

***VA Pharmacy Benefits
Management Strategic
Healthcare Group Update***



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www.pbm.va.gov

vaww.pbm.va.gov

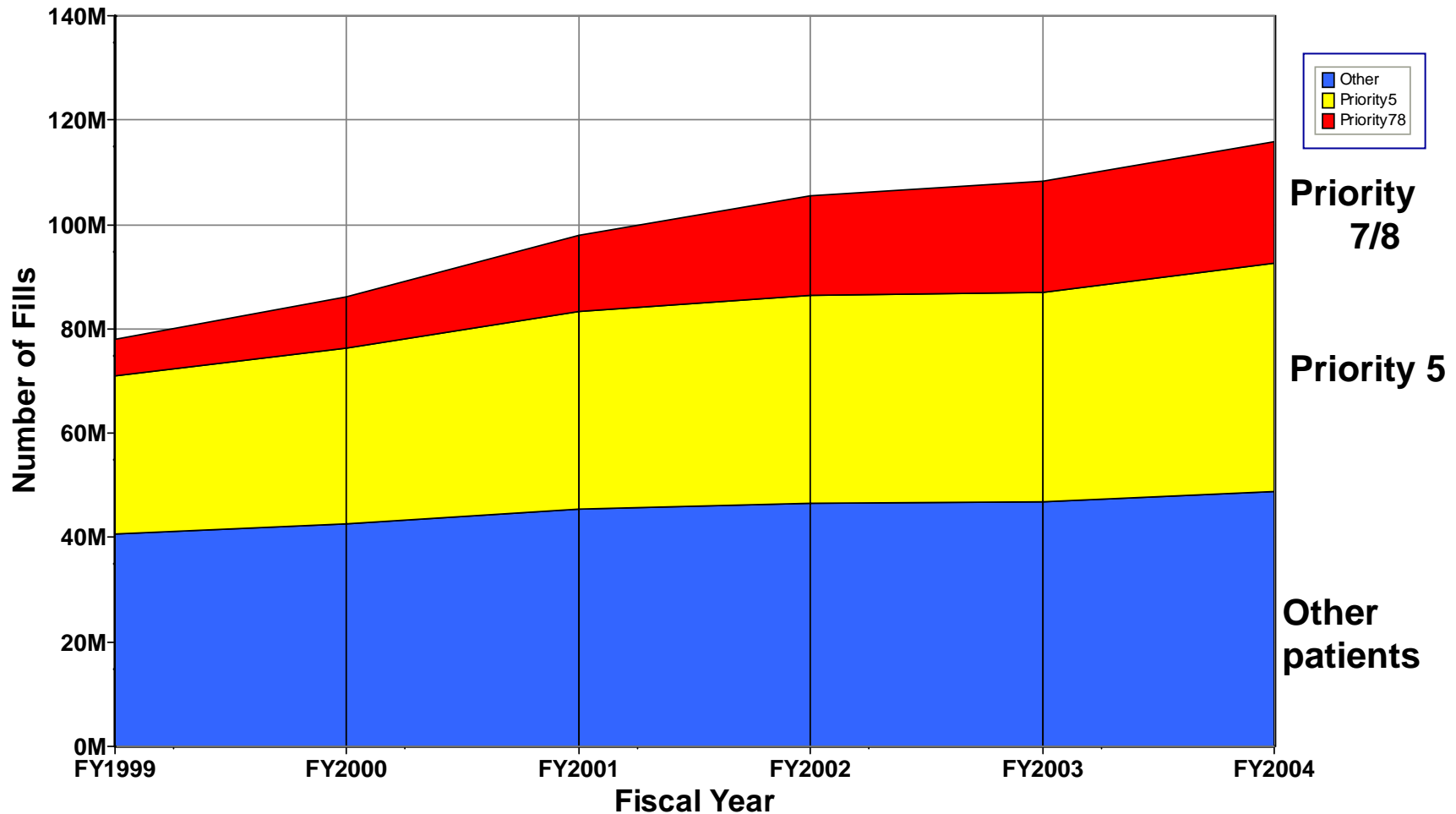
VHA Service Site Counts*

VA Hospitals	157
VA Nursing Homes	134
Residential Rehabilitation Treatment Programs	42
Outpatient Clinic Totals	862
Hospital Based Outpatient Clinics (HBOC)	157
Independent Outpatient Clinics (IOC)	4
Mobile Outpatient Clinics (MOC)	5
Community Based Outpatient Clinics (CBOC)	696
Vet Center	206

* Source = Veteran Affairs Site Tracking (VAST): <http://vaww.pssg.med.va.gov>

Growth in VHA Rx Workload

FYs 1999-2004



VA Health Care System

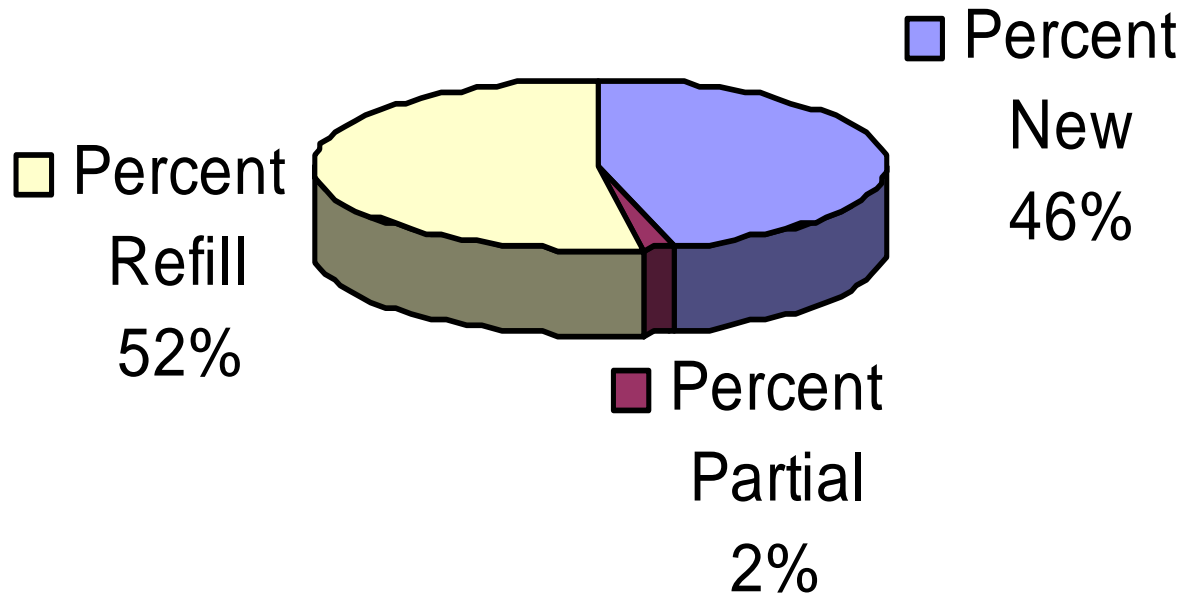
SELECTED VHA STATISTICS: FY 2003—FY 2004			
			YR TO YR
	FY 2003	FY 2004	CHANGE
Total Enrollees	7,120,347	7,291,766	2.4%
Total Patients Treated (uniques)	4,806,871	4,977,292	3.5%
Pharmacy Unique Users	4,017,776	4,189,939	4.3%
Inpatient Admissions	567,640	587,425	3.5%
Outpatient Visits (includes fee visits)	49,800,357	54,012,634	8.5%

VA Health Care System

- Approx. 116M actual RXs
- Approx. 219M 30-day equiv. RXs
- Approx. 3.2 billion in outpatient drug ingredient costs

Type of Prescriptions

FY 2004



VA Health Care System

Workload FY 2004 (30-day Equiv Rx):

- Facility: 44,453,050 = 20%
- CMOP: 174,971,059 = 80%

VA Pharmacy Service

FY 2004

Prescriptions Workload	116 million
Co-payment per 30 day prescription*	\$7
Uniques Pharmacy Outpatients	4.2 million
Pharmacists	5,335
Pharmacy Technicians	3,373
Outpatient Drug Cost	3.2 billion

* In general, applied to prescriptions for non-service connected conditions, P 2-8

PBM Statistics

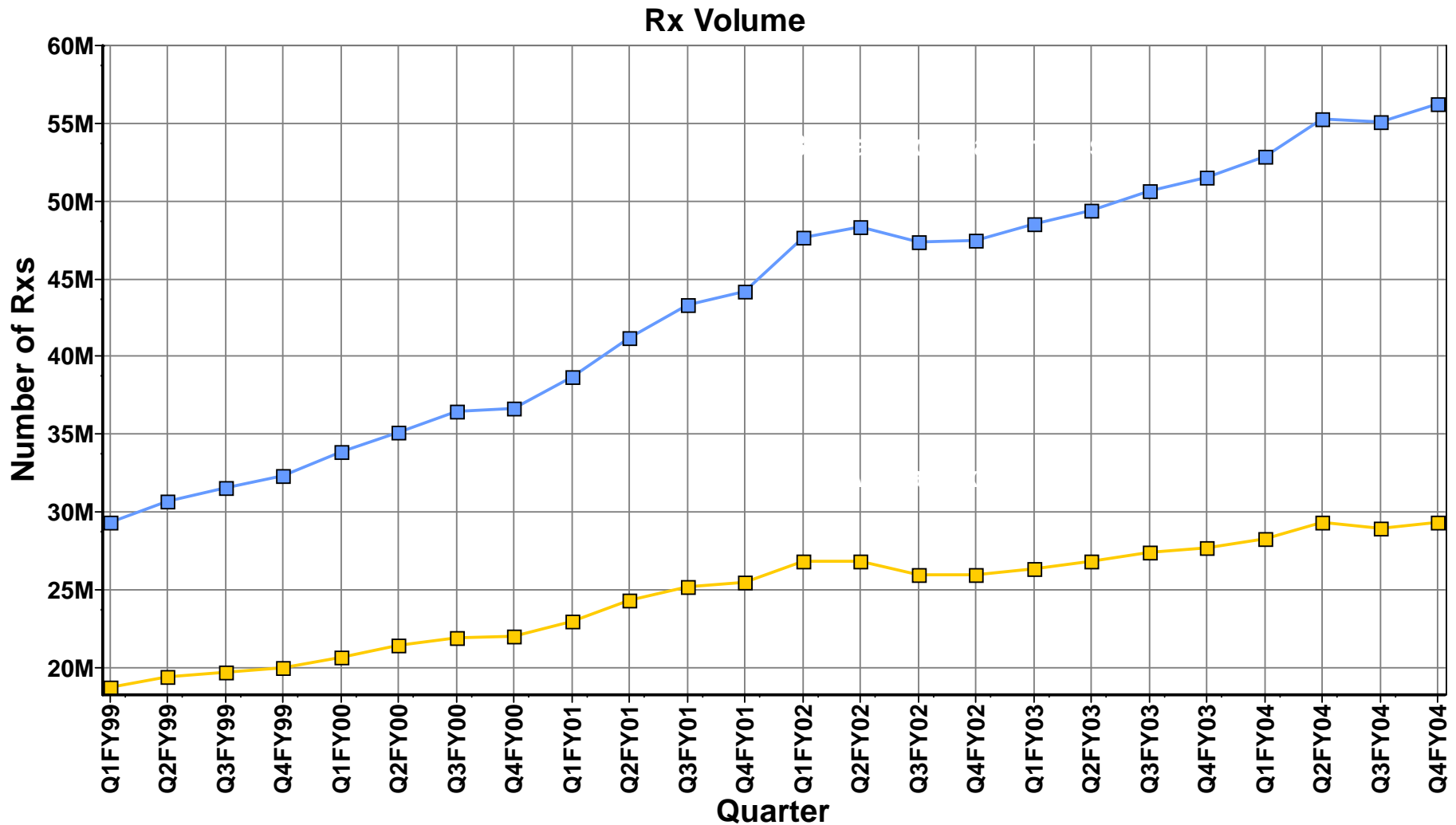
MEASURE	2004	Annual % Change
Avg. Rx Cost per Unique (PMPY)	\$775	10.0%
Avg. Rx Cost	\$28.01	7.2%
Avg. Rxs per Unique	28	2.6%
Percent Formulary (by volume)	97%	-0.3%
Percent Formulary (by cost)	92%	-1.3%

PBM Performance Monitors

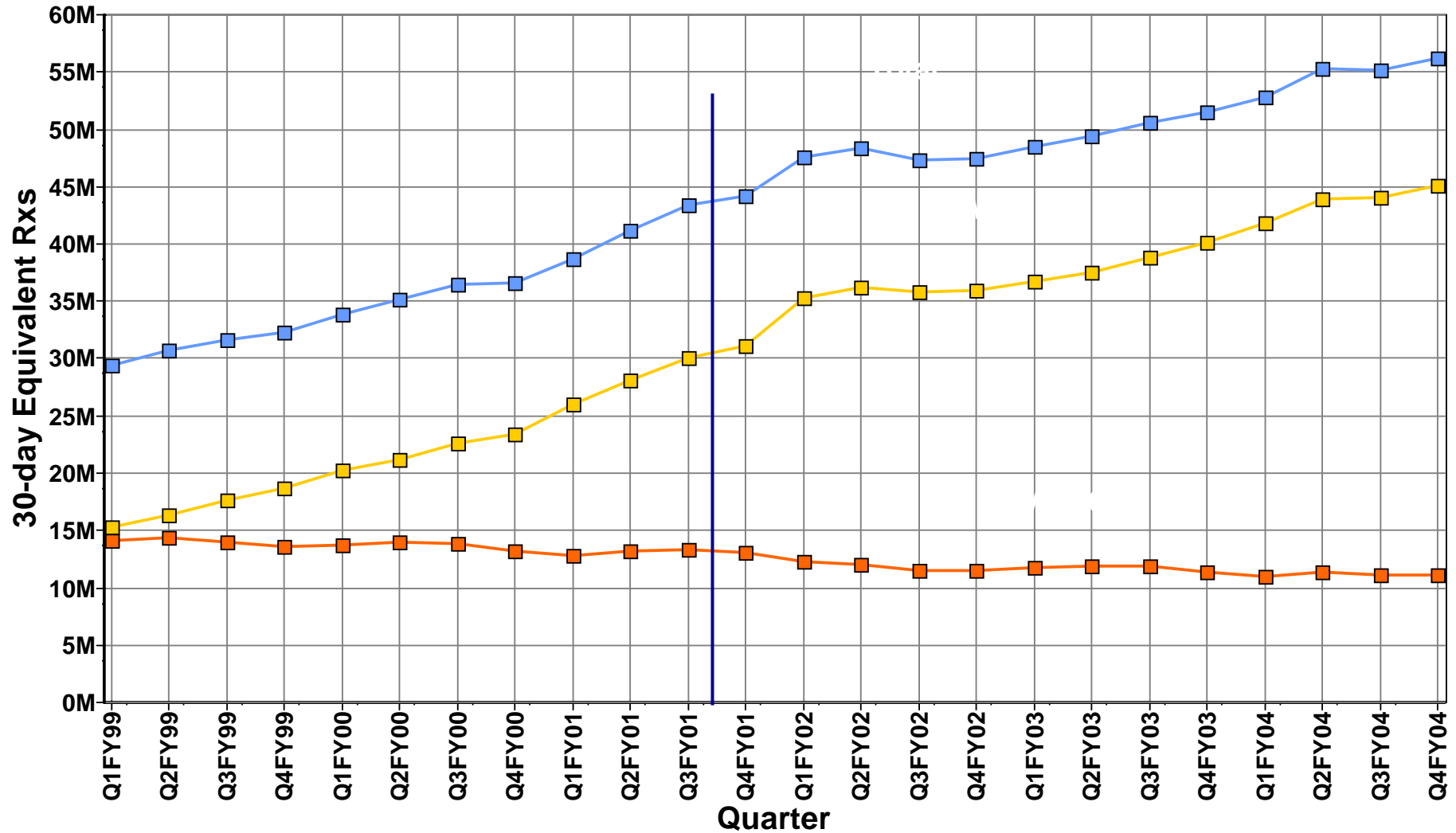
MEASURE	2004	Prior Year
Avg. Drug Cost per Unique per Year	\$775	\$704
Percent CMOP	80%	77%
Percent Multimonth	47%	44%
Brand to Generic (%)	37 / 63	37 / 63
Legend to OTC (%)	86 / 14	88 / 12

PRESCRIPTION WORKLOAD AND COST

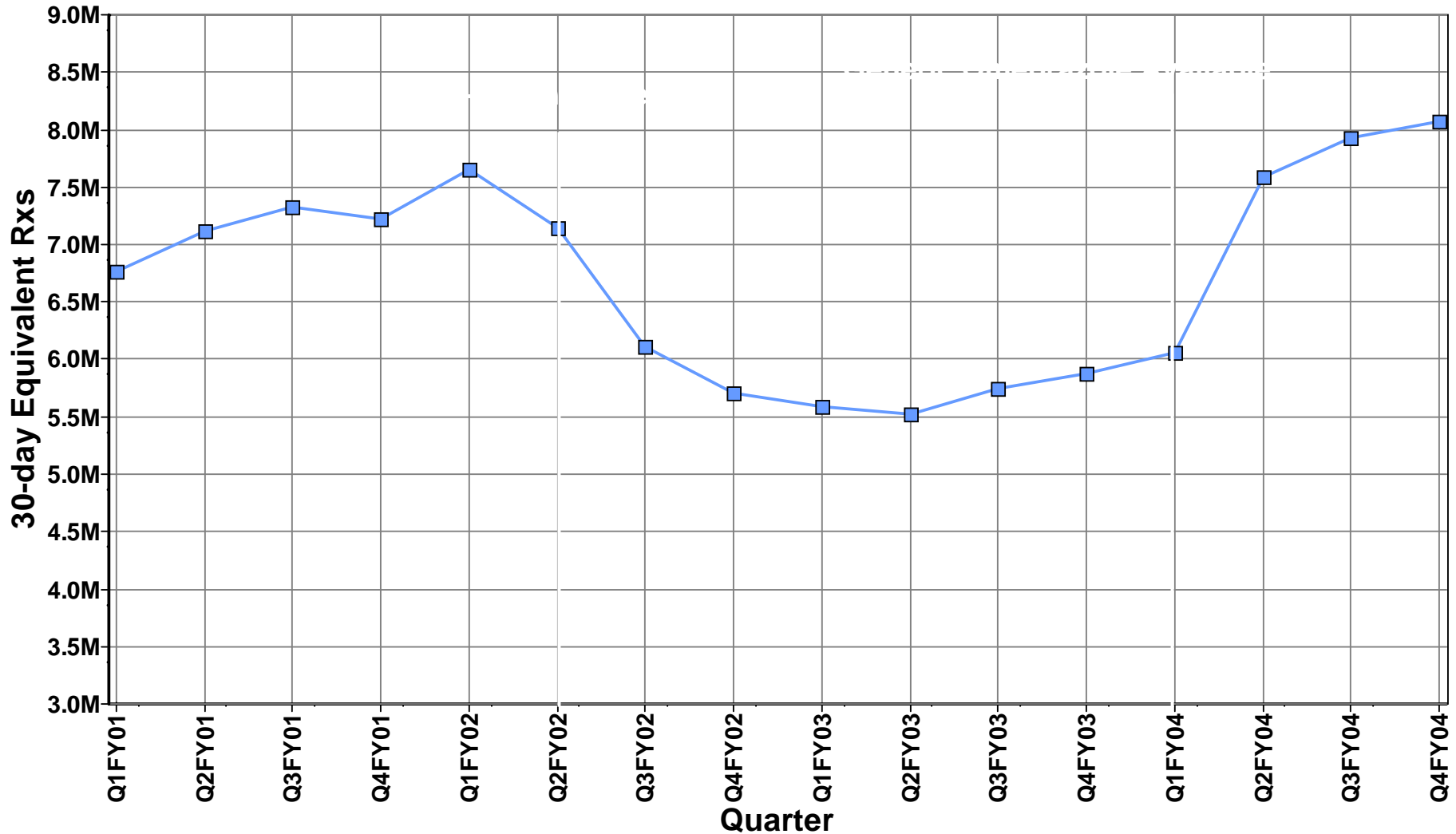
Prescription Dispensing Trends



30-day Equivalent Rxs

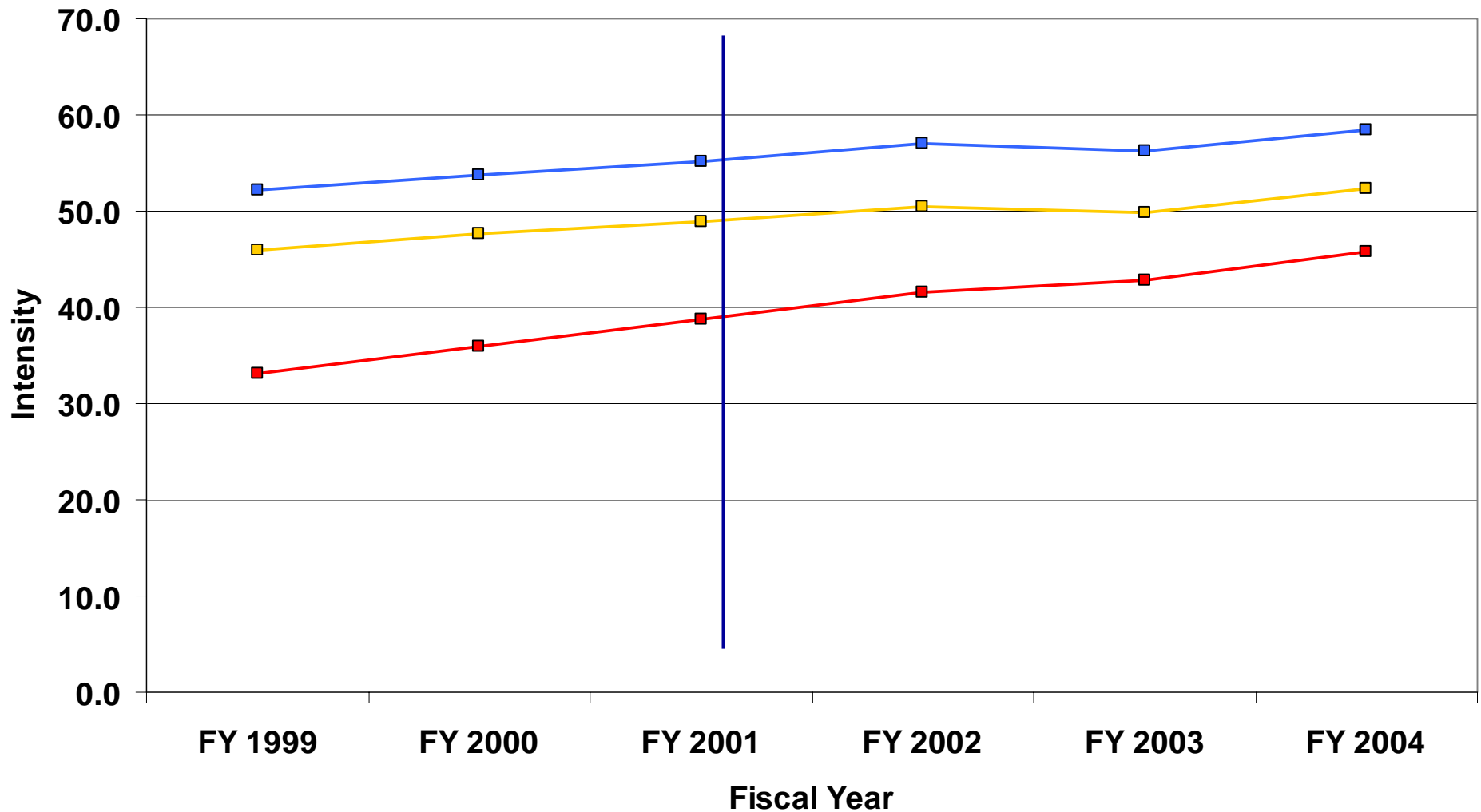


“OTC” 30-day Equivalent Rxs

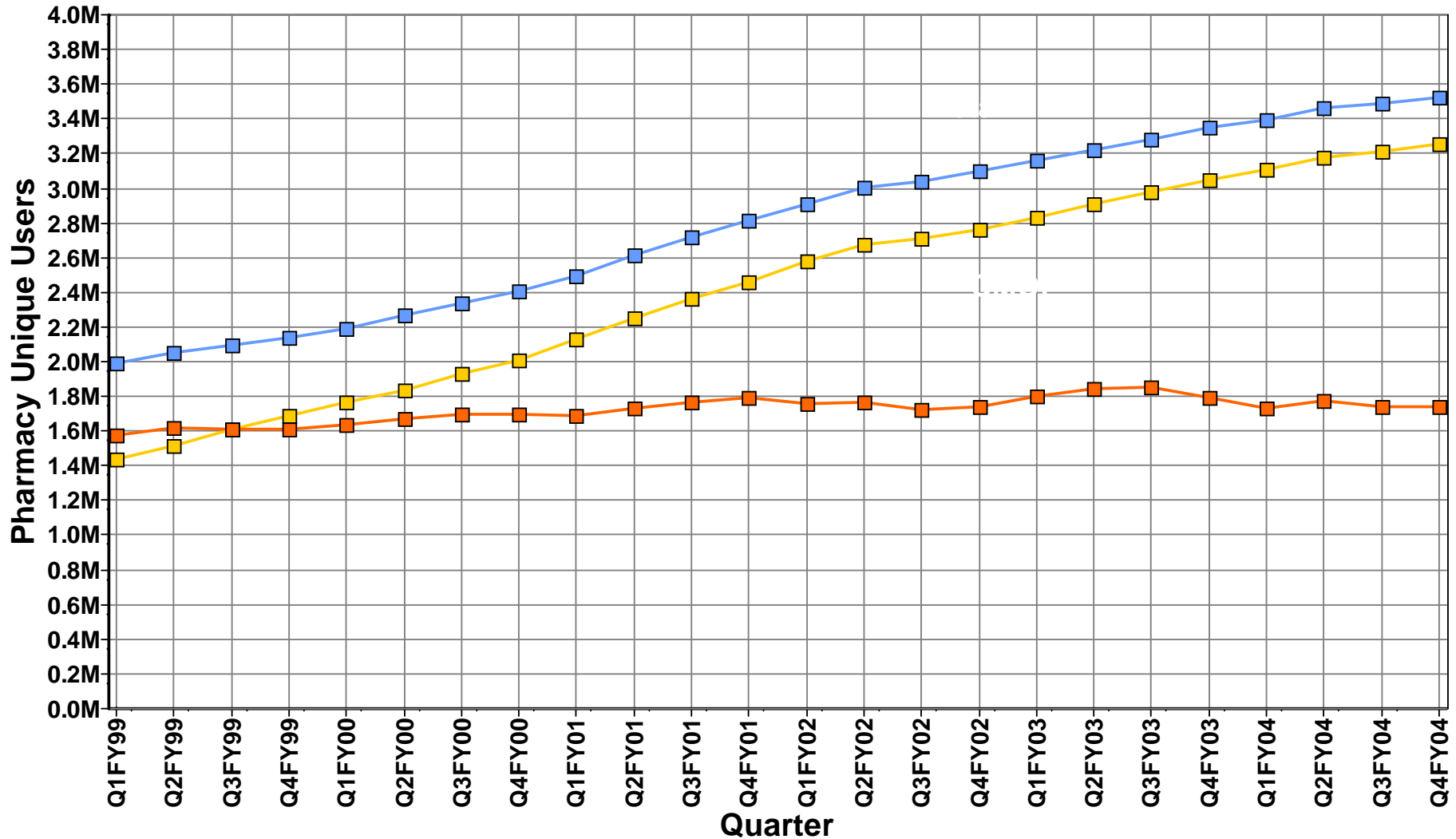


Intensity of Prescription Use

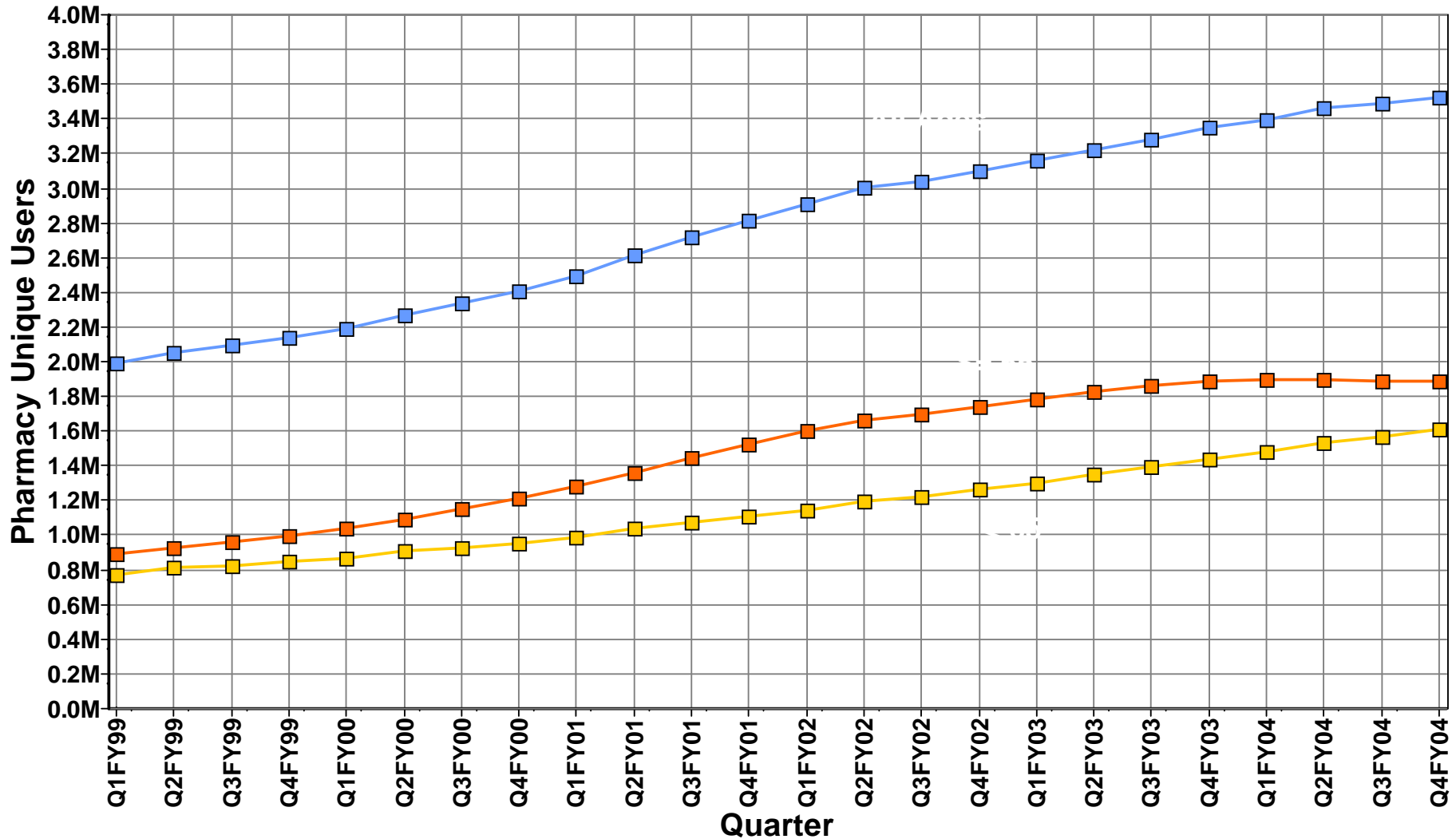
Intensity = 30-day Equiv Rxs / Pharmacy Unique Users



Pharmacy Unique Users

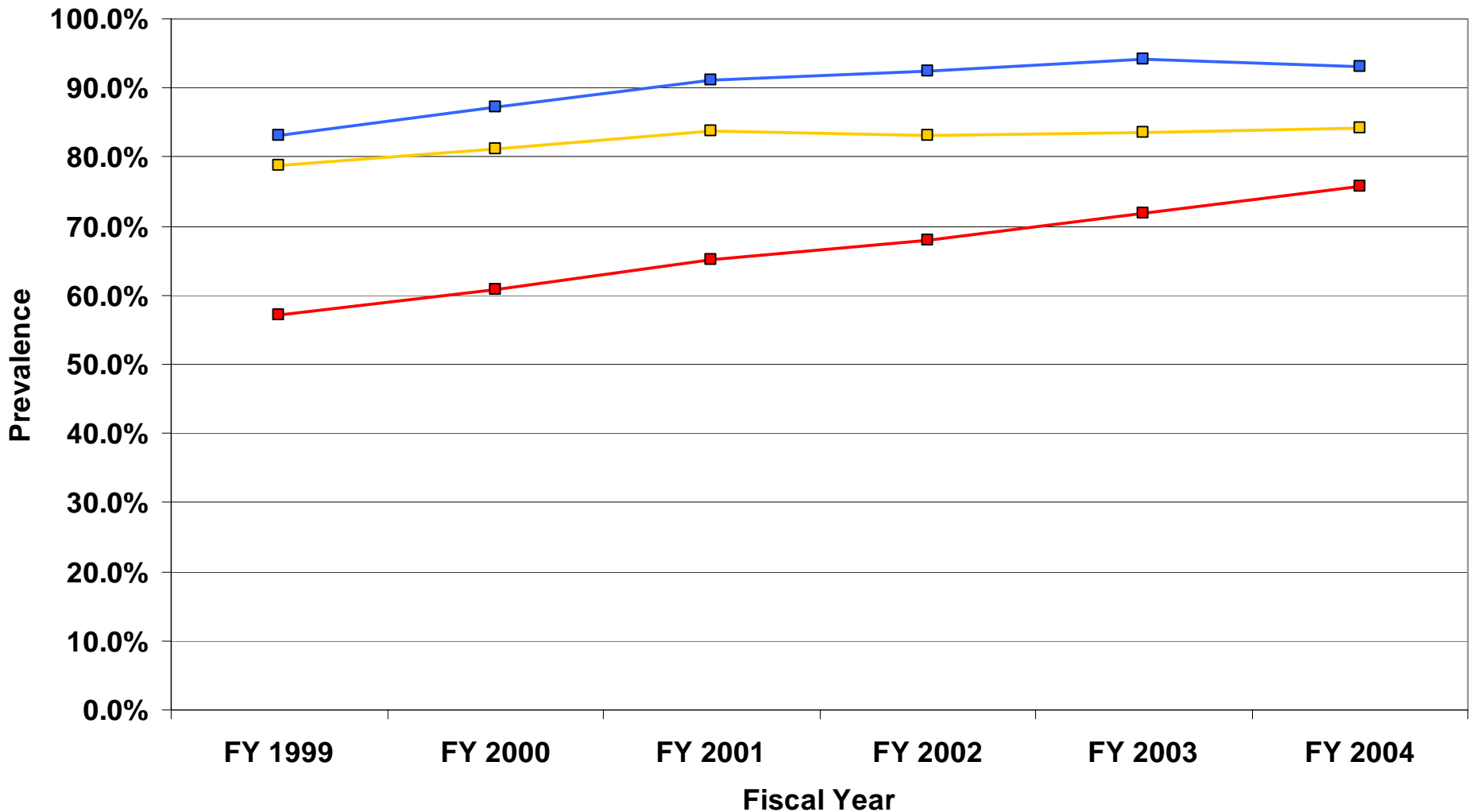


Pharmacy Unique Users

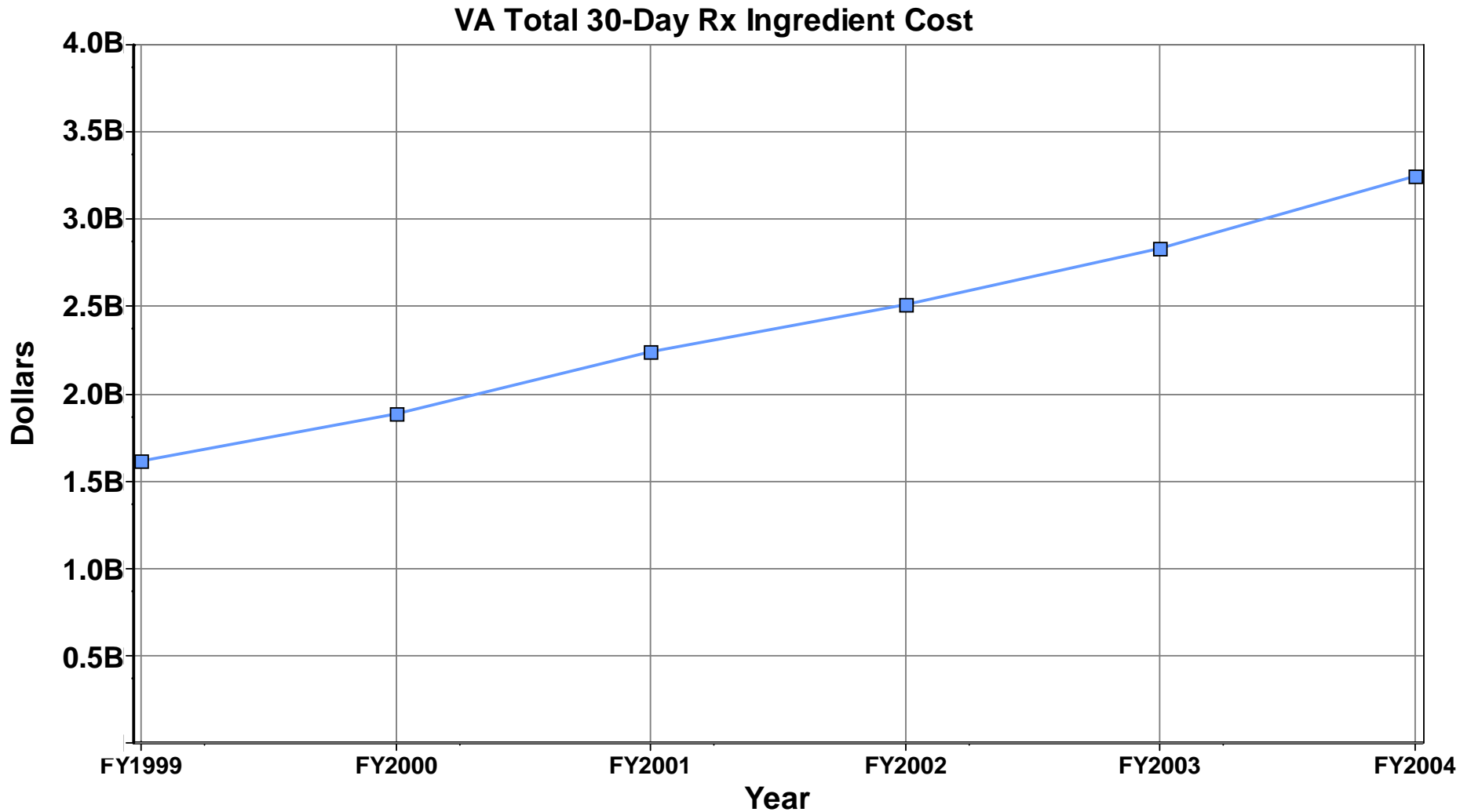


Prevalence of Pharmacy Benefit Use

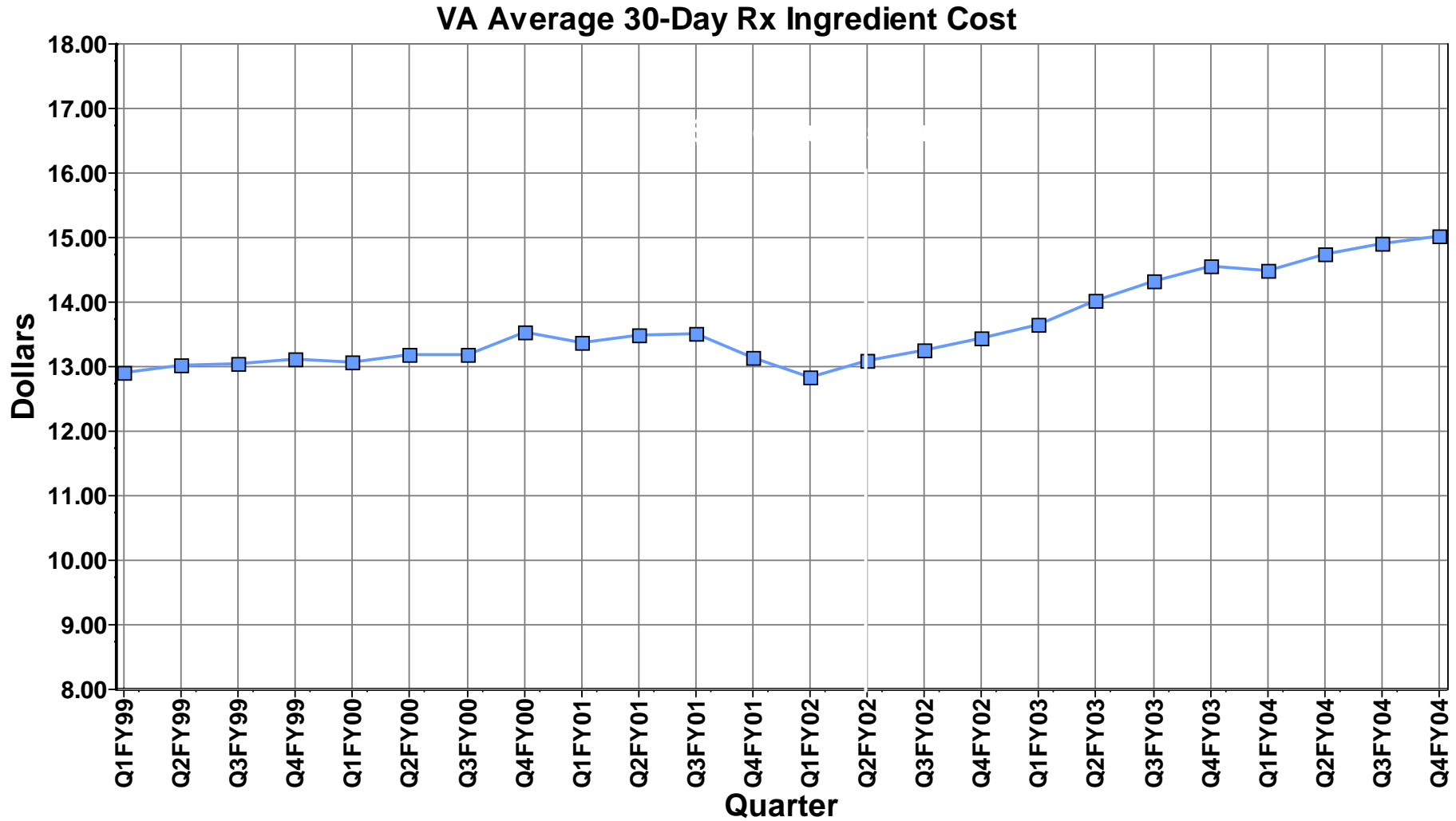
Prevalence = Pharmacy Unique Users / Treated Unique Users



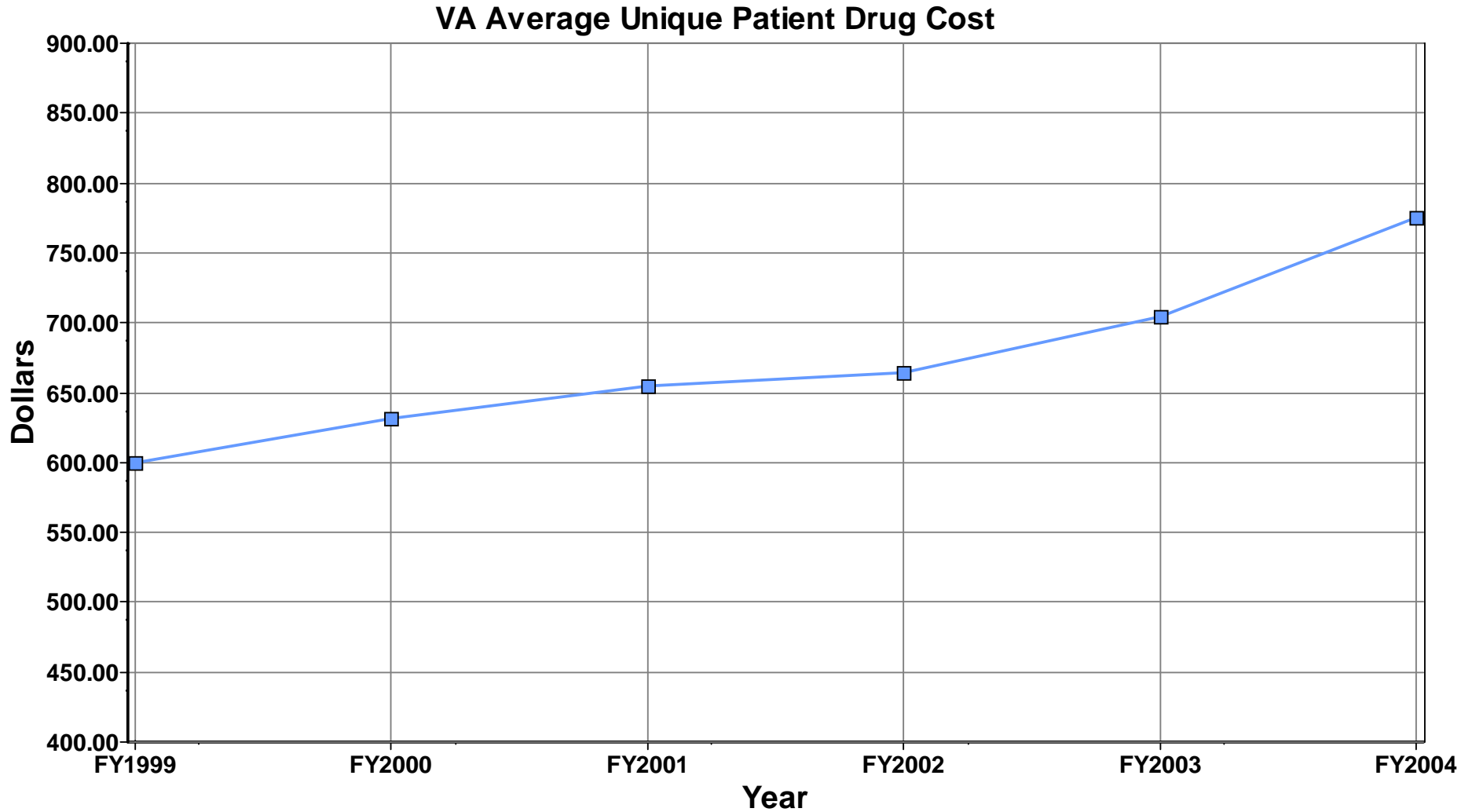
Drug Ingredient Cost Trends



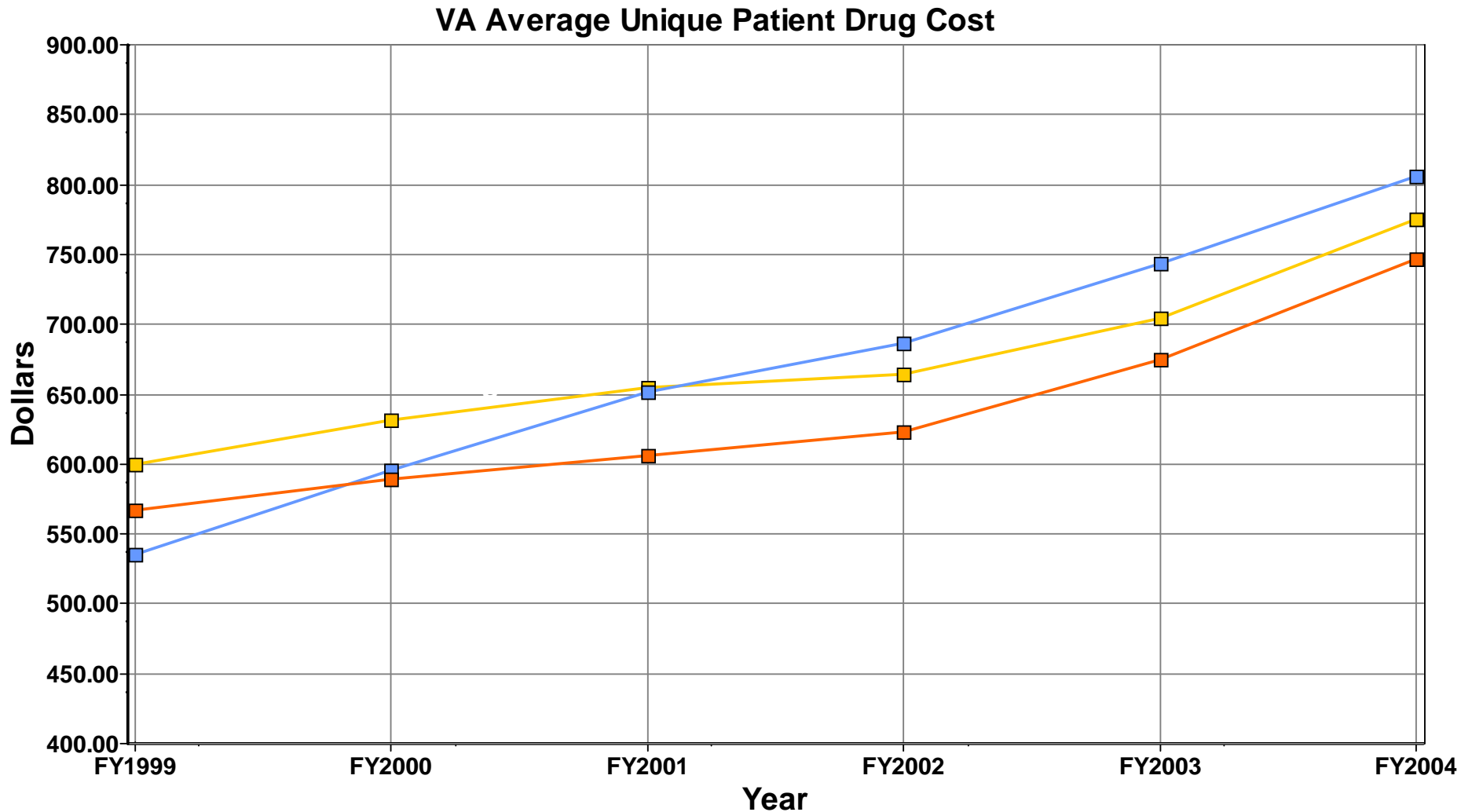
Drug Ingredient Cost Trends



Patient Drug Cost Trends



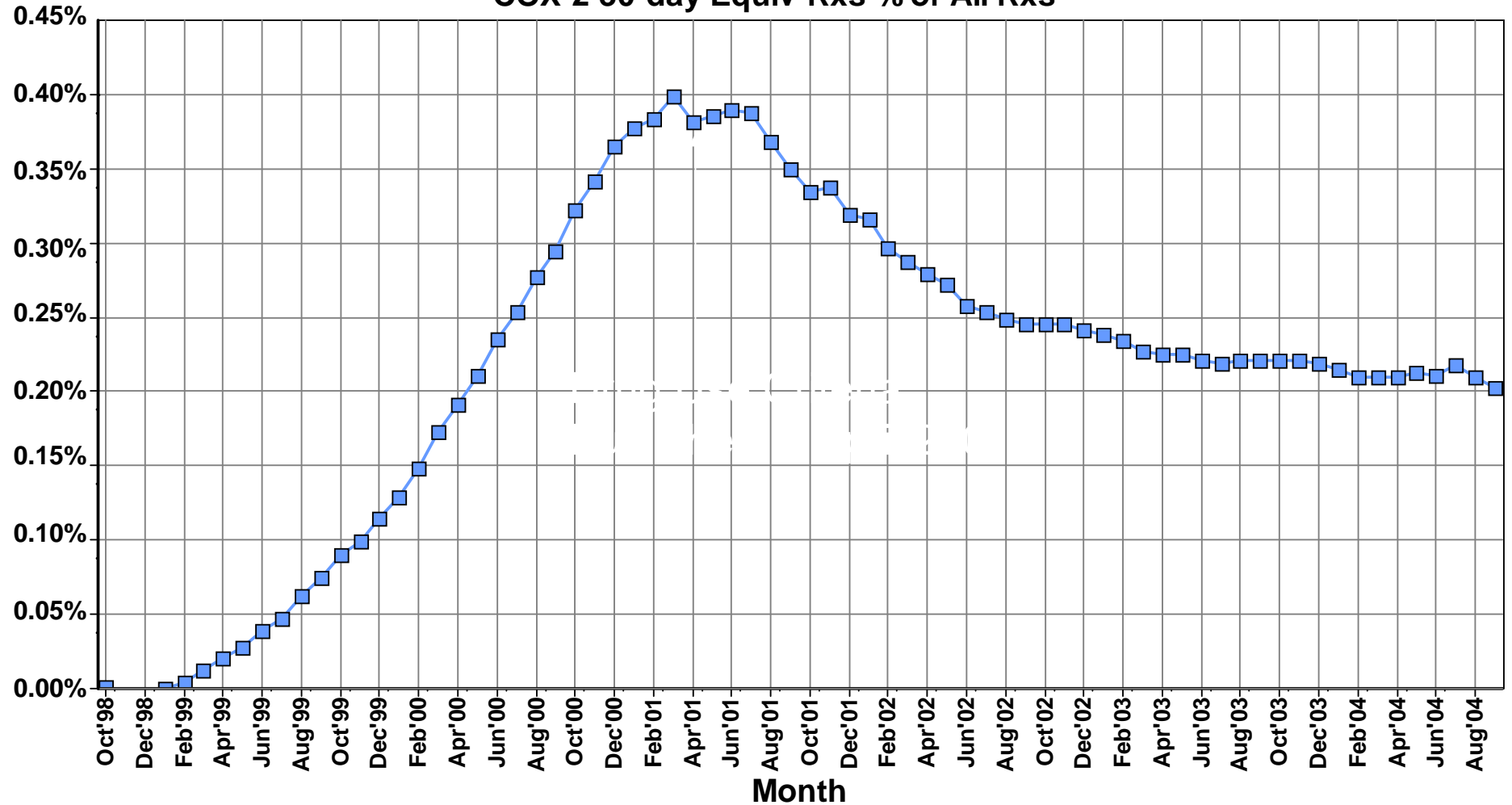
Patient Drug Cost Trends



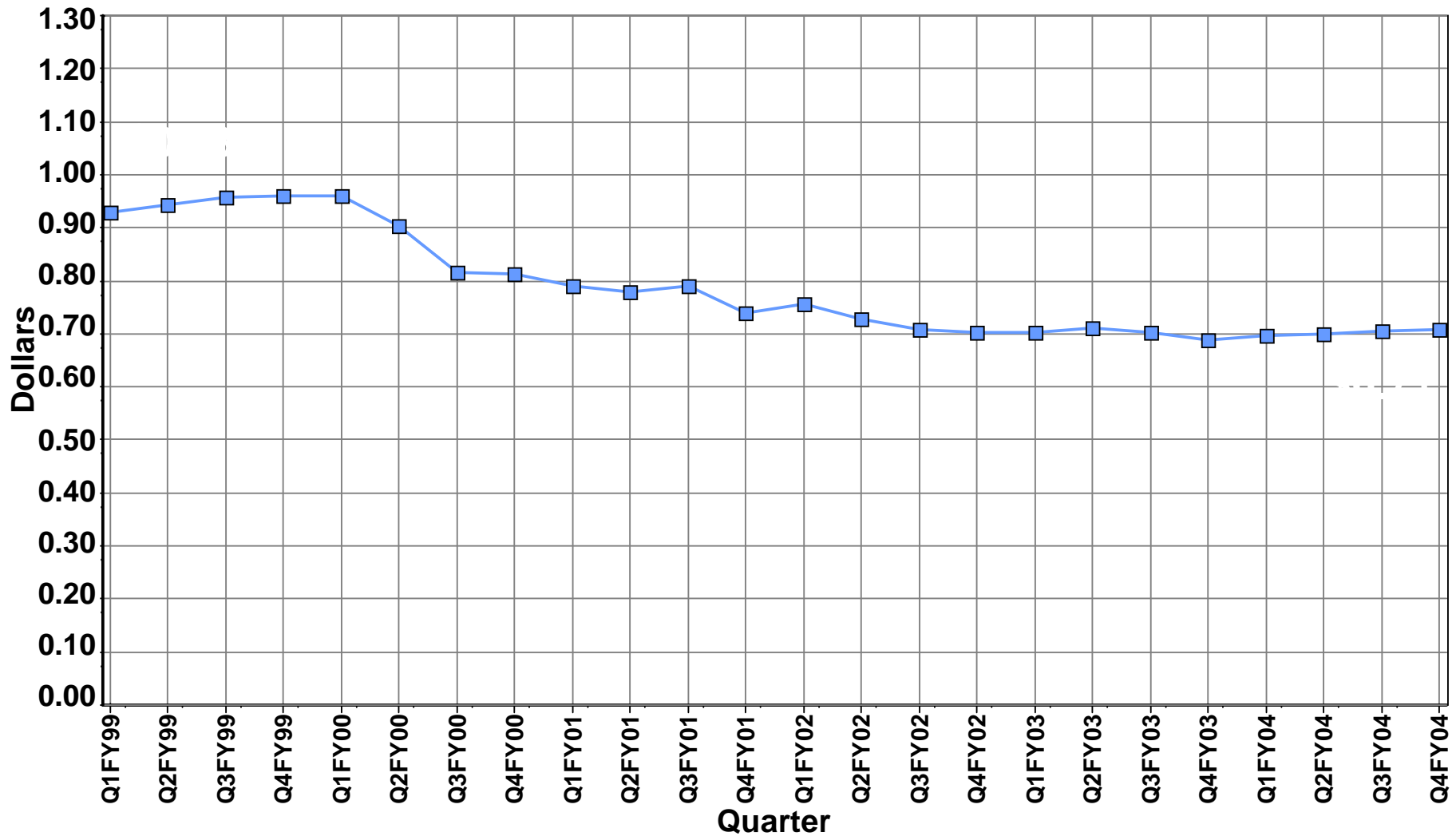
**IMPACT ON
PRESCRIPTION
COST AND
UTILIZATION**

Utilization Management

COX-2 30-day Equiv Rxs % of All Rxs

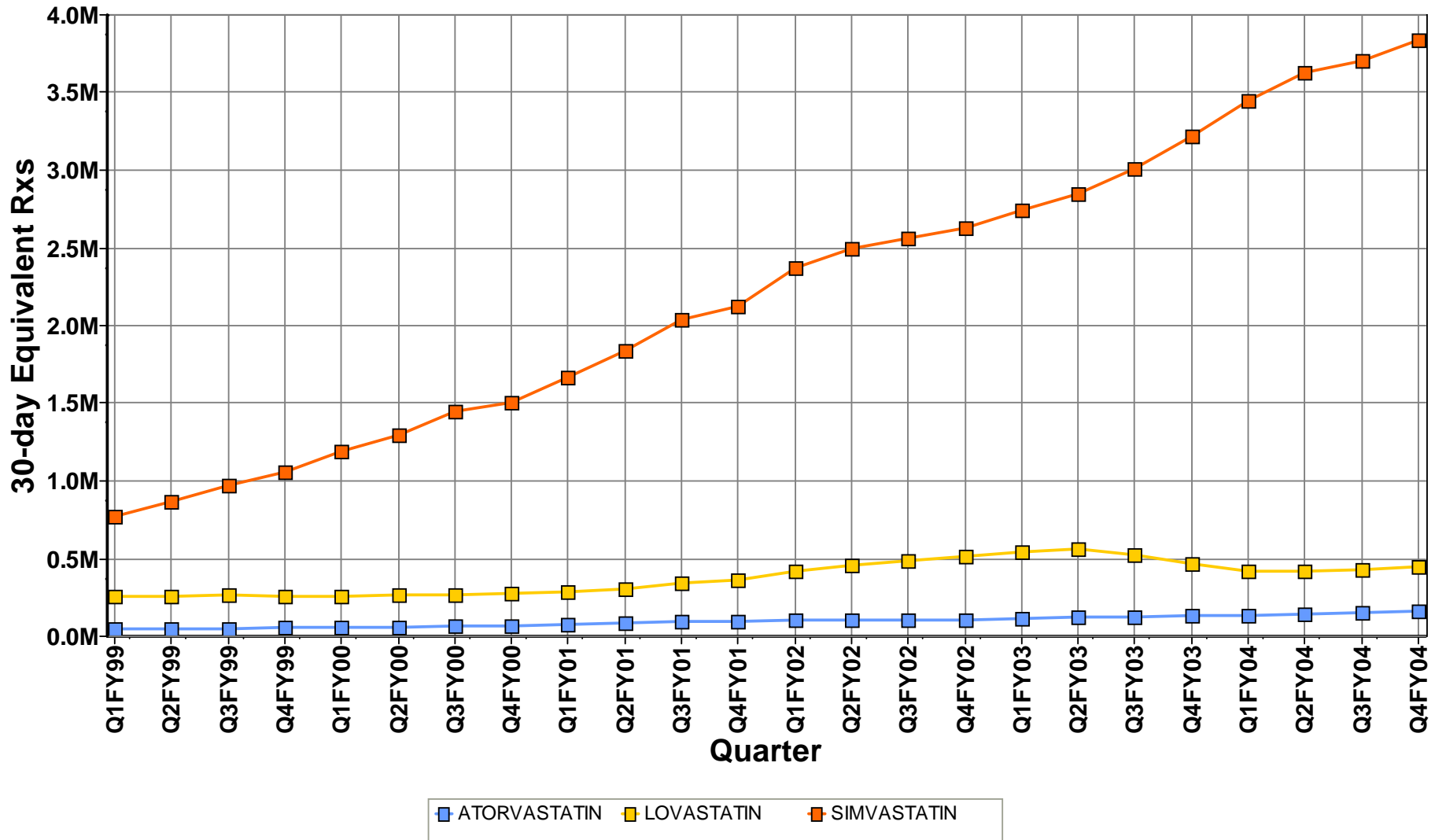


Average Cost Per Unit For Statins*

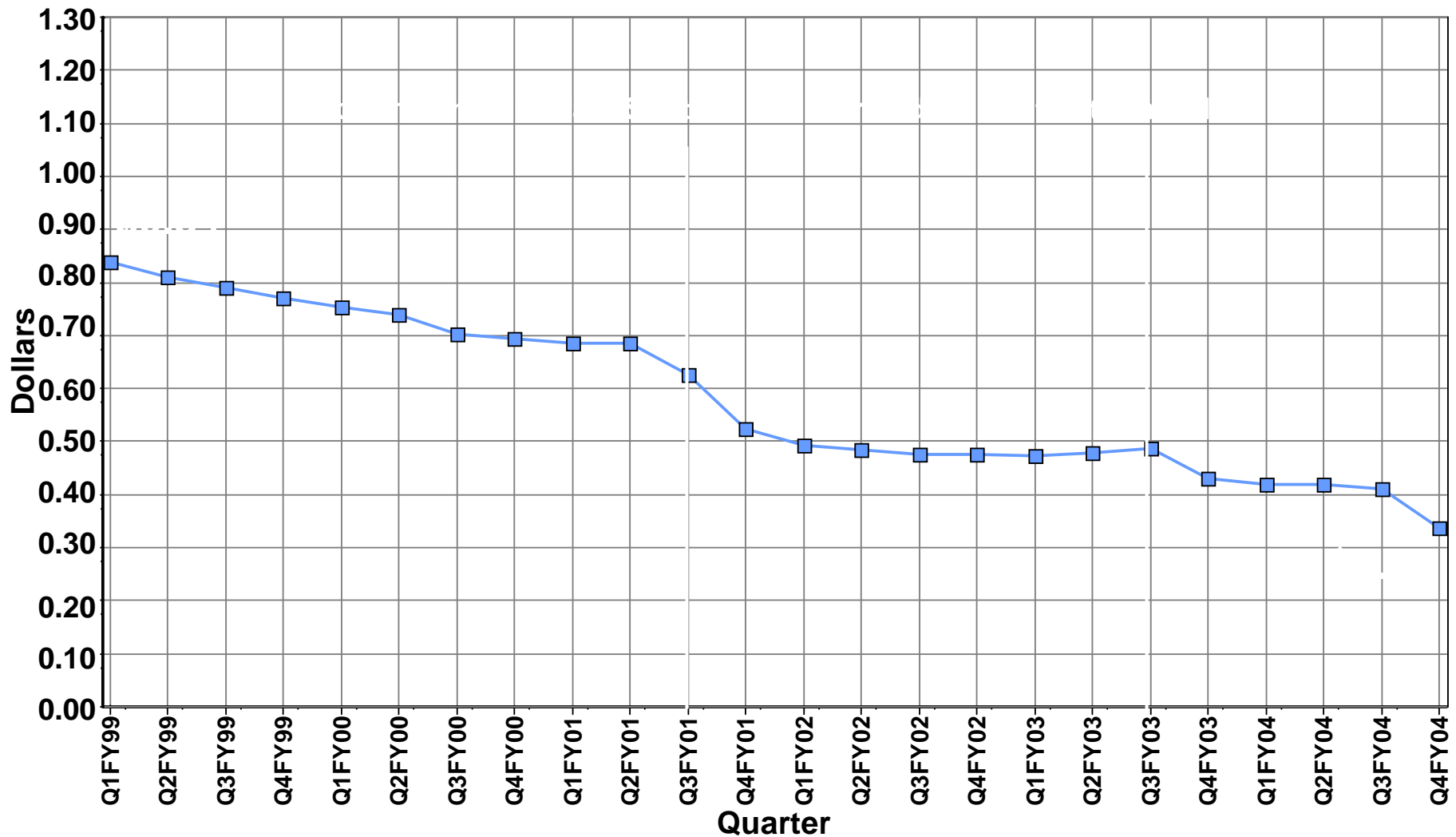


* Statins = Atorvastatin, Lovastatin, Simvastatin

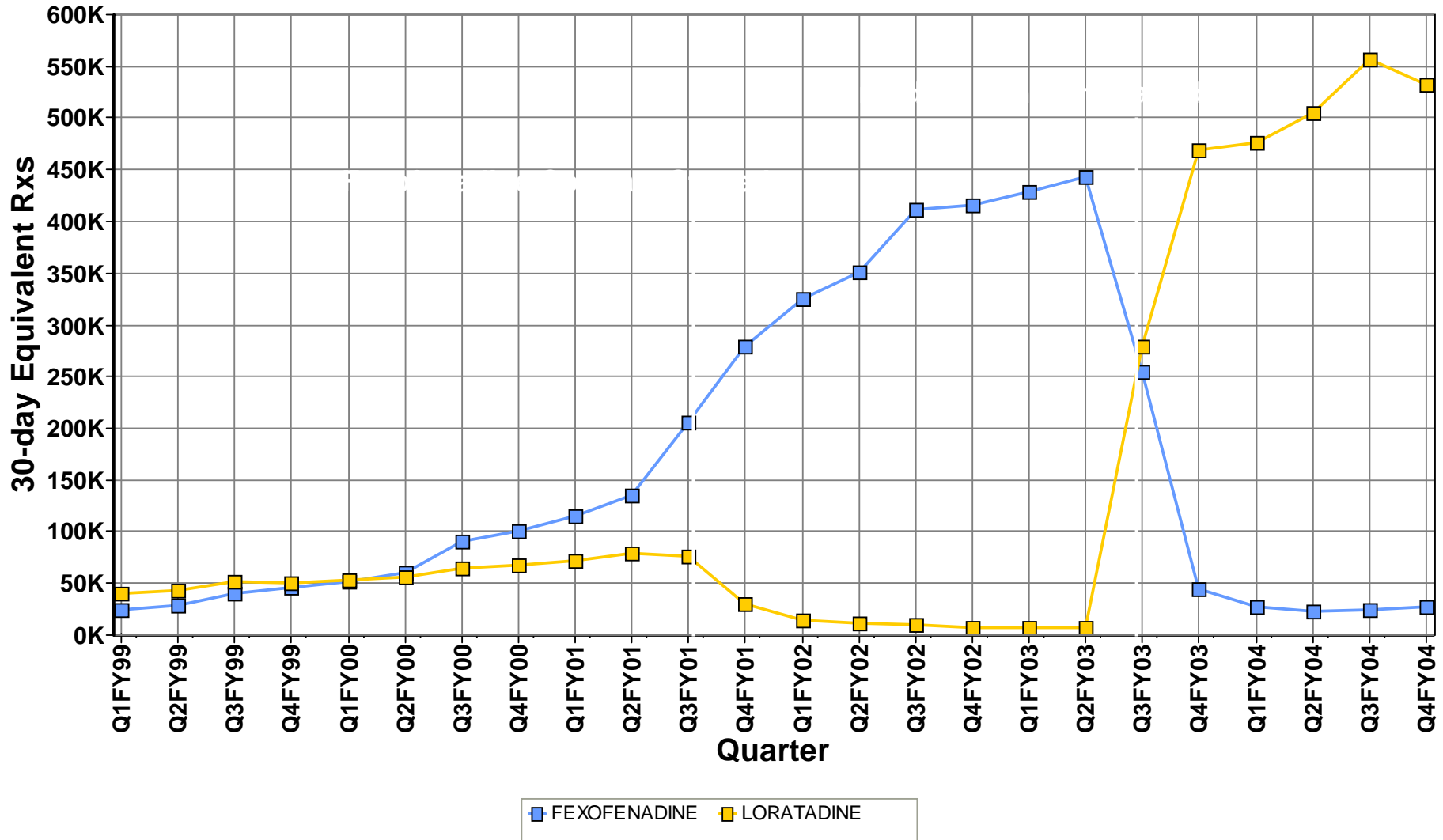
Statin 30-day Equivalent Rxs



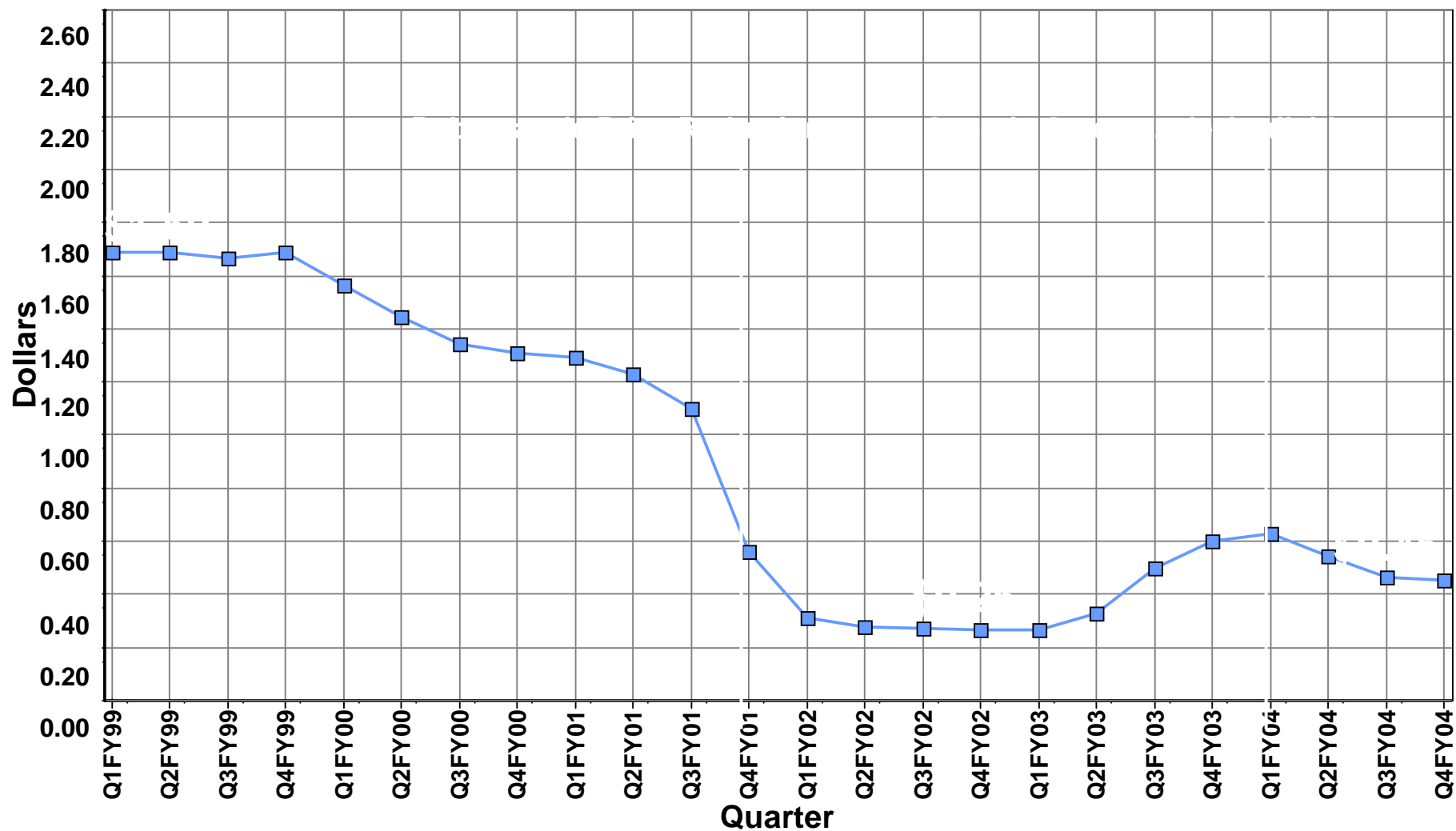
Average Cost Per Unit For Non-Sedating Antihistamines*



Non-Sedating Antihistamine 30-day Equivalent Rxs

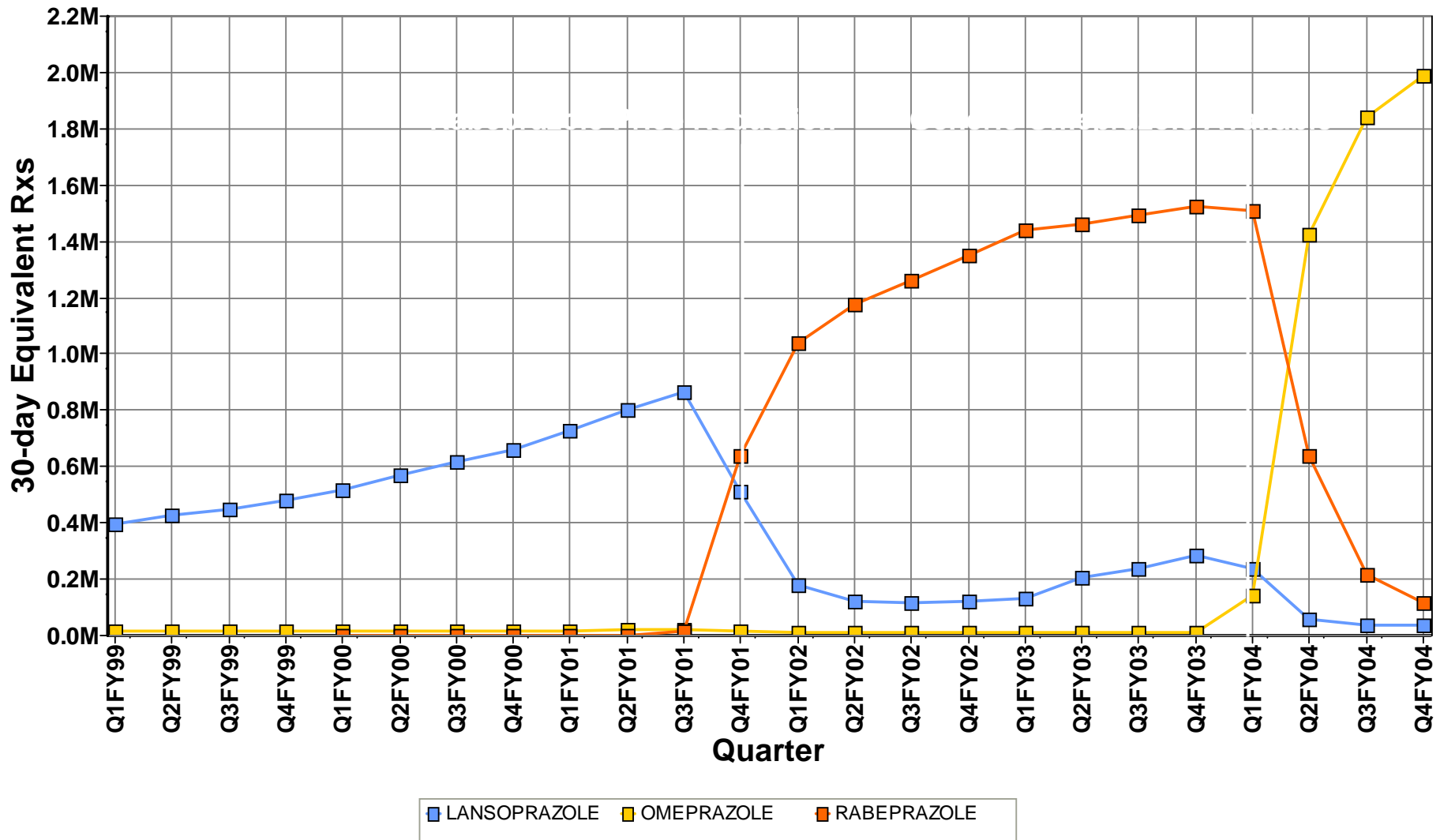


Average Cost Per Unit For PPIs*



* PPIs = Lansoprazole, Omeprazole, Rabeprazole

PPI 30-day Equivalent Rxs



OVERVIEW OF JOINT CONTRACTING STATUS

	12/03	12/04
• Existing DoD Contracts –	1	1
• Existing Joint Contracts –	84	79
• Existing Joint BPAs -	15	11
• Pending Joint Contracts –	4	11
• Proposed Joint Contracts –	14	16
• “Not Awarded” Joint Contracts* –	10	12
• Existing VA Contracts –	13	13

*** In most cases, contracts were not awarded because the bid prices received were higher than existing FSS or open market prices**