

Fiscal Year 2017 Pharmacy Annual Trend Report

Oklahoma Health Care Authority

Introduction^{1,2}

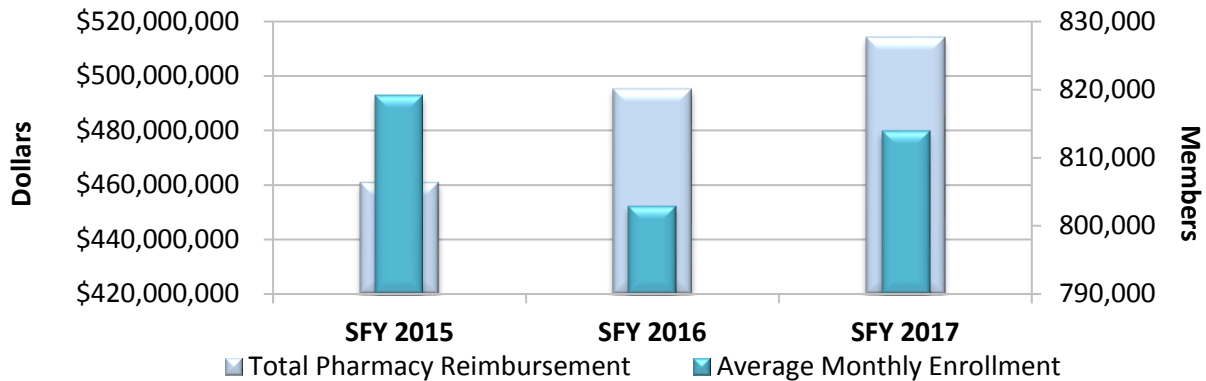
The Oklahoma Medicaid program (SoonerCare) provides pharmacy benefits for its members. In order to provide the best care to as many SoonerCare members as possible, pharmacy claim trends are assessed and adjustments are implemented where appropriate. Cost containment avenues are deployed to minimize healthcare costs increases while ensuring access. Annual trends of enrollment, claims, reimbursement, and utilization are monitored for future program planning. During State Fiscal Year (SFY) 2017, prescription drugs accounted for \$514 million of the approximate \$5.2 billion in total SoonerCare funding. According to the Centers for Medicare and Medicaid Services (CMS), national health spending is projected to grow at an average rate of 5.6% annually. Comparing SoonerCare pharmacy data from SFY 2016 and 2017, the total reimbursement increased by 3.8%, which is less than anticipated. The cost per total members increased from \$470.33 in SFY 2016 to \$506.47 in SFY 2017, a 7.7% increase. Reimbursement increases per member can largely be attributed to the increase in cost per claim for specialty medications as well as an increase in the number of claims for specialty medications. Recently, the specialty pharmaceutical products total pharmacy reimbursement has been on the incline as a result of orphan drug approvals for rare diseases and the high costs associated with these therapies. During SFY 2017 Oklahoma Medicaid spent 37.7% of total pharmacy expenditures on 0.84% of claims for medications costing greater than \$1,000 per claim.

Due to new federal regulations, SoonerCare implemented a new pricing methodology for pharmacy claims reimbursement on January 3, 2017. Ingredient reimbursement changed from an estimated acquisition cost (EAC) to an actual acquisition cost (AAC). In addition, the professional dispensing fee increased from \$3.60 in 2016 to \$10.55 effective January 2017; professional dispensing fees are included in the reimbursement totals in the following report. The impact of the pricing methodology and dispensing fee change are estimated to be budget neutral. This change in reimbursement should be considered when evaluating reimbursement changes from year to year. Medications with a very low cost per claim and large volume of claims will appear to increase in price due to the increase in dispensing fee; however, these increases will be neutralized by changes in ingredient reimbursement for higher cost medications. Further, Indian Health Service (IHS) reimbursement was updated to the Federal Office of Management and Budget (OMB) encounter rate. In order to more accurately compare SFY 2017 with previous fiscal years, IHS data was excluded from the analysis.

SFY	Members	Average Monthly Enrollment	Utilizers*	Claims	Reimbursement	Days	Cost/Claim	Cost/Day
2015	1,021,359	819,193	541,116	5,842,175	\$461,040,791	144,683,680	\$78.92	\$3.19
2016	1,052,826	802,916	542,290	5,891,156	\$495,171,030	149,086,518	\$84.05	\$3.32
2017	1,014,983	813,969	541,021	5,897,218	\$514,062,769	150,979,625	\$87.17	\$3.40

*Total number of unduplicated utilizers.
Reimbursement does not reflect rebated costs or net costs.

Total Pharmacy Reimbursement and Member Enrollment Comparison



Traditional Versus Specialty Pharmacy Products

Traditional pharmaceuticals include products that are typically non-injectable and do not require special transportation, storage, administration, and are not typically indicated for rare diseases requiring unique management. These products treat many common chronic diseases such as diabetes, hypertension, and chronic obstructive pulmonary disease (COPD). Traditional pharmaceuticals carry the bulk of the reimbursement costs accounting for 82.5% of the total pharmacy reimbursement in SFY 2017 and 99% of utilizers. Specialty products, in contrast, are typically injectable and require special handling such as refrigerated transport and special administration techniques or are indicated for rare diseases requiring unique management. These products include treatments for cystic fibrosis (CF), hemophilia, rheumatoid arthritis (RA), and genetic deficiencies, for example. The percent of total pharmacy reimbursement for specialty pharmaceuticals increased in SFY 2017 to 17.5%, compared to 16.6% in SFY 2016. Recently, the specialty pharmaceutical products total pharmacy reimbursement has been on the incline due to new emerging therapies and the high costs associated with these therapies.

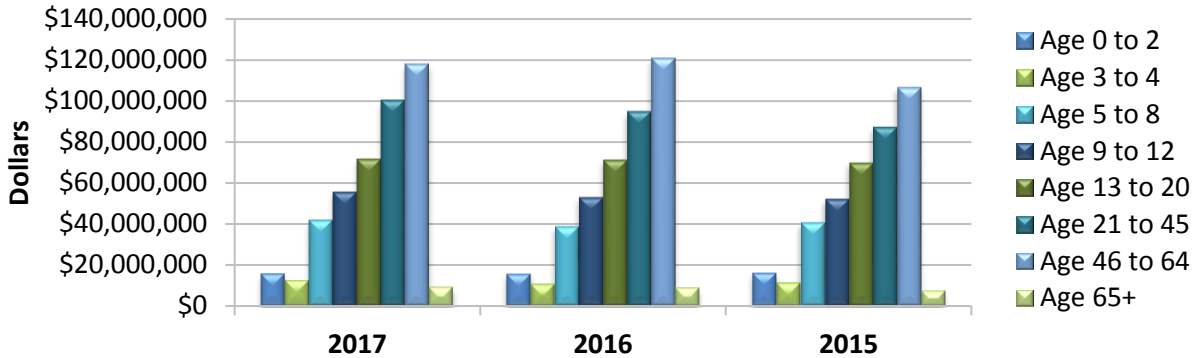
Traditional Pharmacy Expenditure Trends

Traditional Pharmacy Reimbursement Age Group Comparison by Fiscal Year			
Traditional	2017	2016	2015
Age 0 to 2	\$15,744,262.91	\$15,562,590.61	\$16,027,845.22
Age 3 to 4	\$12,235,383.42	\$10,315,779.13	\$11,010,272.19
Age 5 to 8	\$41,724,293.58	\$38,626,102.98	\$40,433,970.22
Age 9 to 12	\$55,574,522.01	\$52,983,674.74	\$52,147,080.06
Age 13 to 20	\$71,690,506.74	\$71,164,995.71	\$69,812,445.41
Age 21 to 45	\$100,407,326.43	\$94,972,118.36	\$87,311,154.54
Age 46 to 64	\$117,861,211.10	\$120,681,290.85	\$106,595,795.13
Age 65+	\$8,919,979.73	\$8,713,602.05	\$7,262,277.77
All ages	\$424,157,485.92	\$413,020,154.43	\$390,600,840.54

During SFY 2017, traditional pharmaceutical products comprised 82.5% of the total pharmacy reimbursement costs and were utilized by 99.97% of members. Traditional pharmacy reimbursement has been trending down, with traditional pharmacy reimbursement comprising of 84.7% and 83.4% of total pharmacy reimbursement in SFY 2015 and SFY 2016, respectively.

Almost all age groups had an increase in spending from SFY 2016 to SFY 2017. The 3 to 4 year old age group saw the highest percent increase in traditional pharmacy spending, with a 19% increase from the previous fiscal year. The 46 to 64 age group was the only group with a decrease in traditional pharmacy reimbursement from the previous year, with a 2% decline.

Traditional Pharmacy Reimbursement Trend by Fiscal Year



Specialty Pharmacy Expenditure Trends

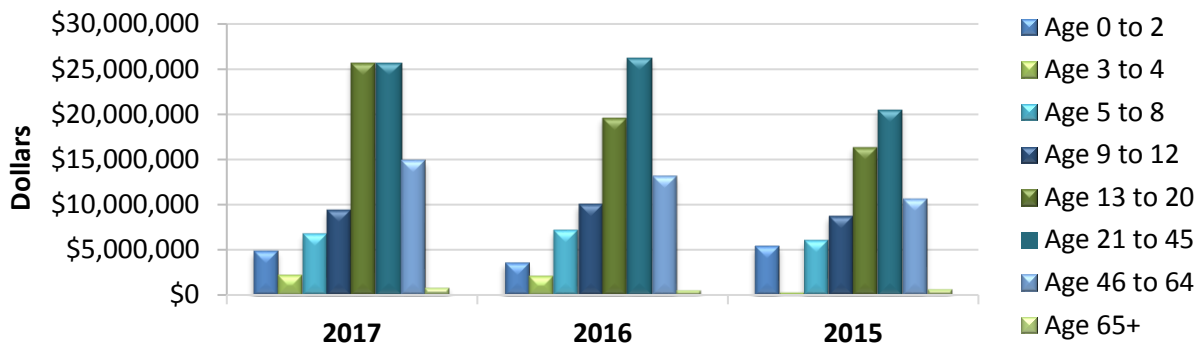
Specialty Pharmacy Reimbursement Age Group Comparison by Fiscal Year			
Specialty	2017	2016	2015
Age 0 to 2	\$4,829,498.31	\$3,565,336.27	\$5,367,199.87
Age 3 to 4	\$2,173,300.89	\$2,062,207.58	\$297,914.20
Age 5 to 8	\$6,732,542.05	\$7,142,948.32	\$6,034,031.90
Age 9 to 12	\$9,368,509.12	\$9,983,948.49	\$8,699,756.80
Age 13 to 20	\$25,571,310.58	\$19,556,424.39	\$16,358,502.21
Age 21 to 45	\$25,622,718.07	\$26,221,851.95	\$20,476,676.66
Age 46 to 64	\$14,866,052.32	\$13,128,718.53	\$10,612,463.10
Age 65+	\$735,502.38	\$487,184.70	\$590,395.41
All ages	\$89,902,433.72	\$82,148,620.23	\$70,436,940.15

Reimbursement does not reflect rebated costs or net costs.

Specialty pharmaceutical reimbursement has steadily increased, with specialty reimbursement increasing from 15.3% of total reimbursement in SFY 2015 to 17.5% in SFY 2017. The top specialty pharmaceuticals for ages 0 to 2 years include cystic fibrosis (CF) medications, antihemophilic agents, respiratory agents, and immunizing agents. The utilization of Synagis® (palivizumab), a specialty medication used in the infant population for the prophylaxis of respiratory syncytial virus (RSV) infection in high risk patients, increased from the last fiscal year resulting in a 9.6% increase in total reimbursement for this medication. Some medications reimbursement requirements have minimum age limits for approval, one example includes growth hormone which, for most indications, requires the member to be 2 years of age or older. For ages 5 to 12 years, specialty pharmaceuticals include similar examples to the 0 to 2 year age group listed previously, as well as growth hormone and targeted immunomodulatory agents. Teens most commonly used growth hormone, targeted immunomodulatory agents, CF medications, and antihemophilic agents. For adults ages 18 years and older, a large amount of specialty pharmacy reimbursement included hydroxyprogesterone caproate, for the prevention

of pre-term labor, and hematologic therapies. Finally, for ages 46 years and older, specialty pharmaceuticals included targeted immunomodulatory agents and multiple sclerosis medications.

Specialty Pharmacy Reimbursement Trend by Fiscal Year



Per Member Per Year Spending

Overall Per Member Per Year (PMPY) spending has increased from \$470.32 in SFY 2016 to \$506.47 in SFY 2017. The increased PMPY spending can be attributed to the rising cost of generic medications with single manufacturers, brand formulation price increases as products approach the end of their patent-life, as well as the significant cost of new therapies upon market entry.

Spending Per Member Per Year by Fiscal Year			
Fiscal Year	2017	2016	2015
Overall PMPY	\$506.47	\$470.32	\$382.43

Reimbursement does not reflect rebated costs or net costs.

Traditional pharmaceutical product PMPY has increased by 3% from SFY 2016 to SFY 2017. All age groups saw an increase in traditional PMPY, except the 46 to 64 years of age group, which saw a 1% decrease.

Traditional Per Member Per Year Age Group Comparison by Fiscal Year			
Traditional PMPY	2017	2016	2015
Age 0 to 2	\$140.55	\$135.73	\$139.26
Age 3 to 4	\$177.62	\$144.15	\$158.94
Age 5 to 8	\$311.91	\$272.95	\$288.25
Age 9 to 12	\$431.66	\$409.04	\$430.09
Age 13 to 20	\$379.09	\$369.44	\$382.09
Age 21 to 45	\$466.63	\$403.49	\$380.44
Age 46 to 64	\$1,205.96	\$1,220.72	\$1,117.05
Age 65+	\$128.26	\$126.87	\$107.06
All ages	\$402.88	\$392.30	\$382.43

Reimbursement does not reflect rebated costs or net costs.

Specialty PMPY increased by 9% overall from SFY 2016 to SFY 2017. There were three age groups that saw a significant increase in specialty PMPY: the 0 to 2 years of age group with a

39% increase, the 13 to 20 age group with a 33% increase, and the 65 and older age group with a 49% increase in specialty PMPY.

Specialty Per Member Per Year Age Group Comparison by Fiscal Year			
Specialty PMPY	2017	2016	2015
Age 0 to 2	\$43.11	\$31.09	\$46.63
Age 3 to 4	\$31.55	\$28.82	\$33.17
Age 5 to 8	\$50.35	\$50.47	\$43.02
Age 9 to 12	\$72.77	\$77.08	\$71.75
Age 13 to 20	\$135.22	\$101.52	\$89.53
Age 21 to 45	\$119.08	\$111.40	\$89.22
Age 46 to 64	\$152.11	\$132.80	\$111.21
Age 65+	\$10.58	\$7.09	\$8.70
All ages	\$85.39	\$78.03	\$68.96

Reimbursement does not reflect rebated costs or net costs.

Top 10 Therapeutic Classes by Reimbursement^{3,4,5,6}

Traditional Top 10 Classes by Reimbursement			
Therapeutic Class	SFY 2017	SFY 2016	SFY 2015
Anti-Infective Agents	\$63,996,676.99	\$64,753,193.00	\$62,972,086.06
ADHD Agents	\$62,118,533.40	\$59,210,124.93	\$59,222,643.32
Anti-Asthmatic Agents	\$43,565,926.25	\$42,407,875.09	\$40,250,424.00
Antipsychotics/Antimanic Agents	\$39,977,374.37	\$53,434,190.89	\$53,508,208.93
Anti-Diabetic Agents	\$38,298,122.04	\$35,416,629.46	\$30,259,419.12
Analgesic Agents	\$25,210,044.42	\$24,729,391.27	\$23,157,175.88
Anticonvulsant Agents	\$24,851,122.19	\$22,587,039.07	\$21,264,626.03
Endocrine Agents	\$22,954,966.66	\$19,378,355.51	\$20,090,703.73
Topical Agents	\$20,067,381.33	\$17,927,089.21	\$12,977,166.54
Cardiovascular Agents	\$14,665,236.10	\$13,942,125.97	\$13,348,962.64

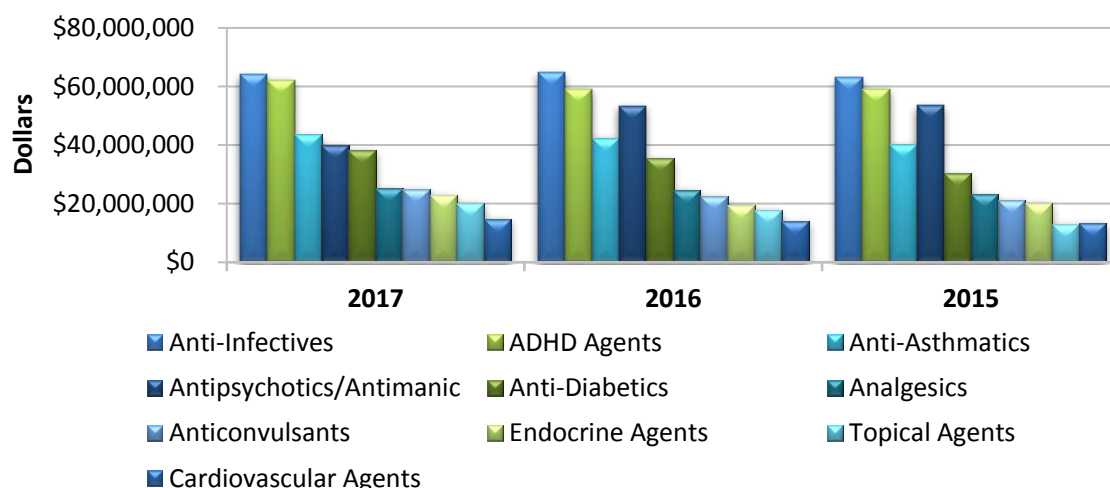
Reimbursement does not reflect rebated costs or net costs.

The ranking of the top 10 traditional therapeutic classes by reimbursement remained similar from SFY 2016 to SFY 2017 with the exception of antipsychotics/antimanic agents falling from 3rd to 4th. Traditional pharmaceutical classes that showed the most significant change included antipsychotic/antimanic agents and endocrine agents.

- The antipsychotic/antimanic agents category dropped from 3rd to 4th in SFY 2017 after a 25% decrease in reimbursement from SFY 2016 to SFY 2017. The FDA approved the first generic formulation of Abilify® (aripiprazole) tablets in April 2015; however, the cost for the generic remained high and comparable to that of the brand, resulting in SoonerCare preferring the branded product based on net cost. On January 1, 2017, SoonerCare began preferring the generic aripiprazole tablets due to a significant reduction in price. Even though this change occurred halfway through SFY 2017, the reimbursement for aripiprazole tablet formulations decreased by \$16,334,891 from SFY 2016, a change of 88%. Costs in this report do not reflect rebated prices provided by medication manufacturers and therefore do not reflect net costs.

- Endocrine agents saw an increase in reimbursement in SFY 2017 as a result of more flexible prior authorization restrictions on progesterone products indicated to prevent pre-term birth (Makena®, Crinone®, and Endometrin®). Changes were implemented after recommendations from the Oklahoma Perinatal Quality Improvement Collaborative (OPQIC) and internal OHCA review determined reduced medical costs would offset the increased utilization and subsequent pharmacy reimbursement.
- Anti-infective agents reimbursement can largely be attributed to the costly therapies for the treatment of hepatitis C. The decrease in reimbursement in SFY 2017 can be accounted for by a decrease in combination regimen use of multiple direct acting antiviral agents (DAAs) as well as the increased availability of products indicated for shortened treatment durations. Continual efforts are made to ensure optimal treatment regimens with cost-effective outcomes.

Top 10 Traditional Therapeutic Classes by Reimbursement



The high costs of specialty therapeutic products can largely be attributed to the orphan drug therapies indicated for rare diseases. Specialty 2017 therapeutic class reimbursement rankings differ from the previous fiscal year with analgesic agents and hematological agents switching places in the 1st and 2nd positions, respiratory agents and neurological agents switching places in the 4th and 5th positions, biological agents falling from 6th to 7th, and non-therapeutic products falling from 8th to 10th in SFY 2017. Specialty pharmaceutical classes that displayed the most significant change from SFY 2016 to SFY 2017 include analgesic agents, cardiovascular agents, respiratory agents, and endocrine agents. Continuous review and management of anti-infective agents, biological agents, and gastrointestinal agents has promoted minimal reimbursement increases other than expected yearly price increases by product manufacturers and declines in reimbursement for hematological agents, neurological agents, and non-therapeutic agents.

- The cost of specialty analgesic medications had an overall increase of \$4.5 million from the last fiscal year, which is attributable to the increase in reimbursement of targeted immunomodulatory agents, such as Humira® (adalimumab), Enbrel® (etanercept), Cimzia® (certolizumab), Orencia® (abatacept), Xeljanz® (tofacitinib), and Actemra® (tocilizumab). With the emergence of biosimilar FDA approvals, current branded product manufacturers

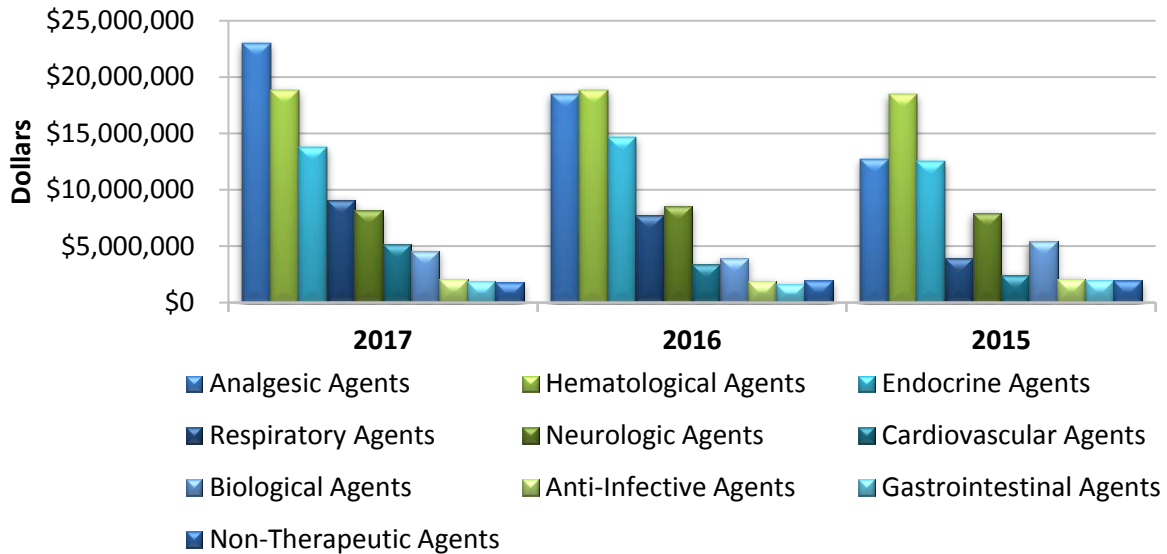
raised their prices in anticipation of more market competition. There are currently five biosimilar products approved by the FDA: Inflectra® (infliximab-dyyb), Erelzi™ (etanercept-szszs), Amjevita™ (adalimumab-atto), Cyltezo™ (adalimumab-adbm), and Renflexis™ (infliximab-abda). Despite biosimilar products receiving FDA approval, several of these products are not yet available on the market due to ongoing litigation from the brand manufacturers over possible patent infringement. Once biosimilar products become more readily available, this class may see a significant reduction in costs as a result of increased market competition. During SFY 2017, the majority of utilization for the specialty pain medication category was seen in Tier-2 medications, which are supplementally rebated medications. Supplementally rebated prices and therefore net costs are not reflected in this analysis.

- Reimbursement for the specialty cardiovascular agents is largely comprised of medications indicated to treat pulmonary arterial hypertension (PAH). Both the number of members utilizing these high cost medications as well as the number of claims increased in SFY 2017 compared to SFY 2016 accounting for virtually all of the \$1.7 million increase.
- Specialty pharmaceutical respiratory agents include medications for CF, idiopathic pulmonary fibrosis (IPF), and emphysema. Orkambi® (lumacaftor/ivacaftor) 200mg/125mg is a medication that was approved by the FDA in July 2015 for CF patients 12 years of age and older with two copies of the *F508del* mutation in their CF transmembrane regulator (CFTR) gene. In September 2016, the FDA approved Orkambi® 100mg/125mg for pediatric patients 6 to 11 years of age. Orkambi® accounted for \$6,580,339 of total reimbursement for SFY 2017, compared to \$2,693,284 in SFY 2016.
- The reduction in reimbursement for specialty endocrine agents can be accounted for by utilization changes of H.P. Acthar® Gel (corticotropin injection) and a reduction in use for diagnoses other than infantile spasms.

Specialty Top 10 Classes by Reimbursement			
Therapeutic Class	SFY 2017	SFY 2016	SFY 2015
Analgesic Agents	\$22,988,676.02	\$18,481,116.06	\$12,732,939.34
Hematological Agents	\$18,813,132.66	\$18,852,788.36	\$18,497,494.10
Endocrine Agents	\$13,782,182.00	\$14,684,343.06	\$12,528,464.19
Respiratory Agents	\$9,093,408.80	\$7,754,987.89	\$3,959,014.79
Neurologic Agents	\$8,139,124.40	\$8,540,617.18	\$7,930,952.10
Cardiovascular Agents	\$5,143,843.17	\$3,387,174.02	\$2,441,564.38
Biological Agents	\$4,581,237.28	\$3,935,198.64	\$5,459,825.55
Anti-Infective Agents	\$2,060,759.57	\$1,865,601.04	\$2,086,175.75
Gastrointestinal Agents	\$1,856,032.89	\$1,642,701.27	\$1,962,601.23
Non-Therapeutic Agents	\$1,780,090.76	\$1,928,230.30	\$1,930,027.69

Reimbursement does not reflect rebated costs or net costs.

Top 10 Specialty Therapeutic Classes by Reimbursement



Hepatitis C Medication Therapy Management

The hepatitis C management program has been initiated to improve adherence and clinical cure rates [sustained virologic response (SVR)] while maintaining minimal cost increases in regimens. At this time, therapy initiation forms, intent to treat contracts, and pharmacy contracts are required for therapy initiation, and therapy continuation forms and SVR response forms are required to obtain SVR data, start dates, and member compliance. This program analyzes therapy options for effectiveness and tolerability to determine optimal treatments with cost-effective outcomes.

Hepatitis C Medications Compared by Fiscal Year						
Fiscal Year	Claims	Members	Cost	Cost/Claim	Cost/Member	Cost/Day
2015	695	250	\$21,332,439	\$30,694.16	\$85,329.76	\$1,097.63
2016	1,009	353	\$31,148,335	\$30,870.50	\$88,238.91	\$1,102.52
2017	900	366	\$25,300,198	\$28,111.33	\$69,126.22	\$1,003.74
% Change*	-10.80%	3.68%	-18.78%	-8.94%	-21.66%	-8.96%
Change	-109	13	-\$5,848,138	-\$2,759	-\$19,113	-\$99

*Change calculated from Fiscal Year 2016 to Fiscal Year 2017.
Reimbursement does not reflect rebated costs or net costs.

There was an 18.78% decrease in hepatitis C medication spending in SFY 2017 compared to SFY 2016. This decrease in hepatitis C medication spending is likely due to approval of monotherapy regimens and shortened treatment durations associated with newly approved products such as Epcalsa® (sofosbuvir/velpatasvir), which was originally FDA approved on June 28, 2016 for all six major viral genotypes. The 10.8% decrease in claims is likely due to the combination regimen of Daklinza® (daclatasvir) and Sovaldi® (sofosbuvir), which would be submitted as two separate claims for each fill, becoming non-preferred after Epcalsa® became available.

Top 10 Products by Reimbursement

The top 10 medications by reimbursement typically contain highly utilized medications such as albuterol inhalers and ADHD medications. Abilify® (aripiprazole) was ranked 2nd in drugs by reimbursement during SFY 2016; however, due to the significant reduction in cost for the generic aripiprazole, SoonerCare started preferring generic over brand in January 2017, causing Abilify® to drop off the top 10 list of drugs by reimbursement. The top products in SFY 2017 include medications from the psychotherapeutic class, such as atypical antipsychotics and attention deficit therapies; the respiratory class, including rescue asthma therapies; the anti-infective class, which includes antiviral medications for hepatitis C; the antidiabetic class, including long-acting insulin; the targeted immunomodulator class; and growth hormone replacement. Top drug reimbursement rankings change from year to year only slightly for several reasons: high utilization, broad use between age demographics, and high costs of new therapies such as hepatitis C medications.

Top 10 Medications by Reimbursement*			
Rank	SFY 2017	SFY 2016	SFY 2015
1	lisdexamfetamine	lisdexamfetamine	aripiprazole
2	ledipasavir/sofosbuvir	aripiprazole	lisdexamfetamine
3	paliperidone palmitate inj	ledipasavir/sofosbuvir	albuterol
4	methylphenidate	methylphenidate	methylphenidate
5	albuterol	albuterol	sofosbuvir
6	adalimumab	paliperidone palmitate inj	oseltamivir
7	atomoxetine	atomoxetine	ledipasavir/sofosbuvir
8	insulin glargine	adalimumab	insulin glargine
9	oseltamivir	insulin glargine	guanfacine ER
10	somatropin inj	sofosbuvir	atomoxetine

*Includes brand and generic where applicable.

SFY = state fiscal year; inj = injection; ER = extended-release

Total Enrollment^{7,8,9}

Total enrollment of SoonerCare members has reached over 1 million for the past five years. It is likely that SoonerCare enrollment will remain high due to several reasons including the significant percentage of Oklahomans below the federal poverty line (15%), and poor overall health of Oklahomans (Oklahoma ranked 46th in the nation in overall health). Total enrollment includes the following: Children's Health Insurance Program (CHIP), Program of All-Inclusive Care for the Elderly (PACE), Home and Community-Based Services (HCBS), Soon to be Sooners (STBS), Care for Children with Disabilities: Tax Equity and Fiscal Responsibility Act (TEFRA), Family Planning (SoonerPlan), Breast and Cervical Cancer (Oklahoma Cares), Tuberculosis (TB) patients, and Insure Oklahoma.

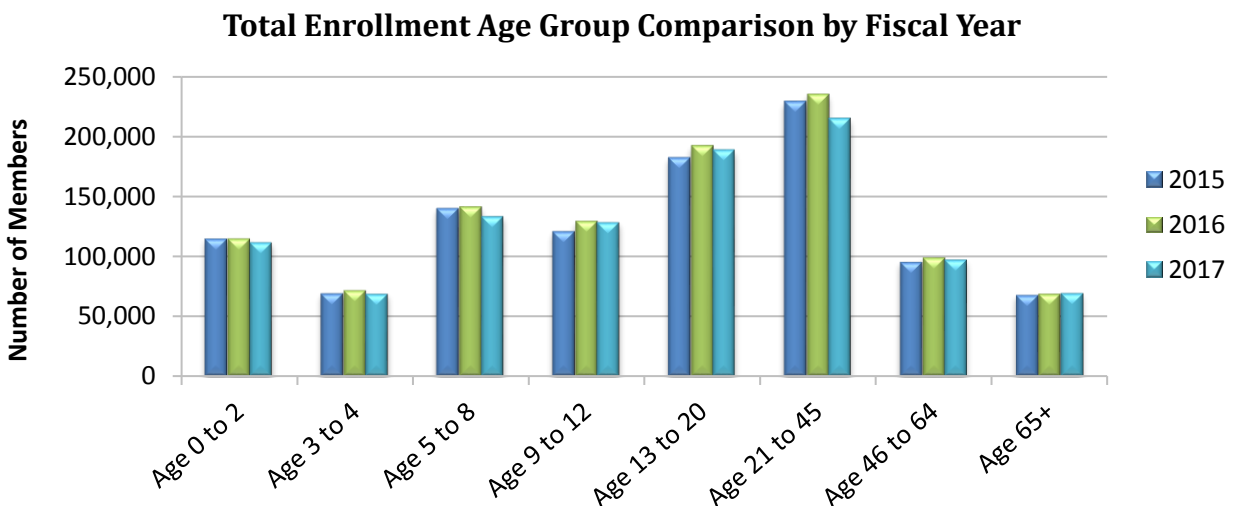
- Oklahoma Cares is the Breast and Cervical Cancer Treatment Program that provides SoonerCare benefits to uninsured women under age 65, who need treatment for breast or cervical cancer (including pre-cancerous conditions and early stage cancer).
- SoonerPlan is a benefit plan covering limited services related to family planning, to women and men ages 19 years and older, in an effort to reduce unplanned pregnancies.

- TEFRA Care for Children with Disabilities allows members younger than age 19 years with special health care needs or disabilities to be cared for at home instead of in an institution.
- CHIP provides benefits to children younger than age 19 year who have income between the maximum for standard eligibility and the expanded Federal Poverty Level (FPL) income guidelines.

Insure Oklahoma (IO) is a program to bridge the gap in the health care coverage for low-income working adults. Under the Employer-Sponsored Insurance (ESI) program, premium costs are shared by the state (60%), the employer (25%), and the employee (15%). The Individual Plan (IP) allows people who cannot access the benefits through their employer, including those who are self-employed or may be temporarily unemployed, to buy health insurance directly through the state. IO has had unstable enrollment which can be attributed to the following: in January 2014, the Insure Oklahoma IP qualifying income guidelines decreased from 200% to 100% of the federal poverty level, in July 2015, CMS approved a one-year extension (January 1, 2016 to December 31, 2016) for the IO Premium Assistance Program without any modifications, in September 2015, ESI became available to any small business with up to 250 employees, and lastly in March 2016, IO moved to online enrollment.

Total Enrollment Age Group Comparison by Fiscal Year			
Members*	SFY 2017	SFY 2016	SFY 2015
Age 0 to 2	112,020	114,661	115,097
Age 3 to 4	68,881	71,565	69,274
Age 5 to 8	133,771	141,516	140,272
Age 9 to 12	128,747	129,533	121,246
Age 13 to 20	189,110	192,629	182,714
Age 21 to 45	215,176	235,377	229,498
Age 46 to 64	97,732	98,861	95,426
Age 65+	69,546	68,684	67,832
All Ages	1,014,983	1,052,826	1,021,359

*Includes Insure Oklahoma members.



Drug Approval Trends^{10,11}

During SFY 2017, the U.S. Food and Drug Administration (FDA) approved the first generic product of several key medications that may have a significant effect on SoonerCare reimbursement. The first generic for Strattera® (atomoxetine) was FDA approved in May 2017. Based on supplemental rebates, brand Strattera® was preferred during all of SFY 2017; however, in August 2017 (SFY 2018) SoonerCare updated to prefer generic atomoxetine. This will most likely have a significant effect on reimbursement, as Strattera® has been one of the top 10 drugs by reimbursement for the past three years. Other key first time generic approvals during SFY 2017 include Seroquel XR® [quetiapine extended-release (ER)] in May 2017, Tamiflu® (oseltamivir capsules) in August 2016, and Focalin XR® (dexmethylphenidate ER) in November 2016.

A total of 31 new drugs were approved by the FDA during SFY 2017. Of the new drugs approved, eight were novel oncology medications. There were five non-oncology drugs approved that have orphan drug designations: Radicava® (edaravone), Austedo® (deutetrabenazine), Emflaza® (deflazacort), Spinraza® (nusinersen), and Exondys 51® (eteplirsen).

Select Novel Drugs Approved During SFY 2017			
Drug Name	Date Approved	FDA-Approved Indication	Estimated Annual Cost*
Kevzara® (sarilumab)	05/22/2017	Treatment of adults with moderate-to-severe rheumatoid arthritis (RA)	\$36,000
Tymlos™ (abaloparatide)	04/28/2017	Treatment of postmenopausal women with osteoporosis at risk for fracture	\$20,651
Ingrezza® (valbenazine)	04/11/2017	Treatment for adults with tardive dyskinesia (TD)	\$74,700
Austedo® (deutetrabenazine)	04/03/2017	Treatment of chorea associated with Huntington's disease or TD in adults	\$118,368
Dupixant® (dupilumab)	03/28/2017	Treatment for adults with moderate-to-severe eczema	\$35,577
Symproic® (naldemedine)	03/23/2017	Treatment of opioid-induced constipation	\$3,822
Xadago® (safinamide)	03/21/2017	Treatment of Parkinson's disease (PD)	\$8,762
Siliq® (brodalumab)	02/15/2017	Treatment for adults with moderate-to-severe plaque psoriasis	\$45,500
Emflaza® (deflazacort)	02/09/2017	Treatment of Duchenne muscular dystrophy (DMD)	\$51,480 - \$191,232
Trulance® (plecanatide)	01/19/2017	Treatment of chronic idiopathic constipation in adults	\$4,457
Spinraza® (nusinersen)	12/23/2016	Treatment of spinal muscular atrophy (SMA) in pediatric and adult patients	\$750,000
Eucrisa® (crisaborole)	12/14/2016	Treatment of mild-to-moderate eczema in patients age 2 years and older	\$7,142
Exondys 51® (eteplirsen)	09/19/2016	Treatment of DMD	\$416,000 - \$1,664,000

*Costs do not include rebated or net costs. Costs based on National Average Drug Acquisition Costs (NADAC), Wholesale Acquisition Costs (WAC), or State Maximum Allowable Cost (SMAC) if NADAC unavailable. Costs reflect first year of therapy and include loading doses. Subsequent years may have a lower estimated annual cost.

Conclusion

New prior authorization categories and product-based criteria implemented during SFY 2017 include: bowel preparation medications, prostate cancer medications, H.P. Acthar® Gel (corticotropin injection), anthelmintic medications, skin cancer medications, iron overload medications, pancreatic enzyme medications, phosphate binding medications, actinic keratosis medications, alpha₁-proteinase inhibitors, lung cancer medications, Huntington's disease medications, Kuvan® (sapropterin), topical acne products, atopic dermatitis medications, Exondys 51® (eteplirsen), Zinplava™ (bezlotoxumab), Kanuma® (sebelipase alfa), Ocaliva® (obeticholic acid), Spinraza® (nusinersen), Defitelio® (defibrotide), Veltassa® (patiromer), Lumizyme® (alglucosidase alfa), Elaprase® (idursulfase), Ingrezza® (valbenazine), Radicava® (edaravone), Vimizim® (elosulfase alfa), and Brineura™ (cerliponase alfa); additional class reviews and product additions to existing classes were also conducted. When new drugs are FDA approved and cost information is available, a cost-effective analysis is performed to ensure spending is minimized while maintaining appropriate clinical care. The goal of the SoonerCare program is to provide members with the most appropriate healthcare in a fiscally responsible manner. For the pharmacy benefit, this is accomplished by the use of a robust prior authorization program, limiting the number of total prescriptions and the number of brand name prescriptions allowed each month for non-institutionalized adults, continuous product pricing maintenance, and provider outreach and education. Constant market review and response to changes such as the introduction of new hepatitis C treatments, growth of the specialty market, and introduction of biosimilars is necessary. SoonerCare will continue to strive to bring value-based pharmacy services to its members.

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