Project Background

- Avalere completed a formulary analysis to support the National Psoriasis Foundation and the Crohn's and Colitis Foundation in analyzing formulary management of treatments for plaque psoriasis, Crohn's disease, and colitis.

- The analysis focuses on 12 products used to treat plaque psoriasis, Crohn's disease, and colitis:
  - Products include Cimzia, Cosentyx, Enbrel, Entyvio, Humira, Otezla, Remicade, Siliq, Simponi, Stelara, Taltz, and Tremfya.
  - These products are referred to in the analysis as “Selected Treatments”.

- A second group of “Other Treatments” are also single-source products used to treat plaque psoriasis, Crohn's disease, and colitis: Tazorac, Topicort, and Tysabri.

- It is important to note that the two groups are not directly comparable:
  - Selected Treatments are newer biologics, while two of the three Other Treatments are older, conventional, topical treatments.
  - Additionally, the third product in the Other Treatments group, Tysabri, is an IV infused product not usually covered under a plan’s pharmacy benefit.
  - As a result of these product differences, access to Other Treatments is likely to be very different from the Selected Treatments.
Executive Summary: Key Takeaways

● Coverage
  o Formulary coverage for the selected products fell between 2015 and 2017 in all markets
  o The decline was most significant in PDPs and MA-PD plans, with rates of access falling from about 60% to 40%

● Tier placement
  o The specialty tier is the most common formulary placement for the selected treatments among plans in the employer, Medicare, and exchange markets
  o Among Medicaid MCOs, which tend not to use specialty tiers, the selected products are frequently on the non-preferred drug tier
  o In Medicaid FFS, states have moved Selected Treatments from more preferred status to less preferred from 2015-17, which would make accessing these drugs more difficult for beneficiaries

● UM
  o When covered, the selected treatments commonly faced both PA and ST requirements in the employer, Medicare, and exchange markets, and UM rates have increased over time
  o Employer plans increased UM for these products significantly between 2015 and 2016—18% faced PA&ST in 2015, compared to 60% in 2016

● Cost Sharing in Silver Exchange Plans: Coinsurance is common for the selected drugs, averaging 37%
Avalere’s PlanScape® Formulary Analysis

REPORT CONTENTS

● Comparative Analysis: Selected Treatments for Plaque Psoriasis, Crohn’s Disease, and Colitis vs. Other Treatments
  o Employer-Sponsored Insurance
  o Medicare
  o Medicaid
  o Exchanges

● Market-to-Market Comparisons

● Appendix: Detailed PlanScape Methodology

● This analysis reviews formulary coverage in various markets between 2015-2017
  o Employer-sponsored insurance plans
  o Medicare Part D stand-alone prescription drug plans (PDPs)
  o Medicare Advantage prescription drug (MA-PD) plans
  o Medicaid Fee-for-Service/Preferred Drug Lists
  o Medicaid managed care coverage
  o Silver-level plans offered for sale on the public health insurance exchanges

● The analysis was conducted using PlanScape®
  o Formulary data is collected by Managed Markets Insight & Technology, LLC
  o Data is weighted according to unique silver benefit designs by state

Note: “Selected Treatments” refers to 12 targeted immunomodulators used to treat plaque psoriasis, Crohn’s disease, and colitis: Cimzia, Cosentyx, Enbrel, Entyvio, Humira, Otezla, Remicade, Siliq, Simponi, Stelara, Taltz, and Tremfya. “Other Treatments” for the same conditions include Tazorac, Topicort, and Tysabri.
## Definitions

<table>
<thead>
<tr>
<th>Coverage Status</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Covered</td>
<td>Product is not covered through the plan’s pharmacy benefit and is generally not listed on the plan's formulary</td>
</tr>
<tr>
<td>Generic</td>
<td>Product is placed on the plan’s lowest cost-sharing tier</td>
</tr>
<tr>
<td>Preferred Brand</td>
<td>Product is placed on the plan’s second lowest cost-sharing tier</td>
</tr>
<tr>
<td>Non-Preferred Brand</td>
<td>Product is placed on the plan’s third lowest cost-sharing tier</td>
</tr>
<tr>
<td>Specialty</td>
<td>Product is placed on the plan’s highest cost-sharing tier</td>
</tr>
<tr>
<td>Prior Authorization</td>
<td>Process that requires the member or member's physician to get approval for the product.</td>
</tr>
<tr>
<td>Step Therapy</td>
<td>Process that requires the member to try and fail one or more preferred alternative.</td>
</tr>
</tbody>
</table>
# Products Included in Formulary Analysis

<table>
<thead>
<tr>
<th>Selected Treatments</th>
<th>Other Treatments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cimzia</td>
<td>Tazorac</td>
</tr>
<tr>
<td>Cosentyx</td>
<td>Topicort</td>
</tr>
<tr>
<td>Enbrel</td>
<td>Tysabri</td>
</tr>
<tr>
<td>Entyvio</td>
<td></td>
</tr>
<tr>
<td>Humira</td>
<td></td>
</tr>
<tr>
<td>Otezla</td>
<td></td>
</tr>
<tr>
<td>Remicade</td>
<td></td>
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<tr>
<td>Siliq</td>
<td></td>
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<td>Simponi</td>
<td></td>
</tr>
<tr>
<td>Stelara</td>
<td></td>
</tr>
<tr>
<td>Taltz</td>
<td></td>
</tr>
<tr>
<td>Tremfya</td>
<td></td>
</tr>
</tbody>
</table>
Comparative Analysis of Selected Treatments vs. Other Treatments: Employer Market
Key Takeaways: Employer-Sponsored Insurance Plans

● Coverage
  o In employer plans, formulary coverage for Selected Treatments fell slightly from 2015-2017, from a coverage rate of 88% in 2015 to 84% of the time in 2017
  o Coverage of Other Treatments remained relatively steady during that period

● Tier Placement
  o When covered, Selected Treatments are increasingly placed on the specialty tier
  o For Other Treatments, placement on the non-preferred brand tier is increasing

● Utilization Management
  o Selected Treatments frequently face UM restrictions, including many plans requiring both PA and ST across all years
  o UM for Selected Treatments increased dramatically between 2015 and 2016 (e.g., 18% faced PA&ST in 2015 compared to 60% in 2016)
  o Other Treatments enjoy high rates of open access, although rates of UM are increasing slightly

UM: Utilization Management;  PA: Prior Authorization; ST: Step Therapy
Source: Avalere Health PlanScape®, a proprietary analysis of prescription drug formularies, March 2018. This analysis is based on data collected by Managed Markets Insight & Technology, LLC.
“Selected Treatments” refers to 12 targeted immunomodulators used to treat plaque psoriasis, Crohn’s disease, and colitis: Cimzia, Cosentyx, Enbrel, Entyvio, Humira, Otezla, Remicade, Siliq, Simponi, Stelara, Taltz, and Tremfya. “Other Treatments” for the same conditions include Tazorac, Topicort, and Tysabri.
From 2015-2017, Employer Plans Moved Some Selected Treatments Off Formulary or to Specialty Tier

Coverage and Tier Placement for Selected and Other Treatments, Employer Plans, 2015-2017

Selected Treatments

- 2015: Preferred 35%, Non-Preferred 36%, Specialty 31%
- 2016: Preferred 38%, Non-Preferred 29%, Specialty 32%
- 2017: Preferred 14%, Non-Preferred 18%, Specialty 20%
- Not Covered: 12%, 16%, 16%

Other Treatments

- 2015: Preferred 51%, Non-Preferred 49%, Specialty 56%
- 2016: Preferred 5%, Non-Preferred 6%, Specialty 7%
- 2017: Preferred 8%, Non-Preferred 11%, Specialty 11%

Source: Avalere Health PlanScape®, a proprietary analysis of prescription drug formularies, March 2018. This analysis is based on data collected by Managed Markets Insight & Technology, LLC.

“Selected Treatments” refers to 12 targeted immunomodulators used to treat plaque psoriasis, Crohn's disease, and colitis: Cimzia, Cosentyx, Enbrel, Entyvio, Humira, Otezla, Remicade, Siliq, Simponi, Stelara, Taltz, and Tremfya. “Other Treatments” for the same conditions include Tazorac, Topicort, and Tysabri.
Employer Plans Significantly Increased PA & ST for Selected Treatments in 2016

Utilization Management Techniques for Selected and Other Treatments, Employer Plans, 2015-2017

Selected Treatments

- Covered with Open Access: 2015 - 56%, 2016 - 20%, 2017 - 16%
- PA: 2015 - 13%, 2016 - 4%, 2017 - 11%
- ST: 2015 - 1%, 2016 - 1%, 2017 - 1%
- PA&ST: 2015 - 18%, 2016 - 60%, 2017 - 56%
- Not Covered: 2015 - 12%, 2016 - 16%, 2017 - 16%

Other Treatments

- Covered with Open Access: 2015 - 78%, 2016 - 57%, 2017 - 53%
- PA: 2015 - 7%, 2016 - 8%, 2017 - 4%
- ST: 2015 - 1%, 2016 - 5%, 2017 - 9%
- PA&ST: 2015 - 6%, 2016 - 18%, 2017 - 23%
- Not Covered: 2015 - 8%, 2016 - 11%, 2017 - 11%

Source: Avalere Health PlanScape®, a proprietary analysis of prescription drug formularies, March 2018. This analysis is based on data collected by Managed Markets Insight & Technology, LLC. "Selected Treatments" refers to 12 targeted immunomodulators used to treat plaque psoriasis, Crohn’s disease, and colitis: Cimzia, Cosentyx, Enbrel, Entyvio, Humira, Otezla, Remicade, Siliq, Simponi, Stelara, Taltz, and Tremfya. "Other Treatments" for the same conditions include Tazorac, Topicort, and Tysabri.
Employer Plans Commonly Require Copayments for Primary and Specialty Care

- Primary Care Services: 71% of covered workers have a copayment, while 22% have a coinsurance
  - Average copayments is $25, and average coinsurance is 19%

- Specialty Care Services: 67% of covered workers have a copayment, while 26% have a coinsurance
  - Average copayments is $38, and average coinsurance is 19%

Comparative Analysis of Selected Treatments vs. Other Treatments: Medicare Market
Key Takeaways: Medicare Plans

● Coverage
  o In PDPs and MA-PD plans, rates of access for Selected Treatments fell from about 60% to 40% from 2015-17.
  o Coverage of Other treatments remained steady (approx. 30-35%) during that time.

● Tier Placement
  o Selected Treatments, when covered, are almost always placed on specialty tier.
  o From 2015-17, PDPs and MA-PD plans placed Other Treatments on both the non-preferred tier and the specialty tier about equally, on average.

● Utilization Management
  o When covered, Selected Treatments commonly face both PA and ST.
  o From 2015-2017, Medicare plans added UM requirements for Other Treatments (i.e., declining rates of open access and rising rates of PA&ST).

UM: Utilization Management; PA: Prior Authorization; ST: Step Therapy
Source: Avalere Health PlanScape®, a proprietary analysis of prescription drug formularies, March 2018. This analysis is based on data collected by Managed Markets Insight & Technology, LLC.
“Selected Treatments” refers to 12 targeted immunomodulators used to treat plaque psoriasis, Crohn’s disease, and colitis: Cimzia, Cosentyx, Enbrel, Entyvio, Humira, Otezla, Remicade, Siliq, Simponi, Stelara, Taltz, and Tremfya. “Other Treatments” for the same conditions include Tazorac, Topicort, and Tysabri.
Among PDPs, Coverage Dropped for Selected Treatments from 2015-17

COVERAGE AND TIER PLACEMENT FOR SELECTED AND OTHER TREATMENTS, MEDICARE PDPs, 2015-2017

SELECTED TREATMENTS

- Preferred Brand: 2% (2015), 2% (2016), 1% (2017)
- Non-preferred Brand: 2% (2015), 1% (2016), 2% (2017)
- Specialty: 54% (2015), 51% (2016), 37% (2017)
- Not Covered: 43% (2015), 47% (2016), 60% (2017)

OTHER TREATMENTS

- Preferred: 10% (2015), 6% (2016), 9% (2017)

PDP: Prescription Drug Plan; PA: Prior Authorization, ST: Step Therapy
Source: Avalere Health PlanScape®, a proprietary analysis of prescription drug formularies, March 2018. This analysis is based on data collected by Managed Markets Insight & Technology, LLC.

“Selected Treatments” refers to 12 targeted immunomodulators used to treat plaque psoriasis, Crohn's disease, and colitis: Cimzia, Cosentyx, Enbrel, Entyvio, Humira, Otezla, Remicade, Siliq, Simponi, Stelara, Taltz, and Tremfya. “Other Treatments” for the same conditions include Tazorac, Topicort, and Tysabri.
UM Rates for Selected Treatments Appear to Fall from 2015-17 Due to Decreased Coverage

UTILIZATION MANAGEMENT TECHNIQUES FOR SELECTED AND OTHER TREATMENTS, MEDICARE PDPs, 2015-2017

SELECTED TREATMENTS

- **Covered with Open Access**: 2015: 1%, 2016: 9%, 2017: 1%
- **PA**: 2015: 8%, 2016: 8%, 2017: <1%
- **ST**: 2015: 1%, 2016: 1%, 2017: <1%
- **PA&ST**: 2015: 47%, 2016: 42%, 2017: 34%
- **Not Covered**: 2015: 43%, 2016: 47%, 2017: 60%

OTHER TREATMENTS

- **Covered with Open Access**: 2015: 24%, 2016: 16%, 2017: 12%
- **PA**: 2015: 13%, 2016: 13%, 2017: 6%
- **ST**: 2015: 1%, 2016: 1%, 2017: 1%
- **PA&ST**: 2015: 32%, 2016: 40%, 2017: 51%
- **Not Covered**: 2015: 29%, 2016: 31%, 2017: 30%

**PDP**: Prescription Drug Plan
Source: Avalere Health PlanScape®, a proprietary analysis of prescription drug formularies, March 2018. This analysis is based on data collected by Managed Markets Insight & Technology, LLC.

“Selected Treatments” refers to 12 targeted immunomodulators used to treat plaque psoriasis, Crohn’s disease, and colitis: Cimzia, Cosentyx, Enbrel, Entyvio, Humira, Otezla, Remicade, Siliq, Simponi, Stelara, Taltz, and Tremfya. “Other Treatments” for the same conditions include Tazorac, Topicort, and Tysabri.
When Covered on MA-PD Plan Formularies, Selected Treatments Are Often Placed on Specialty Tier

**COVERAGE AND TIER PLACEMENT FOR SELECTED AND OTHER TREATMENTS, MA-PD PLANS, 2015-2017**

### SELECTED TREATMENTS

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preferred Brand</td>
<td>9%</td>
<td>10%</td>
<td>8%</td>
</tr>
<tr>
<td>Non-preferred Brand</td>
<td>1%</td>
<td>1%</td>
<td>&lt;1%</td>
</tr>
<tr>
<td>Specialty</td>
<td>51%</td>
<td>45%</td>
<td>39%</td>
</tr>
<tr>
<td>Not Covered</td>
<td>39%</td>
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### OTHER TREATMENTS

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preferred</td>
<td>15%</td>
<td>17%</td>
<td>14%</td>
</tr>
<tr>
<td>Non-Preferred</td>
<td>27%</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>Specialty</td>
<td>23%</td>
<td>23%</td>
<td>27%</td>
</tr>
<tr>
<td>Not Covered</td>
<td>35%</td>
<td>35%</td>
<td>33%</td>
</tr>
</tbody>
</table>

MA-PD Plan: Medicare Advantage Prescription Drug Plan
Source: Avalere Health PlanScape®, a proprietary analysis of prescription drug formularies, March 2018. This analysis is based on data collected by Managed Markets Insight & Technology, LLC.

“Selected Treatments” refers to 12 targeted immunomodulators used to treat plaque psoriasis, Crohn's disease, and colitis: Cimzia, Cosentyx, Enbrel, Entyvio, Humira, Otezla, Remicade, Siliq, Simponi, Stelara, Taltz, and Tremfya. “Other Treatments” for the same conditions include Tazorac, Topicort, and Tysabri.
Over Time, MA-PD Plans Have Increasingly Dropped Coverage of Selected Treatments

UTILIZATION MANAGEMENT TECHNIQUES FOR SELECTED AND OTHER TREATMENTS, MA-PD PLANS, 2015-2017

SELECTED TREATMENTS

<table>
<thead>
<tr>
<th>Frequency of Barriers to Access</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
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<tr>
<td>Covered with Open Access</td>
<td>7%</td>
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<td>PA</td>
<td>6%</td>
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<tr>
<td>ST</td>
<td>&lt;1%</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>PA&amp;ST</td>
<td>48%</td>
<td>44%</td>
<td>39%</td>
</tr>
<tr>
<td>Not Covered</td>
<td>39%</td>
<td>45%</td>
<td>52%</td>
</tr>
</tbody>
</table>

OTHER TREATMENTS

<table>
<thead>
<tr>
<th>Frequency of Barriers to Access</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Covered with Open Access</td>
<td>27%</td>
<td>22%</td>
<td>16%</td>
</tr>
<tr>
<td>PA</td>
<td>11%</td>
<td>14%</td>
<td>11%</td>
</tr>
<tr>
<td>ST</td>
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<td>&lt;1%</td>
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<tr>
<td>PA&amp;ST</td>
<td>27%</td>
<td>29%</td>
<td>40%</td>
</tr>
<tr>
<td>Not Covered</td>
<td>35%</td>
<td>35%</td>
<td>33%</td>
</tr>
</tbody>
</table>

Source: Avalere Health PlanScape®, a proprietary analysis of prescription drug formularies, March 2018. This analysis is based on data collected by Managed Markets Insight & Technology, LLC.

“Selected Treatments” refers to 12 targeted immunomodulators used to treat plaque psoriasis, Crohn’s disease, and colitis: Cimzia, Cosentyx, Enbrel, Entyvio, Humira, Otezla, Remicade, Siliq, Simponi, Stelara, Taltz, and Tremfya. “Other Treatments” for the same conditions include Tazorac, Topicort, and Tysabri.
Comparative Analysis of Selected Treatments vs. Other Treatments: Medicaid Market
Key Takeaways: Medicaid FFS and Managed Care

● Access in Medicaid FFS
  o Medicaid rules require that beneficiaries have access to any medically necessary prescription drugs, so comparisons between this market and others are difficult
  o From 2015-17, states have moved Selected Treatments from more preferred status to less preferred, which would make accessing these drugs more difficult for beneficiaries in FFS

● Access in MMCOs
  o Most MMCOs list the drugs we studied on formulary, although a growing percentage do not; those plans likely require patients to file an exception request to access an off-formulary product
  o Tier placement among MMCOs is frequently non-preferred, for both Selected and Other Treatments

Source: Avalere Health PlanScape®, a proprietary analysis of prescription drug formularies, March 2018. This analysis is based on data collected by Managed Markets Insight & Technology, LLC.
“Selected Treatments” refers to 12 targeted immunomodulators used to treat plaque psoriasis, Crohn’s disease, and colitis: Cimzia, Cosentyx, Enbrel, Entyvio, Humira, Otezla, Remicade, Siliq, Simponi, Stelara, Taltz, and Tremfya. “Other Treatments” for the same conditions include Tazorac, Topicort, and Tysabri.
Medicaid Must Cover All Medically Necessary Drugs, But Selected Treatments Non-Preferred in Most States

ACCESS TO SELECTED AND OTHER TREATMENTS, MEDICAID FFS, 2015-2017

SELECTED TREATMENTS

ACCESS TO OTHER TREATMENTS, MEDICAID FFS, 2015-2017

FFS: Fee-for-Service; PDL: Prescription Drug List
Source: Avalere Health PlanScape®, a proprietary analysis of prescription drug formularies, March 2018. This analysis is based on data collected by Managed Markets Insight & Technology, LLC.

"Selected Treatments" refers to 12 targeted immunomodulators used to treat plaque psoriasis, Crohn's disease, and colitis: Cimzia, Cosentyx, Enbrel, Entyvio, Humira, Otezla, Remicade, Siliq, Simponi, Stelara, Taltz, and Tremfya. "Other Treatments" for the same conditions include Tazorac, Topicort, and Tysabri.
Majority of MMCOS Often Place Both Groups of Drugs on Non-Preferred Brand Tier

MCO: Managed Care Organizations
Source: Avalere Health PlanScape®, a proprietary analysis of prescription drug formularies, March 2018. This analysis is based on data collected by Managed Markets Insight & Technology, LLC.

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Comparative Analysis of Selected Treatments vs. Other Treatments: Exchange Market
Key Takeaways: Exchange Market

- In exchange plans, rates of formulary coverage for Selected Treatments fell between 2015-2017
- Selected Treatments are primarily placed on specialty tiers, with increasing UM restrictions
- Other Treatments are frequently placed on the non-preferred tier with high rates of open access
- Coinsurance is common for Selected Treatments in Exchange plans, averaging 37%
- Other Treatments more frequently face copayments, averaging $83

UM: Utilization Management; PA: Prior Authorization; ST: Step Therapy
Source: Avalere Health PlanScape®, a proprietary analysis of prescription drug formularies, March 2018. This analysis is based on data collected by Managed Markets Insight & Technology, LLC.

"Selected Treatments" refers to 12 targeted immunomodulators used to treat plaque psoriasis, Crohn's disease, and colitis: Cimzia, Cosentyx, Enbrel, Entyvio, Humira, Otezla, Remicade, Siliq, Simponi, Stelara, Taltz, and Tremfya. "Other Treatments" for the same conditions include Tazorac, Topicort, and Tysabri.
In Exchange Plans, Specialty Placement for Selected Treatments Decreased from 2015-2017

**COVERAGE AND TIER PLACEMENT FOR SELECTED AND OTHER TREATMENTS, SILVER EXCHANGE PLANS, 2015-2017**

**SELECTED TREATMENTS**

<table>
<thead>
<tr>
<th>Year</th>
<th>Preferred</th>
<th>Non-Preferred</th>
<th>Specialty</th>
<th>Not Covered</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>5%</td>
<td>19%</td>
<td>54%</td>
<td>21%</td>
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<tr>
<td>2016</td>
<td>7%</td>
<td>21%</td>
<td>46%</td>
<td>26%</td>
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<tr>
<td>2017</td>
<td>5%</td>
<td>19%</td>
<td>45%</td>
<td>31%</td>
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</table>

**OTHER TREATMENTS**

<table>
<thead>
<tr>
<th>Year</th>
<th>Preferred</th>
<th>Non-Preferred</th>
<th>Specialty</th>
<th>Not Covered</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>18%</td>
<td>39%</td>
<td>12%</td>
<td>31%</td>
</tr>
<tr>
<td>2016</td>
<td>17%</td>
<td>46%</td>
<td>12%</td>
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<tr>
<td>2017</td>
<td>11%</td>
<td>43%</td>
<td>8%</td>
<td>38%</td>
</tr>
</tbody>
</table>

Note: Coverage is weighted according to unique plan-state combinations.
Source: Avalere Health PlanScape®, a proprietary analysis of prescription drug formularies, March 2018. This analysis is based on data collected by Managed Markets Insight & Technology, LLC.

“Selected Treatments” refers to 12 targeted immunomodulators used to treat plaque psoriasis, Crohn's disease, and colitis: Cimzia, Cosentyx, Enbrel, Entyvio, Humira, Otezla, Remicade, Siliq, Simponi, Stelara, Taltz, and Tremfya. “Other Treatments” for the same conditions include Tazorac, Topicort, and Tysabri.
Selected Treatments Have Increasingly Applied Both PA and ST to Selected Treatments Over Time

Utilization Management Techniques for Selected and Other Treatments, Silver Exchange Plans, 2015-2017

Selected Treatments

- Covered with Open Access
- PA
- ST
- PA&ST
- Not Covered

Other Treatments

- Covered with Open Access
- PA
- ST
- PA&ST
- Not Covered

Note: Coverage is weighted according to unique plan-state combinations. PA: Prior Authorization, ST: Step Therapy

Source: Avalere Health PlanScape®, a proprietary analysis of prescription drug formularies, March 2018. This analysis is based on data collected by Managed Markets Insight & Technology, LLC.

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Among 2017 Exchange Plans, Selected Treatments Drugs Are Frequently Subject to Coinsurance

COST-SHARING LEVELS FOR SELECTED AND OTHER TREATMENTS, SILVER EXCHANGE PLANS, 2017

- **Selected Treatments**
  - Copayment: $119
  - Coinsurance: 37%

- **Other Treatments**
  - Copayment: $83
  - Coinsurance: 39%

*Note: Coverage is weighted according to unique plan-state combinations.*

*Source: Avalere Health PlanScape®, a proprietary analysis of prescription drug formularies, March 2018. This analysis is based on data collected by Managed Markets Insight & Technology, LLC.*

"Selected Treatments" refers to 12 targeted immunomodulators used to treat plaque psoriasis, Crohn’s disease, and colitis: Cimzia, Cosentyx, Enbrel, Entyvio, Humira, Otezla, Remicade, Siliq, Simponi, Stelara, Taltz, and Tremfya. "Other Treatments" for the same conditions include Tazorac, Topicort, and Tysabri.
Exchange Plans Require a Range of Coinsurance for Selected Treatments

COST-SHARING LEVELS FOR SELECTED AND OTHER TREATMENTS, SILVER PLANS 2017

- **Selected Treatments**
  - 35% 0-20% Coinsurance
  - 15% 21-30% Coinsurance
  - 11% 31-40% Coinsurance
  - 8% >40% Coinsurance
  - 9% Not Covered
  - 23% Copayment

- **Other Treatments**
  - 46% 0-20% Coinsurance
  - 12% 21-30% Coinsurance
  - 4% 31-40% Coinsurance
  - 4% >40% Coinsurance
  - 30% Not Covered
  - 10% Copayment

Note: Coverage is weighted according to unique plan-state combinations. MMIT uses universal tier status rather than raw tier to facilitate comparisons across plans and markets. Avalere uses universal status to determine tier placement, but raw tier status for cost-sharing analysis.

Source: Avalere Health PlanScape®, a proprietary analysis of prescription drug formularies, March 2018. This analysis is based on data collected by Managed Markets Insight & Technology, LLC.

“Selected Treatments” refers to 12 targeted immunomodulators used to treat plaque psoriasis, Crohn’s disease, and colitis: Cimzia, Cosentyx, Enbrel, Entyvio, Humira, Otezla, Remicade, Siliq, Simponi, Stelara, Taltz, and Tremfya. “Other Treatments” for the same conditions include Tazorac, Topicort, and Tysabri.
Market to Market Comparison of Selected Treatments vs. Other Treatments
Majority of Exchange, Medicare, and Part D Plans Apply PA & ST to Selected Treatments

UTILIZATION MANAGEMENT TECHNIQUES FOR SELECTED AND OTHER TREATMENTS, 2017

SELECTED TREATMENTS

<table>
<thead>
<tr>
<th></th>
<th>Employer</th>
<th>PDPs</th>
<th>MA-PDs</th>
<th>Exchange</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selected Treatments</td>
<td>11%</td>
<td>5%</td>
<td>39%</td>
<td>16%</td>
</tr>
<tr>
<td>Other Treatments</td>
<td>53%</td>
<td>12%</td>
<td>33%</td>
<td>29%</td>
</tr>
<tr>
<td>Frequency of Barriers to Access</td>
<td>16%</td>
<td>60%</td>
<td>52%</td>
<td>31%</td>
</tr>
</tbody>
</table>

OTHER TREATMENTS

<table>
<thead>
<tr>
<th></th>
<th>Employer</th>
<th>PDPs</th>
<th>MA-PDs</th>
<th>Exchange</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selected Treatments</td>
<td>11%</td>
<td>30%</td>
<td>40%</td>
<td>38%</td>
</tr>
<tr>
<td>Other Treatments</td>
<td>53%</td>
<td>6%</td>
<td>11%</td>
<td>13%</td>
</tr>
<tr>
<td>Frequency of Barriers to Access</td>
<td>16%</td>
<td>51%</td>
<td>40%</td>
<td>29%</td>
</tr>
</tbody>
</table>

Source: Avalere Health PlanScape®, a proprietary analysis of prescription drug formularies, March 2018. This analysis is based on data collected by Managed Markets Insight & Technology, LLC.

“Selected Treatments” refers to 12 targeted immunomodulators used to treat plaque psoriasis, Crohn's disease, and colitis: Cimzia, Cosentyx, Enbrel, Entyvio, Humira, Otezla, Remicade, Siliq, Simponi, Stelara, Taltz, and Tremfya. “Other Treatments” for the same conditions include Tazorac, Topicort, and Tysabri.
Medicare and Exchange Plans Commonly Place Selected Treatments on Specialty Tier

COVERAGE AND TIER PLACEMENT FOR SELECTED AND OTHER TREATMENTS, 2017

SELECTED TREATMENTS

- **Employer**
  - Not Covered: 16%
  - Specialty: 20%
  - Non-Preferred: 32%
  - Preferred: 31%

- **PDPs**
  - Not Covered: 60%
  - Specialty: 37%
  - Non-Preferred: 8%
  - Preferred: 2%

- **MA-PDs**
  - Not Covered: 52%
  - Specialty: 39%
  - Non-Preferred: 8%
  - Preferred: 0%

- **Medicaid MCO**
  - Not Covered: 19%
  - Specialty: 53%
  - Non-Preferred: 27%
  - Preferred: 0%

- **Exchange**
  - Not Covered: 31%
  - Specialty: 45%
  - Non-Preferred: 19%
  - Preferred: 5%

OTHER TREATMENTS

- **Employer**
  - Not Covered: 11%
  - Specialty: 7%
  - Non-Preferred: 56%
  - Preferred: 26%

- **PDPs**
  - Not Covered: 30%
  - Specialty: 32%
  - Non-Preferred: 27%
  - Preferred: 9%

- **MA-PDs**
  - Not Covered: 33%
  - Specialty: 25%
  - Non-Preferred: 70%
  - Preferred: 14%

- **Medicaid MCO**
  - Not Covered: 18%
  - Specialty: 70%
  - Non-Preferred: 12%
  - Preferred: 12%

- **Exchange**
  - Not Covered: 38%
  - Specialty: 8%
  - Non-Preferred: 43%
  - Preferred: 11%

Source: Avalere Health PlanScape®, a proprietary analysis of prescription drug formularies, March 2018. This analysis is based on data collected by Managed Markets Insight & Technology, LLC.
Appendix: Detailed PlanScape® Methodology
PlanScape® Methodology: MMIT Data

FORMULARY DATA SOURCES

- Formulary data is from Managed Markets Insight & Technology, LLC, an Avalere partner that maintains comprehensive formulary data across a range of payer channels, including the exchanges, Part D, and employer markets.
- Formulary coverage is based on a drug’s listing on the plan’s published formulary in MMIT’s database.
- MMIT gathers data directly from health plans and pharmacy benefit managers, ensuring the accuracy and validity of the formulary data. MMIT’s pharmacists and clinicians interpret and standardize formularies.
- In addition, MMIT researchers engage with issuers to understand formulary characteristics, including processes around open and closed formularies, and to understand how plans make coverage decisions so that data reflects accurate consumer experiences for obtaining medications.
- Due to data limitations, 2015 exchange data excludes HAO in GA; 2016 exchange data excludes CCHP in CO and Oscar in TX; 2017 exchange data excludes WHA in CA, CCHP in CO, UUHIP in UT, Cigna in VA, and LifeWise in WA.

CCHP: Colorado Choice Health Plans; HAO: Health Alliance One; UUHIP: University of Utah Health Insurance Plans
PlanScape® Methodology: MMIT Data

STATES OF FOCUS AND DATA COLLECTION

• For plan benefit designs, Avalere analyzed the FFE landscape file and collected information directly from SBE websites. For 2014 and 2015, Avalere supplemented our SBE data collection with benefit design information from the Robert Wood Johnson Foundation’s ACA Silver Plan Dataset.

• For SBEs, Avalere collected information for one ZIP code for each rating region¹.

• Avalere made revisions to the FFE landscape file to ensure that only unique plan designs were included in the analysis. That is, duplicate offerings of individual plans were removed prior to analysis when plans shared all benefit design characteristics except premium, county, and region.

¹ The data for SBEs may not include all plans available since Avalere only collected information for one ZIP code in each rating region.
PlanScape® Methodology: Drug List Creation and Cross-Walking Process

**DRUG LIST CREATION**

- To develop the list of drugs per class, Avalere consulted the United States Pharmacopeia (USP) Medicare Model Guidelines version 6.0 to obtain a listing of the USP Category, USP Class, and Example Drugs

- Additional drugs were identified based on the Medi-Span® and CenterWatch drug databases and internal clinical assessment to reflect updates not included in USP v 6.0

- Avalere collaborated with MMIT clinicians and data experts to finalize drug lists according to client-selected USP classes

**CROSS-WALKING PROCESS**

- Oftentimes, carriers will use the same formulary for all of the exchange plans it offers in a state, but occasionally, issuers will have different formularies if they have more than one exchange plan in the state

- Avalere conducted a manual cross-walking process to align formularies with exchange products using plan documents and other publicly available plan information

- As a result of this process, exchange plans in the analysis are weighted according to unique silver plans in the market

USP: United States Pharmacopeia
PlanScape® Methodology: Coverage Statistics and Tiering Data

**COVERAGE AND UTILIZATION MANAGEMENT**

- Although some drugs are covered under a plan’s medical benefit, Avalere only includes pharmacy benefit statistics in this analysis.
- For drugs available in multiple dosages, MMIT’s database utilizes the most commonly utilized dosage.
- Coverage and UM statistics are weighted by unique plan-state combinations.
- Restriction data includes prior authorization and step therapy, but does not reflect quantity limits.

**TIERING**

- MMIT captures raw status (tier number) and assigns a “universal” tier status, which standardizes formularies into four tiers: generic, preferred brand, non-preferred brand, and specialty.
- For the purpose of reporting tiering statistics in this analysis, Avalere uses MMIT’s universal indicator, as it allows comparisons among plans with differing formulary structures.
- In contrast, for cost-sharing data, Avalere uses raw tiering information. Avalere excludes cases where raw tiering information is unavailable.
- Tiering statistics are weighted by unique plan-state combinations.
PlanScape® Methodology: Cost Sharing Methodology

COST-SHARING DATA AND APPROACH

• Because the MMIT dataset does not include cost sharing, Avalere cross-walks MMIT formulary data to its benefit design dataset. The benefit design dataset excludes plans in which the deductible is equal to the annual out-of-pocket maximum, and plans for which there is no cost sharing across service categories.

• Summary of Benefits and Coverage documents may relay multiple cost-sharing amounts for a particular formulary tier. Our analysis reflects the highest cost-sharing amount reported for that tier for a 30-day supply purchased at a retail pharmacy.

• Where cost sharing varies based on choice of pharmacy, we select cost-sharing amounts that apply to preferred pharmacies within a plan’s network.

• Avalere utilizes after-deductible amounts when analyzing cost sharing (e.g., if coinsurance is 10% after meeting a $1,000 deductible, Avalere used the 10% coinsurance amount).

• For drugs or services noting cost sharing as the lesser or greater of a copayment or coinsurance amount, Avalere consistently uses the coinsurance amount (e.g., $100 or 20% whichever is greater). For drugs or services with coinsurance amounts up to a copayment cap (e.g., 25% coinsurance up to $300), Avalere also uses the coinsurance amounts.

• Analysis excludes plans in which the deductible is equal to the annual out-of-pocket maximum and plans for which there is no cost sharing across service categories.

• Where applicable, unknown cost sharing amounts were removed from the analysis and the distribution of copayment and coinsurance have been weighted to reflect 100% of plans.
PlanScape® Methodology: Comparison Markets

PLAN AND FORMULARY COUNTS

- Exchange data is presented at the plan level, representing each carrier’s unique benefit designs offered in a state.
- Carriers often use the same formulary for multiple plans (i.e., cost sharing varies by plan, but coverage, tiering, and UM do not)
- Therefore, each individual exchange formulary may be counted more than once, based on the number of unique plans (i.e., cost-sharing designs) relying on that formulary.
- In contrast, employer and Part D data is reported at the formulary level; each formulary counts once in the dataset regardless of the number of cost-sharing designs using that formulary.

<table>
<thead>
<tr>
<th>Market</th>
<th>Plans</th>
<th>Formularies</th>
<th>States</th>
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</thead>
<tbody>
<tr>
<td>Exchange</td>
<td>4,573</td>
<td>399</td>
<td>50 + DC</td>
</tr>
<tr>
<td>Employer</td>
<td>19,980</td>
<td>781</td>
<td>50 + DC</td>
</tr>
<tr>
<td>MA-PD Plans</td>
<td>26,374</td>
<td>622</td>
<td>50 + DC</td>
</tr>
<tr>
<td>PDPs</td>
<td>5,630</td>
<td>114</td>
<td>50 + DC</td>
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<tr>
<td>Medicaid MCO</td>
<td>592</td>
<td>420</td>
<td>41 + DC</td>
</tr>
<tr>
<td>Medicaid FFS</td>
<td>58</td>
<td>53</td>
<td>47 + DC</td>
</tr>
</tbody>
</table>

UM: Utilization Management