The Paradox of Choice

Providing the “right” amount of choice in pharmacy benefits can improve health outcomes and reduce costs

When it comes to their health care, Americans demand choice. But with choice comes complexity. As payors and pharmacy benefits managers (PBMs), our job is to balance member preferences with cost management while helping to improve outcomes. The tension between balancing cost and member choice, while ensuring healthy outcomes was a key area of focus at the recently completed 2016 CVS Health Forum.

In pharmacy benefits, the tension between balancing cost and member choice while ensuring healthy outcomes has reached a fever pitch. Direct-to-consumer advertising helps drive up member demand, potentially leading to higher utilization of non-preferred products and unsustainable increases in cost, without improving outcomes.

But as we try to balance the pressure to control costs while offering choice to patients, we need to remember a key insight from behavioral economics research: people are predictably irrational.

We at the CVS Health Research Institute have conducted a significant amount of research assessing how choice in pharmacy benefit design affects initiation of, adherence to, and total cost of essential medications for chronic conditions. Our research clearly demonstrates that not all choice in pharmacy benefits is created equal!

The lessons learned from this research can help guide how we design benefits to optimize health and reduce unnecessary health care costs.
Our research shows that members have strong preferences about how they access medications. When enrolled in Maintenance Choice® – our pharmacy benefit offering that provides a 90-day supply of prescriptions through either mail or retail pharmacy channels with no differences in out-of-pocket costs – approximately half of our members selected retail.

In addition, by providing members that choice, we found we can promote better adherence to essential therapies. In one study, we compared optimal adherence in members enrolled in a mandatory mail order design for 90-day prescriptions to members in Maintenance Choice. We found that members who had greater choice in where to fill their prescription were 30 percent more likely to achieve optimal adherence.

Similarly, providing patients with more choice about where to obtain specialty medications, improved adherence results. In another study, we assessed adherence in members enrolled in Specialty Connect®, a program that permits patients to obtain specialty medications from either their local retail pharmacy or a specialty pharmacy. Patients received the same level of monitoring, support and clinical expertise, and had the same out-of-pocket cost regardless of whether they used the specialty or retail pharmacy.

When comparing patients who had the option of picking up their medication at a retail location with those who could only obtain their specialty medications through a traditional specialty pharmacy, we found that the expansion of choice to retail outlets through the Specialty Connect program led to a 17.5 percent increase in the rate of obtaining a second prescription and an 11.4 percentage point improvement in adherence.

Interestingly, while fewer channel choices adversely impact adherence, narrower networks do not, as long as a selective network allows better coordination of care. In fact, in a narrow network with CVS Pharmacy as its backbone, offering coordinated care across mail and retail outlets reduced costs, while also delivering modest adherence improvements.

Members who had a choice of channel had a 30%↑ likelihood of achieving optimal adherence compared with those on mandatory mail order plans.

With Specialty Connect more patients obtain second prescriptions

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<tr>
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<th>Mail Only</th>
<th>Mail or Retail</th>
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<tbody>
<tr>
<td>Pre-Period (Mail Only)</td>
<td>61.4</td>
<td>61.7</td>
</tr>
<tr>
<td>Post-Specialty Connect</td>
<td>61.0</td>
<td>78.5</td>
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Narrow networks helped improve Medication Possession Ratio (MPR)

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<tr>
<th></th>
<th>Statins</th>
<th>Antihypertensives</th>
<th>Antidiabetics</th>
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<tbody>
<tr>
<td>Pre-MPR</td>
<td>77.7</td>
<td>79.5</td>
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<tr>
<td>Post-MPR</td>
<td>79.7</td>
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With Specialty Connect, patients had a 17.5%↑ increase in the rate of obtaining a second prescription and a 11.4%↑ improvement in adherence. Narrow networks helped improve Medication Possession Ratio (MPR) by 1.5%↑ for antihypertensives and 1.3%↑ for antidiabetics.
Choice of “Medication” Does Not Help

Medication choice options are a different story. When self-reporting preferences, Americans overwhelmingly believe that generics are as effective as branded medications, cost less and offer better value. They also believe that more Americans should use generics. However, most Americans do not prefer to use generics themselves.

This apparent inconsistency likely underscores why patients choose more expensive options, both for the payor and themselves, in the absence of a clear clinical rationale.

When members in tiered benefit plans that charge higher copays for branded medications choose the more expensive branded therapy, it leads to both higher costs and worse health. Members are far more likely to abandon prescriptions written for branded medications that require higher copays at the pharmacy.

In addition, patients are considerably less likely to fill a branded medication prescription to be “Dispensed as Written,” eliminating the opportunity for generic substitution.

When prescribing identical statins, the choice to initiate a generic is associated with:

- **7%** improvement in downstream adherence
- **9%** lower rate of cardiovascular events and death

Among members in a tiered benefit plan who were prescribed medications for chronic conditions such as hypertension, diabetes and hypercholesterolemia, those who received generics were up to 7 percent more adherent.

For those patients with heart disease, generic prescribing led to better adherence, improved clinical outcomes and a lower risk of death.

**WHAT DOES IT MEAN?**

Greater choice of medication allows members to make selections that lead to higher costs for themselves and the system and, paradoxically, worse outcomes for the patient.

Predictors of Prescription Abandonment

- **Lowest income**
  - **22% more likely**
- **New users**
  - **2.8x more likely**
- **Copay over $50**
  - **4.9x more likely**
Fewer Medication Choices Can Produce Savings without Clinical Compromise

Some of you may be reluctant to actively narrow formulary choices in an existing plan, because of concerns about therapeutic disruption. In response, we compared member behavior and costs in three plans in which choice was narrowed with three identical plans in which choice remained unchanged. The formulary change was accompanied by extensive patient and provider outreach about the benefit change.

In the narrow formulary plans, improvements in downstream adherence more than offset modest, one-time discontinuation rates. They also were accompanied by an average cost reduction of $20 per utilization, per month, and a 4.2 percent increased generic dispensing rate11. These findings underscore the opportunity for us and our clients to implement evidence-based, more selective formularies and reduce total costs without compromising care.

In plans using our most selective formulary

- Monthly adherence rates up to 1.5% higher
- GDR increased by 4.2%
- Overall decrease in plan cost of $20 PUPM

Optimizing Choice in Pharmacy Benefit Design

So what does the evidence say?

- Providing greater choice of channel (retail or mail choice) leads to improved adherence to chronic medications
- Narrower networks, combined with choice of mail or retail channel, help lower cost and provide improvement in downstream adherence
- Providing greater choice of therapy drives up utilization cost and may adversely affect clinical outcomes

As we all collaborate to help improve the health of the populations we serve while striving to decrease the total cost of health care, we can improve results by focusing on member engagement in the areas where choice is best aligned with those overall goals.

Will Shrank, MD, MSHS
Chief Scientific Officer, CVS Health

Dr. Shrank focuses on the development and evaluation of innovative pharmacy solutions to help improve medication adherence and the quality of care, while lowering costs. He serves as the clinical lead for the company’s efforts to support health care providers to optimize medication care for the populations they serve. Dr. Shrank also oversees the CVS Health Research Institute, the company’s research agenda and evaluation of clinical program development. He has published extensively on topics including the evaluation of progressive pharmacy benefit designs, the Medicare Part D Prescription Drug benefit, medication adherence for chronic conditions and ensuring high-quality patient communications regarding the risks and benefits of prescribed medications.


All of the savings and/or trend changes discussed in this Executive Briefing will vary based on a variety of factors, including things like demographics, plan design and programs adopted by the client. Client-specific modeling available upon request.

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