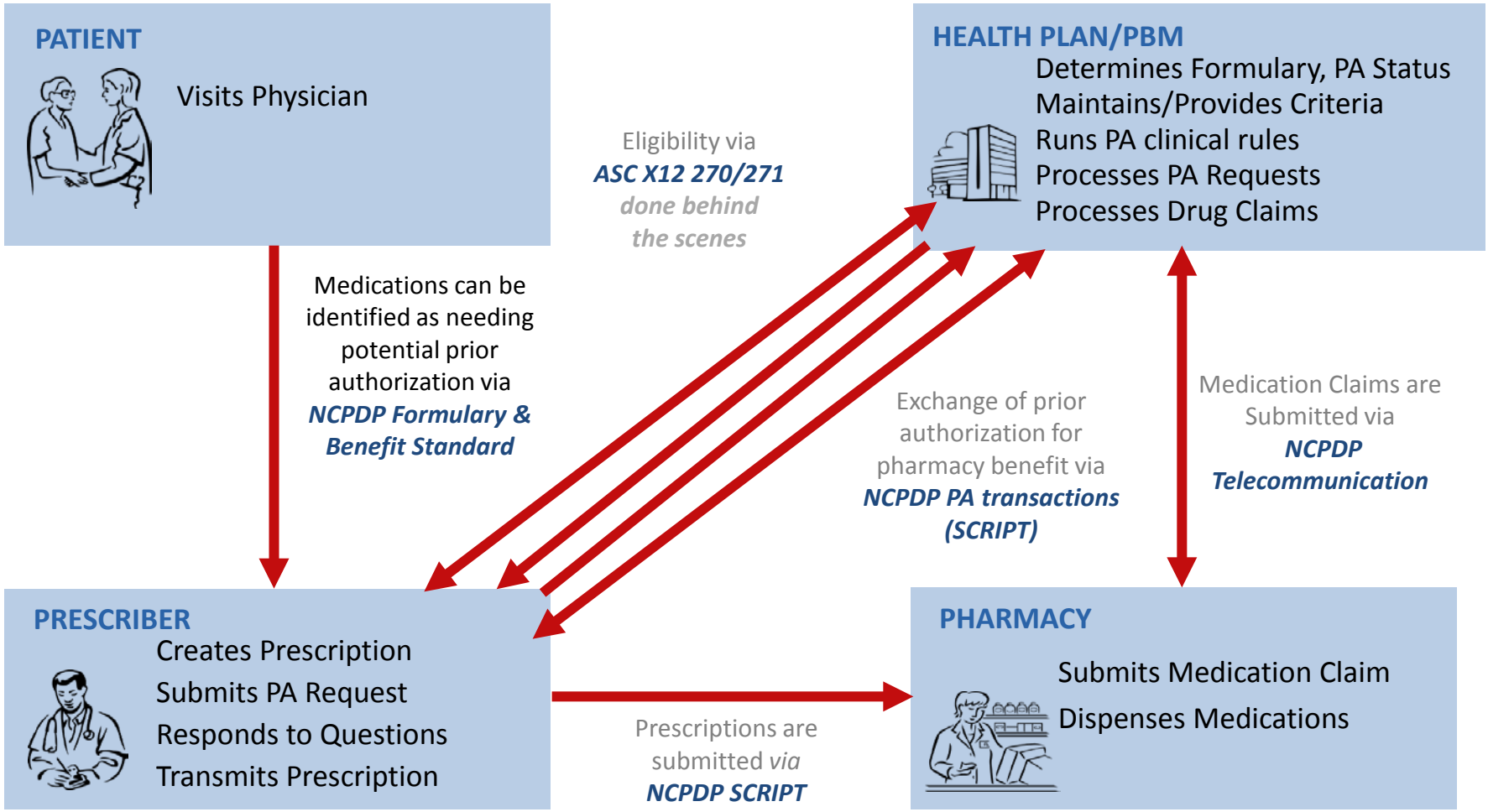
Until today, automation largely replicated the paper process requiring duplicate entry of information.

Gaps in Current PA Activities

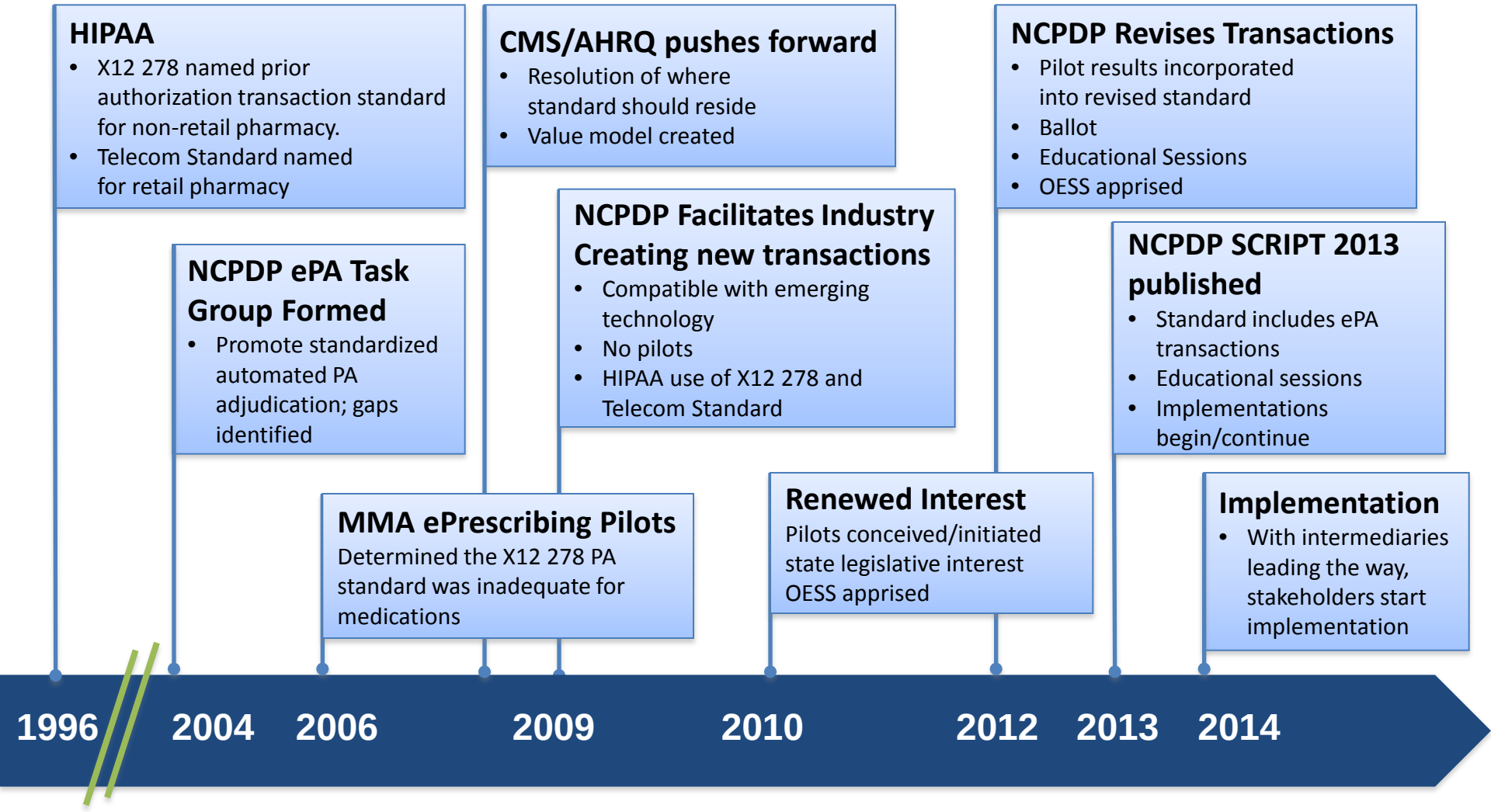
- Drug requiring PA flagged in only 30% - 40% of the cases.
- Criteria not residing within EHR or visible to physician
- Does not automate the entire process – various workarounds that may or may not meld together
- Paper forms and portals require manual reentry of data that may already reside electronically within an EMR
- Multiple routes to obtain PA depending on health plan, drug, pharmacy, and patient combination

A Closer Look at the ePA Process

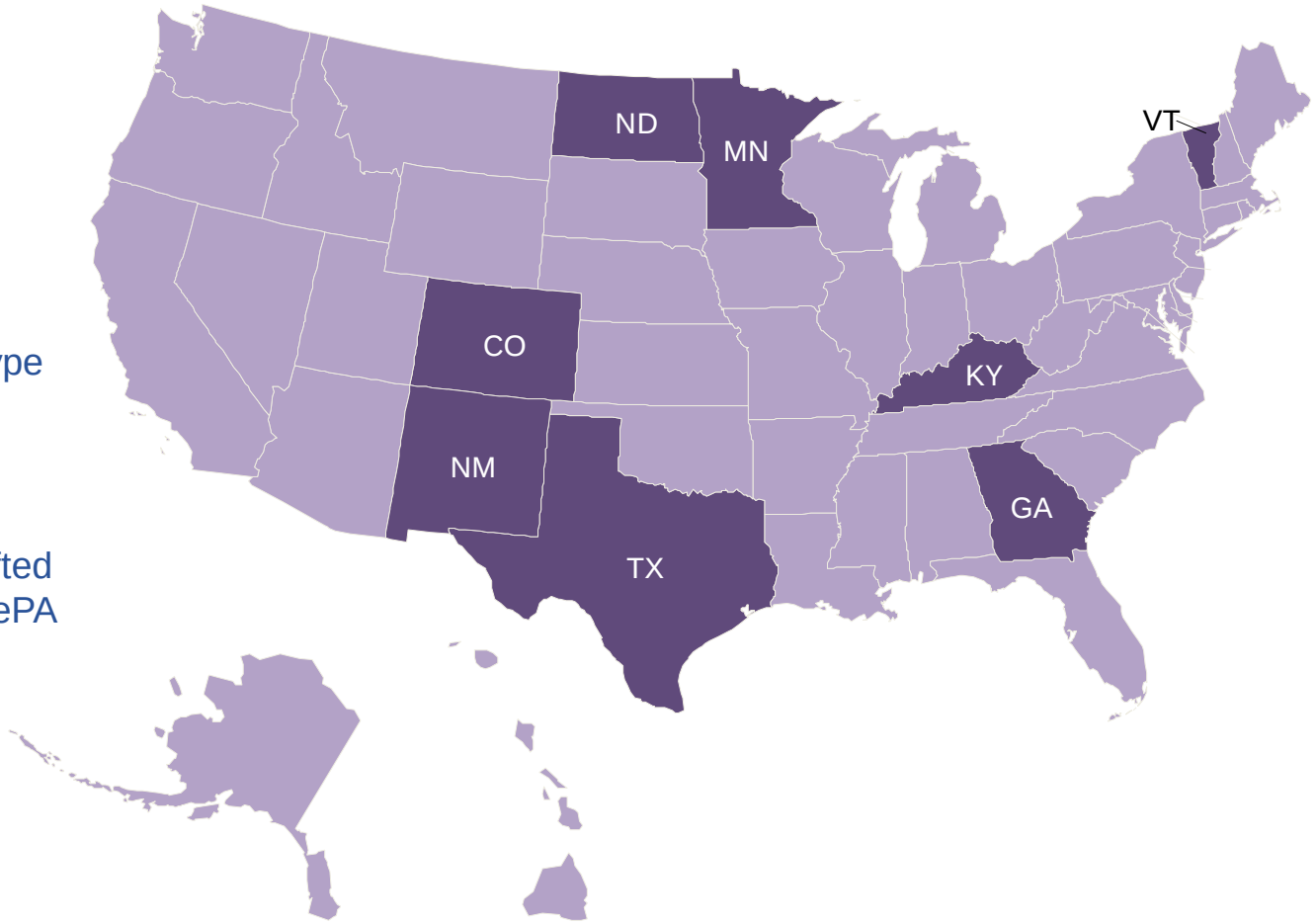
for the Pharmacy Benefit using SCRIPT Standard



Electronic Prior Authorization History



- Eight states have mandates for some type of ePA
- Other states require uniform PA forms
- Numerous states drafted study laws, planning ePA mandates upon completion

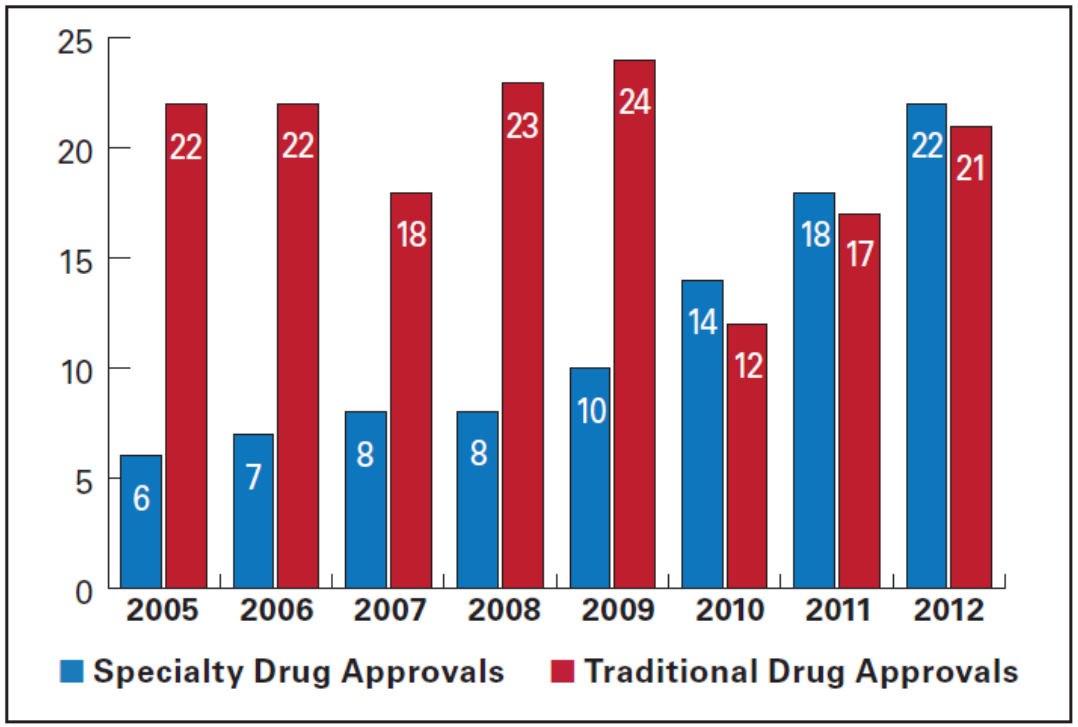


Drug Pipeline

Specialty medications are a growing segment of the nation's drug spend

- More than 50% of the drugs in the pipeline are considered specialty medications, 95% of which require PA
- Recent studies project that specialty drug spending will increase 67% by 2015 and nearly half of all prescription drug sales will be for specialty medications by 2016

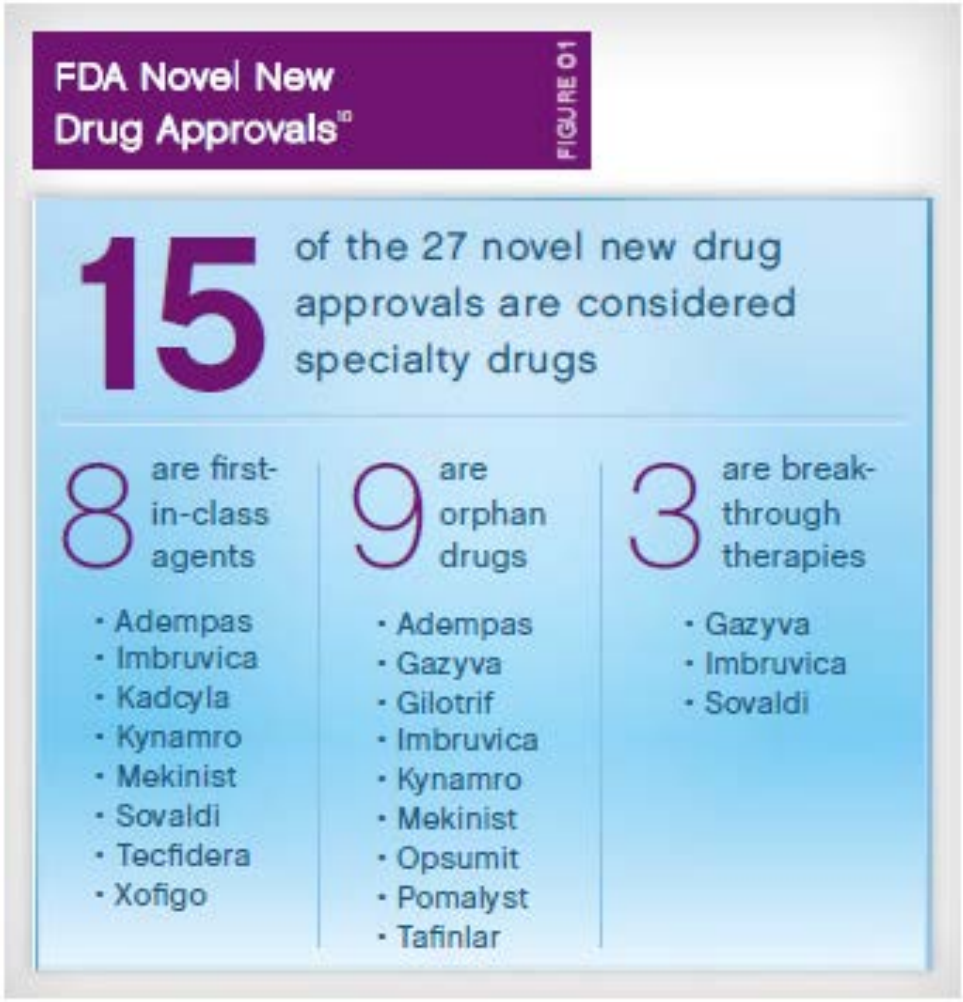
FDA Traditional & Specialty Drug Approvals, 2005-2012



Source: Medical Cost Trend: Behind the Numbers 2014,"PricewaterhouseCoopers Health Research Institute. June 2013. Figure 6.

Specialty medications continue to grow

- Drivers include:
  - Growing elderly population
  - Growing population of patients with chronic conditions



Rapidly Evolving Landscape

Physicians' Office

EHRs

- Allscripts[2]
- DrFirst (262 EHRs) [2]
- NewCrop (202 EHRs) [#]
- Epic
- Cerner
- eClinicalWorks
- NextGen
- GE
- Greenway
- ~200 Others

CoverMyMeds

Portals

- Multi-Payer (Navinet, CoverMyMeds)
- Pharma-branded Portal (AssistRx, Therigy)

[2]Publicly announced

Content Development

- Hearst/FDB - Wolters Kluwer
- Goldstandard - Cerner/Multum
- Micromedix

INTERMEDIARY

Transaction Processing/ Acceleration

- Surescripts
- CoverMyMeds
- LDM Group
- RelayHealth[1]
- Emdeon[1]
- CenterX
- Weno Exchange

[1]Claims rejection process only

PBM/PAYER

Workflow Solutions

- Pega Systems
- Agadia
- CoverMyMeds
- MedHok
- Novoloigix
- Proprietary

PHARMACY

Rejected Claims Capture Worlflow

- CoverMyMeds
- Armada

Where is ePA going?

Better identification of drugs that require PA

- Enhance input into F&B file
- Is it time for a pre-adjudication transaction?

Effort to standardize the pharmacy claims rejection process

- Need to keep pharmacy in the loop

Improved process for long-term care

Consideration of pharmacy- or hub-initiated standardized process

In Conclusion

- The time is right for standardized electronic prior authorization
  - Standards have been developed and are being implemented
  - States have mandated the process
  - The drug pipeline is dominated by specialty, 95% of which require PA
- While pharmacy's role in the dominant vision is minimal…
  - It'll take us years to get to that point – pharmacy will continue to be involved in the interim
  - There are situations where pharmacy-initiated ePA will be appropriate – the industry needs to be prepared

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Assessment Questions

1. On average, what percentage of PA-requiring Rxs have a PA submitted?
   a. 5%
   b. 15%
   c. 27%
   d. 62%

2. What percentage of PA eligible Rxs are lost today?
   a. 12%
   b. 22%
   c. 66%
   d. 88%

Assessment Questions

3. What does ePA allow the provider to do?
   a. Electronically request or be presented with a PA question set.
   b. Return the answers to the payer and receive a real-time response.
   c. Utilize a network or direct connection to enable bi-directional communications and real-time responses.
   d. All of the above.

4. Does the SCRIPT standard for ePA support both a solicited and unsolicited model?
   a. Yes
   b. No

Assessment Questions

5. Which of the following states have not mandated ePA in some form?
   a. Minnesota
   b. Georgia
   c. Michigan
   d. Ohio
   e. Colorado