



## Magellan Rx Management Pioneers Novel Drug Wastage Program, Savings Exceed \$46 Million in First Year, While Promoting High Quality Care for Members

June 18, 2019

SCOTTSDALE, Ariz.--(BUSINESS WIRE)--Jun. 18, 2019-- Magellan Rx Management, the pharmacy benefit management (PBM) division of [Magellan Health, Inc.](#) (NASDAQ: MGLN), has launched an innovative solution to control spend for high-cost infusible drugs, while promoting high quality care for members. Payers are often faced with challenges like limited vial size options and availability that can lead to excessive spend in categories such as oncology and autoimmune conditions. The Magellan Rx drug wastage program leverages prior authorization and dosing protocols, in collaboration with providers, to identify clinically-appropriate opportunities to reduce waste.

Since the drug wastage program launched in early 2018, participating health plans have saved over \$46 million and savings continue to grow. This reduction in waste is also critical to improving the efficiency of healthcare throughout the United States and is a key component to providing high quality care.

### Effective Strategies to Combat Expensive Drug Wastage

When a portion of a medication is unused and discarded due to vial size limitations, payers are billed for product that wasn't actually administered to the patient. Depending on the drug, this can equate to tens of thousands of dollars wasted per patient over the course of treatment. Drug wastage is an established problem, especially in oncology where research has estimated that nearly \$3 billion is wasted annually in cancer medicines that are discarded.<sup>1</sup> High-cost medications used to treat autoimmune conditions such as rheumatoid arthritis can also contribute to substantial drug wastage. Given the top five Commercial medical benefit drugs by spend fall within the oncology, oncology support, or autoimmune categories<sup>2</sup>, there is an opportunity to leverage drug wastage strategies to combat rising drug spend.

"It is imperative for payers and patients to be aware of these market dynamics and medical benefit drug spend and trend—which, historically, has gone unmanaged—in order to implement timely strategies that will mitigate escalating drug costs," said Steve Cutts, senior vice president and general manager, specialty. "At Magellan Rx, we equip our customers with the knowledge to make better decisions and provide clinically-appropriate interventions for their members directed at reducing drug waste, resulting in significant dollars saved for the plan as well as downstream reductions in member cost share."

Clinical pharmacists at Magellan Rx teamed up with expert key opinion leaders and health plan customers to develop and implement a program that identifies opportunities to reduce drug wastage, targeting high-cost medications. Once identified, providers are given the option to prescribe a clinically-equivalent dose that would minimize the amount of drug waste. Provider validation has been excellent to date, with nearly 50 percent of providers agreeing to the use of more efficient vials.

For over 14 years, Magellan Rx has delivered cost-effective and leading-edge strategies for medical benefit drug management, offering flexible solutions that can also operate outside of the traditional payer-PBM relationship. Health plans can plug in to the extensive clinical expertise and experience at Magellan Rx by delegating specialty and medical drug management services while retaining a separate PBM. Through innovative, targeted initiatives like the drug wastage program, combined with other clinical solutions such as utilization management, site of service, and [biosimilar management](#), Magellan Rx helps customers reduce their drug spend for highly complex and costly medical benefit drugs while promoting high quality care for their members.

"We are focused on reducing cost of care while maintaining a high quality of care for our members," said Scott McClelland, vice president of commercial and specialty pharmacy programs at Florida Blue. "That's why we collaborate with Magellan Rx to find solutions, like the drug waste prevention program, that help curb rising specialty spend on the medical benefit. The success of this partnership has helped us save money for our members while ensuring they get the care they need."

For more on trends in medical drug management, get the latest updates from the [Magellan Rx Report Spring 2019 Edition](#).

1. Harris, Gardiner. "Waste in Cancer Drugs Costs \$3 Billion a Year, a Study Says." The New York Times 1 Mar. 2016. Web. 16 April 2019.

2. 2018 Magellan Rx Management Medical Pharmacy Trend Report™, ©2019.

**About Magellan Rx Management:** [Magellan Rx Management](#), a division of [Magellan Health, Inc.](#), is a full-service, next-generation pharmacy benefit manager (PBM) that helps our customers and members solve complex pharmacy challenges by connecting them to the people, technology, and information they need to make smarter healthcare decisions. As experts in managing specialty spend both on the prescription and medical benefit, we are energized by discovering new and better ways to deliver solutions in today's complex and rapidly-evolving healthcare environment, leading people to live healthier, more vibrant lives.

**About Magellan Health:** [Magellan Health, Inc.](#), a [Fortune 500 company](#), is a leader in managing the fastest growing, most complex areas of health, including special populations, complete pharmacy benefits and other specialty areas of healthcare. Magellan supports innovative ways of accessing better health through technology, while remaining focused on the critical personal relationships that are necessary to achieve a healthy, vibrant life. Magellan's customers include health plans and other managed care organizations, employers, labor unions, various military and governmental agencies and third-party administrators. For more information, visit [MagellanHealth.com](#).

(MGLN-GEN)

View source version on businesswire.com: <https://www.businesswire.com/news/home/20190618005318/en/>

Source: Magellan Health

**Media:** Lilly Ackley, [ackleyl@magellanhealth.com](mailto:ackleyl@magellanhealth.com), (860) 507-1923

**Investors:** Joe Bogdan, [jbogdan@magellanhealth.com](mailto:jbogdan@magellanhealth.com), (860) 507-1910