

What did 100,000  
Members Buy with  
a Medicare OTC  
Catalog Program?

**OTC Benefit Solutions**

Medicare Advantage & Wellness Programs from Fieldtex Products

Fieldtex Products Inc is a provider of Over-the-Counter (OTC) products through a mail order program for Medicare advantage health plans. The company is a vendor for health plans that want to offer OTC benefits for their members. The items provided are intended to help members stay healthy and to avoid requiring medical treatments. This has been proven to lower overall healthcare costs for members over their lifetime and it has been found that 70% of health care costs are associated with preventable disease (Fries, et al., 1993). By offering products that promote healthy habits to members, health plans are investing in their members; keeping them healthy and helping to lower their insurance costs.

Benefits offered can be on a quarterly or monthly basis and can range from \$10 up to \$100. This is a decision made by the health care plan, based upon what they would like to offer to their members. Usually larger benefits tend to have a higher utilization rate for the members, but much of the utilization rate is based upon the amount of emphasis that the program puts on marketing the program to their members. We have found that there are many members who do not know about the benefit, because someone with their health care plan never explained the benefit to them.

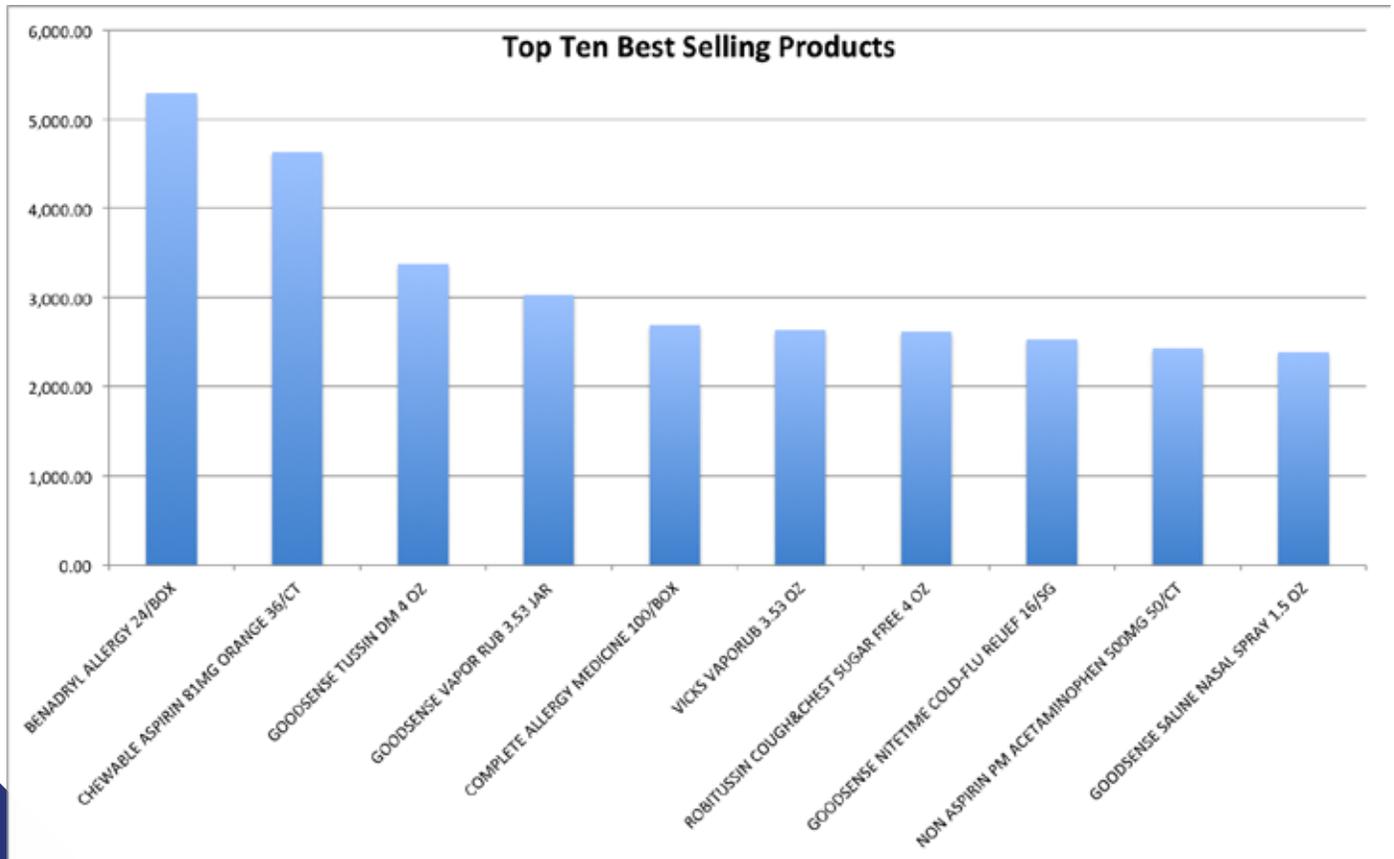
With the 2015 benefit year underway, with an updated web platform and with more members than ever, we have now analyzed the results from the 2014 program. Every year we take a look at the previous year's information to get a better idea of how to improve the program going forward. The OTC products that we offer from year to year are always changing because some products sell well while others aren't as popular. Eliminating poor selling products and expanding successful categories improves our product offerings which we hope leads to a better overall experience for the member with their health plan. This year we decided to share some of these insights. Here is what we found when we found out about what people bought in 2014 with their OTC benefit.



Fries, J. F., Koop, C. E., Beadle, C. E., Cooper, P. P., England, M. J., Greaves, R. F., et al. (1993). Reducing Health Care Costs By Reducing the Need and Demand for Medical Services. Boston: New England Journal of Medicine.

## Most Purchased Products:

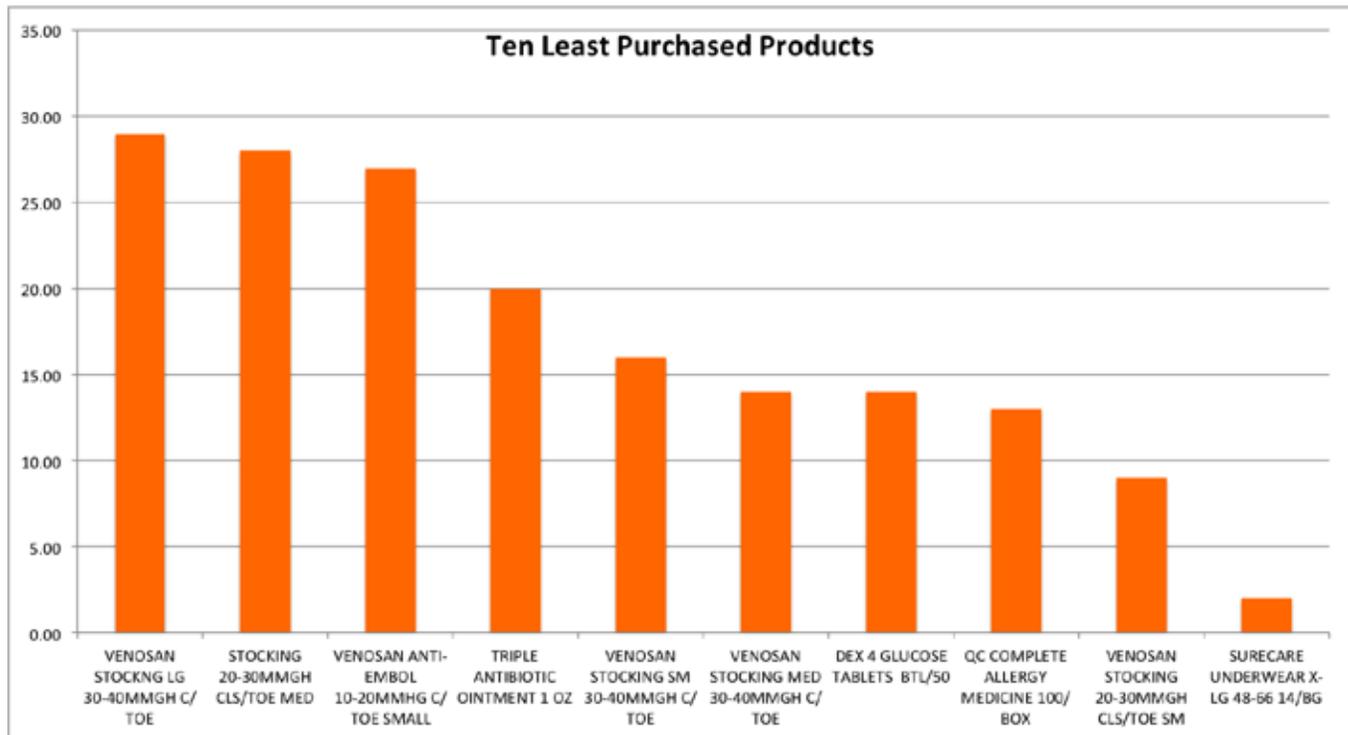
Toothpastes were by far the top selling products last year. Other top products include Aleve pain reliever, alcohol wipes, Luden's and Hall's cough drops and Fixodent denture adhesive. This suggests that most members are embracing this program to save money on basic health products that they are likely already using frequently. All of the top ten most purchased products for 2014 were brand name items except for the alcohol wipes. Members are more likely to purchase brand names from the program because they know what they can expect from these products.



Name brand products tend to be more popular than generics with members. When creating the custom formulary for a program it is important to consider the needs of the members, the benefit size and the frequency so that you can give the members what they want and will use.

## Least Purchased Products:

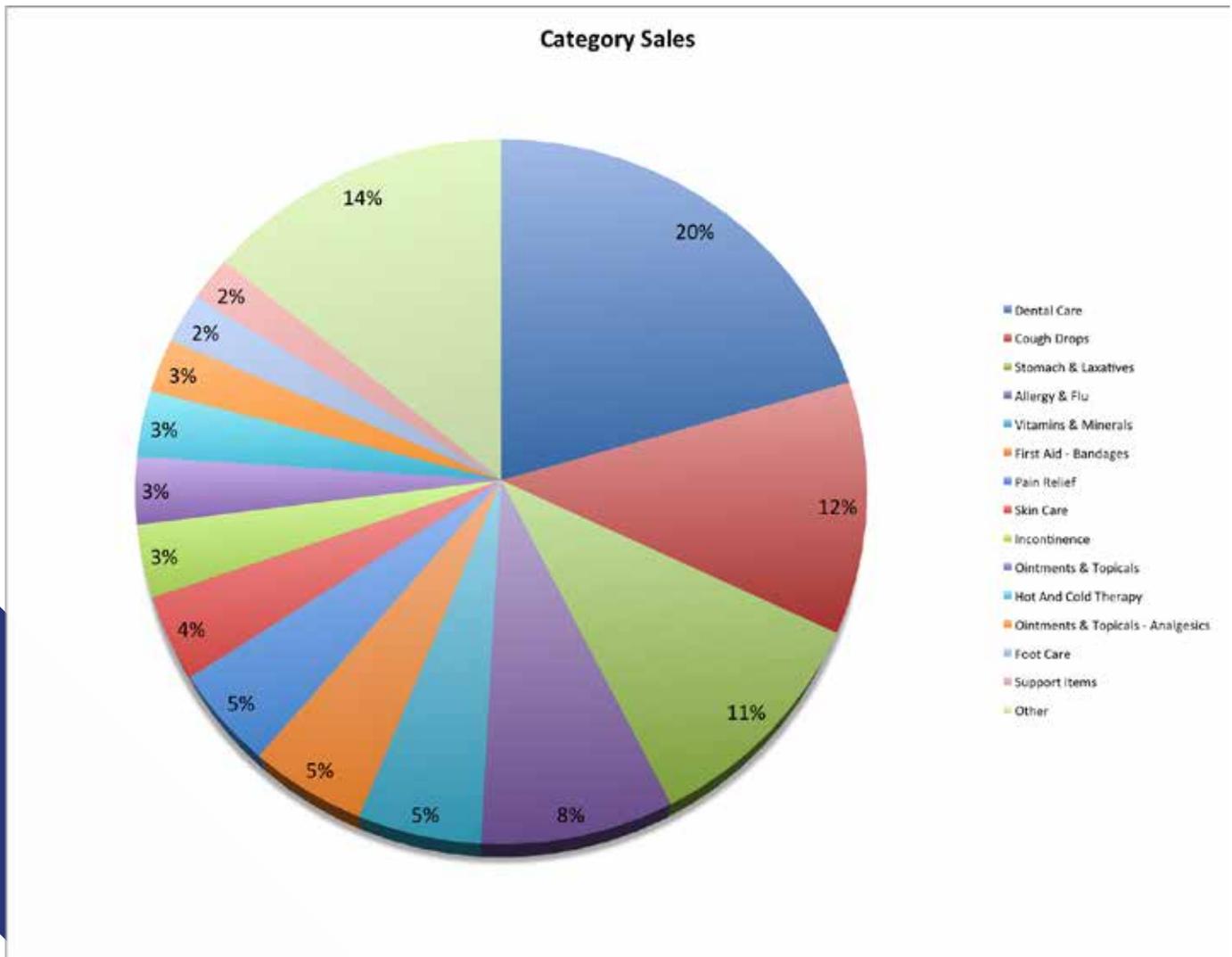
Some of the most infrequently purchased products for 2014 were anti-embolism stockings, likely because this is a very specialized product that would not apply to most people. Everyone needs toothpaste or a pain reliever, while you only need compression stockings if a medical professional recommended it. Other items that were included in the least purchased items by units sold were generic triple antibiotic ointment, glucose tabs, generic allergy medication and Surecare incontinence underwear. Almost all of the least selling categories are generic products.



## Category Sales Breakdown

Categories can be separated into three distinct groups for building a program. Group one consists of the foundational products that are the basis of a program and are most commonly bought. These are items that people need on a regular basis and will continually order in large quantities. Likely the members are already buying these products so they are very happy to have them available through their OTC benefit. These 4 product categories that made up 51% of orders in 2014 are:

1. Dental Products
2. Cough Drops
3. Stomach & Laxatives
4. Allergy & Flu



The next group of categories are the add-in products that people will use on a regular basis but not at the same rate or not as often as the foundational products. These categories are nice to have because they expand the OTC offering for members and give them more products to help them stay healthy. Add-in products are usually ordered in addition to something from one of the four foundational categories. Categories that are included in this group:

1. Vitamins & Minerals
2. First Aid - Bandages
3. Pain Relief
4. Skin Care
5. Incontinence
6. Ointments & Topicals
7. Hot & Cold Therapy
8. Ointments & Topicals - Hemorrhoid
9. Fiber Supplements
10. First Aid - Gauze, Dressings
11. Ointments & Topicals - Cleaners

These products make up 39% of purchases in 2014. Add-in products are available in all OTC programs, but some health plans will choose to only include some of these products that they think will be most valuable to their members. With all the different options available in this group, it is easy to create a benefit that works well for the members.



The final group of products are specialty products that members will usually only use if they have a specific need or if they have been specifically instructed by a doctor or other healthcare professional. These products make up the remaining 7% of the products bought in 2014:

1. Eye Care
2. Ear Care
3. First Aid - Tape
4. Diagnostic - Blood Pressure
5. Medication - Motion Sickness
6. Support Stockings
7. Diagnostic Equipment - Thermometers
8. Lactose
9. Vitamins & Minerals - Special Supplements
10. First Aid Kits

When creating a program for a health plan, Fieldtex can help to identify categories and specific products in those categories that should be in the formulary. We always recommend using the foundational products, with the number of add-in products based upon the size of the benefit and the number of members in the plan. Specialty categories are generally only viable for larger plans because the number of members, or having a large benefit creates enough demand