

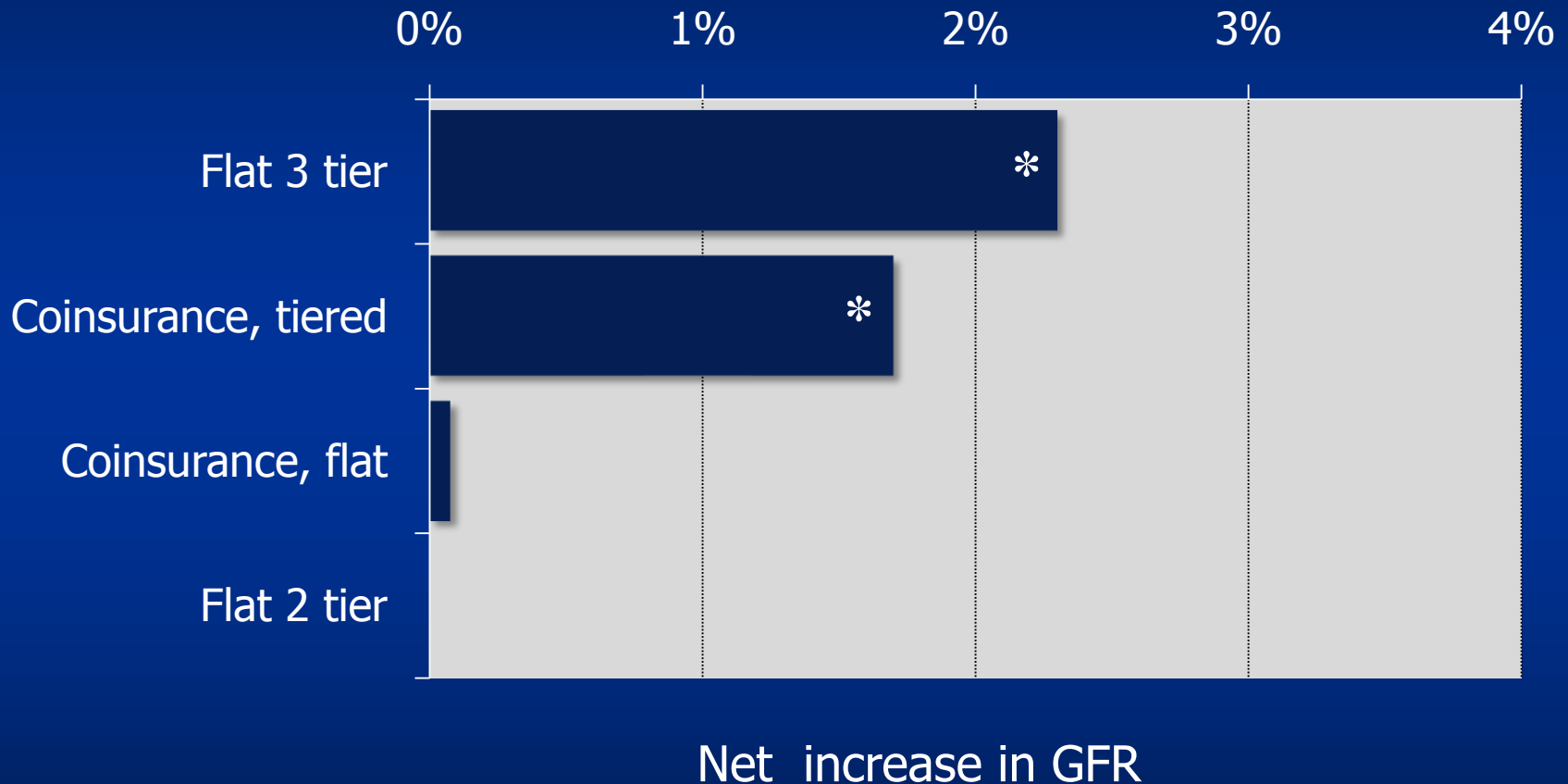
How to Influence Member Behavior through Optimal Plan Design

**What Works,
What Doesn't
And Why?**

Emily Cox, PhD
Sr Director, Research

Optimizing Benefit Design

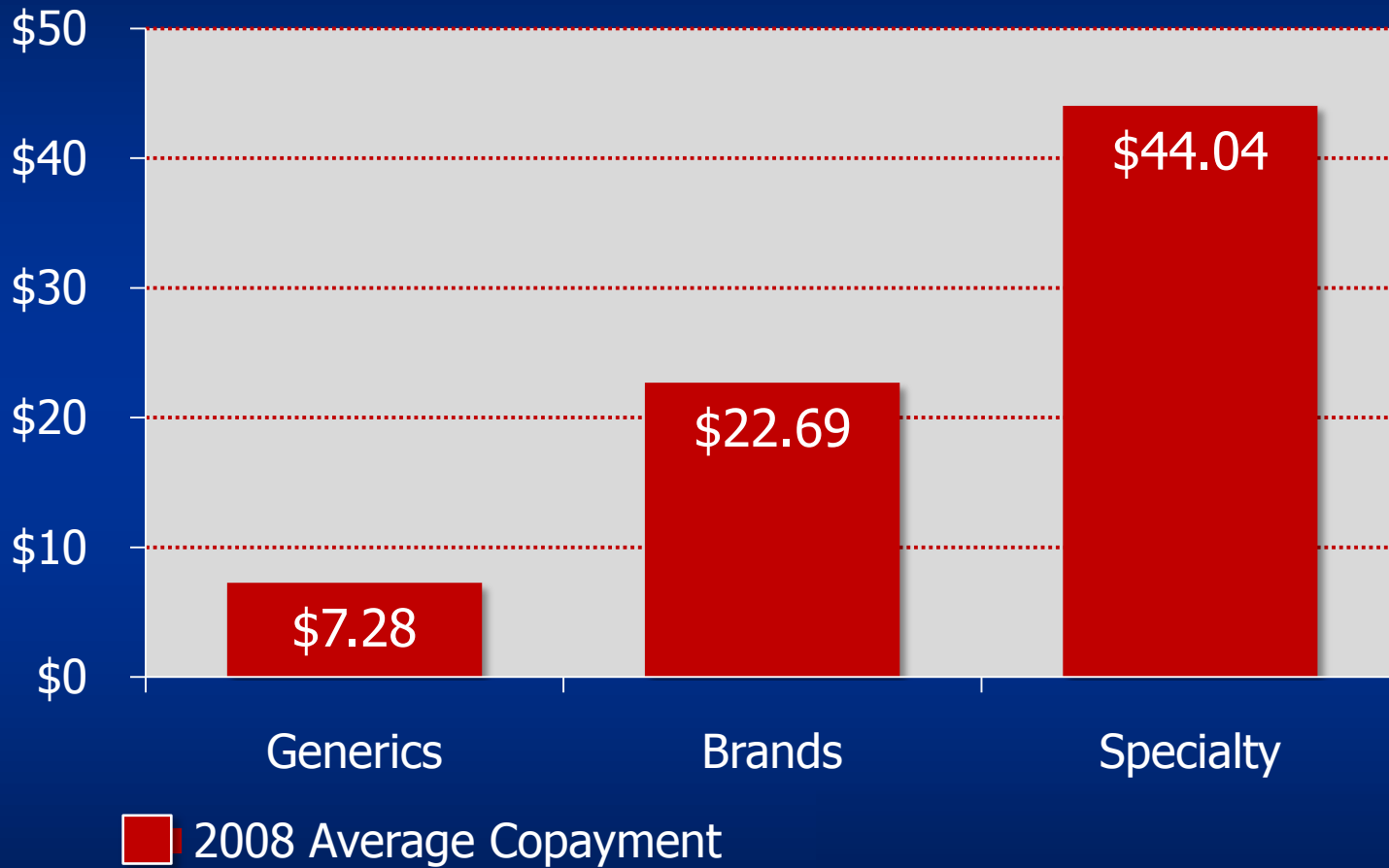
Three tier optimal choice framework



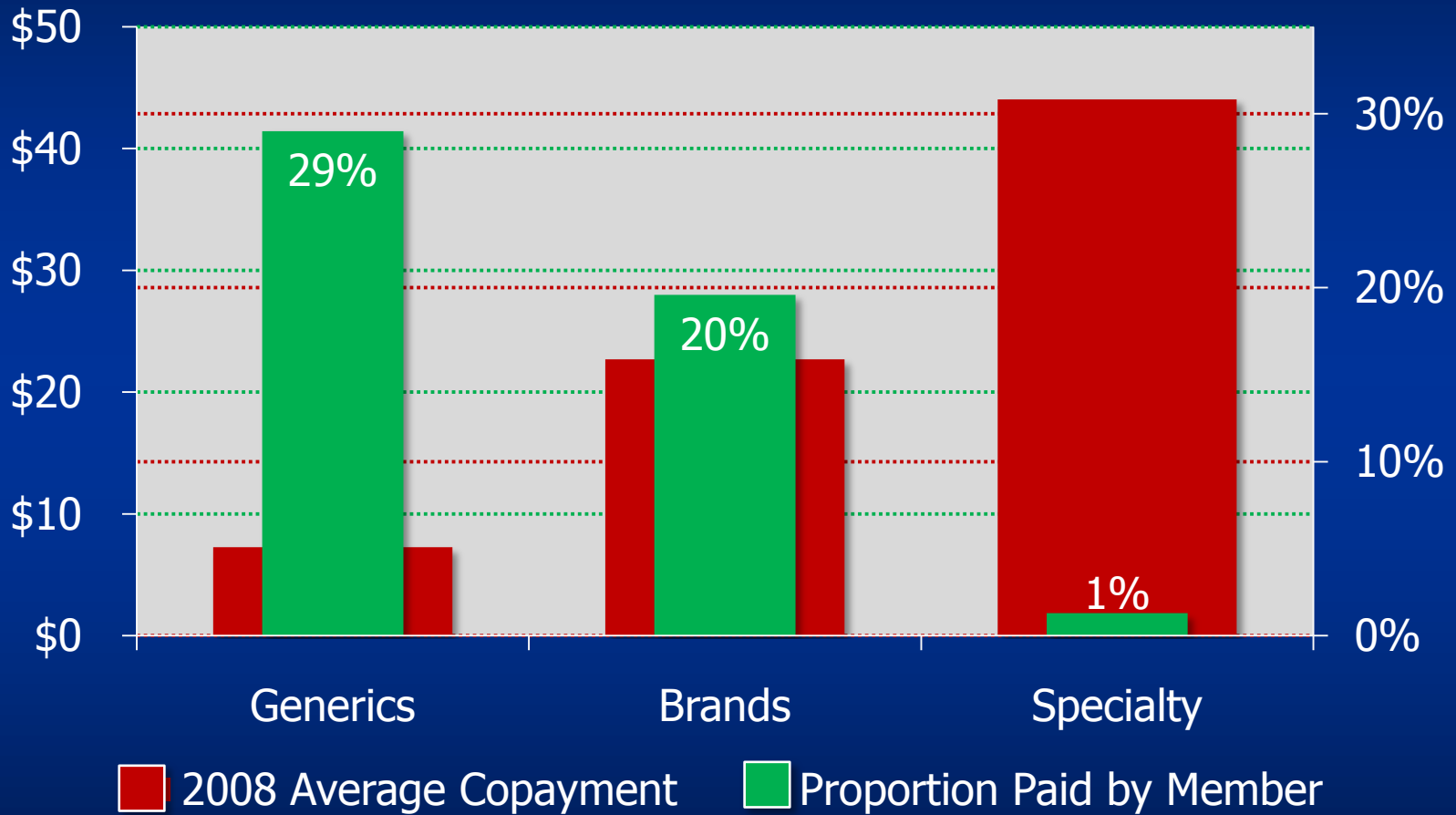
* = $p < 0.05$ compared to flat 2-tier

Source: Express Scripts Internal Research, 2009

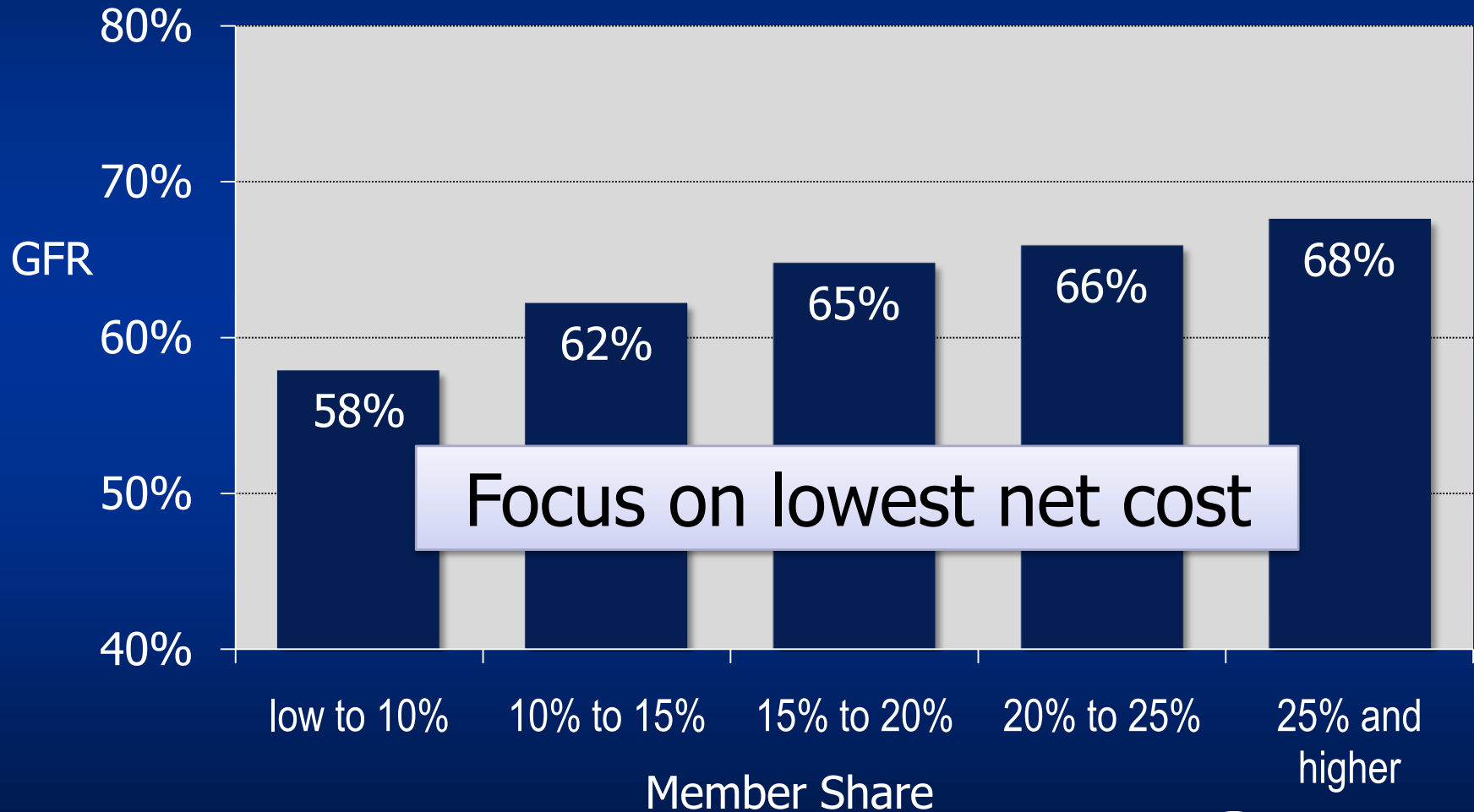
Average Member Copayment



Member Share Is Higher, but Cost Is Lower with Generics

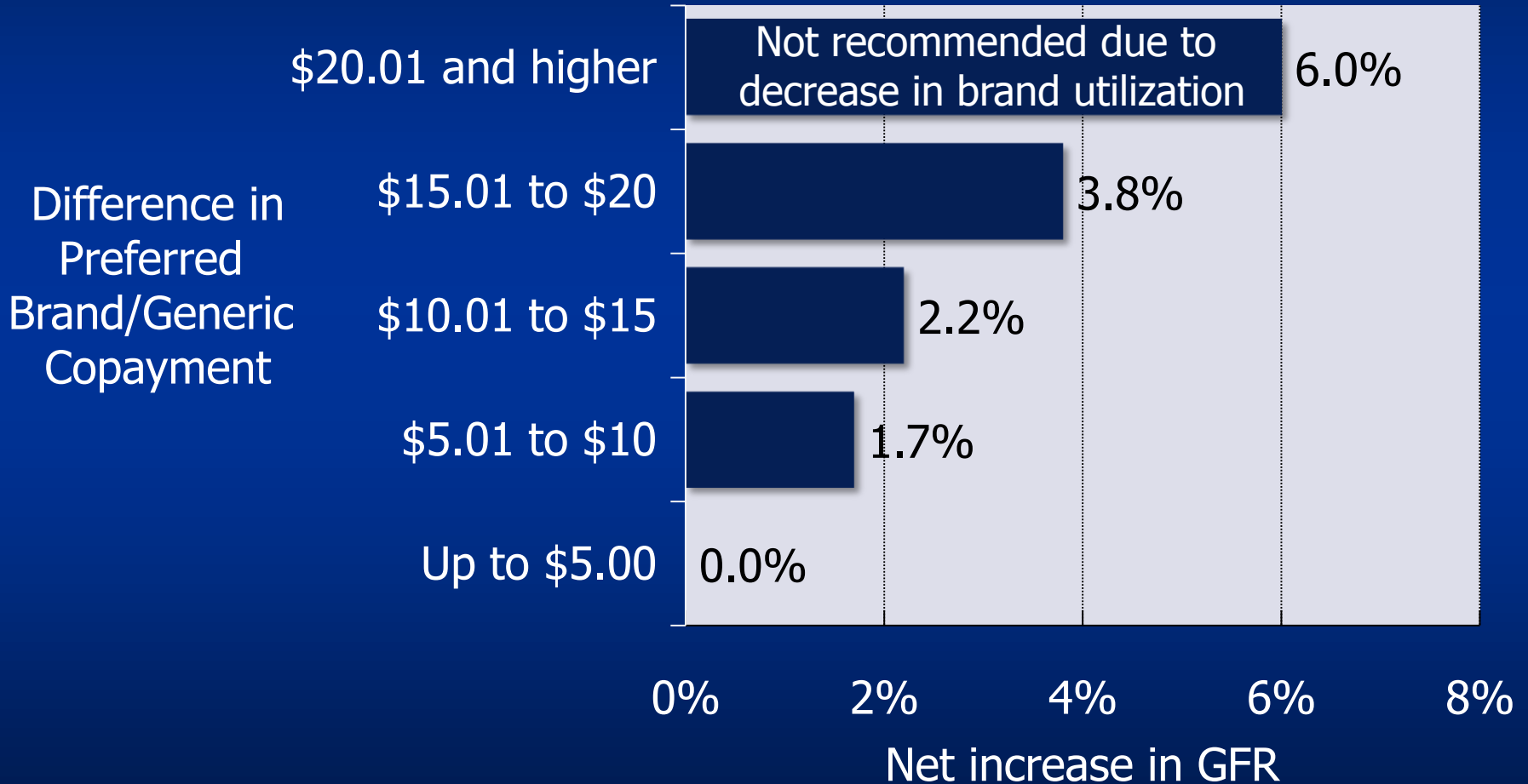


As Member Share Increases, GFR Increases



Optimize the Differential

\$15 to \$20 Remains Optimal

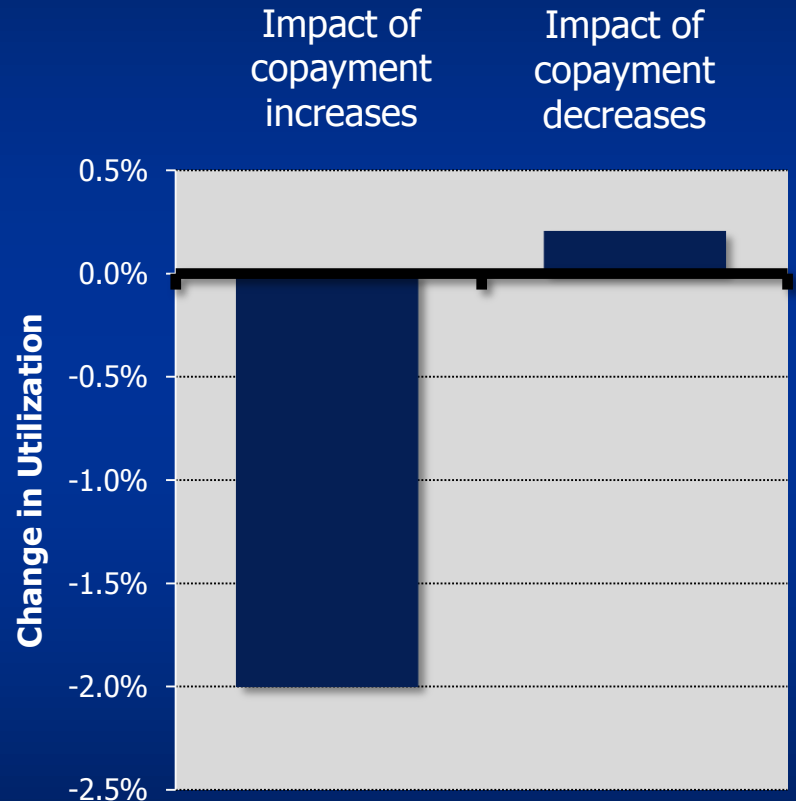


Source: Express Scripts Internal Research; flat 3-tier clients only

Increasing Brand or Decrease Generic?

The principle of *loss aversion*

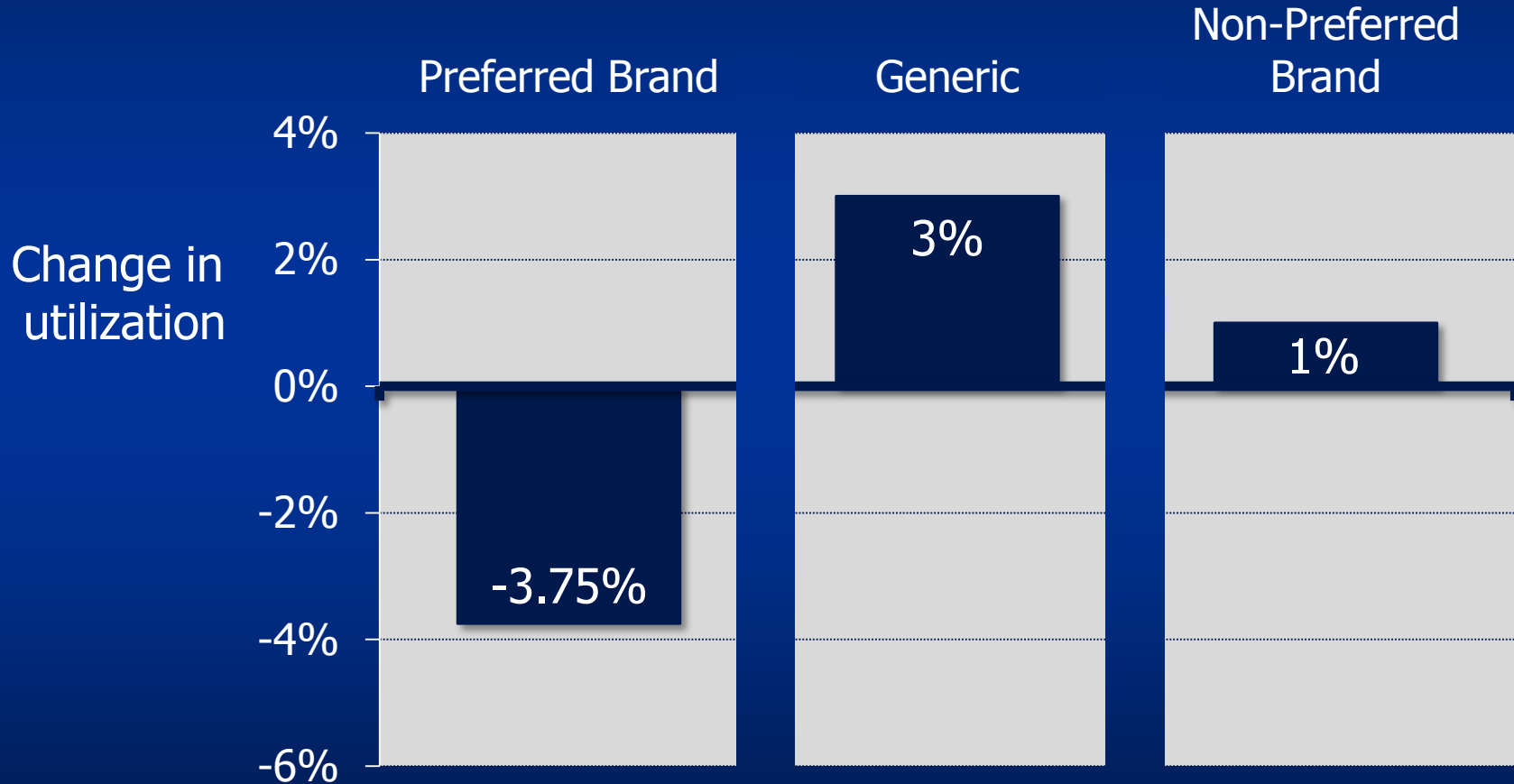
explains why copay increases have **ten times the effect** of copay decreases



Source: Estimates of elasticity from lowering copayment taken from Sedjo RL, Cox ER. Lowering Copayments: Impact of Simvastatin Patent Expiration on Patient Adherence. *Am J Manag Care*. 2008;14(12):813-18.

Copayment Change Strategy

Impact of 25% *increase* in preferred brand copayment on use of generics and NP brands

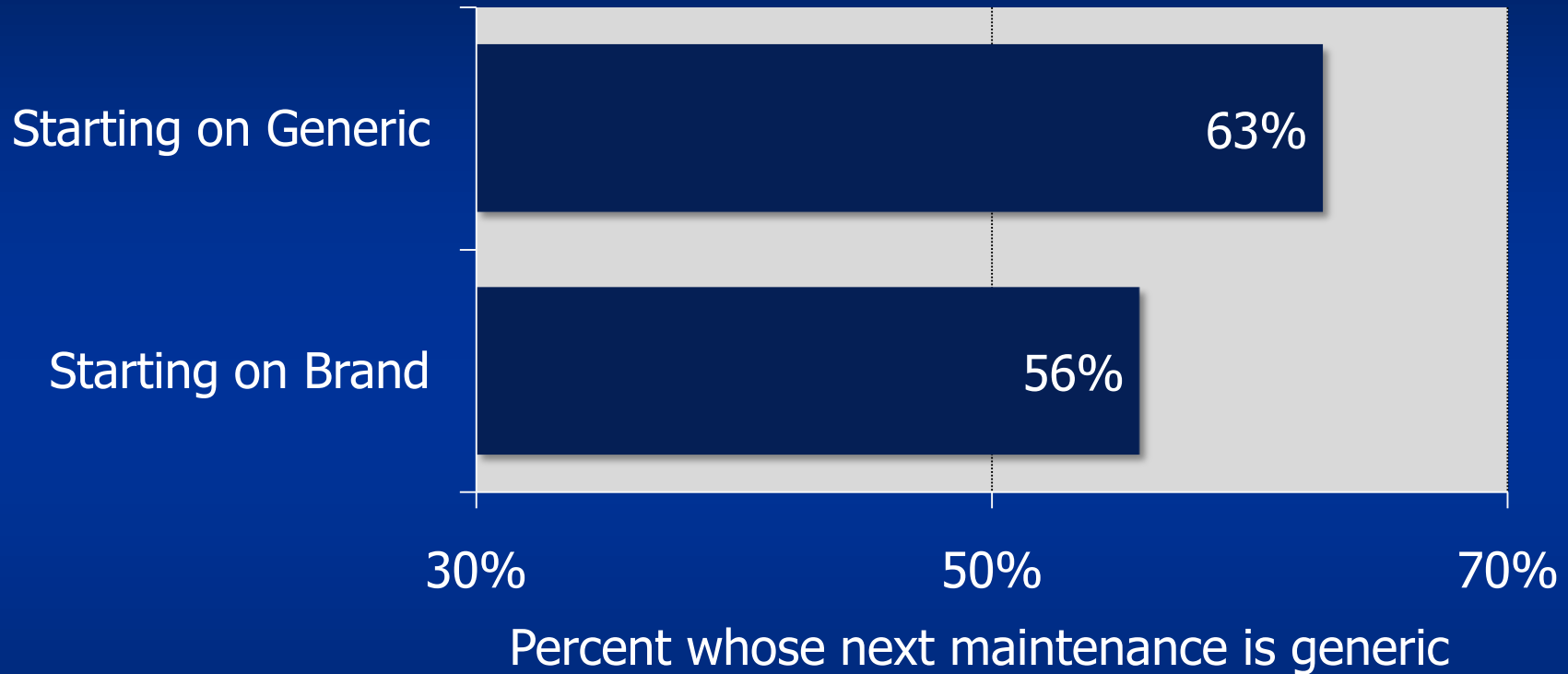


Source: Kridel D, Cox E. The Demand for Prescription Drugs: A Longitudinal Analysis for Anti-hypertensives and Anti-depressants. July 2008; Express Scripts, Inc.

KEY INSIGHT:

“Anchoring”

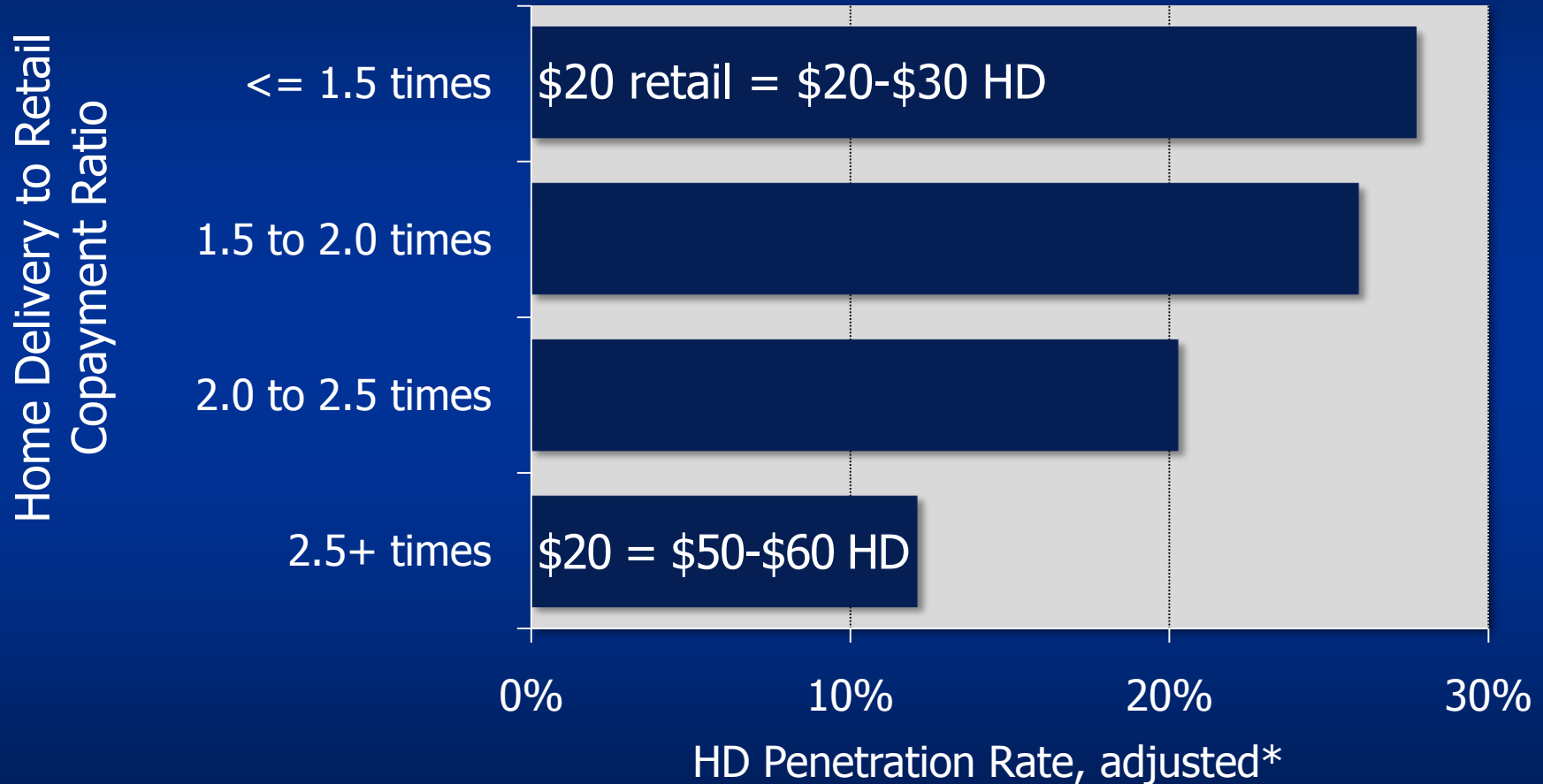
Where you start matters for future purchases



Those who start on a brand are 11% less likely to choose generic for their next maintenance med

Optimizing Channel Choice

You have to give away a lot in copayments to encourage HD use



*Adjusted for demographics, plan design and HD education programs

Select Home Delivery

Description

Program that maximizes effectiveness while maintaining high member satisfaction levels

Goal

Use active decision and opt out as means of member adoption of Home Delivery

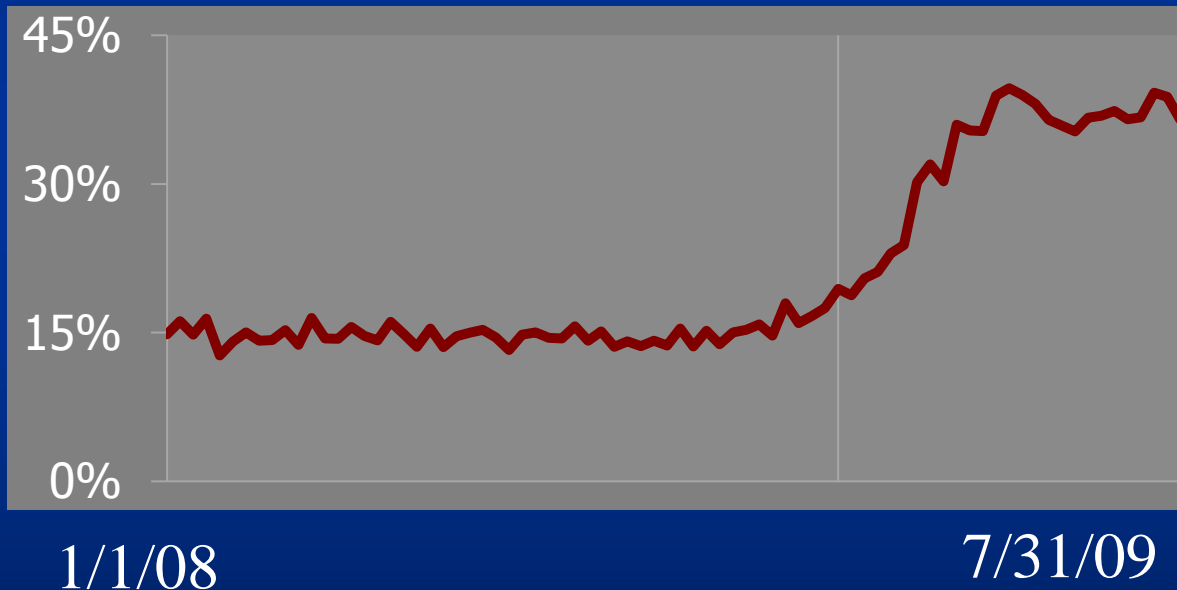
Advantages

- Member friendly
- No benefit change
- Active decision in member's hand (opt out at any time)
- Targets members filling maintenance medications at retail
- Robust effort to move prescriptions to Home Delivery before "go live" date
- Comprehensive communications program

Select Home Delivery

Case study: 200,000 lives employer group client

Adjusted Home Delivery Utilization



- 2.7 times increase in Home Delivery utilization
- Completely voluntary for members
- No change in plan design or copays