

10 Prescription Benefits and Drug Formulary

Health Choice Generations is a Medicare Advantage Special Needs Plan (SNP) with Medicare Part D Prescription Drug Coverage. Medicare Part D drugs covered by Health Choice Generations are found on our Comprehensive Formulary. The Formulary Drug List as well as criteria for drug coverage can be found on the Health Choice Generations website at www.healthchoicegenerations.com. Additionally, your Provider Services Representatives can provide a Formulary book for your office.

PRESCRIPTION DRUG BENEFIT

Medications are covered by Medicare in numerous categories. Some medications are covered under Medicare Part A and/or B, and some medications are covered under Medicare Part D. Medicare Part D coverage is commonly referred to as the outpatient prescription benefit. The list of drugs covered by Health Choice Generations Medicare Part D Benefit is known as our Formulary Drug list.

If drugs are covered under Medicare Part A or Part B, they are in most instances not covered under Medicare Part D. Therefore drugs covered under Medicare Part B will not be found on the Formulary Drug List. Examples of Medicare Part B drugs include but are not limited to:

- Drugs usually not self-administered by patients and injected with physician services;
- Drugs used with durable medical equipment (e.g. nebulizers, blood glucose testing meters);
- Clotting factors self-administered by patients with hemophilia;
- Immunosuppressive drugs in patients whose organ transplant was covered by Medicare;
- Antigens;
- Certain oral anti-cancer drugs and anti-nausea drugs;
- Certain drugs used during dialysis;
- Intravenous immune globulin for the treatment of primary immune deficiency diseases.

Health Choice Generations outpatient prescription drug benefit covers drugs not otherwise excluded from Medicare Part D coverage. Drugs not covered by Medicare Part D and therefore not considered Part D drugs include: nonprescription Over-the-Counter (OTC) drugs*; drugs used for anorexia, weight loss, or weight gain; drugs used to promote fertility; drugs used for cosmetic purposes, hair growth or erectile dysfunction; drugs used for the symptomatic relief of cough or colds; and, prescription vitamins and mineral products, except prenatal vitamins and fluoride.

* In 2017 under the supplemental benefit package, Health Choice Generations offers a catalog of OTC medications which enrollees may order. Up to \$60 of OTC products are covered per quarter. Interested enrollees should call our Member Services number on their card for information.

FORMULARY (List of Medications)

The Health Choice Generations formulary lists all Part D drugs covered by Health Choice Generations. We will generally cover the drug as long as the drug is medically necessary, the prescription is filled at a network pharmacy, and other coverage rules are followed. For certain prescription drugs, we have additional requirements for coverage or limits on coverage.

The drugs on the formulary are selected by a CMS compliant Pharmacy and Therapeutics (P&T) Committee which consists of medical and pharmacy providers. The P&T Committee selects Part D eligible prescription drugs necessary to meet the clinical needs of our members and comply with Medicare's formulary requirements. Not all Part D eligible drugs are covered by Health Choice Generations based on P&T Committee decisions.

Per Medicare regulation, Health Choice Generations covers Part D drugs for "medically-accepted" indications, approved by the FDA. Coverage of off-label uses of a prescription drug can only occur in very specific situations. We may cover the off-label use only in cases where the use is supported by certain peer review reference and Part D approved compendia. If the use is not supported by one of these compendia then the drug would not be covered by our plan.

Brand and generic drugs are included on the formulary. A generic drug has the same active-ingredient(s) as the brand-name drug. Generic drugs usually cost less than brand-name drugs and are rated by the Food and Drug Administration (FDA) to be as safe and as effective as brand-name drugs.

The Health Choice Generations Formulary has a single (1) drug tier for all covered drugs.

Health Choice Generations formulary medications may be subject to utilization management tools such as Prior Authorization, Step Therapy and/or Quantity Limits. The utilization management tools serve as additional requirements for coverage or limits on coverage. These requirements and limits ensure that our Health Choice Generations members use these drugs in the most effective way. A team of doctors and pharmacists developed and the P&T Committee approved the following requirements and limits to help provide quality coverage to our enrollees.

PRIOR AUTHORIZATION

Health Choice Generations requires providers, on behalf of the enrollee, to get an approved coverage determination for certain drugs. This means the provider will need to get approval from Health Choice Generations before the enrollee can fill the prescription. We will not cover prescriptions for certain drugs unless they have been authorized. (Exhibit 17.1 Pharmacy Medication PA Form)

Health Choice Generations' Prior Authorization criteria speak to Part D eligible "medically accepted" indications, approved by the FDA and/or supported by certain peer review reference and Part D approved compendia such as American Hospital Formulary Service Drug Information,

DRUGDEX Information System, and the United States Pharmacopeia-Drug Information citations. If the use is not supported by one of these compendia then the drug would not be covered.

STEP THERAPY

Health Choice Generations may require providers to try one drug to treat a member's medical condition before covering another drug for that condition. For example, if Drug A and Drug B both treat a specific medical condition, we may require the provider to prescribe Drug A first. If Drug A does not work for the enrollee, then we will cover Drug B.

QUANTITY LIMITS

For certain drugs, we limit the amount of the drug that we will cover per prescription or for a defined period. Providers must request an exception to the limit via a coverage determination process for Health Choice Generations to cover quantities above the listed amounts on the formulary.

FORMULARY EXCEPTION REQUESTS

Providers can use the Health Choice Generations Pharmacy Medication Prior Authorization/Exception Request (Exhibit 17.1) Form located on the website to request formulary exceptions for specific enrollees. The exception request must include documentation of medical necessity. Formulary exception requests may cover non-formulary medications, or exceptions to Prior Authorization or Step Therapy criteria, or quantity limits that need to be exceeded based on enrollee medical necessity. If Health Choice Generations approves the exception request, the approval is valid for one year so long as the plan provider continues to prescribe the drug and the member continues to be eligible under Health Choice Generations.

Health Choice Generations enrollees may request an exception to the formulary or a utilization management criteria. When an enrollee requests an exception a provider's supporting medical documentation is needed to appropriately process the request or coverage determination.

FORMULARY CHANGES

The Medicare Part D program allows Health Choice Generations to make changes in our prescription drug formulary list at any time during the calendar year. Changes to our formulary within a plan year can be found on the Health Choice Generations website under Members > Prescription Drug Information > Formulary Change Notice. . The Formulary Change Notice is posted at least 60 days prior to a negative change. Additionally, the most up to date copy of the formulary and utilization management tools (e.g. Prior Authorization Criteria, Step Therapy Criteria, and Quantity Limits) are found on the website.

If Health Choice Generations removes a drug from the formulary, adds prior authorizations, quantity limits, and/or step therapy restrictions on a drug, and an enrollee is taking the drug affected by the change, we will notify the enrollee of the change at least 60 days before the date that the change becomes effective. If we do not notify the enrollee of the change in advance, we will give a 60-day supply of the drug when the member requests a refill of the drug. However, if a drug is removed because the drug has been recalled from the market, we will not give 60 day notice before removing the drug or give a 60-day supply of the drug when a refill is requested. Instead, we will remove the drug from our formulary immediately and

Health Choice Generations enrollees and providers will be notified about the change as soon as possible.

Immediately after receiving the 60-day notice or supply, providers and enrollees should work with Health Choice Generations to either switch to a formulary alternative drug or request a formulary exception (which is a type of coverage determination). The provider should request a formulary exception if the provider determines that the drug being removed is needed and none of the drugs on formulary are medically appropriate for the member.

TRANSITION POLICY

New enrollees in our plan may be taking drugs that are not on our formulary or that are subjected to certain restrictions, such as prior authorization or step therapy. Therefore new enrollees have access to a 31 day transition supply of the specific drug within the first 90 days of their enrollment; if the new enrollee is in a long-term care facility up to a 98 day transition supply will be provided. Additionally, enrollees that experience a change in level of care or a formulary change from one year to another have access to a transition fill of their drug. When a transition fill occurs the enrollee and prescriber will get letters explaining next steps needed to continue coverage of the drug. Health Choice Generations enrollees should talk to their doctors to decide if they can switch to an appropriate drug that we cover or request a formulary exception (which is a type of coverage determination) in order to get coverage for the drug.

Please note that the transition policy applies only to those drugs that are “Part D eligible” and that are purchased at a network pharmacy. The transition policy cannot be used to purchase non- Part D drugs or drugs out-of-network.

DRUG MANAGEMENT PROGRAMS

Generic Substitution

When there is a generic version of a brand-name drug available our network pharmacies will automatically give the generic version, unless the provider has provided documentation to Health Choice Generations that the member must take the brand-name drug.

DRUG UTILIZATION REVIEW

Health Choice Generations conducts drug utilization review on our Health Choice Generations enrollees to make sure they are receiving safe and appropriate care. We conduct drug utilization review each time prescriptions are filled by an enrollee and on a retrospective basis. During the review, we look for medication problems such as:

- Possible medication errors
- Unnecessary duplicate drugs being taken to treat the same medical condition
- Drug over or under utilization
- Drugs inappropriate because of age or gender
- Harmful Drug- Drug or Drug- Disease interactions
- Drug allergies
- Drug dosage errors

If Health Choice Generations identifies a medication problem during our drug utilization review, we will work with the provider to correct the problem.

MEDICATION THERAPY MANAGEMENT PROGRAMS

Health Choice Generations offers a medication therapy management (MTM) program at no additional cost for enrollees who have multiple medical conditions, or who are taking many prescription drugs, or who have high drug costs. These programs were developed by a team of pharmacists and doctors. Health Choice Generations uses the medication therapy management program to help enrollees use medications more appropriately. The program provides the enrollee the opportunity to talk with a pharmacist and create a medication action plan. Providers are made aware of the pharmacy medication action plan when created. The MTM program helps our enrollees use drugs appropriately by encouraging adherence with chronic medications, identifying gaps in care, and preventing adverse drug outcomes.

When enrollees meet specific MTM program criteria, Health Choice Generations will contact enrollees to encourage participation in the program. MTM program criteria include presence of three (3) or more medical conditions (e.g. diabetes, hypertension, hyperlipidemia, arthritis, Alzheimer's Disease, osteoporosis), who are taking eight (8) or more Part D chronic medications, and who have drug costs greater than \$784 per quarter (three month period of time).

If you serve Health Choice Generations enrollees who meet the criteria, contact Medical Services to enroll your patients into a medication therapy management program. Health Choice Generations will send information about the specific program including information about how to access the program.

PHARMACY NETWORK

The Health Choice Generations pharmacy network directory can be viewed on our website at www.healthchoicegenerations.com.

A network pharmacy is a pharmacy at which enrollees can get Part D prescription drug benefits. We call them "network pharmacies" because they contract with Health Choice Generations. In most cases, prescriptions are covered only if they are filled at one of our network pharmacies.

Health Choice Generations enrollees may switch to a different network pharmacy at any time. Providers must either provide a new prescription written or have the previous pharmacy transfer the existing prescription to the new pharmacy if any refills remain.

Health Choice Generations will fill prescriptions at non-network pharmacies under certain circumstances as described in the Health Choice Generations Evidence of Coverage.

RETAIL PHARMACY NETWORK

Health Choice Generations retail pharmacy network consists of chain and independent pharmacies in Arizona and throughout the United States. Enrollees can fill prescriptions for acute medications and chronic medications (up to a 93 day supply) at our retail pharmacies. For drugs taken on a regular basis, for a chronic or long-term medical condition, enrollees are able to acquire up to a 93 day supply from a retail network pharmacy. When writing a prescription for

an extended day supply of a medication the prescription should most commonly be written for a 90-day supply.

MAIL ORDER PHARMACIES

Health Choice Generations enrollees can use our network mail order pharmacy to get up to a 93 day supply of medication. When ordering prescription drugs through our network mail order pharmacy service at least a 90-day supply must be ordered.

Envision Pharmacies: (866) 909-5170

If the provider is going to send a prescription to the mail order pharmacy please make sure the enrollee has registered with the mail order pharmacy.

SPECIALTY PHARMACIES

Specialty drugs are expensive biologically engineered medications that are supplied by Health Choice Generations via a specialty pharmacy, Orchard (Exhibit 17.2 Specialty Drug List). Additionally, enrollees may acquire their specialty medication from any network pharmacy that carries specialty medications.

Many of the specialty drugs on our formulary require prior authorization. Health Choice Generations staff will coordinate the provision of these approved medications to your patients.

HOME INFUSION PHARMACIES

Health Choice Generations covers home infusion therapy under the Part D benefit if

- The prescription drug is on Health Choice Generations formulary or a formulary exception has been granted for the prescription drug; and
- Health Choice Generations has approved the prescription for home infusion therapy; and
- The prescription is written by an authorized prescriber.

Please refer to the Pharmacy Directory to find a home infusion pharmacy provider or contact your Provider Services Representative or contact Member Services.

LONG TERM CARE PHARMACIES

In some cases residents of a long-term care facility may access their prescription drugs through the facility's long-term care pharmacy or another network long-term care pharmacy.

Please refer to the Pharmacy Directory to find out what long-term care pharmacies are part of the network. Contact your Provider Services Representative for assistance.

INDIAN HEALTH SERVICES/TRIBAL/URBAN INDIAN HEALTH PROGRAM (I/T/U) PHARMACIES

Only Native Americans and Alaska Natives have access to Indian Health Service/Tribal/Urban Indian Health Program (I/T/U) Pharmacies through Health Choice Generations pharmacy network. Those other than Native Americans and Alaskan Natives may be able to access these pharmacies under limited circumstances (e.g. emergencies).

Please refer to the Pharmacy Directory to find an I/T/U pharmacy. Contact your Provider Services Representative for assistance.

EXTRA HELP WITH MEDICARE PART D BENEFIT AVAILABLE FOR ENROLEES

Medicare provides “extra help” to pay prescription drug costs for people who meet specific income and resources limits. Resources include savings and stocks, but not home or car. If an enrollee qualifies he/she will get help paying for a Part D plan’s monthly premium, yearly deductible and prescription drug co-payments. **All Health Choice Generations enrollees qualify for extra help since they are eligible for Medicaid (AHCCCS) or get Supplemental Security Income benefits.** Our enrollees do not have a Part D premium or deductible and pay a specific generic drug or brand drug co pay based on their subsidy level. The specific prescription drug co pay is the same for a 30 or 90 day supply of medication. So writing a prescription for a chronic medication for a 90 day supply instead of a 30 day supply will decrease an enrollee’s drug costs.

The amount of extra help Health Choice Generations enrollees get depends on their income and resources. If the provider believes an enrollee may qualify, have the enrollee call Social Security at (800) 772- 1213, visit www.socialsecurity.gov on the web, or apply at your State Medical Assistance (Medicaid) office. TTY users should call (800) 325-0778.