

From Ignored to Impactful:

Maximizing Payer Value through Formulary Validation, Intelligent Alternatives and Real-Time Benefit Check at Point of Care

Executive Summary

In the dynamic healthcare landscape, health plans are continually seeking innovative strategies to manage drug spend efficiently while ensuring optimal patient care without adversely impacting patients. One such transformative approach involves embedding comprehensive formulary validation and intelligent drug alternatives within existing Electronic Health Records (EHR) workflows at the point-of-care. This innovative alternative approach can be a catalyst for progress—improving outcomes, optimizing costs, and reshaping healthcare delivery for a more patient-centered future.

This whitepaper explores how an enhanced National Council for Prescription Drug Programs (NCPDP) Formulary & Benefit (F&B) file, enriched with intelligent alternative solutions, can facilitate cost-effective prescribing decisions, elevate patient outcomes, and optimize payer value within the healthcare ecosystem. Building on Point-of-Care Partners' foundational research, including the insights from the whitepaper "[Small Improvements to Benefits Data Can Have a Positive Impact at the Point-of-Care](#)," and the article in the Journal of the American Pharmacists Association, "Formulary & Benefit and Real-Time Pharmacy Benefit: Electronic Standards Delivering Value to Prescribers and Pharmacists," this document underscores the underutilized potential of F&B files.

Through an analysis of market insights, business perspectives, and regulatory considerations, it highlights the critical importance of leveraging innovative solutions that provide medication alternative messaging within the physician workflow and potential savings that can be achieved by health plans and finally accentuates the need for pharmacist engagement.

The intersection of technology and healthcare presents an opportunity for health plans to streamline medication management through advanced formulary data and medication alternatives integrated within an EHR.

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Introduction

The ability to write a prescription on a computer and transmit it electronically to a pharmacy has had many positive effects for providers, payers, and patients. Studies have shown that integrating F&B information into EHRs can significantly reduce prescription errors, improve medication adherence, and enhance patient satisfaction by ensuring patients receive medications that are both clinically appropriate and financially accessible.

Continuous improvements by stakeholders involved in providing drug coverage data through the F&B transaction have resulted in improved adherence to prescribed medications and, in turn, better patient outcomes. While F&B has been available for over two decades, the incremental benefits of these improvements have somewhat plateaued. However, recent advancements in innovation and technology are driving the emergence of intelligent drug alternatives, showcasing the further value achievable through F&B data, and reinforcing its effectiveness.

Background

Healthcare markets are undergoing significant transformation, with health plans focused on transparency and cost-effective medication practices. Continued healthcare cost inflation necessitates the

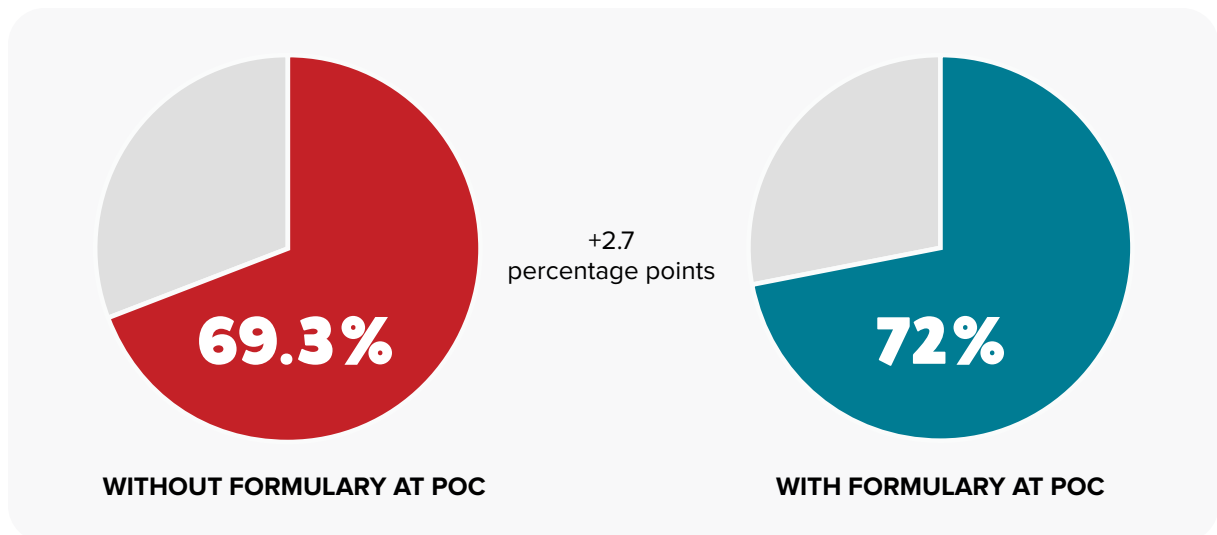
need for solutions that optimize drug spend and improve therapeutic outcomes.

F&B is a regularly updated and distributed static data set that provides information to a prescriber during the drug selection process, including what is covered and not covered under a patient's pharmacy benefit plan. The F&B file is designed to provide a broad set of information at the group/plan level to provide insights to providers during the medication selection process. F&B data can include:

- Copay
- Potential restrictions for a medication
 - Age restrictions, gender restrictions, etc.
- Benefit restrictions
 - Including prior authorization, step-therapy requirements and quantity limits
- Potential alternatives for the medication
- Messaging including web links

Prior research has found that utilization of ePrescribing is positively associated with increased medication adherence and improvements to first fill as well as subsequent fills. One study showed that if a provider does not reference the eligibility and formulary data, this can negatively impact medication adherence.

Percent of Prescriptions Picked Up



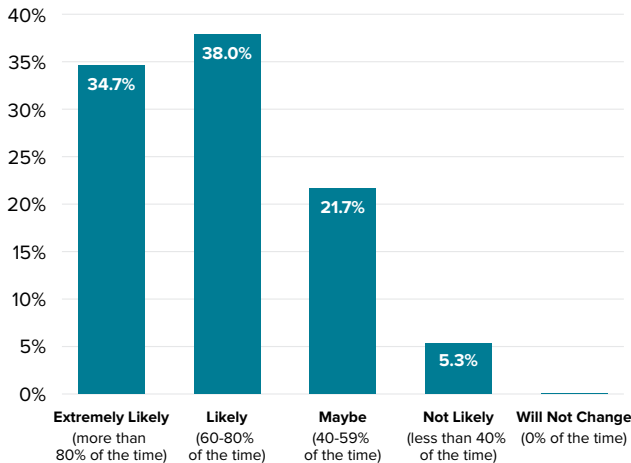
Source: Surescripts Data Brief, *How Patient Benefit Data Enhances ePrescribing*, 2021; IQVIA report, *"The Use of Medicines in the U.S.,"* 2020



Challenges with the usability of F&B data were highlighted by a Surescripts-sponsored study of providers and staff, initiated to better understand their perceptions of the timeliness and accuracy of the information. In the study, providers expressed that a perceived lack of accuracy and completeness of formulary and benefit information was the number one reason they did not heavily rely on the data when prescribing.

Despite the reported lack of trust in the F&B data, research has demonstrated that point-of-care formulary information is highly impactful for providers who actually DO reference the data, with significant cost savings for patients.

Likelihood of Changing to an Alternative Drug That Is More Preferred, When Using POC Formulary Validation



Source: Surescripts Data Brief, How Patient Benefit Data Enhances ePrescribing, 2021

F&B-powered formulary validation and medication alternatives provided by PBMs (pharmacy benefit managers) has been available in EHRs for over two decades and is a well-established feature of the ePrescribing workflow.

However, alternatives provided by the PBMs, are not delivered as succinct lists of lowest cost, therapeutically similar drugs.

FS	Tier	Drug Label Name	Price
Pref	1	Atorvastatin Calcium 10 MG TABS	\$6.59
Pref	1	Simvastatin Tablet 10 MG	\$6.81
Pref	1	Lovastatin Tablet 20 MG	\$10.18
Pref	1	Pravastatin Sodium Tablet 20 MG	\$20.32
Pref	1	Fluvastatin Sodium Capsule 40 MG	\$104.04
On	2	Livalo Tablet 4 MG	\$253.50

Figure 1: Therapeutically similar drug alternatives using Benemedita SmartAlts™ for Zocor 10 MG tabs.

Average Patient Savings by Therapeutic Category

Average Savings per Prescription When a Lower-Cost Alternative Is Chosen

2021	
Anti-Depressants	\$51
Anti-Hypertensives	\$27
Anti-Cholesterol	\$32
Diabetic Therapy	\$116
Peptic-Ulcer Therapy	\$26

Ranked by Prescription Volume

Source: Surescripts National Progress Report, 2021

FS	Tier	Drug Label Name	Price
Pref	1	Atorvastatin Calcium 10 MG TABS	\$6.59
Pref	1	Atorvastatin Calcium 20 MG TABS	\$9.58
Pref	1	Atorvastatin Calcium 40 MG TABS	\$9.58
Pref	1	Atorvastatin Calcium 80 MG TABS	\$12.34
Pref	1	Fluvastatin Sodium 20 MG CAPS	\$104.04
Pref	1	Fluvastatin Sodium 40 MG CAPS	\$104.04
Pref	1	Lovastatin 10 MG TABS	\$9.62
Pref	1	Lovastatin 20 MG TABS	\$10.18
Pref	1	Lovastatin 40 MG TABS	\$8.71
Pref	1	Pravastatin Sodium 10 MG TABS	\$19.99
Pref	1	Pravastatin Sodium 20 MG TABS	\$20.32
Pref	1	Pravastatin Sodium 40 MG TABS	\$36.62
Pref	1	Pravastatin Sodium 80 MG TABS	\$31.86
Pref	1	Simvastatin 10 MG TABS	\$6.81
Pref	1	Simvastatin 20 MG TABS	\$7.27
Pref	1	Simvastatin 40 MG TABS	\$8.11
Pref	1	Simvastatin 5 MG TABS	16.50
Pref	1	Simvastatin 80 MG TABS	\$2.05
On	2	Livalo Tablet 1 MG	\$253.50
On	2	Livalo Tablet 2 MG	\$253.50
On	2	Livalo Tablet 4 MG	\$253.50

Figure 2: Typical display of alternatives by therapeutic class for Zocor 10 MG tabs.



New innovations focused on enhancing the medication alternatives list takes ePrescribing to the next level by providing options that are clinically similar and more affordable, avoiding time consuming and frustrating guesswork by the provider, and back-and-forth communications between the provider and the pharmacy.

Market Insights and Challenges

The landscape of pharmacy benefit management is undergoing transformation, driven by a growing demand for transparency and collaboration among health plans and innovative organizations.

Historically, payers outsourced the management of their formulary to a pharmacy benefit manager (PBM). This was in part because of the complexity of managing the variations of the formulary for each of the payers' customers (eg, employer groups). Today, a number of health plans are starting to take a more active role in the development and management of their formulary and formulary alternatives. Health plans are increasingly exploring alternative approaches to traditional PBM services. There's a growing recognition that thinking "outside the box" could yield valuable returns.

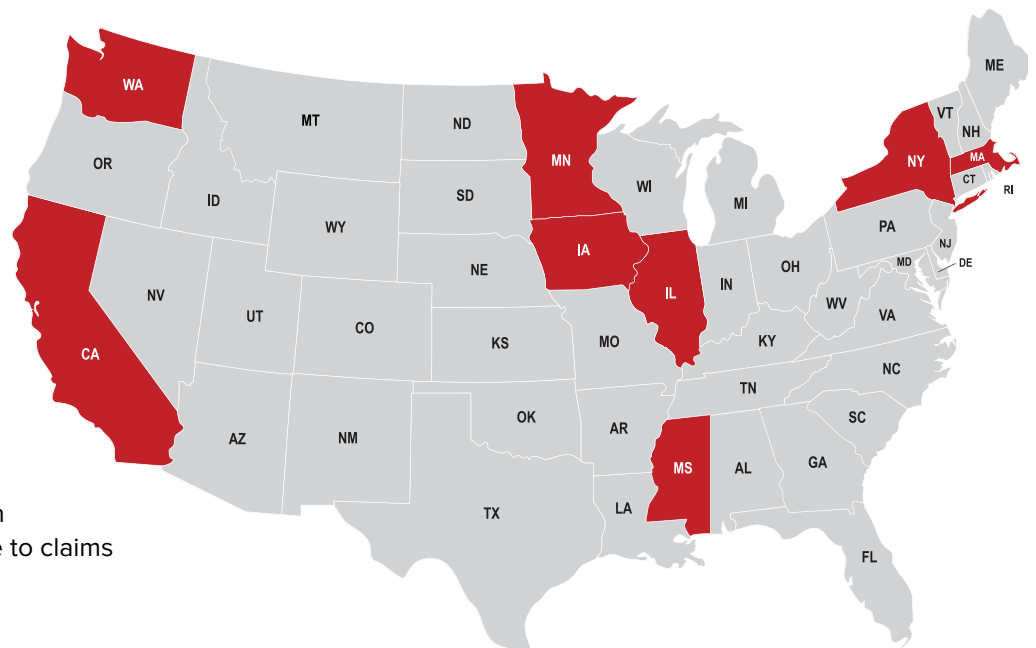
Insights gathered from the market also underscore the importance of reducing administrative burden, improving member experience, and fostering payer-provider collaboration to advance value-based care initiatives. There is interest in products and services that empower providers and pharmacists to make informed medication-related decisions.

Research into the dynamics and the impact of formulary changes has yielded insightful data. These data highlight the value of refinement and clarification of the formulary data and the importance of medication alternatives is displayed at the point of care. With a goal of managing drug spend, payers and PBMs strive toward shifting market share toward the most efficacious and least costly medications. Even a seemingly minor shift can result in sizable cost savings to the plan due to claims volume and/or cost differential.

Regulatory Impact

Regulatory activity related to medication management has emerged across several states, including California, Iowa, Illinois, Massachusetts, Minnesota, Mississippi, New York, and Washington, with a focus on the availability of formulary information at the point of care. These regulations emphasize the real-time communication of formulary alternatives, often referencing Realtime Benefit Check (RTBC) tools using standards such as Health Level Seven (HL7) Fast Healthcare Interoperability Resources (FHIR) Application Programming Interfaces (APIs). Furthermore, regulators are incorporating language addressing specific therapies or patient populations to navigate potential restrictions like Prior Authorization or Step Therapies, particularly for treatments in substance abuse, mental health, and contraception.

While the regulatory spotlight primarily shines on RTBC-delivered formulary information, it inherently impacts F&B data as well. F&B data serves as a ubiquitous component in EHRs, and any compliance-driven alterations to formulary design must be effectively communicated through both F&B data and RTBC query responses.





Market Solutions

Innovative solutions incorporating high-quality, concise, and prioritized formulary data drug alternatives within the EHR and pharmacy system workflows represent a transformative opportunity for health plans to optimize drug spend and improve patient outcomes. In the healthcare technology sector, there are a few key players in this space including Benmedica, Surescripts, Gemini Health, and Arrive Health (formerly RxRevu). Each offers solutions to help optimize medication decision support.

An example of an innovative solution is Precision F&B™, SmartAlts® and Intelligent RTPB™ marketed by Benmedica, targeted at addressing the challenges, within existing clinician workflows. Precision F&B™, SmartAlts® and Intelligent RTPB™ use the complete NCPDP F&B standard, leveraging every field of data (not just those that are required). Formulary alternatives are prioritized to ensure that, at a glance, the provider sees a concise list of therapeutically similar, ranked, and lower cost alternatives along with annotation of any restrictions such as prior authorization and step therapies.

These solutions can be distributed through existing channels, embedded within existing EHR workflows

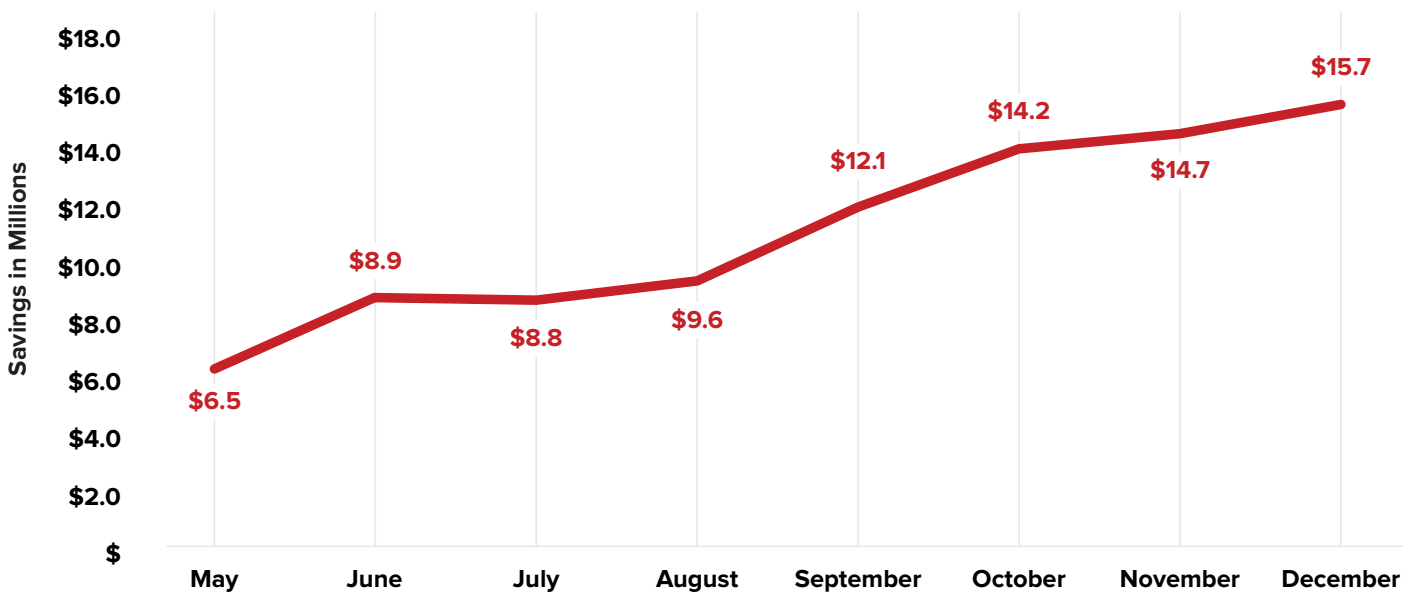
without any additional integration. Intermediaries such as Surescripts do not have to make any changes to their process to accommodate the file and EHRs do not have to make any changes to their formulary validation workflow or update file process.

Savings are recognized by shifting market share to less expensive alternatives.

In a recent Benmedica analysis of results, a national health plan using Benmedica Precision F&B™ and SmartAlts® accrued \$90 million in incremental drug spend savings over an 8-month period. This would translate to even greater savings for a health plan over a 12-month period. The solution was rolled out supporting over 2 million prescribers across 29 states. Interestingly, the drug savings achieved was immediate, producing \$6.5M in savings within the first month alone as a result of inherent adoption. In addition, the results showed that the health plan drug savings **increased monthly due to the compounding effect** of more and more members seeing their PCPs and specialists over time with new prescriptions prescribed using the lowest cost, therapeutic similar alternatives.

From May through December Benmedica delivered **\$90M+ in drug spend savings** for this health plan

Actual Health Plan Savings



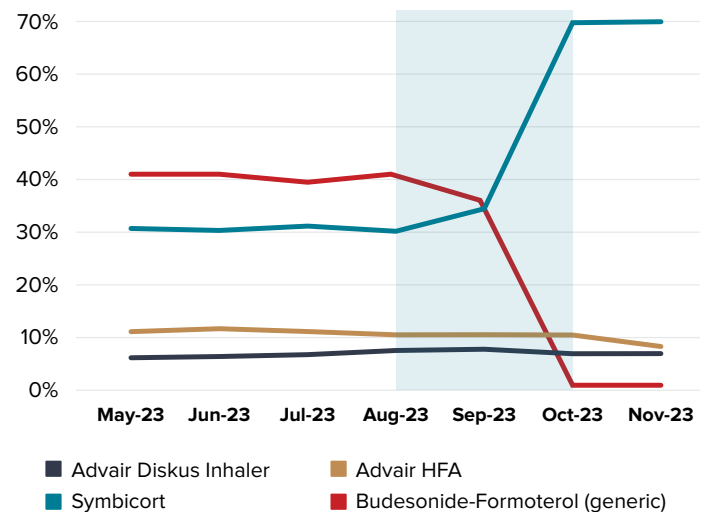


Although Health Plan savings varied, savings was seen across all lines of business:

- Commercial - \$22.32 PMPY
- Exchange - \$16.20 PMPY
- Medicaid - \$9.12 PMPY

Looking at the payer’s spend in a single drug class, when Budesonide-Formoterol’s formulary status changed to “Covered but not preferred” and the branded drug Symbicort became a preferred product, it’s market share jumped from ~30% to nearly 70% and generic declined from ~41% to a little over 1%. Over the course of 5 months, this resulted in savings to the plan of ~\$465,000 in this single drug category for a single formulary.

**Long-Acting Beta Agonists:
Significant Market Share Shift in Two Months**



This dramatic shift in market share is the result of more concise and comprehensive information being displayed to the provider at the point of prescribing. The study demonstrates that when it is straightforward for the prescriber to understand the options they will switch to the most effective, lowest cost medication based on the patient’s pharmacy benefit coverage even if it’s a branded product.

Savings identified in the above graphs were achieved with no marketing or provider education by the health plan and without the ability for members or pharmacists to see similar alternative information. These “smart alternatives” paired with the same information being provided directly to member and within the pharmacy workflow could provide even greater savings for the health plan. Innovative tools such as Precision F&B™ and SmartAlts® are leading to increased patient and provider satisfaction, improved provider, pharmacy and pharmacy efficiency, enhanced outcomes and lowered costs for patients, and significant cost savings for health plans.

Additional Considerations

Key findings of our research highlight the critical role of formulary optimization through the implementation of intelligent alternatives in delivering overall better provider experiences and how recent advancements and innovations can further the value of F&B data to health plans. F&B data to health plans. Additional market trends and factors may also play a role in helping health plans manage drug spend efficiently while ensuring optimal patient care. These include the use of Real-Time Benefit Check (RTBC) and providing the same alternatives and cost information directly to pharmacists and members.

Real-Time Benefit Check

RTBC, also known as Real-Time Prescription Benefit (RTPB) is a more recently introduced formulary management tool, designed to supplement F&B data with timelier member-specific information. RTBC uses an on-line transaction to query the PBM in real-time to provide information about the specific patient’s coverage for the selected medication and pharmacy.

Most EHRs have integrated RTBC data with the traditional F&B data, and providers may not be aware that the RTBC data is part of the information displayed. The workflow to view the data and how it is displayed in the EHR cannot be modified by the individual practice.

Despite the clear benefits of RTBC at the point of care, adoption rates remain a challenge. One major issue is that RTBC occurs at the end of the prescription writing process. It is often too late to make a change as the provider is ready to move to the next task unless there is a significant issue like a prior authorization or large cost difference. As a result, innovative strategies such as integrating intelligent medication alternatives into the RTBC response, and direct communication of price and alternatives information to pharmacists or direct to members could be explored to drive utilization and demonstrate value.



Pharmacists

Pharmacists are increasingly recognized as key stakeholders of the care team. Leveraging their expertise to optimize medication therapy and improve patient outcomes. Prior work done by POCP and outlined in JaPHA shows how, with access to comprehensive F&B data and RTBC solutions, pharmacists can conduct real-time assessments of medication coverage, restrictions, and cost information, enabling them to suggest lower-cost alternatives and enhance medication adherence. Additionally, the ability to check medications being filled enables pharmacists to proactively address potential adherence issues and intervene when necessary, further supporting patient-centered care and cost-effective medication management.

Direct to Consumer/Member

Member experience plays a critical role in medication access and adherence, influencing patient engagement and treatment outcomes. Direct member engagement promotes medication adherence and empowers patients to make informed decisions about their healthcare, ultimately improving health outcomes and reducing healthcare costs. Studies have shown that enhancing member experience through digital health tools including mobile apps and personalized interventions lead to improved medication adherence and better health outcomes. Health plans should consider how to provide information about medication alternatives directly to members through mobile apps or online portals.

Conclusion

In this ever-evolving landscape, health plans are rethinking traditional approaches and challenging themselves to embrace innovative solutions that prioritize value and efficiency. The integration of high quality, succinct and actionable formulary data, guiding intelligent drug alternatives embedded within EHR workflows using F&B represents a transformative opportunity for payers to optimize drug spend, improve patient outcomes, and navigate regulatory complexities effectively. Leveraging innovative solutions using existing technologies not only streamlines medication management but also drives tangible value for payers by delivering cost-effective, patient-centric care.

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