

Statement by
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Good morning. Chairman Grassley and members of the Committee, my name is Richard Jones. I am the President of UnitedHealthcare's Medicare health plan operations. UnitedHealthcare provides coverage to more than 400,000 Medicare beneficiaries in 22 markets across the country. I appreciate the opportunity to share UnitedHealthcare's perspectives on the issue of prescription drug formularies in the Medicare+Choice program.

Today we are dealing with the topic of prescription drug coverage practices in Medicare+Choice arrangements. Let me start by stating that UnitedHealthcare believes that prescription drugs are a vital part of medical care. Our Medicare+Choice offerings are designed to help members gain affordable and flexible access to the medications that they need.

Our practices: Preferred Drug Lists vs. Formularies

We do not use formularies. Our prescription drug program is built on the concept of choice -- coverage is provided for all medically indicated drugs (based on the terms of the member's benefit contract).⁽¹⁾ Our "preferred drug list" aids members and physicians in selecting drugs that are clinically effective and provide the best value⁽²⁾ for their condition. Drugs that are included on our "preferred drug list" are available to members for a lower copayment than drugs not on the list.

We do not "substitute" drugs. We provide a financial incentive (a lower copayment) to members who utilize the drugs that we believe offer a superior clinical benefit in the most economic manner.

These programs promote quality -- protecting our members from unnecessary or unsafe care. Our program is designed to ensure that our members receive the best, most appropriate care for their particular condition. We don't dictate what drugs our member can and can't receive? rather, we educate and motivate our members to be informed purchasers of drugs. Our policies stress the importance of the physician/patient relationship. We communicate with physicians and patients and encourage the two to talk about the full range of prescription (and non-prescription) alternatives available.

Management of our Prescription Drug Program

Coverage for prescription drugs is based on a thorough, evidence-based process. Our National Pharmacy and Therapeutics Committee (a select group of expert physicians and pharmacists, internal and external to the company) reviews new and existing FDA-approved pharmaceuticals for their clinical effectiveness and appropriateness, based on an evaluation of medical and pharmacological literature and research. Once a year, they prepare a complete list of "preferred drugs." On a monthly basis, new drugs are reviewed by the Committee to determine if they should be added to the list. No drugs are removed from the list during the year, unless there are special external circumstances (i.e., the FDA or manufacturer removes the product from pharmacy shelves). Some drugs (particularly those that already are on the market in a different form) can be added immediately; others may take up to six months to complete a thorough review.

Communicating the drug program to our members

Communication with our members is key to the success of our program. Our program aims to educate members so that they can make an informed decision about their drug choices. We encourage them to raise questions about their medications with their physicians and pharmacists to ensure that they are receiving the most appropriate treatment.

At the beginning of each calendar year, members receive a booklet describing their prescription drug benefits and listing the "preferred" drugs. At the same time, similar booklets containing references to the supporting clinical evidence, are sent to participating physicians. The "preferred drug list" is posted on our website: www.unitedhealthcare.com/about/pharmacy and is updated monthly. Members can also contact their personal service specialist at the plan for more detailed information about their own drug benefit.

I stated earlier, we don't engage in drug substitution. Our members are encouraged to make voluntary choices.

We do, however, talk with the physicians in our networks, making them aware of opportunities for drug substitution, when clinical and/or cost advantages are present. We also send notices to members, letting them know that there are therapeutically equivalent, less costly, drug options available and that they should talk with their doctor about changing their prescription (the same notice is sent to their treating physician to encourage communication). For Medicare members, the use of "preferred drugs" at a lower copayment allows them to extend the amount of dollars they have available before reaching their annual benefit limit.

Value-added services: Providing members with more than just coverage

Our work doesn't stop with the "preferred drug list." We are engaged in a number of efforts to help our Medicare health plans members get the most from their drug benefit. A good example is our new "Rx For Healthy Living" program.

We target members who are taking multiple medications and invite them to participate in a one-on-one pharmacological review of their medications. These seniors often don't have the benefit of having one clinician evaluating their drug regimen. Members who have been recently discharged from a hospital with new prescriptions also are contacted by a pharmacist. Our team of pharmacists reviews all of the medications the members are taking and sends them and their primary care physician a report that may recommend changes in their prescription regimen.

Our experience has shown that members are often taking more medications than necessary and may be confused about the proper use of medications. They may not know why they are on a particular medication, and/or how or when to take it. This can cause duplication of medications, and in some cases, lead to disastrous consequences -- it is estimated that over 100,000 people die from side effects or incorrect dosing of their medications each year. Members may also be mixing prescription and non-prescription drugs that unknowingly place them at risk for serious complications.

We have had many success stories from this program -- our members tell us that they feel better, save money, and lead a better quality of life.

At UnitedHealthcare, drug changes are our members' choice. Changes may be recommended, but the member has the ultimate decision. That's why we call our program a "preferred drug list." Our policies promote increased education about drug options so that our members can make informed choices in partnership with their physicians.

Prescription drugs are a critical component of care for all seniors, for all Americans. We want to make sure that our Medicare health plan members continue to receive an affordable, flexible drug benefit wherever possible.

I'll be happy to take any questions from the Committee. I look forward to working with you and your staff as you pursue this issue further.

1. ¹With the exceptions of appetite suppressants; non-FDA approved drugs; drugs for cosmetic purposes or smoking cessation; infertility medications; life-style enhancing drugs; over-the-counter medications, and prescription drugs that are therapeutically equivalent to over-the-counter medications.

2. ²When more than one therapeutically equivalent drug is available, we list the one with the lowest cost to our member.