

Insights / Cost Management

Eliminating Wasteful Spend on Hyperinflated Drugs

Expanding Program to Include Outlier Pharmacies



BRIEFING

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COVID-19 has affected every business. With the economic impact of the pandemic, clients are more focused than ever on effective ways to eliminate wasteful spend and contain inappropriate costs.

To help clients do that, we remain relentlessly focused on helping address the cost impact of hyperinflated drugs — high-priced medications with more cost-effective, clinically equivalent options that do not demonstrate any incremental therapeutic benefit that supports their elevated costs.

As part of our commitment to help prevent waste and unnecessary spending, and to ensure appropriate utilization of medication on behalf of our pharmacy benefit management clients and their plan members, we are expanding our hyperinflation strategy to include the CVS Outlier Pharmacy Program.

CVS Outlier Pharmacy Program

The program is designed to proactively monitor and identify pharmacies with increased volume in claims submissions of certain drugs identified as hyperinflated. Such pharmacies are considered “outliers” because they have unusually high rates of dispensing high-cost drugs when clinically equivalent, lower-cost options are readily available.

Pharmacies are notified that they have been identified as having unusual dispensing patterns and are informed that they must correct such practices. If they continue the outlier practices, they can be subject to disciplinary action, up to and including termination of participation in our network, in accordance with contractual terms and applicable law.

CVS Outlier Pharmacy Program complements our comprehensive strategy to reduce the impact of hyperinflated drugs. It expands upon our ongoing monitoring and proactive identification of high-cost drugs to include pharmacies that are dispensing large volumes of such drugs to help ensure appropriate utilization.

Effective Formulary Management of Hyperinflated Drugs



From January to July 2020, we identified and removed 57 hyperinflated drugs from our template formularies.

Each quarter we review our CVS Caremark template formularies to identify hyperinflated drugs.

In 2019, our strategy to counter hyperinflation helped clients save money:

- ✓ We identified and removed 56 drugs, resulting in an 87 percent drop in utilization
- ✓ One of the drugs removed — a certain brand of chlorzoxazone — cost more than \$2,356 for a 30-day supply compared to just \$1.64 for the preferred alternative. Clients opting in to the hyperinflation strategy could reduce their spend on that single product by more than 99 percent



In 2019 the CVS Caremark client strategy resulted in an overall savings of \$390.8M.

Our comprehensive hyperinflation strategy includes:

CVS Pharmacy Outlier Program

- Monthly monitoring of our pharmacy network to identify unusual or suspicious dispensing practices

Formulary Management

- Weekly new-to-market reviews assessing new drugs that are priced significantly higher than other clinically equivalent alternatives
- Ongoing identification of hyperinflated drugs and determining the appropriate formulary placement each quarter



With the addition of the CVS Outlier Pharmacy Program, our hyperinflation strategy proactively identifies potentially problematic pharmacies to help contain costs and reduce wasteful spending.

Want more information on how our hyperinflation strategy can help you control costs? [Ask Us](#)



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The source for data in this document is CVS Health Enterprise Analytics, unless otherwise noted.

Savings will vary based upon a variety of factors including things such as plan design, demographics and programs implemented by the plan.

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