COMMONWEALTH OF PENNSYLVANIA
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

REPORT

REGARDING THE

Enhanced and Basic MedicareRx Prescription Drug Coverage Options

OF THE

HOP
HEALTH OPTIONS PROGRAM
WWW.HOPBENEFITS.COM

AND

PLAN DESIGN RECOMMENDATIONS

FOR

2007

April 2007

Executive Summary

- The Medicare Modernization Act added prescription drug coverage (Part D) to Medicare effective January 1, 2006. The Act set forth a standard benefit structure, but gave plans flexibility to make improvements.

- To comply with Medicare regulations, maintain the pre-Part D prescription drug benefit for current members, and offer a low cost benefit to compete with commercial plans the Retirement Board adopted two plans using Medicare's standard benefit structure with a $250 annual deductible and percentage co-pays.

- CMS has announced that they will increase their various Threshold level by an estimate 6% to 7% over the 2006 levels. For example, this will increase the deductible from $250 in 2006 to $265 in 2007 and other benefit thresholds will change accordingly.

- Most of our competitors in the Medicare Prescription Drug marketplace have adopted plan designs with no annual deductible and fixed co-pays. Plans with no annual deductible have a distinct competitive advantage in benefit comparisons with plans that have an annual deductible.

- Staff recommends that the Retirement Board change the plan design of the HOP's Basic Medicare Rx Option to a fixed co-pay, no annual deductible plan, effective January 1, 2007. The following is comparison of the current and proposed plan designs:

Member Pays	**Current Basic Option**	**New Basic Option for 2007**
Premium	$ 19.00	TBD
Annual Deductible	$250.00	0
Deductible to $2,250**	25%	Fixed Co-pays
Generic	25%	$ 7.00Ŧ
Preferred Brand	25%	$25.00 Ŧ
Specialty	25%	25%
$2,250 to Max TrOOP*	100%	100%
Generic	100%	100%
Preferred Brand	100%	100%
Non-Preferred	100%	100%
Specialty	100%	100%
After Max TrOOP*	5%	5% (not to exceed $100)

* $3,600 of True Out-of-Pocket expenses. Under the current Basic Option this is incurred as follows: $250 deductible + $500 in 1st tier of coverage + $2,850 in coverage gap = $3,600. Under the proposed new Basic Option TROOP will be a combination of participant co-payments and percentage payments, depending on usage, that equal $3,600.

** Total drug spend by the plan and participant

Ŧ Actual Co-pays may vary to insure that premiums are competitive and that the plan is actuarially equivalent with the Standard Part D plan, as required by CMS rules to receive the government payment.

Background

Effective January 1, 2002, the Retirement Board restructured the High and Standard Options of the Health Options Program (HOP) to be competitive with Medigap plans (Medicare supplement plans sold to individuals). To do this, the prescription drug benefits of the High Option were reduced and the Standard Option eliminated, resulting in a significant decrease in the premiums paid by participants. The new High Option prescription drug plan had a $250 annual deductible, 50% coinsurance and an annual maximum benefit of $3,000 for brand name drugs. This benefit design was enhanced over the market competition and the premium charged to annuitants was competitive with the prescription drug benefit of Medigap Plan J, the top prescription drug benefit for Medicare supplemental plans. The Retirement Board added enhancements to the High Option prescription drug benefit by providing Critical Care drugs for a fixed $75 per prescription co-pay, continuing to provide 50% coinsurance for generic drugs and Critical Care drugs after the participant reached the $3,000 annual maximum.

The Medicare Modernization Act added prescription drug coverage (Part D) to Medicare effective January 1, 2006. The Act set forth a standard benefit structure, but gave plans flexibility to make improvements. Each plan had to provide that their benefit was at least equal to the Part D standard benefit but benefit improvements had to be financed by the plan or the participant contributions, however, and plans lost some funding for catastrophic claims by enhancing benefits.

In reaction to Medicare Part D, and following an extensive review of various options for participation, PSERS entered into a contract with the Center for Medicare and Medicaid Services (CMS) to become a Medicare Prescription Drug Plan (PDP). By becoming a PDP, HOP was able to better control the benefit design offered to its annuitants and obtain the greatest federal government contribution to lower costs paid by plan participants. The Retirement Board and staff had two goals during the implementation of the new Medicare Rx plans:

- Maintain, to the extent possible, the pre-Part D prescription drug benefit for current members, and

- Offer a low cost benefit to compete with commercial plans.

Because of the divergent nature of these goals the Retirement Board adopted two plans. The plan designed to maintain the pre-Part D benefit for current members was called the Enhanced Medicare Rx Option and the market competitive low cost plan was called the Basic Medicare Rx Option. Considering available information, staff and our consultants assumed that the majority of commercial Medicare Part D plans would offer Medicare's standard benefit design. Accordingly, we recommended that the Retirement Board adopt Medicare's standard design as our Basic plan. The use of the standard Part D design for current participants seemed obvious, as the structure of the pre-Medicare Part D plan was fundamentally the same with a $250 annual deductible and percentage co-pay. Attachment 1on page 7 is a table illustrating the evolution of the fee-for-service prescription drug benefit offered through HOP.

Commercial Prescription Drug Plans

As of January 1, 2006, there are 52 commercial Medicare Part D plans being marketed in Pennsylvania. Of the 52 plans, only 2 plans have a lower monthly premium than HOP's Basic Medicare Rx Option. Of the 52 plans, only 2 plans provide coverage for both generic and brand name drugs through the standard Part D "coverage gap" as does HOP's Enhanced Medicare Rx Option. Of the 52 plans, 17 plans covered a greater number of the national top 100 drugs defined by CMS than the HOP's Basic and Enhanced Medicare Rx Options, which were based on medications used by PSERS annuitants. This formulary comparison does not, however, take into consideration the prescription drugs added to the Enhanced Medicare Rx Option that are not approved by Medicare (i.e. barbiturates, benzodiazapines and prescription vitamins). Considering the premium cost and the

inclusiveness of the formulary, the HOP plans are very competitive in the Part D marketplace. The benefit designs of the commercial Part D plans, however, are significantly different than that of the HOP's Enhanced and Basic Medicare Rx Options. See Attachment 2 on page 8 for a detailed description of four commercial Medicare Part D plans and how they compare with the HOP plans.

The following tables compare the benefit designs of the HOP plans and those of four major Medicare Rx plans marketed in Pennsylvania:

Table 1
Comparisons of 2006 Plans Without Coverage in the Coverage Gap (Donut Hole)

Member Pays	HOP	AARP	Highmark		Humana		CIGNA	
	Basic		Basic	Plus	Standard	Enhanced	Value	Plus
Premium	$ 19.00	$ 25.03	$ 26.55	$ 33.67	$ 10.14	$ 16.94	$ 37.35	$ 42.46
Deductible	250.00	$ 0	0	0	250.00	0	250.00	0
Deductible to $2,250	25%				25%			
Generic	25%	$ 5.00	$ 10.00	$ 10.00	25%	$ 7.00	$ 4.00	$ 5.00
Preferred Brand	25%	28.00	30.00	25.00	25%	30.00	20.00	30.00
Non-Preferred	25%	55.00	N/A	45.00	25%	60.00	40.00	50.00
Specialty	25%	25%	N/A	N/A	25%	25%	N/A	N/A
$2,250 to Max TrOOP	100%	100%	100%	100%	100%	100%	100%	100%
Generic	100%	100%	100%	100%	100%	100%	100%	100%
Preferred Brand	100%	100%	100%	100%	100%	100%	100%	100%
Non-Preferred	100%	100%	100%	100%	100%	100%	100%	100%
Specialty	100%	100%	100%	100%	100%	100%	100%	100%
After Max TrOOP	5%	5%	5%	5%	5%	5%	5%	5%

Table 2
Comparisons of Plans With Coverage in the Coverage Gap (Donut Hole)

Member Pays	HOP	Highmark	Humana	CIGNA
	Enhanced	Complete	Complete	Complete
Premium	$ 49.00	$ 47.46	$ 58.46	$ 51.26
Deductible	250.00	0	0	0
Deductible to $2,250	25%			
Generic	25%	$ 8.00	$ 7.00	$ 5.00
Preferred Brand	25%	20.00	30.00	30.00
Non-Preferred	25%	40.00	60.00	50.00
Specialty	25%	N/A	25%	N/A
$2,250 to Max TrOOP	50%			
Generic	50%	$ 8.00	$ 7.00	$ 5.00
Preferred Brand	50%	100%	30.00	100%
Non-Preferred	50%	100%	60.00	100%
Specialty	50%	100%	25%	100%
After Max TrOOP	5%	5%	5%	5%

Most of our competitors in the Medicare Prescription Drug marketplace have adopted benefit designs with no annual deductible and are using fixed dollar co-pays.

Plans with no annual deductible have a distinct competitive advantage in benefit comparisons with plans that have an annual deductible, especially for people who do not consume a high volume of medications and benefit more from first dollar coverage. This disadvantage can be overcome if the monthly premium cost of the plans is such as to offset the deductible "cost." In the case of the Basic and Enhanced Medicare Rx Options, however, there is no offsetting premium advantage.

Plans with fixed dollar co-pays are easy for participants to understand and may have a competitive advantage for individuals shopping for a Medicare PDP. While percentage co-pays are more equitable and provide incentives for participants to "shop" for the lowest cost drugs, comparing prescription costs and their relative percentage co-pay can be confusing and time consuming. Members who are familiar with the percentage co-pay benefit structure can save money by shopping for the best cost at the point of prescription drug purchase. Individuals shopping for a Medicare Part D Plan, however, may not go to the effort to check with pharmacies to compare prescription drug cost on a percentage basis with a fixed amount.

2007 Plan Year

Going forward, we view the Basic Medicare Rx Option as one of the main entry points for new members into the HOP. We believe the current percentage of cost design of the Basic Medicare Rx Option, in light of the Part D marketplace, will not be attractive to potential new members. Accordingly, we recommend redesigning the Basic Medicare Rx Option to eliminate the annual deductible and set fixed dollar per prescription co-payments to replace the percentage co-pay. This redesign, however, will have to be accomplished without jeopardizing the cost competitiveness of the Basic Plan. It should also be noted that switching from percentage co-pay to fixed dollar co-pays would create situations where the member is paying greater than the current 25% of the cost of the prescription drug with the fixed dollar co-pay. Attachment 2 sets forth the costs of fifteen (15) commonly used prescription drugs to illustrate how the percentage co-pay of the HOP plans compare with the fixed co-pay's of the sample group of competing plans. Removing the annual deductible, however, would minimize the perceived inequities of a fixed co-pay benefit design.

We are not, however, recommending changing the Enhanced Medicare Rx Option to a fixed co-pay benefit. To support this position:

- Most Enhanced Medicare Rx Option participants were enrolled in the High Option with a deductible and percentage co-pays.

- The percentage co-pay design does encourage members to shop for the best prescription drug price and automatically adjusts for drug cost inflation.

- The percentage co-pay avoids situations where the fixed co-pay will represent significantly more than 25% co-pay.

- The fixed co-pay design, once a member has reached $2,250 in 2006, or $2,400 in 2007, in total drug spend for the year, negates the reinsurance component of the federal government's funding of Medicare Part D plans. Accordingly, to adapt the fixed co-pay benefit to the Enhanced Medicare Rx Option would require either (i) a significant increase in premium or (ii) using the fixed co-pay design for the first $2,400 (2007) in drug spend and the 50% co-pay design thereafter.

New Plan Design

Attachment 3 on page 19 reflects the recommended plan design of the new Basic Medicare Rx Option and compares it with the current Basic Option and competing plans. This comparison is limited to plans without coverage in Medicare's coverage gap or "donut hole." These low cost plans are believed to be most attractive to individuals at age 65.

At this time we are recommending only a minor adjustment to the Enhanced Medicare Rx Option; a $100 cap on high cost drugs. This cap would only become effective at such time as the member reaches their $3,600 ($3,850 in 2007) True Out-Of-Pocket expense (TrOOP) for the year. While this does not reinstitute the pre-Medicare Rx prescription drug benefit of the High Option, it does limit a member's out of pocket cost at the catastrophic level on medications where a 5% co-pay may well exceed $100.00. The plan, of course, will absorb the cost of the difference between the $100 cap and 5% of the total cost of the drug, at which time the catastrophic coverage begins. This cap will also be used for the Basic Medicare Rx Option.

Implementation

To implement the new fixed co-pay plan design for the Basic Option and the 100% cap on critical care drugs for both the Basic and Enhanced Options, HOP will have to:

- Submit a new formulary to the Center for Medicare and Medicaid Services (CMS) reflecting the prescription drugs in each co-pay tier. Currently, a drug is either on or off the formulary. The new design will identify whether a drug is:
    - Generic - an FDA approved medication that has lost its patent, and is now subject to price competition from other FDA approved drug manufacturers
    - Preferred - a drug Formulary item for cost or patient care reasons receives annuitant coverage incentives over other covered medications in a particular drug class.
    - Specialty - medications that are generally manufactured through a biotechnology process and are for use in very specific medical conditions and with disciplined treatment regimens.
    - Critical Care - an expensive medication that does not have a generic alternative. They are used as a last alternative treatment for life threatening medical conditions. Specialty medications may be included as a Critical Care medication.
- Communicate the new design to plan participants. The changes should be perceived as a benefit improvement (removal of the annual deductible and a cap on Critical Care Drugs for people in Catastrophic Coverage) and a simplification of the benefit. There will be some instances where the Basic Option fixed dollar co-pay will increase the member's "cost" of the drug. This negative result for some people should be lessened by the removal of the annual deductible. While participants will be required to determine the category of their drug, the burden of "pricing" the drug to determine the percentage co-pay amount will be significantly reduced.
- Issue new prescription drug identification cards.

Communications

The change in the plan design of the Basic Medicare Rx Option will directly affect about 2,000 individuals currently enrolled in the Basic Option. The change will, however, indirectly affect approximately 35,000 participants of the Enhanced Medicare Rx Option, as they will have an opportunity to change their coverage during the 2007 option selection period.

Attachment 1

The following table illustrates the evolution of the prescription drug benefit since 2002;

Member Pays	Effective January 1, 2002		Effective January 1, 2006		
Benefit Category	Medigap Plan J	High Option Rx Benefit	Medicare Part D Standard	Basic Rx Option	Enhanced Rx Option
Deductible	$250	$250	$250	$250	$250
Coinsurance 1st Tier	50%	50%₸	25%	25%	25%
Maximum 1st Tier	$6,000	$6,000	$2,250	$2,250	$2,250
Coinsurance 2nd Tier	100%	50%₸ for generic Rx	100%	100%	50%
Maximum 2nd Tier	N/A	None	$5,100	$5,100	$7,950
Coinsurance 3rd Tier	N/A	Same as 2nd	5%	5%	5%

₸ A member's co-pay for Critical Care drugs is limited to $75 per prescription with no maximum.

Attachment 2

AARP Medicare Rx plan

Premium & Benefit Design

	HOP		AARP
Member Pays:	**Basic**	**Enhanced**	
Premium	$ 19.00	$ 49.00	$ 25.03
Deductible	250.00	250.00	$ 0
Deductible to $2,250	25%	25%	
Generic (Tier 1)			$ 5.00
Preferred Brand (Tier 2)			28.00
Non-Preferred Tier 3)			55.00
Specialty			25%
$2,250 to Max TrOOP	100%	50%	100%
After Max TrOOP	5%	5%	5%

AARP Plan and the HOP Basic and Enhanced Rx Options

Comparison of Drug Cost Through Initial Coverage Band

Rx Name	Estimated Cost	HOP Basic	HOP Enhanced	AARP
ACTONEL	$ 95.00	$ 23.75	$ 23.75	$ 28.00
ARICEPT	133.00	33.25	33.25	28.00
COREG	113.00	28.25	28.25	28.00
FIORICET*	55.00	55.00**	13.65	55.00**
FOSAMAX	163.00	40.75	40.75	5.00
GABAPENTIN	95.00	23.75	23.75	28.00
LEXAPRO	65.00	16.25	16.25	28.00
LIPITOR	75.00	18.75	18.75	28.00
NEXIUM	133.00	133.00**	133.00**	28.00
OMEPRAZOLE	75.00	18.75	18.75	28.00
PREVACID	133.00	33.25	33.25	5.00
PROTONIX	113.00	28.25	28.25	5.00
TOPROL XL	25.00	6.25	6.25	25.00
ZOCOR	85.00	21.25	21.25	28.00
ZOLOFT	85.00	85.00	85.00	55.00

* Fioricet is a non-covered Medicare Rx covered by the Enhanced Rx Option
** Member cost equals Rx cost if not covered

Highmark Blue Rx Plans

Premium & Benefit Design

	HOP		Highmark		
Member Pays	**Basic**	**Enhanced**	**Basic**	**Plus**	**Complete**
Premium	$ 19.00	$ 49.00	$ 26.55	$ 33.67	$ 47.46
Deductible	250.00	250.00	0	0	0
Deductible to $2,250	25%	25%			
Generic			$ 10.00	$ 10.00	$ 8.00
Preferred Brand			30.00	25.00	20.00
Non-Preferred				45.00	40.00
$2,250 to Max TrOOP	100%	50%	100%	100%	100%
Generic					$ 8.00
Preferred Brand					
Non-Preferred					
After Max TrOOP	5%	5%	5%	5%	5%

Highmark Basic and Complete Plans and the HOP Basic and Enhanced Rx Options

Comparison of Drug Cost Through Initial Coverage Band

Rx Name	Estimated Cost	HOP Basic	HOP Enhanced	Highmark Basic	Highmark Complete‡
ACTONEL	$ 95.00	$ 23.75	$ 23.75	$ 30.00	$ 20.00
ARICEPT	133.00	33.25	33.25	30.00	20.00
COREG	113.00	28.25	28.25	30.00	20.00
FIORICET*	55.00	55.00**	13.65	55.00**	55.00**
FOSAMAX	163.00	40.75	40.75	30.00	20.00
GABAPENTIN	95.00	23.75	23.75	10.00	8.00
LEXAPRO	65.00	16.25	16.25	65.00	40.00
LIPITOR	75.00	18.75	18.75	30.00	20.00
NEXIUM	133.00	133.00**	133.00**	30.00	20.00
OMEPRAZOLE	75.00	18.75	18.75	10.00	8.00
PREVACID	133.00	33.25	33.25	133.00	40.00
PROTONIX	113.00	28.25	28.25	30.00	20.00
TOPROL XL	25.00	6.25	6.25	25.00	40.00
ZOCOR	85.00	21.25	21.25	30.00	20.00
ZOLOFT	85.00	85.00	85.00	30.00	20.00

‡Highmark Plus and Complete Plans have the same formulary and Co-Pay structure.
* Fioricet is a non-covered Medicare Rx covered by the Enhanced Rx Option
** Member cost equals Rx cost if not covered

Humana

Premium & Benefit Design

	HOP		Humana		
Member Pays	**Basic**	**Enhanced**	**Standard**	**Enhanced**	**Complete**
Premium	$ 19.00	$ 49.00	$ 10.14	$ 16.94	$ 58.46
Deductible	250.00	250.00	250.00	0	0
Deductible to $2,250	25%	25%	25%		
Generic				$ 7.00	$ 7.00
Preferred Brand				30.00	30.00
Non-Preferred				60.00	60.00
Specialty				25%	25%
$2,250 to Max TrOOP	100%	50%	100%		
Generic					$ 7.00
Preferred Brand					30.00
Non-Preferred					60.00
Specialty					25%
After Max TrOOP	5%	5%	5%	5%	5%

Humana Standard and Complete Plans and the HOP Basic and Enhanced Rx Options

Comparison of Drug Cost Through Initial Coverage Band

Rx Name	Estimated Cost	HOP Basic	HOP Enhanced	Humana Standard	Humana Complete₮
ACTONEL	$ 95.00	$ 23.75	$ 23.75	$ 23.75	$ 30.00
ARICEPT	133.00	33.25	33.25	33.25	30.00
COREG	113.00	28.25	28.25	28.25	60.00
FIORICET*	55.00	55.00**	13.65	55.00**	55.00**
FOSAMAX	163.00	40.75	40.75	40.75	7.00
GABAPENTIN	95.00	23.75	23.75	23.75	30.00
LEXAPRO	65.00	16.25	16.25	16.25	60.00
LIPITOR	75.00	18.75	18.75	18.75	30.00
NEXIUM	133.00	133.00**	133.00**	33.25	30.00
OMEPRAZOLE	75.00	18.75	18.75	18.75	30.00
PREVACID	133.00	33.25	33.25	33.25	7.00
PROTONIX	113.00	28.25	28.25	28.25	7.00
TOPROL XL	25.00	6.25	6.25	6.25	25.00
ZOCOR	85.00	21.25	21.25	21.25	30.00
ZOLOFT	85.00	85.00	85.00	21.25	30.00

₮ Humana Enhanced and Complete Plans have the same formulary and Co-Pay structure.
* Fioricet is a non-covered Medicare Rx covered by the Enhanced Rx Option
** Member cost equals Rx cost if not covered

Cignature Rx

Premium & Benefit Design

	HOP		CIGNA		
Member Pays	**Basic**	**Enhanced**	**Value**	**Plus**	**Complete**
Premium	$ 19.00	$ 49.00	$ 37.35	$ 42.46	$ 51.26
Deductible	250.00	250.00	250.00	0	0
Deductible to $2,250	25%	25%			
Generic			$ 4.00	$ 5.00	$ 5.00
Preferred Brand			20.00	30.00	30.00
Non-Preferred			40.00	50.00	50.00
$2,250 to Max TrOOP	100%	50%	100%	100%	100%
Generic					$ 5.00
Preferred Brand					
Non-Preferred					
After Max TrOOP	5%	5%	5%	5%	5%

Cigna Value and Complete Plans and the HOP Basic and Enhanced Rx Options

Comparison of Drug Cost Through Initial Coverage Band

Rx Name	Estimated Cost	HOP Basic	HOP Enhanced	Cigna Value	Cigna Complete₸
ACTONEL	$ 95.00	$ 23.75	$ 23.75	$ 40.00	$50.00
ARICEPT	133.00	33.25	33.25	20.00	30.00
COREG	113.00	28.25	28.25	20.00	30.00
FIORICET*	55.00	55.00**	13.65	55.00**	55.00**
FOSAMAX	163.00	40.75	40.75	20.00	30.00
GABAPENTIN	95.00	23.75	23.75	4.00	5.00
LEXAPRO	65.00	16.25	16.25	40.00	50.00
LIPITOR	75.00	18.75	18.75	40.00	50.00
NEXIUM	133.00	133.00**	133.00**	40.00	50.00
OMEPRAZOLE	75.00	18.75	18.75	4.00	4.00
PREVACID	133.00	33.25	33.25	20.00	30.00
PROTONIX	113.00	28.25	28.25	20.00	30.00
TOPROL XL	25.00	6.25	6.25	20.00	30.00
ZOCOR	85.00	21.25	21.25	20.00	30.00
ZOLOFT	85.00	85.00	85.00	40.00	50.00

₸ Cigna Plus and Complete Plans have the same formulary and Co-Pay structure.
* Fioricet is a non-covered Medicare Rx covered by the Enhanced Rx Option
** Member cost equals Rx cost if not covered

25 TOP Prescription Drugs – 2005 High Option

Rx Name	Description	Total Paid
ACTONEL	Bone Resorption Inhibitors - Bisphosphonates	$450,924.10
AMBIEN	Sedative-Hypnotic - GABA-Receptor Modulators	$264,774.58
ARICEPT	Alzheimer's Disease Therapy - Cholinomimetics (ACHE Inhibitors)	$629,710.09
ARIMIDEX	Antineoplastic - Aromatase Inhibitors	$271,336.35
AVANDIA	Thiazolidinediones	$282,761.52
COREG	Beta Blockers Non-Cardiac Selective	$277,270.28
DETROL LA	Urinary Antispasmodic - Smooth Muscle Relaxants	$284,904.87
DIOVAN	Angiotensin II Receptor Blockers (ARBs)	$317,859.98
EVISTA	Selective Estrogen Receptor Modulators (SERMs)	$326,028.25
FLOMAX	Prostatic Hypertrophy Agent - Alpha 1-Adrenoceptor Antagonists	$240,393.36
FOSAMAX	Bone Resorption Inhibitors - Bisphosphonates	$966,666.25
GABAPENTIN	Anticonvulsant Others	$221,889.20
LEXAPRO	Antidepressant - Selective Serotonin Reuptake Inhibitors (SSRIs)	$255,965.98
LIPITOR	Antihyperlipidemic - HMG CoA Reductase Inhibitors	$2,024,733.71
LISINOPRIL	ACE Inhibitors	$157,983.49
NEXIUM	Peptic Ulcer - Proton Pump Inhibitors	$648,325.76
NORVASC	Calcium Channel Blockers - Dihydropyridines	$711,991.87
OMEPRAZOLE	Peptic Ulcer - Proton Pump Inhibitors	$241,169.08
PRAVACHOL	Antihyperlipidemic - HMG CoA Reductase Inhibitors	$521,118.43
PREVACID	Peptic Ulcer - Proton Pump Inhibitors	$497,241.87
PROCRIT	Erythropoietins	$374,440.86
PROTONIX	Peptic Ulcer - Proton Pump Inhibitors	$665,261.49
TOPROL XL	Beta Blockers Cardiac Selective	$402,755.69
ZOCOR	Antihyperlipidemic - HMG CoA Reductase Inhibitors	$1,026,354.53
ZOLOFT	Antidepressant - Selective Serotonin Reuptake Inhibitors (SSRIs)	$353,359.00

Formulary / Utilization Management Comparison

Drug Name	Average Cost	HOP Formulary Status	AARP	Highmark	Humana	CIGNA
Actonel	$60-$70	#	Tier 3	Preferred	Preferred	Non-Preferred
Ambien CR	$80-$90	#	Tier 3	Preferred	Preferred	Preferred
Aricept	$90-$100	Formulary	Tier 2	Preferred	Preferred	Preferred
Arimidex	$60-$70	Formulary	Tier 2	Preferred	Non-Preferred	Preferred
Avandia	$70-$80	#	Tier 2	Preferred	Preferred	Preferred
Coreg	$10-$20	Formulary	Tier 2	Preferred	Preferred	Preferred
Detrol LA	$125-$150	Formulary	Tier 2	Preferred	Preferred	Non Formulary
Diovan HCT	$50-$60	⮥	Tier 2	Preferred	Non-Preferred	Preferred
Evista	$70-$80	Formulary	Tier 2	Preferred	Preferred	Preferred
Flomax	$100-$125	Formulary	Tier 2	Preferred	Preferred	Preferred
Fosamax Plus D	$70-$80	#	Tier 2	Preferred	Preferred	Preferred
Gabapentin	$125-$150	Formulary	Tier 1	Generic	Generic	Generic
Lexapro	?	#⮥	Tier 2	Non-Preferred	Preferred	Non-Preferred
Lipitor	$80-$90	#⮥	Tier 2	Preferred	Preferred	Non-Preferred
Lisinopril	$150-$175	Formulary	Tier 1	Generic	Generic	Preferred
Nexium	$125-$150	Non Formulary	Tier 2	Preferred	Preferred	Non-Preferred
Norvasc	$200-$250	⮥	Tier 2	Preferred	Preferred	Non-Preferred

Drug Name	Average Cost	HOP Formulary Status	AARP	Highmark	Humana	CIGNA
Omeprazole	$100-$125	#	Tier 1	Generic	Generic	Generic
Pravachol	$100-$125	#⮥	Tier 3	Preferred	Non-Preferred	Non-Preferred
Prevacid Solutab	$100-$125	#⮥	Tier 2	Non-Preferred	Non-Preferred	Preferred
Procrit	$20-$30	🔒 [INJ]	Specialty	Preferred	Specialty	Preferred
Protonix	?	#⮥	Tier 2	Preferred	Non-Preferred	Preferred
Toprol XL	$90-$100	Formulary	Tier 2	Non-Preferred	Preferred	Preferred
Zocor	$50-$60	#⮥	Tier 2	Preferred	Non-Preferred	Preferred
Zoloft	$80-$90	⃠	Tier 2	Preferred	Preferred	Non-Preferred

Quantity Limit
⮥ Step Therapy
🔒 Prior Authorization Required
⃠ Non-Formulary

Attachment 3
Possible Benefit Design Options for 2007 Basic Medicare Rx Option

	AARP	Highmark		Humana		CIGNA		HOP	
		Basic	Plus	Standard	Enhanced	Value	Plus	Basic	New Basic
Premium	$ 25.03	$ 26.55	$ 33.67	$ 10.14	$ 16.94	$ 37.35	$ 42.46	$ 19.00	TBD*
Deductible	$ 0	0	0	250.00	0	250.00	0	250.00	0
Deductible to $2,250				25%				25%	
Generic	$ 5.00	$ 10.00	$ 10.00	25%	$ 7.00	$ 4.00	$ 5.00	25%	$7.00
Preferred Brand	28.00	30.00	25.00	25%	30.00	20.00	30.00	25%	$25.00
Non-Preferred	55.00	N/A	45.00	25%	60.00	40.00	50.00	25%	
Specialty	25%	N/A	N/A	25%	25%	N/A	N/A	25%	25%
$2,250 to Max TrOOP	100%	100%	100%	100%	100%	100%	100%	100%	100%
Generic	100%	100%	100%	100%	100%	100%	100%	100%	100%
Preferred Brand	100%	100%	100%	100%	100%	100%	100%	100%	100%
Non-Preferred	100%	100%	100%	100%	100%	100%	100%	100%	100%
Specialty	100%	100%	100%	100%	100%	100%	100%	100%	100%
After Max TrOOP	5%	5%	5%	5%	5%	5%	5%	5%	5%**

* To Be Determined

** Critical Care drugs not to exceed $100