

PHYSICIAN OVERVIEW OF THE SCOTT AND WHITE HEALTH PLAN FORMULARY

The Scott & White Health Plan Drug Formulary mission is to assist prescribers in the selection of cost-effective drug therapy and provide the highest quality medications to our Scott & White Health Plan patients. To accomplish this goal, an extensive collaborative effort between pharmacy and the medical staff is required.

The Formulary will be the guide for prescription coverage for all Scott & White Health Plan patients. Please refer to this Formulary when prescribing for your SWHP patients. The Formulary is not a substitute for the professional and clinical judgment of the physician.

The following key questions and answers outline the major elements of this new approach to drug therapy for Scott and White Health Plan members:

- **What is a prescription drug formulary?**

A Prescription Drug Formulary is a comprehensive list of prescription drugs deemed to be safe and effective with acceptable or superior financial value. The Formulary is an evolving process as existing and new drugs are evaluated by the SWHP P&T Committee. You will find a copy of the Formulary in your copy of the Spotlight Notebook. Additional copies can be obtained on the Scott & White *InSite* website or at www.swhp.org or by contacting Scott & White Prescription Services, Customer Service Department at (254) 298-6100 or (800) 728-7947.

- **How was it developed and officially sanctioned by the Scott & White Health Plan?**

The SWHP Formulary is developed by the Pharmacy and Therapeutics Committee (P&T) of the Scott & White medical staff. The first criteria the P&T Committee reviews for inclusion is always safety and effectiveness and the second is overall cost of the drug therapy. It is officially sanctioned and approved through the P & T Committee of the Scott & White Health Plan.

- **Why is a formulary necessary within a Health Maintenance Organization (HMO) structure?**

A Formulary is necessary for the HMO to establish a reasonable, evidence based approach to drug therapy that assures both quality and cost effectiveness for the member and Scott and White Health Plan. SWHP is now at risk for the prescription drug costs of about two-thirds of its members and the Formulary is one method for controlling such costs while assuring quality of care. Also, to remain competitive with outer managed care entities with Formularies, it is essential that SWHP be able to control prescription drug costs for its members in a similar fashion.

- **How is a drug added to the SWHP Formulary?**

A drug will be considered by the P&T Committee for addition to or deletion from formulary when a Formulary Request Form is received from the requesting physician. A drug will not be added to the Formulary unless it offers significant additional evidence based clinical or financial benefits. Physicians may request formulary addition forms from the Scott and White Drug Information Center (254) 724-4636 or Scott & White Prescription Services, Customer Service Department (254) 298-6100 or (800) 728-7947. This form can also be found on the Scott & White *InSite* website or at www.swhp.org.

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- **How are costs more effectively controlled using a Formulary?**

After quality issues are clearly answered, the pharmacy can then approach the manufacturers for best contract pricing based upon being included on the Formulary and/or given preferred status within a given therapeutic category. This allows SWHP to leverage its volume of business within the marketplace to achieve best prices for its membership...without jeopardizing quality. In fact, this approach provides a framework for quality assurance of drug therapy based upon the in-depth clinical study and analysis done by the pharmacy and medical staff within each drug therapy category.

One of the most effective cost-containment approaches is the selection of a preferred therapeutic agent within a drug class. The preferred agent (sometimes more than one) in a category is chosen based on efficacy, safety and the therapeutic benefit/cost ratio. The preferred agent should be prescribed for all new starts and all changes of medications within a drug category.

- **What is the therapeutic interchange policy?**

The Scott & White Health Plan P&T Committee evaluates clinical equivalence as a part of the drug review and makes recommendations regarding interchanging drugs within a therapeutic category. The Therapeutic Interchange Policy states that physicians must approve in writing the therapeutic drug interchange. You will find a list of the current interchange programs as well as the physician authorization form in your copy of the Spotlight Notebook.

- **How does the Scott and White Health Plan Formulary differ from many other managed care approaches to formulary?**

As opposed to many plans, Scott and White first consider clinical data on specific drugs and approaches drug therapy to determine appropriateness based upon provable safety and effectiveness. This information then is thoroughly evaluated with the various specialists and interested practitioners within the medical staff for approval or revision so that the final approach has the sanction of the "Experts" within Scott and White. Only after all of these clinical and efficacy questions are answered, does the question of competitive costs and bidding for placement become an issue. Quality is always first and if those questions are successfully answered, price then becomes the focus for inclusion within the Formulary.

This approach to formulary has been utilized for the Scott and White Hospital Formulary very successfully for over a decade. We have simply utilized that proven creditability as the basis for development and approval of the SWHP Formulary.

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- **What does the formulary mean, in very practical terms, for our members?**

Although we hope the medical staff utilizes the same Formulary approach for all members, the Formulary contractually only applies to members with the Prescription Drug Benefit Rider. We can only mandate specific coverage when we are at risk or have a contract that includes those services.

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For those members with the Prescription Drug Benefit Rider, the Health Plan will only provide full coverage for this drugs included on the Formulary or preferred within a given category. For drugs not on the Formulary or non-preferred, the Health Plan will require a higher copayment or 100% copayment from the member.

- **What if I write a prescription for a non-formulary medication?**

The SWHP pharmacy will contact the prescribing physician and advise of the available formulary medications in that therapeutic category. If the physician indicates the non-formulary drug is needed, the patient will have to pay the higher co-payment or full charge of the prescription, as required by their plan.

The Scott & White Health Plan has determined that the following medications will not be covered by the drug benefit:

Over-the-counter drugs
Appetite suppressants

Drugs used for infertility
Drugs used for cosmetic purposes

- **What if a medication requires preauthorization?**

The physician shall submit a completed Request for Individual Case Review (ICR) to Scott & White Prescription Services. You will find a copy of this form in your copy of the Spotlight Notebook. Additional copies can be obtained on the Scott & White *InSite* website or at www.swhp.org or by contacting Scott & White Prescription Services, Customer Service Department at (254) 298-6100 or (800) 728-7947.

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