

Magellan's Medical Pharmacy Solutions Product Manages Specialty Drug Costs against Rising Trends

Experience, data show clinical quality and significant cost savings for medical drug programs covering cancer, rheumatoid arthritis, and other complex diseases

AVON, Conn.--(BUSINESS WIRE)-- Now entering its third year since launch, Magellan Health Services' (NASDAQ: MGLN) Medical Pharmacy Solutions product continues to be an industry leading solution with proven experience effectively managing the quality of care and costs related to the use of specialty drugs paid under the medical benefit on behalf of health care payors. Data from the most recent 12 months of the program demonstrate that employing a comprehensive program to more effectively and efficiently manage these medical pharmacy drugs and the way in which they are administered can reduce the cost while maintaining or improving quality of care. This data demonstrate that the Medical Pharmacy Solutions management approach saved plan sponsors an average of \$17 million per million covered lives.

"Given the increasing complexity and cost of the health care system, payors are looking to Magellan for proven and innovative solutions like Medical Pharmacy Solutions to reduce costs while also delivering better outcomes for their members," said Alan M. Lotvin, M.D., president of ICORE, Magellan's specialty pharmaceutical division which manages the programs. "We have been partnering with customers to help them manage their medical pharmacy costs — the most expensive and rapidly growing portion of the pharmacy spend — and the results show that, by working cooperatively, we create value for customers while maintaining or improving quality."

Clinical management is responsible for nearly 30 percent of the savings generated by the Medical Pharmacy Solutions program. ICORE clinical management programs promote physician choice, but ensure that all individual care is within nationally accepted clinical guidelines as published by a variety of independent organizations. Web-based systems are used for a majority of the drug authorizations, and have received high marks for provider satisfaction and ease of use by physician offices. These systems also minimize disruptions in office workflow. ICORE's claims management and editing technology brings the same proven pharmacy benefit management techniques to the management of drugs billed under the medical benefit, which reduces over use, over-billing, errors and outright fraud.

Approximately 20 percent of the savings generated in the program are the result of strategies to align incentives of physicians and health plan regarding the cost and selection of appropriate drugs.

Medical Pharmacy Solutions promotes the use of physician office administration as the most cost-effective site of care for oncology patients receiving infused drugs. ICORE's analyses have repeatedly demonstrated that physician "buy and bill" is the most efficient method of minimizing waste and taking advantage of the lowest acquisition costs for drugs.

"With this data and experience, ICORE has confirmed that the Medical Pharmacy Solutions management techniques can be applied in a clinically sound, operationally scalable manner that yields meaningful results for payors," said Lotvin.

For more information on ICORE's Medical Pharmacy Solutions or the full suite of specialty pharmaceutical solutions, visit www.ICOREhealthcare.com.

About Magellan

Headquartered in Avon, Conn., Magellan Health Services, Inc. is a leading specialty health care management organization with expertise in managing behavioral health, radiology and specialty pharmaceuticals, as well as public sector pharmacy benefits programs. Magellan delivers innovative solutions to improve quality outcomes and optimize the cost of care for those we serve. Magellan's customers include health plans, employers and government agencies, serving approximately 31.5 million members in our behavioral health business, 18.5 million members in our radiology benefits management segment, and 4.9 million members in our medical pharmacy management product. In addition, the specialty pharmaceutical segment serves 41 health plans and several pharmaceutical manufacturers and state Medicaid programs. The Company's Medicaid Administration segment serves 25 states and the District of Columbia. For more information, visit www.MagellanHealth.com.

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