
DRUG BENEFIT NEWS

Some Payers Work to Promote Mail Order, But Others Simply Make Use Mandatory

Some health plans and PBMs are working to develop new ways to promote mail-order fulfillment, responding to slowing growth in mail-order penetration, one PBM consultant says. They're experimenting with new ways of reaching out to members, both when they first join and after they receive the first bill. Other plan sponsors have skipped such efforts, however, either instituting mandatory mail-order use for maintenance medications or not promoting mail order at all because enrollees prefer retail fulfillment.

The recession has slowed down the traditionally steady growth PBMs have seen in mail-order penetration, says George Van Antwerp, vice president of the Solutions Strategy Group at Burlington, Mass.-based consulting firm Silverlink Communications. As the economy has worsened, some patients have stopped taking medications as frequently because of affordability issues.

At the same time, some mail-order customers have returned to retail pharmacies, wooed by 90-day retail fulfillment offers (*DBN 11/14/08, p. 6*) and \$4 generic-drug programs like the one launched by Wal-Mart Stores, Inc. (*DBN 9/22/06, p. 8*). The result for PBMs is that "all of a sudden, they've seen mail-order rates be more challenging," Van Antwerp says.

Depending on the payer, mail-order customer retention rates vary from 75% to 95%, according to Van Antwerp. "Very few people left because of service issues," he explains. "The majority left because of refill issues. They got to the point where they forgot to refill an important medication and couldn't get it within a 24-hour time period...or it was up for renewal and they needed to get the next prescription written."

To address that, some PBMs are working to develop better refill-reminder programs, including moving some customers to auto-refill, Van Antwerp says. "When you look at refill patterns, some people chronically refill too early so they hit that 'refill too soon' reject [code]," he explains. "Others chronically refill too late."

"Secondarily, we look at the channel that they're using to fill," he adds. "Some people still mail in their refill via 'snail mail.' Others use IVR [i.e., an interactive voice-response system]." His firm is working with some PBMs to help them understand each enrollee's historical behav-

ior, and then customize a response that helps improve mail-order retention while moving the member to the lowest-cost channel for ordering refills — either IVR or the member portal, Van Antwerp says.

Prescription Solutions, the PBM subsidiary of UnitedHealth Group, sends out a welcome package to new members to let them know about the mail service. Along with a "letter from our CEO and tchotchkes" such as magnets with contact information, the PBM also sends material outlining the benefits of mail order, says Randell Correia, Pharm.D., the firm's senior vice president of mail service and specialty operations.

Prescription Solutions serves as the PBM for the largest Medicare Part D plan, offered by UnitedHealth subsidiary Ovation. As a result, the PBM has developed special strategies for seniors, such as making a personal outbound call to each member. "Seniors respond very well" to that approach, Correia says. "They're available, and the outbound calls really make a difference in promoting mail and promoting refills and promoting generics inclusively."

He contends that "once people try mail, they really enjoy it." As a result, "we actually have a 95% script retention rate" for the mail-order facility. Prescription Solutions does not disclose its mail-order penetration rate. For the 5% who leave mail order, "we do a certain amount of surveying and focus groups to see why people may have left or changed location," Correia says. In some cases, the member prefers a retail pharmacy in the community or finds it more convenient to use one attached to the grocery store, he explains.

But the \$4 generic offers from Wal-Mart and other big-box retailers have not drawn Prescription Solutions members away from mail order, he says. "Our copay amounts have been competitive with those for a long time."

Hawaii State Workers Protest Mail Requirement

One approach Prescription Solutions does not recommend is mandatory mail order, and the PBM says few of its customers use that. "What they prefer is a preferred mail system," in which members pay lower copays if they use the mail-order pharmacy, Correia says. "The candidates for this kind of thing [i.e., mandatory mail order] will be the public sector...since their budgets are so constrained."

One public-sector health plan that has instituted mandatory mail order is the Hawaii Employer-Union Health Benefits Trust Fund (EUTF). Administrator James Williams concedes that both some members and local pharmacies have protested the change, which took effect July 1.

Under the program, active members and non-Medicare-eligible retirees can get three 30-day supplies or one 90-day supply of a maintenance medication at retail before having to switch to mail order, Williams says. "The mandatory feature actually hasn't kicked in yet," he adds, "because the three months would be July, August and September. But it's already more than doubled the mail-order utilization rate."

Some members have protested the change, simply because "for one reason or another [they] think it's less convenient to use mail order," Williams says. In addition, "the local independent pharmacies are upset about it because they feel that it's taking business away from them." But, he says, "only about 15% of our claims go through local independent pharmacies," with the remainder dispensed by chain drug stores.

"The projected savings [from the change] are about \$10 million per year, and that's pretty significant for us," he says. "Overall, I think the board is pretty well determined to stick with it."

Some Payers Don't Promote Mail Order

Although many PBMs and employee benefits consultants say plan sponsors should promote mail order both for convenience and potential savings, not all plan sponsors agree. The University of Michigan (UM) does not promote mail order for its employees, says Keith Bruhnsen, assistant director of the university's benefits office and manager of its prescription drug plan.

"UM began offering mail-order pharmacy [fulfillment] in 2003 when we adopted a carve-out/consolidated drug plan," Bruhnsen says. But despite using three different mail-order vendors, "our experience has been less than satisfactory. In our last customer satisfaction survey, mail order scored significantly lower than retail pharmacy services."

"The problems with mail pharmacy have been mostly inadequate communication with members on the status of their orders; handling any exceptions (like larger supplies for travel); and delays due to prior authorizations, refill [requests submitted] too soon, etc.," he explains. "It's mostly the front-end ordering operations, not the fulfillment facility."

UM gets retail discounts of average wholesale price minus 16% to 18%, while mail service is usually 22% to 24% off AWP, Bruhnsen concedes. "The higher mail pharmacy drug discounts we receive are split between the plan and our members by reducing their cost by one copay."

Despite those savings, "about 7% to 8% of our claims process at mail, we do not actively promote mail, and the volume has not grown," Bruhnsen says. The fulfillment channel getting the most growth among UM members is 90-day-at-retail programs. UM began allowing that benefit in 2004 "after a customer satisfaction survey showed members preferred to pay three copays at retail in order to get 90-day supplies over the current two copays for 90-day [supplies] at a mail-order pharmacy," he says.

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