

A \$11 million difference

How the state of New Jersey achieved significant pharmacy savings without compromising member care

With hundreds of high-cost, low-value medications entering market each year, U.S. drug spend is expected to reach up to \$380-400 billion by 2025.^{1,2} One way pharmacy plan sponsors can avoid unnecessary costs is to spend pharmacy dollars on only the most clinically appropriate, cost-efficient medications.



Just like the state of New Jersey did.

Background

In 2015, New Jersey faced a significant fiscal crisis because of its underfunded pension plans and rich health benefits. According to a report from the New Jersey Pension and Health Benefit Study Commission, if pension and health benefits costs exceeded approximately 15% of the state's annual budget, the state would be in financial jeopardy, and New Jersey's credit ratings would continue to decline.

Goals

Optum Rx partnered with New Jersey to manage the pharmacy benefit and:



Reduce health care costs for members, the state and taxpayers



Provide high-quality health care to members



Improve health outcomes for members



Communicate with members early and effectively about any changes to benefits



Hold medical and pharmacy vendors accountable to managing pharmacy costs



Demonstrate results in order to justify continued program investment

Solution

The **Optum Rx Vigilant Drug Program**® helped New Jersey manage pharmacy benefits with greater precision by excluding certain categories of medications whose cost outweighed their benefit.

We reviewed New Jersey member data and trends to identify the exclusion categories that would help the state meet members' medication needs but at a fraction of the cost including:

Clinical Duplicates – Excludes high-cost medications without additional clinical advantages over existing therapy options.

High-Cost Brands with Generics – Excludes high-cost brands that have lost patent protection and have clinically equivalent, lower-cost generic alternatives.

High-Cost Generics – Excludes generic drugs that are priced substantially higher than other generics in the same class.

New Drugs to Market – Temporarily excludes newly launched products with unproven benefits pending formal review by our Pharmacy and Therapeutics Committee (P&T).

Non-Essential – Excludes products not approved by the Food and Drug Administration (FDA) and others deemed clinically unnecessary.

“Optum Rx has done a really great job in looking at our data and our trend and finding high-value opportunities. We’re able to show our stakeholders that we are not making these changes to nickel and dime members – we’re doing it to solve problems specific to our members.”

“The savings are significant for the Vigilant program. But the savings also lend additional credibility for these kinds of initiatives on both the pharmacy side and the medical side. I think it’s really valuable to be able to show that doing the smart things and doing the right things can bring meaningful savings without harming the member’s health and without denying care.”

– Former Assistant Director of Pension and Benefits, State of New Jersey

Results

The Vigilant Drug Program delivered massive results for the state³:

\$51 million avoided pharmacy costs

\$8.22 total per member per month (PMPM) savings

27,499 intervened prescription claims



A \$11 million difference

The Clinical Duplicates list includes the anaphylaxis therapy agent AUVI-Q®. New Jersey saved \$11 million by covering lower-cost alternatives for this single medication.

67.42% reduction in spend from 2018 to 2021⁴

72.36% reduction in prescriptions from 2018 to 2021⁵

Better communication, easier transition

New Jersey officials recognized that in excluding certain medications, some members would have to switch to a new medication. Such change is typically framed as negative.

Early collaboration and communication with stakeholders made all the difference in how benefit decisions were understood and ultimately received.

Optum Rx advised the state ahead of time about potential Vigilant Drug Program effects on membership.

As part of our communication strategy and service offering, we offered a dedicated, toll-free member services call center set up specifically to handle calls from New Jersey members. The call center is staffed by customer service advocates who are trained on the state's plan designs and clinical programs.



See how we can help

Learn how the Optum Rx Vigilant Drug Program can help you tackle the biggest challenges in pharmacy.

Contact your Optum Rx representative or send an email to optumrx@optum.com

Visit our [resource library](#)

References

1. IQVIA Institute for Human Data Science. The Use of Medicines in the U.S. Spending and Usage Trends and Outlook to 2025. Published May 27, 2021. Accessed May 25, 2022.
 2. U.S. Food & Drug Administration. Novel Drug Therapy Approvals 2021. Content current as of January 6, 2022. Accessed May 25, 2022.
 3. Optum Rx. Analysis of Vigilant Drug Program performance for state of New Jersey. January–December 2021.
 4. Ibid.
 5. Ibid.