

# The Value of 90-Day Retail

*Why adding a 90-day at retail prescription option to 30-day retail and 90-day mail is good for your business and members.*

In today's environment of growing healthcare costs and limited benefit options for members, it is essential that health plans, businesses and organizations know that adding a 90-day retail prescription option to 30-day retail and 90-day mail helps drive additional cost savings, satisfaction and improved outcomes:

- 7% cost savings for 90-day prescriptions compared to three 30-day fills, without cannibalizing existing mail order volume<sup>1</sup>
- Cost savings through improved generic utilization rates—on average generic utilization rates of 80%
- Better outcomes through 15% higher medication adherence<sup>2</sup>
- Higher member satisfaction because they have a choice and can keep a face-to-face relationship with their local pharmacist—90% of prescription purchasers value choice when it comes to where their prescriptions are filled.<sup>3</sup>

This paper reports how adding a 90-day retail option achieves these savings and other benefits for plan sponsors and highlights how one PBM saved over \$43 million by adding 90-day retail to their existing options.

## The need for new solutions

There are no shortages of financial challenges facing our healthcare system. One of the largest issues: As the average age of the population increases, healthcare costs will rise dramatically. Prescription drug expenditures will rise as more and more people are diagnosed with conditions that require maintenance medications (Figure 1).<sup>4,5</sup>

For over 20 years, mail service pharmacy was the primary option to obtain an extended supply of medication and concurrently helped to reduce prescription costs.

But the growth of mail service stalled in 2005, and has even declined over the last six years (Figure 2).<sup>6</sup> This decline suggests that mail service is a mature offering and its penetration potential has been reached. New solutions are necessary to moderate the trend of rising prescription costs.

Figure 1. Projected growth in US population over 65 and prescription drug expenditures

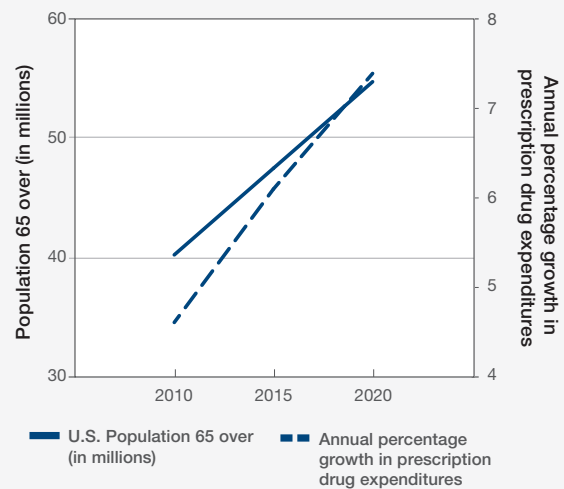
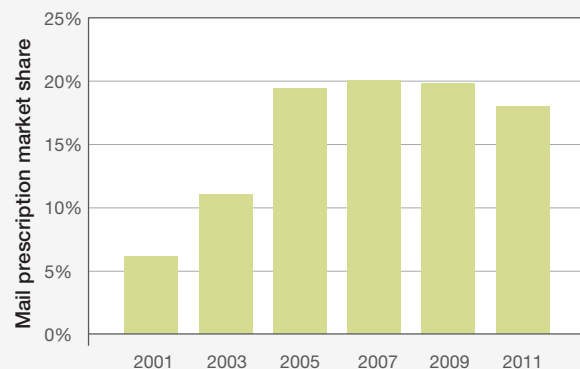


Figure 2. Mail service market share



Since it has been demonstrated over the years that mail service has been effective in lowering costs, it's easy to see why offering 90-day mail along with 30-day retail has become "the standard." As the prescription environment changes, this standard is evolving. The growth of 90-day adoption can reach its full potential, provided member choice is expanded to include 90-day retail.

### Why 90-day retail?

There are three key advantages of adding 90-day retail: More cost savings, improved medication adherence (leading to better outcomes) and higher member satisfaction.

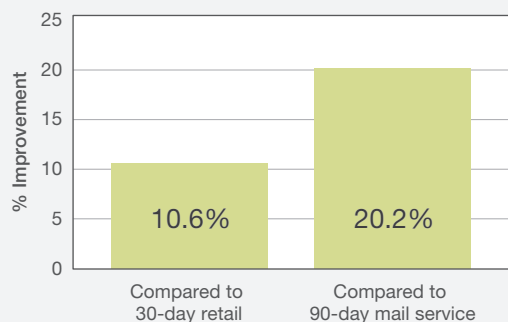
#### Cost savings

Every 90-day retail prescription that is converted from a 30-day fill saves money for plan sponsors directly through lower **reimbursement costs** (ingredient costs and dispensing fees). Adding a 90-day retail benefit helps drive the maximum 90-day penetration rate (the number of 90-day prescriptions divided by total prescriptions).

**Dispensing fees** can be meaningfully reduced when 90-day is implemented. These costs can be lowered by approximately two-thirds (67%) for every prescription—which contributes to lower overall pharmacy cost.<sup>7</sup>

Savings are also generated through increased **generic utilization**. In studies, 90-day retail has driven a 10.6% improvement in generic utilization versus 30-day retail prescriptions and a 20.2% improvement over 90-day mail service (Figure 3).<sup>8</sup>

#### Generic utilization improvement driven by 90-day retail

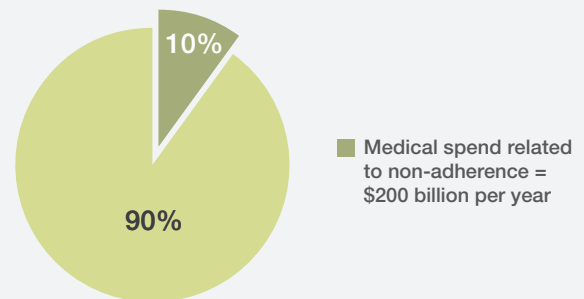


Patients seek alternatives from their pharmacist that lead to more generic utilization. This interaction with the pharmacist in a retail setting also provides a chance to discuss the quality and equivalent benefits of generics. For every 1% increase in generic utilization your plan can save 2.5% in total pharmacy drug costs.<sup>9</sup>

#### Better adherence

In the U.S., 10% of healthcare spending is the result of nonadherence to medication (Figure 4).<sup>10</sup> In addition, direct annual healthcare costs (unplanned hospitalization and physician visits) associated with members not adhering to medication therapy are nearly \$65 million for a group of 100,000 members.<sup>11</sup>

Figure 4. Overall U.S. healthcare spending



The cost-savings opportunity is significant because with 90-day retail, members demonstrate at least a **15% increase in adherence** compared to 30-day.<sup>2</sup> Although some believe that mail drives the highest adherence rates of the three options, recent research has demonstrated that 90-day retail is generally in line with mail results, and even slightly better for some therapeutic classes.<sup>12</sup>

Face-to-face interaction with a pharmacist helps improve adherence because clinicians can counsel the patient, address personal barriers to staying on therapy and ensure proper use and compliance with the doctor's instructions.<sup>13</sup> The average annual cost savings per patient associated with Walgreens pharmacist interactions can reach \$1,370.<sup>14</sup>

## Navitus—a 90-day retail success story\*

For a company like Navitus, a growing, mid-sized pharmacy benefit manager (PBM) that promotes full transparency and passes through 100% of all discounts and rebates, it was strategic to add 90-day retail to create a three-option benefit:

1. Traditional 30-day retail
2. 90-day mail order
3. 90-day retail

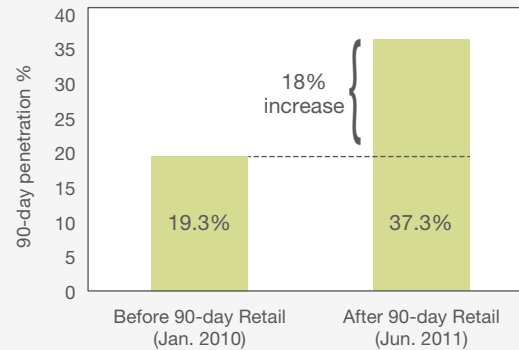
### Significant cost savings, minimal impact on mail

Navitus was able to realize significant cost savings from patients switching from 30-day, with a very limited impact on migration out of 90-day mail service. In the 18 months after introducing 90-day retail, they showed **\$43.34 million in savings**, driven by an 18% increase in total 90-day penetration.

They also achieved a generic utilization rate of 79.2% for their 90-day book of business in only 18 months, an increase of up to 3%. Their own analysis confirmed that adding the 90-day retail option helped capture 30-day patients who would have never converted to mail, because they prefer the retail channel.

\*2011 Navitus results

### Navitus increased 90-day penetration 18%



*“For our clients, Walgreens 90-day benefit represents a great alternative to mail service, providing better access to larger quantities of maintenance medications. And for our organization, 90-day provides a great way to demonstrate additional value and cost savings over and above what’s traditionally available through the retail or mail pharmacy networks.”*

– Alan L. Van Amber, registered pharmacist, vice president of pharmacy network development of Navitus.



### Navitus Health Solutions, LLC

2601 West Beltline Highway  
Madison, WI 53713

Line of business: Pharmacy Benefit Management  
# of members: 2.3 million  
# of employees: 202  
Year Founded: 2003

### About Navitus

Navitus Health Solutions LLC is a full service, URAC-accredited pharmacy benefit management company. As a zero-spread, full pass through pharmacy benefit manager (PBM), Navitus aligns performance with plan sponsors’ benefit goals to deliver comprehensive clinical programs and cost-saving strategies that lower drug trend and promote good member health.





Consumers strongly value face-to-face engagement with a pharmacist.

### Higher satisfaction

Members want to fill prescriptions at retail. In a recent study among all pharmacy decision-makers, 79% of respondents preferred retail over mail service.<sup>15</sup> Consumers also place a strong importance on being able to see their local pharmacist. In fact, a recent study shows that 85% of consumers valued face-to-face pharmacist engagement.<sup>3</sup> And, a recent Gallup poll shows Americans rank pharmacists as one of the nation's most trusted professionals.<sup>16</sup> When added to the increased convenience of being able to get prescriptions filled the same day at retail and the option of shopping for other household items when visiting the pharmacy, it is clear how a 90-day retail option directly translates into more satisfied members. The results of this experience are better health outcomes, improved health literacy and enhanced chronic care management.

### Common misconceptions

Some people worry that adding a 90-day retail option will result in lower 90-day mail penetration which could inadvertently raise costs. This is not the case. Since mail service has been a component of most plans for a while now, the majority of members who prefer this option are already using it and are happy with it.<sup>17</sup> In other words, they are unlikely to switch to 90-day retail from 90-day mail.

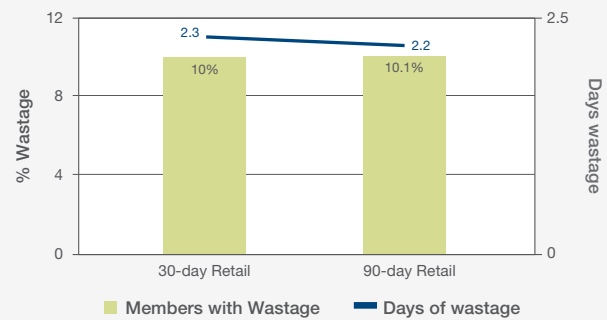
To this point, in the Navitus example, when 90-day retail was added as an option, mail service pharmacy penetration remained flat. **The addition of 90-day retail**

**did not cannibalize existing mail service volume.**

The savings Navitus realized were due to members switching from 30-day to 90-day retail, which contributed to higher generic utilization and adherence rates.

Another common misconception is that medication wastage (drug dispensing when the patient still has a supply of the same or similar drug from a previous fill) will increase with more 90-day penetration, especially when a patient is prescribed a new drug. Walgreens research clearly shows that overall wastage was roughly the same across 30-day retail and 90-day retail fills (Figure 5).<sup>18</sup> In addition, Walgreens offers members who sign up for 90-day retail the option of receiving their first prescription as a 30-day fill. This service allows patients to get comfortable with the medication and be confident they need a recurring 90-day fill, eliminating the potential for wastage.

Figure 5. Medication wastage



### The value of Walgreens

The significant benefits that come from adding a 90-day retail option can be further enhanced by Walgreens investment in promoting awareness, our leading-edge technology systems and the ease of access to medications and face-to-face pharmacy care.

### Awareness campaigns

The level of success for a 90-day retail program is directly dependent on the degree of awareness among members. The more educated they are about the availability and benefits of the offering, the more likely they are to adopt it. We think it's essential to promote and encourage 90-day usage, as lack of awareness is one of the greatest barriers impacting utilization. In fact, our research



showed that 58% of respondents were not aware of 90-day retail.<sup>19</sup> To address this challenge, Walgreens launched a prominent, ongoing consumer outreach campaign to build awareness.

We are highly committed to boosting consumer awareness of the 90-day retail option through store signage, in-store radio announcements, web banners, and mass media—all designed to directly drive member adoption of 90-day retail. In fact, awareness of 90-day at Walgreens was at least 8 percentage points higher than our competition at the end of 2011.<sup>20</sup>

Walgreens also grows awareness through targeted messages to plan members. Members state their insurance company or employer is the top source of 90-day prescription awareness,<sup>19</sup> and Walgreens works with its clients to help provide the appropriate communications support. For example, Walgreens

assists with educational and promotional materials for enrollment kits, direct mail to members highlighting the unique plan benefits and cost savings, cafeteria table tents, employee posters, and inserts in explanation of benefits or other plan mailings.

Because prescribers are a vital part of driving 90-day utilization, Walgreens also communicates with them to make sure that they know how 90-day retail can benefit their patients.

We invest in these awareness efforts to help ensure that our business partners achieve their 90-day penetration goals (Figure 6).

### Technology platform

System and technological enhancements can be extremely beneficial in making the operation of a

Figure 6: Samples of physician and consumer awareness vehicles

In-store Walgreens signage



“This is Mary” national TV commercial



Walgreens reader board



Physician direct mail



Online banner ad



90-day retail benefit easier and more efficient. For example, Walgreens proprietary pharmacy operating system allows pharmacy staff to easily identify patients with a retail 90-day benefit and their qualified medications. In addition, the system automatically contacts the physician when a prescription change is requested and handles the process, increasing convenience for the patient and allowing pharmacists more time for face-to-face consultations. (In states where a phone call is required, the pharmacist makes the call on behalf of the patient.) Finally, Walgreens allows patients to sign up for a 90-day prescription, convert a 30-day prescription to a 90-day and answer questions about their benefits online, via the Walgreens.com site.

### Convenient access

Walgreens has an unmatched national footprint, with nearly 70% of the U.S. population residing within 5 miles of one of Walgreens nearly 8,000 community pharmacies. In addition, Walgreens has more locations open 24 hours than any other pharmacy, so members can reach a pharmacist via phone or see them face-to-face whenever the need arises. And getting a 90-day prescription at retail is easy. Members simply bring their prescription or bottles to Walgreens and we take care of the rest.

### For More Information

To talk to a Walgreens representative and evaluate how much your company could save on prescription costs, call 877-727-9247 or email [solutions@walgreens.com](mailto:solutions@walgreens.com).

With 90-day retail, members have the added convenience of being able to order and pick up their prescriptions the same day. All of this translates into the highest level of convenient access and continuity of care available for members. We are in their community where and when they need us.

### Conclusion

Today, the standard approach of 30-day retail and 90-day mail has evolved as the market has changed. To maximize savings, increase satisfaction and improve outcomes, it is important to add a 90-day at retail option to 30-day retail and 90-day mail. The facts clearly support the benefits and disprove the misconceptions.

With our awareness communications, proprietary technology and unmatched national retail footprint, Walgreens is an ideal partner for implementing a 90-day retail option in order to maximize savings and benefits. Adding a benefit that members like when many options are being taken away results in a win-win for you and your members—but in today's healthcare environment, it's important to act now.

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