

The KPP Konnection

3rd Quarter 2011 Update for Plan Administrators



Benchmarks

How does my plan stack up?

An important tool when evaluating a health plan is looking at industry benchmarks and seeing how the plan stacks up against other like plans.

Kroger Prescription Plans currently has about 200 clients which provide benefits for over 500,000 individuals. The covered lives all

consist of self-funded entities and do not include government sponsored lives or members of discount card programs.

The statistics cited below are aggregate

Continued on **3**

Legal Update

Where in the courts is healthcare reform?

Page 2

Medication Pipeline

What new medications are available in the market.

Page 4

Patent Expirations

These new generics will help drive value for your plan.

Page 5

Kroger QUALITY GUARANTEED

NOW AVAILABLE This Allergy Season!

All-Day Allergy
Cetirizine Hydrochloride Tablets, 10 mg Antihistamine
Original Prescription Strength
Indoor & Outdoor Allergies
Allergy
24 Hour Relief of:
Sneezing
Runny Nose
Itchy, Watery Eyes
Itchy Throat or Nose
30 TABLETS

Allergy Relief
Loratadine Tablets, 10 mg Antihistamine
Non-Drowsy
Indoor & Outdoor Allergies
90 TABLETS

Fexo-fenadine
Fexofenadine Hydrochloride Tablets, 180 mg / Antihistamine
Original Prescription Strength
Indoor & Outdoor Allergies
Allergy
Non-Drowsy
Relief of:
Sneezing
Runny Nose
Itchy, Watery Eyes
Itchy Nose or Throat
90 TABLETS 180 mg EACH

COMPARE TO active ingredient of ZYRTEC® **See back panel

COMPARE TO active ingredient of CLARITIN® **See back panel

COMPARE TO active ingredient of ALLEGRA® ALLERGY **See back panel

Our Pharmacists Recommend

Cetirizine Hydrochloride compare to Zyrtec

Loratadine compare to Claritin

Fexo-fenadine compare to Allegra



Legal Update

A federal judge in Michigan has ruled that the individual mandate within the healthcare reform law is constitutional. This decision was handed down by U. S. District Judge George Caram Steeh and only addresses whether the commerce clause provides the government the right to mandate all individuals in the United States buy health-care insurance.

Experts agree that this case, or a representative case progressing through a different region of the appeals courts, will make it on the docket of the United States Supreme Court.

The decision will likely be ruled upon in 2012 or 2013.

Going on Vacation?

Transferring a prescription from Kroger to Kroger has never been easier

Kroger has finished upgrading the pharmacy systems in all 2000 pharmacies across 31 states.

No matter whether you are in a Fred Meyer in Oregon, a Dillons in Kansas, a Fry's in Arizona, or a Kroger in Virginia, all your prescription information is a click away.

Any one of our pharmacists will be able to click into your profile, see your medical history, and fill your prescription just as if you have always filled your scripts there.

This can be especially handy while on vacation. Just locate a Kroger owned pharmacy via kpp-rx.com, give them a call, and they will process your prescription.

across all groups and are stated as either percentages or as a value per member per month (PMPM) or value per member per year (PMPY).

Reporting statistics in this manner make it more of an apples to apples comparison and removes factors relating to membership size and growth trend.

Member Cost Share = 28%

Plan Cost Share = 72%

How much a member pays per prescription when compared to how much the plan spends is one of the best overall indicators of plan health.

Kroger Prescription Plan's goal is to keep client's member share between 25 to 30 percent and the corresponding plan share between 70 to 75 percent.

If a plan's benefit is too meager (above 30% member share), members may begin making poor healthcare decisions because the cost of healthcare makes up too much of their budget. This leads to a drop in compliance and adherence leading to increased downstream costs for the plan due to decreased clinical outcomes.

Conversely, when a plan's benefit is too rich (less

than 25% member share), the member is shielded from the cost of their healthcare decisions.

This situation can lead to members making poor decisions and lowering the overall value the plan is offering.

For example, the next statistic looks at generic substitution across KPP's book of business. Plans which are too rich usually have a lower substitution % due to the member not being connected to the value generic prescriptions provide.

Generic Substitution = 76%

In the second quarter of 2011, the average brand medication cost \$166. During that same time period, the average generic medication cost \$22.

The vast difference between these price points is the reason why this metric is so important.

For most medication classes there is no clinical difference between the brand and generic. Generic medications offer the same therapeutic effects and clinical outcomes as their associated brand name versions.

Other than certain

medications which treat seizures, blood thinners, and thyroid hormone deficiencies, the generic substitute should be utilized over 99% of the time.

Number of Rx PMPM = .88

When looking at a plan membership broken down by age groups, younger members usually take fewer medications than older members.

In most plans, the majority of members will take no medications at all, but a few high utilizers can take upwards of 10 prescription medications a month.

Across the country, and our plan membership, the average number of prescriptions a member takes is right around .88 prescriptions per month.

This average, in and of itself, can be misleading because many factors go into how much a prescription benefit is utilized.

For example, clients who reside in West Virginia and Kentucky will usually have a higher percentage of utilizers than does a client in Colorado.

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Additionally, a client which has a low overall medical spend might be happy with a number less than .88 while a group which has a very high total medical spend would want their membership average to be much greater. A higher number could indicate better than average compliance and adherence on medications that reduce the number of costly procedures which must be paid for downstream.

To help bring meaning for your group ask the three following questions: 1) where in the country do my members live and what is the health level of the community; 2) does my membership trend towards younger or older employees; 3) does the statistic correlate with the spend on my medical side?

Top 5 drug classes by plan pay

- 1) **HMG COA Reductase Inhibitors (otherwise known as the statins, they treat cholesterol) {Lipitor, Crestor, simvastatin, lovastatin, pravastatin}**
- 2) **SSRI/SNRI (otherwise known as antidepressants) {Lexapro, Cymbalta}**
- 3) **Insulin (used by diabetic patients to control blood sugar) {Lantus, Humulin, Apidra}**
- 4) **Multiple Sclerosis Agents {Copaxone, Avonex, Rebif}**

5) **Proton Pump Inhibitor (otherwise known as PPIs or stomach acid reducers) {Nexium, omeprazole}**

The first four drug classes above treat cardiac patients, diabetic patients, patients with mental depression, and patients with MS. Members diagnosed with these conditions contribute to a major portion of a plan's healthcare spend. Spend in these categories are what KPP considers "good spend".

Fifth on the list is proton pump inhibitors. KPP is actively trying to move PPIs further down the rankings because 95% of all PPI utilization treats the symptoms of heartburn and not an underlying condition. There are expensive PPIs and inexpensive PPIs. Programs are available for the PPI drug class which drives utilization towards PPIs that create more value.

Certain pitfalls can be avoided by looking at what the plan spends the most on. The top 5 medication classes in spend should treat an underlying disease, increase the quality of life of the member, and create better clinical outcomes.

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Kroger Prescription Plans is here to help. If you would like to have a meeting where we walk through a quarterly report and make recommendations, please email Mark Hopman at mark.hopman@kroger.com



Medication Pipeline

Yervoy – (ipilimumab) [Bristol-Myers Squibb] For the treatment of unresectable or metastatic melanoma.

Daliresp – (roflumilast) [Forest Pharmaceuticals] To reduce the risk of chronic obstructive pulmonary disease exacerbations in patients with severe COPD associated with chronic bronchitis and a history of exacerbations

Victrelis – (boceprevir) [Merck] For the treatment of chronic HCV I infection in adults with compensated liver disease who have failed previous therapies with interferon and ribavirin therapy

Patent Expirations

Many highly utilized generics will be losing patent protection over the next six months. The antibiotic Levaquin and the ADHD medication Concerta have recently become available as generic. As have the cancer medication Aromasin and Nasacort AQ which is a nasal steroid used to treat seasonal allergies and rhinitis.

Later this year both Lipitor and Zyprexa are going off patent. Because of the exclusive period a generic manufacturer has for the first six months, the cost of the generic will not drop much at first.

After the six month mark, the ingredient cost for these medications should plummet.



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