

Fully Insured Customer Alert PDL and Clinical Program Changes Effective 1/1/09 – Advantage PDL

OVERVIEW

UnitedHealth Pharmaceutical Solutions' (UHPS) Advantage Prescription Drug List (PDL) is the foundation for how we create value for our customers and members. Using clinical, pharmacoeconomic and economic evidence, we determine the overall health care value of a medication relative to other medications in its therapeutic class. We then place medications in the PDL tier that will best align the member's cost share with the value of the medication. Through appropriate, evidence-based PDL management, we can meaningfully improve the affordability and accessibility of medications for our customers and members.

After a year with relatively few PDL changes, effective January 1, 2009, we will make several changes in therapeutic categories that present a greater opportunity for increased use of high value prescription medications.

Frequency and Timing of PDL Changes

Up-tiering changes are made up to six times a year to our Advantage PDL – January 1, May 1, and September 1 – with the exception of up-tierings associated with new generic launches, which occur when the generic is introduced. Down-tiering changes are allowed at any time.

CHANGES EFFECTIVE 1/1/09

Summary of Advantage PDL, Benefit Plan and Clinical Program Changes for January 1, 2009

❖ Down-Tiering Changes

Down-tiering refers to medications that move to a lower tier, making them more affordable for members. Because down-tiering is a positive change for members, notification letters are not sent to impacted members.

- Eleven medications will be down-tiered from Tier 3 or Tier 4 to Tier 2 or Tier 1.

❖ Up-Tiering Changes

Up-tiering refers to medications that move to a higher tier because they offer less health care value (either clinically and/or financially) than similar medications in their therapeutic classes. As a result, members will pay a higher copayment for these medications. However, members still have affordable choices, often in lower tier. Because up-tiering has the potential for member disruption, notification letters are sent to impacted members on maintenance medications informing them of the change and any lower cost alternatives.

- Eleven medications will be up-tiered from Tier 2 to Tier 3.

❖ Supply Limits, Notification and other Clinical Rules

Supply limits and other Quantity Level Limits (QLLs) establish the maximum quantity that can be dispensed per prescription or copayment. Quantity Duration (QD) establishes the maximum quantity that can be dispensed during a certain period of time (e.g. 31 or 34 days). Notification is applied to those medications where physicians need to provide additional information to verify coverage.

RATIONALE FOR PDL DECISIONS

Diovan/Diovan HCT

PDL Decisions

- Diovan moves from Tier 2 to Tier 3
- Diovan HCT moves from Tier 2 to Tier 3

Rationale for Tier Change

Diovan is used to treat hypertension and heart failure and is part of the class of angiotensin receptor blockers (ARBs). Diovan HCT is Diovan plus an added diuretic. As a class, ARBs are expensive compared to other hypertension medications and prices have increased for several years in a row. Our customers' cost for Diovan/Diovan HCT is expected to increase by about 75 percent after 1/1/09.

ACE inhibitors treat most of the same conditions as ARBs, but are much less expensive. For members in which an ACE inhibitor would be appropriate treatment, there are low cost options in Tier 1. If an ARB is the preferred course of treatment, we offer six brand ARBs in Tier 2 – Benicar, Benicar HCT, Cozaar, Hyzaar, Micardis and Micardis HCT. Our National Pharmacy & Therapeutics (P&T) Committee considers all ARBs to be clinically similar. Because of this fact, and taking into consideration the significant cost difference, a Tier 3 placement for Diovan/DiovanHCT is warranted.

While the Diovan/Diovan HCT changes will affect the most members of all PDL changes, UHPS is one of a few PBMs to offer multiple ARBs in Tier 2 without a clinical program like step therapy in place.

We will send multiple waves of communications to members to make sure every user is notified of this change prior to 1/1/09. In addition, we are sending letters to prescribing physicians notifying them of the change and advising them we are reaching out to their patients who may inquire about alternatives. To monitor compliance, we are adding an additional component to our communication plan to track individuals currently taking Diovan/Diovan HCT to determine if they discontinue taking the medication without starting on a new alternative medication. These members will be targeted with a communication in early 2009.

Class Overview

Medication	Utilization (per 1,000)	Tier Placement (after 1/1/09)
Diovan/Diovan HCT	6.96/7.05	3
Avapro/Avalide	2.77/2.15	3
Atacand/Atacand HCT	0.94/0.45	3
Benicar/Benicar HCT	3.62/3.75	2
Cozaar/ Hyzaar	3.99/3.30	2
Micardis/Micardis HCT	1.21/1.26	2

Growth Hormones

PDL Decisions

- Saizen moves from Tier 3 to Tier 2
- Humatrope moves from Tier 2 to Tier 3
- Norditropin moves from Tier 2 to Tier 3

Rationale for Tier Changes

Saizen, Humatrope and Norditropin are growth hormones used predominately in pediatric patients who have growth hormone deficiency. These are all injectables and are considered specialty medications. There are seven products in this category, **all containing the same active ingredient – somatropin**. They are the same exact medication simply manufactured by different competing pharmaceutical companies. The P&T Committee considers all the growth hormones to be therapeutically equivalent. The differences lie in the indications, preservative ingredient, injection device, dosing and storage requirements.

With specialty trend averaging 15 percent every year and an average cost of \$2,600 per patient per month for growth hormone products, it is our responsibility to address these rising costs for our members. We have been able to successfully move Saizen into a Tier 2 position, resulting in three growth hormone medications available at Tier 2 after 1/1/09. Humatrope and Norditropin will move from Tier 2 to Tier 3.

We understand that these are critical medications and we do not make the decision to up-tier medications lightly. However, the growth hormone category has several medication options that offer no clinical value over one another. Keep in mind that there are no generic medications in this category. We are able to offer several medications at an affordable Tier 2 copayment – medications that are therapeutically equivalent to those being up-tiered. Saizen, Nutropin/AQ and Tev-Tropin (the other two Tier 2 options) are an incredible value for our members. While our members will be paying an average of \$27 a month, members on other plans in the industry could easily be charging hundreds of dollars per month. We are working closely with physicians, our specialty pharmacy providers and the manufacturers of the Tier 2 medications to make the transition to new medications as easy as possible for our members and their families.

Individuals changing their prescription will need to be trained on using the new injection devices. Physician and member letters will address the need for training. Manufacturers of the Tier 2 growth hormones are prepared to train individuals in physician offices, in a group setting or even in a member's home if necessary.

Members who are part of our specialty pharmacy program will also get assistance from our specialty pharmacy, Prescription Solutions. They currently fill our members' growth hormone prescriptions, and can help facilitate getting new prescriptions and coordinate training.

Communications

A comprehensive communications campaign has been developed to address the growth hormone benefit changes. Physicians will receive a letter explaining the change and the need for training. Current users will receive two letters before the change takes effect. Customer Care will receive additional training around the growth hormone changes in anticipation of higher call volume from affected members.

Class Overview

Medication	Utilization (per 1,000)	Tier Placement or Benefit Coverage (after 1/1/09)
Genotropin	0.05	Tier 3
Humatrope	0.07	Tier 3 (from Tier 2)
Norditropin	0.01	Tier 3 (from Tier 2)
Omnitrope	0.00	Tier 3
Saizen	0.01	Tier 2 (from Tier 3)
Nutropin/AQ	0.01/0.05	Tier 2
Tev-Tropin	0.00	Tier 2

HIV Medications

PDL Decisions

- Intelence (from Tier 3 to Tier 2)
- Isentress (from Tier 3 to Tier 2)
- Selzentry (from Tier 3 to Tier 2)

Rationale for Tier Change

Intelence, Isentress and Selzentry are medications used to treat HIV. Individuals with HIV typically take several medications, which can make treatment very expensive. We took this important factor into consideration even though the HIV medications cost hundreds, or thousands, of dollars.

Many HIV medications have unique treatment guidelines that require a broad selection in a lower tier, since they are not easily interchangeable in treating HIV. We are making these medications more affordable for our members by moving these medications to a lower tier which means a lower copayment for members.

This is a good example of how our PDL strategy works to consider all the health care factors when deciding a medication's tier placement.

Class Overview

Medication	Utilization (per 1,000)	Tier Placement (after 1/1/09)
Atripla	0.32	Tier 2
Intelence	0.02	Tier 2 (from Tier 3)
Isentress	0.06	Tier 2 (from Tier 3)
Selzentry	0.01	Tier 2 (from Tier 3)
Prezista	0.05	Tier 2

Oral Contraceptives

PDL Decisions

Brands Moving from Tier 1 to Tier 3

- Cyclessa
- Desogen
- Lo-Ovral

Brands Moving from Tier 2 to Tier 3

- Alesse
- Triphasil

Generics Moving from Tier 3 to Tier 1

- Generic Alesse (Aviane)
- Generic Cyclessa (Velivet)
- Generic Desogen (Apri)

Rationale for Tier Change

UHPS has the ability to place generic medications in any tier on the Advantage PDL based on their overall health care value. In some instances, the brands are a better value than the generics. This was the case with five oral contraceptives. Some of the brands were placed in Tier 1 and the generics were placed in Tier 2 or Tier 3. Effective 1/1/09, the pricing dynamics will change, making the generics the better overall value. At that time, we will move generic Alesse, generic Cyclessa and generic Desogen to Tier 1 and their respective brands will move to Tier 3 (referenced below). This strategy is a great example of how members benefit economically from our ability to place generics in any tier and make frequent changes to the PDL to react quickly to market changes.

This change will not increase the copayment for our members since there will still be a Tier 1 generic equivalent option. Members will receive a letter in the mail notifying them of this change. Some members may need to request that their pharmacists dispense the generic, while others may need to have their physicians call the pharmacy to request a switch.

Class Overview

Medication	Utilization (per 1,000)	Tier Placement (after 1/1/09)
Generic Alesse (Aviane)	1.23	Tier 1
Alesse	0.00	Tier 3 (from Tier 2)
Generic Cyclessa (Velivet)	0.15	Tier 1 (from Tier 3)
Cyclessa	0.08	Tier 3 (from Tier 1)
Generic Desogen (Apri)	0.74	Tier 1 (from Tier 3)
Desogen	0.41	Tier 3 (from Tier 1)
Generic Lo-Ovral (Cryselle)	0.32	Tier 1 (from Tier 3)
Lo-Ovral	0.54	Tier 3 (from Tier 1)
Generic Triphasil (Trivora)	1.11	Tier 1
Triphasil	0.00	Tier 3 (from Tier 2)

High Cholesterol/Triglycerides

PDL Decisions

- Fenoglide (from Tier 3 to Tier 2)
- Lipofen (from Tier 3 to Tier 2)
- Simcor (from Tier 3 to Tier 2)

Rationale for Tier Change

Fenoglide, Lipofen and Simcor are used to treat high cholesterol and triglycerides. They offer the same clinical value as other medications in the class and are competitively priced with other Tier 2 medications. Moving them from Tier 3 to Tier 2 increases the number of affordable options for all our members and lowers their copayments.

Simcor is a combination of simvastatin (Zocor) and extended release niacin (Niaspan). Members who currently take these two medications separately will now have the convenience of taking one medication at a lower copayment.

Class Overview

Medication	Utilization (Per 1,000)	Tier Placement (after 1/1/09)
Advicor	0.55	Tier 3
Antara	0.48	Tier 2
Fenoglide	0.02	Tier 2 (from Tier 3)
Lipofen	0.03	Tier 2 (from Tier 3)
Lofibra	0.01	Tier 2
Niaspan	3.36	Tier 2
simvastatin	23.36	Tier 1
Simcor	0.19	Tier 2 (from Tier 3)
Triglide	0.13	Tier 2
Tricor	6.84	Tier 2

Additional Down-Tiering

PDL Decision

- Minocycline from Tier 2 to Tier 1

Rationale for Tier Change

Generic minocycline is included in the tetracycline category of medications, which are used to treat acne and other bacterial infections.

Generic minocycline is currently in Tier 2, but will move to Tier 1 effective 1/1/09. We have the ability to place generics in any tier and will only place a generic in Tier 1 if its value aligns with that tier placement. We closely monitor these costs and make adjustments as market dynamics shift. The cost of minocycline has decreased recently and the decision was made to move it to Tier 1 to reflect its new overall value in its class.

Class Overview

Medication	Utilization (per 1,000)	Tier Placement or Benefit Coverage (after 1/1/09)
Adoxa	0.77	Tier 3
Doryx	0.69	Tier 3
doxycycline	0.06	Tier 1
minocycline	2.97	Tier 1 (from Tier 2)
Oracea	0.44	Tier 3
Solodyn	0.85	Tier 3

Additional Up-Tiers

PDL Decisions

➤ Prevacid SoluTab

Rationale for PDL Decisions

Heartburn medication Prevacid SoluTab is more expensive than other similar prescription and OTC medications. The proton pump inhibitor (PPI) class includes multiple prescription options that are less expensive, as well as therapeutically equivalent Prilosec OTC, which is much less expensive and more convenient. The PPI class is one of the highest in spend and trend. By up-tiering Prevacid SoluTab, we are addressing the cost issue while maintaining member choice.

Class Overview

Medication	Utilization (per 1,000)	Tier Placement or Benefit Coverage (after 1/1/09)
Prevacid SoluTab	3.17	Tier 3 (from Tier 2)
Aciphex	7.37	Tier 2
omeprazole	8.41	Tier 2
pantoprazole	4.44	Tier 3
Protonix	7.15	Tier 2
Zegerid	1.39	Tier 2

➤ Testim

Rationale for PDL Decision

Testim and Androgel are topical gels used in the treatment of low testosterone. Testim has the same active ingredient as Androgel, but costs two-thirds more. Androgel is the market leader. Members will pay the same amount for Androgel as they did for Testim.

Class Overview

Medication	Utilization (per 1,000)	Tier Placement (after 1/1/09)
Androgel	1.41	Tier 3
Testim	0.49	Tier 3 (from Tier 2)

Supply Limits, Notification and other Clinical Programs

UHPS implements new clinical programs and other supply limits on 1/1, 5/1 and 9/1 of each year to coincide with PDL changes. We will send members a letter notifying them of the change for select medications. Please ask your UnitedHealthcare representative for a list of the clinical program and other supply limit changes and for a list of medications that are included in member mailings.

COMMUNICATIONS PLAN

PDL Member Notification Letters – NEW STRATEGY

To enhance our member communication strategy and ensure we identify members who fill prescriptions after the initial letter has mailed and before the changes go into effect, we are employing a multi-wave member notification strategy. To support members who will need to speak with their doctors and get new prescriptions, member notification letters will be mailed in early November, approximately 30 days earlier than usual.

Mailing	Targeted Members	Date	Claims Period
Round 1	Existing users of up-tiered medications	Approx. November 1	July 1 – Sept. 30
Round 2	New users (since last data extract) of up-tiered medications and new clinical programs	December 1	Oct. 1 – Oct. 31
Round 3	New users (since last data extract) of up-tiered medications	January 1	Nov. 1 – Nov. 30
Round 4	New users (since last data extract) of up-tiered medications	Mid-January	Dec. 1 – Dec. 31
Round 5	Users of growth hormones and Diovan/HCT who do not appear to be compliant with treatment	Q1 2009	Jan. 1 – Feb. 15

Timeline of Communications

Date	Communication/Event
10/1	Electronic 1/1/09 PDLs available
10/14	Customer eUpdate sent
11/1	PDLinfo.com updated
11/1	Round 1 member mailing
11/1	Physician letters mailed
12/1	Round 2 member mailing
12/1	Printed PDLs available
Dec	Network Bulletin (physician newsletter)
1/1/09	Round 3 member mailing
1/1/09	PDL changes effective
1/1/09	myuhc.com reflects PDL changes
1/15/09	Round 4 member mailing
March 2009	Round 5 Compliance mailings (Diovan/Diovan HCT)