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Board of Trustees
UFCW Unions and Participating Employers
Health and Welfare Fund
Landover, MD 20785-2210

Re: Review of Optum Formulary Changes Effective January 1, 2017

Dear Trustees:

Segal's National Pharmacy Benefit Practice (Segal) has reviewed changes to Optum's standard formulary update for 2017. We have confirmed with Optum that the UFCW Unions and Participating Employers Health and Welfare Fund (the Fund) utilizes the Select Formulary as opposed to the Premium Formulary. The Premium Formulary will include Tier changes and new drug exclusions. The Fund's Select Formulary will include only Tier changes.

Based on the formulary update provided by Optum, there were tier changes (both positive and negative) for 5 therapeutic categories. Of the 5 categories, 3 are specialty, (multiple sclerosis, infertility and hepatitis C) and the other two are for the traditional categories of (diabetes and erectile dysfunction).

Therapeutic Category	Drug	Select/Core
Diabetes DPPIV medications	Jentadueto Jentadueto XR Tradjenta Kombiglyze Onglyza	Tier 3 to Tier 2 Tier 3 to Tier 2 Tier 3 to Tier 2 Tier 2 to Tier 3 Tier 2 to Tier 3
Diabetes Basal Insulins	Toujeo Tresiba	Tier 3 to Tier 2 No change
Multiple Sclerosis Interferon Beta Agents	Betaseron Plegridy	Tier 3 to Tier 2 Tier 2 to Tier 3
Erectile Dysfunctions	Viagra Stendra	Tier 3 to Tier 2 Tier 2 to Tier 3
Hepatitis C	Daklinza	Tier 2 to Tier 3
Infertility	Bravelle Follistim AQ	No change Tier 2 to Tier 3

Examples of common Tier changes would be moving from Tier 3 to Tier 2 or moving Tier 2 to Tier 3. A positive tier change would be moving from Tier 3 to Tier 2, where it would provide members access to more affordable drugs at the lower cost. A negative Tier change would be moving from Tier 2 to Tier 3, in which a member's current drug may now be obtained at a higher cost.

Based on the impact report provided by Optum, there are 13 members that would be moving from Tier 2 to Tier 3 and these members are shown in the chart below. This would be a negative Tier change. There appears to be 3 additional traditional therapeutic categories (Gastrointestinal Agents, Respiratory Agents/Bronchodilators and Dermatological Agents/Anti-infectives) mentioned below that were not identified as tier changes in the formulary presentation provided by Optum. Segal questioned Optum on this and Optum advised that the formulary presentation only highlighted those drugs with highest impact for most clients.

Therapeutic Category	Drug Name (Tier 3 drugs)	Number of Utilizers	Alternatives
Gastrointestinal Agents	Carafate	3	sucralafate
Respiratory Agents Bronchodilators	Tudorza	5	Spiriva Handihaler, Spiriva Spray, Incruse Ellipta Inhaler
Diabetes DPPIV medications	Kombiglyze	3	metformin, metformin ER, Janumet/Januvia, Tradjenta/Jentadueto/ Jentadueto XR
Dermatological Agents Anti-infectives	Finacea	1	metronidazole gel/cream/lotion, Soolantra Cream, Mirvaso Cream
Diabetes DPPIV medications	Onglyza	1	metformin, metformin ER, Janumet/Januvia, Tradjenta/Jentadueto/ Jentadueto XR

Member Impact

Plans JS, Y and JSS2 will not be impacted as these plans do not have a copay differential between Tier 2 (Preferred Brand) and Tier 3 (Non-Preferred Brand).

As shown in the chart above, 13 members in Plans Y20 and Y30 will have different copays effective January 1, 2017. An example of a drug moving to a higher tier is Carafate (for ulcers). For example, the cost of a Carafate prescription is $200. The member currently pays approximately a $30 copay, which represents the 15% coinsurance. Under the new formulary the member will pay approximately $50, which represents the 25% coinsurance effective 1/1/17, if the member continues to use the non-preferred drug after January.

Plan Designs

Rx Plan Design	Y20/Y30	JS	Y	JSS2
Generic	Greater of $5 or 5% coinsurance	$0.50 copay	Shopper's or Kroger pharmacy; 8% coinsurance. Other network pharmacy: 13% coinsurance	Shopper's or Kroger pharmacy; 5% coinsurance. Other network pharmacy: 10% coinsurance
Preferred Brand (Tier 2)	Greater of $15 or 15% coinsurance	$0.50 copay	Shopper's or Kroger pharmacy; 8% coinsurance. Other network pharmacy: 13% coinsurance, provided there is no generic equivalent	Shopper's or Kroger pharmacy; 5% coinsurance. Other network pharmacy: 10% coinsurance, provided there is no generic equivalent
Non-Preferred Brand (Tier 3)	Greater of $25 or 25% coinsurance	$0.50 copay	Shopper's or Kroger pharmacy; 8% coinsurance. Other network pharmacy: 13% coinsurance, provided there is no generic equivalent	Shopper's or Kroger pharmacy; 5% coinsurance. Other network pharmacy: 10% coinsurance, provided there is no generic equivalent
Specialty	Same structure as above depending on classification	$0.50 copay	8% coinsurance	5% coinsurance

Overall, we find this formulary update to offer access to safe and effective medications in the therapy classes identified. Thirteen members will be impacted and Optum will contact these members to assist them and their physicians to review their options.

If you have any questions or comments regarding this formulary discussion, please do not hesitate to call.

Sincerely yours,

Mitch Bramstaedt
Senior Vice President

mbw:rm

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