



The Role of PBMs in Keeping Prescriptions Affordable

Sam Hallemeier
Director, State Affairs
Pharmaceutical Care Management Association

shallemeier@pcmanet.org
(202) 579-7647

Who Are PBM Clients/Plan Sponsors?



Why Do Plans Hire PBMs?

Drive Cost Savings for Patients and Payers



PBMs help save patients and payers 40–50% on their annual drug and related medical costs compared to what they would have spent without PBMs.¹

Improve Health Care Quality and Patient Outcomes



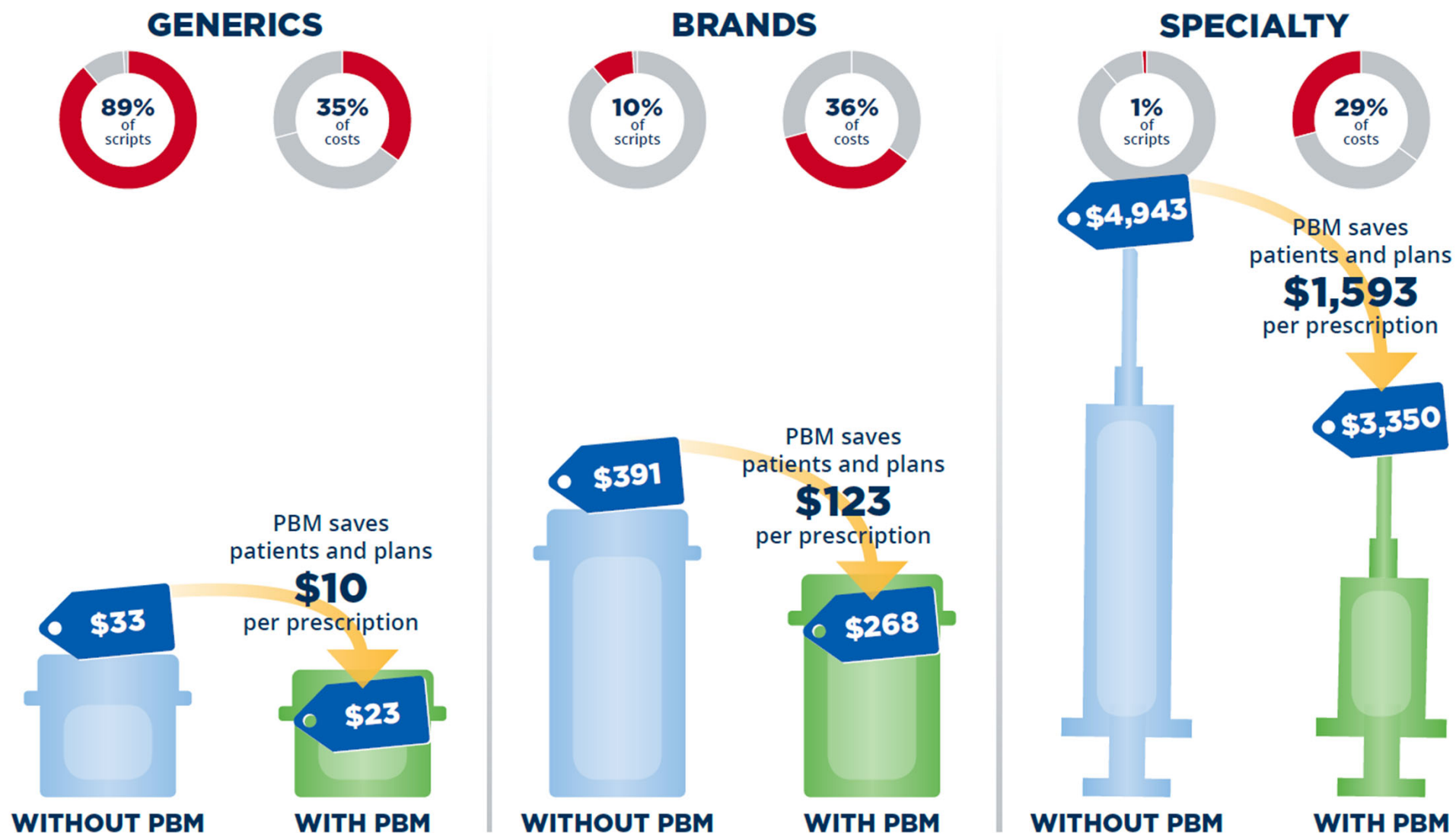
- Reduce medication errors through use of drug utilization review programs.
 - PBMs will help prevent 1 billion medication errors.²
- Improve drug therapy and patient adherence, notably in the areas of diabetes and multiple sclerosis.³
- Manage programs to address opioid use issues.

¹ Visante, Return on Investment on PBM Services, February 2020.

² Visante estimates based on IMS Health data and DUR programs studies.

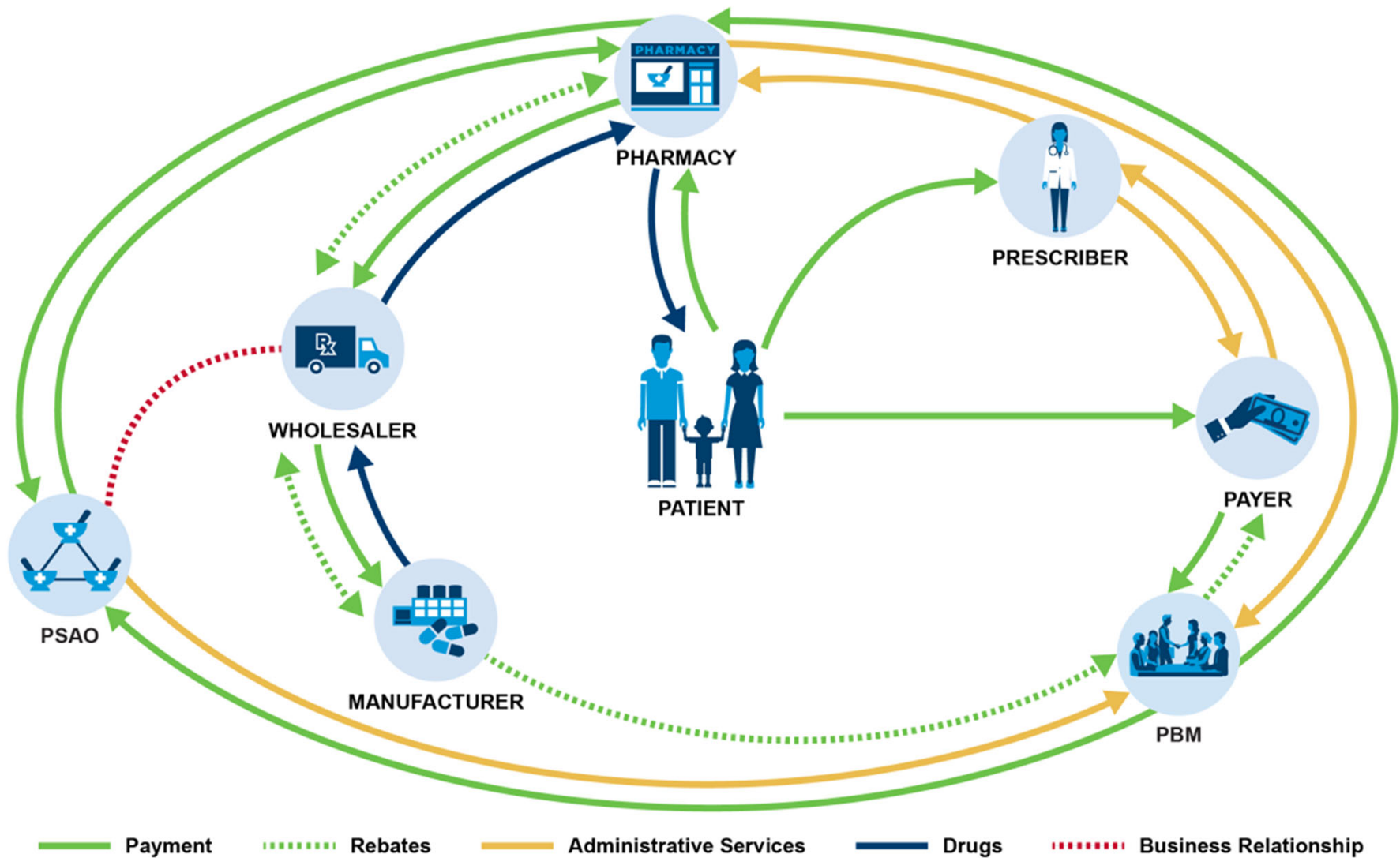
³ Visante estimates based on CDC National Diabetes Statistics Report 2017 and studies demonstrating improved adherence by 10+%).

PBM_s SAVE ON PRESCRIPTION COSTS FOR PATIENTS AND PLANS

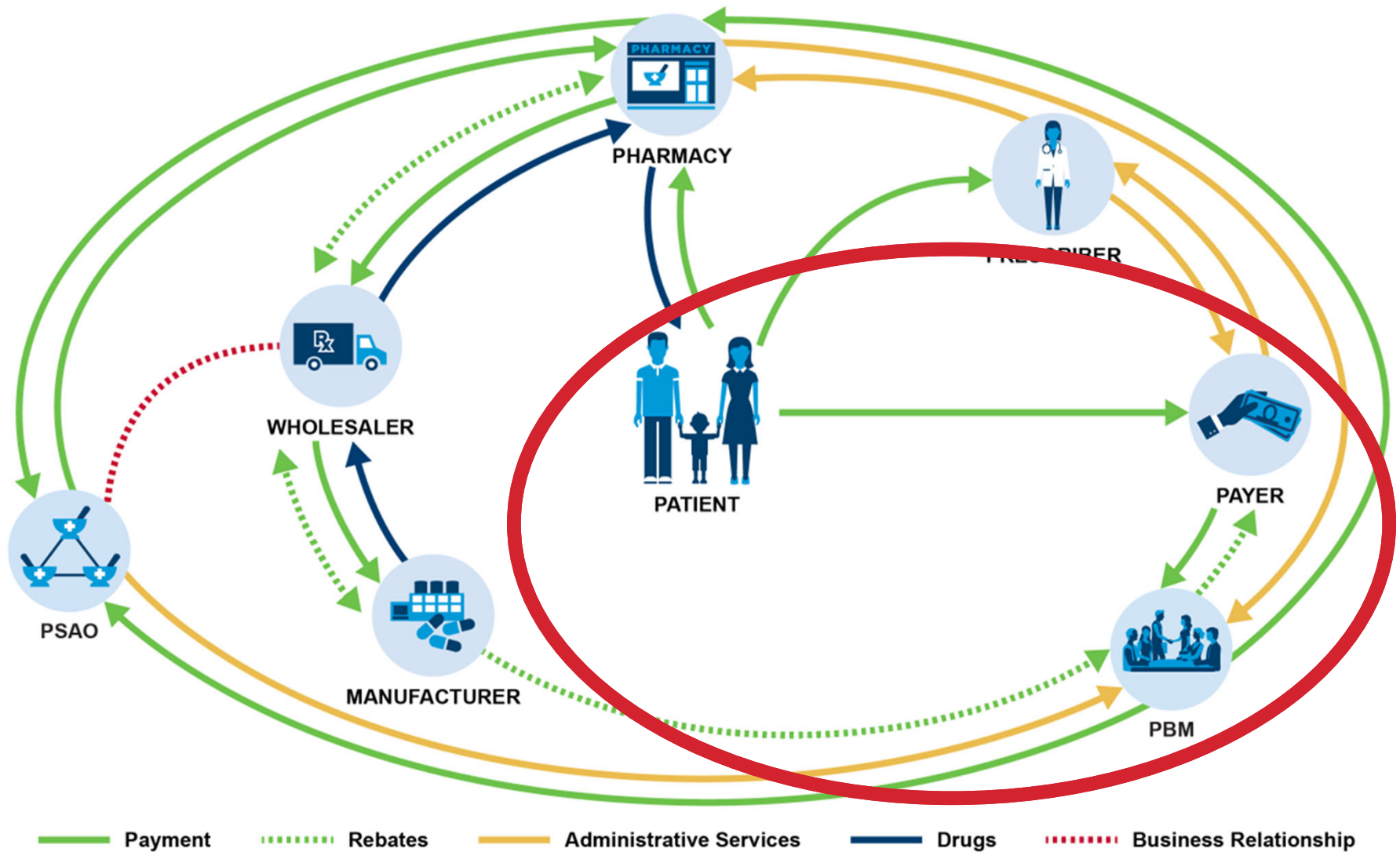


Source: PCMA based on Visante analysis. (2017).

Detailed Map of Supply Chain



PBMs Link Plan Sponsors & Patients to Lower Costs



PBMs Build the Plans the Sponsor Demands

- PBMs Compete for Business
 - PBMs Craft Plans to Meet the Specific Needs of Employers
 - Competition on price and benefit design
- PBM Tools for Plan Sponsors
 - Network Design – Providing access to low-cost retail & mail pharmacies
 - Cost sharing options for Plan Sponsors to Select
 - Manufacturer Rebates to lower costs
 - Formulary Management & Utilization Tools
- CT government is a plan sponsor of state employee plans
 - CT state employee plan uses the same tools

Plan Sponsor's Menu of PBM Services



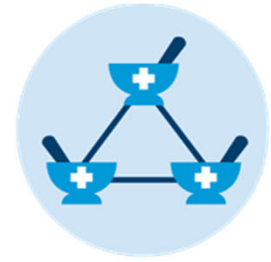
Claims
Processing



Price, Discount and
Rebate Negotiations
with Pharmaceutical
Manufacturers and
Drugstores



Formulary
Management



Pharmacy
Networks and
Provider Education



Mail-service
Pharmacy



Specialty
Pharmacy



Drug Utilization
Review



Disease
Management and
Adherence
Initiatives

Patients Pay Two Ways:

Premiums

Monthly Share of
Health Insurance
Premiums

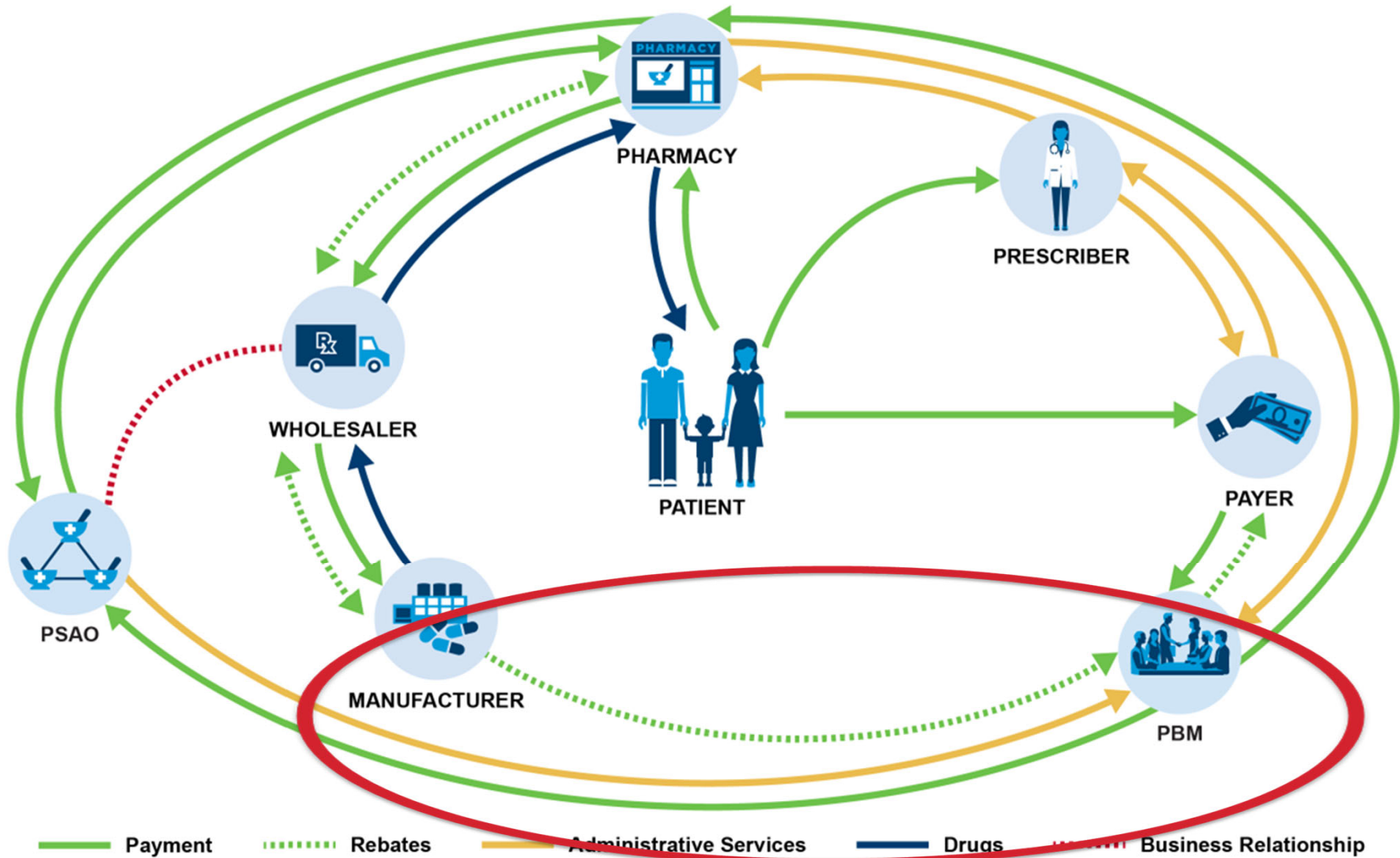


At the Counter

Copays, Deductible,
and Out-of-Pocket
Costs

Both Are Selected by Plan Sponsors

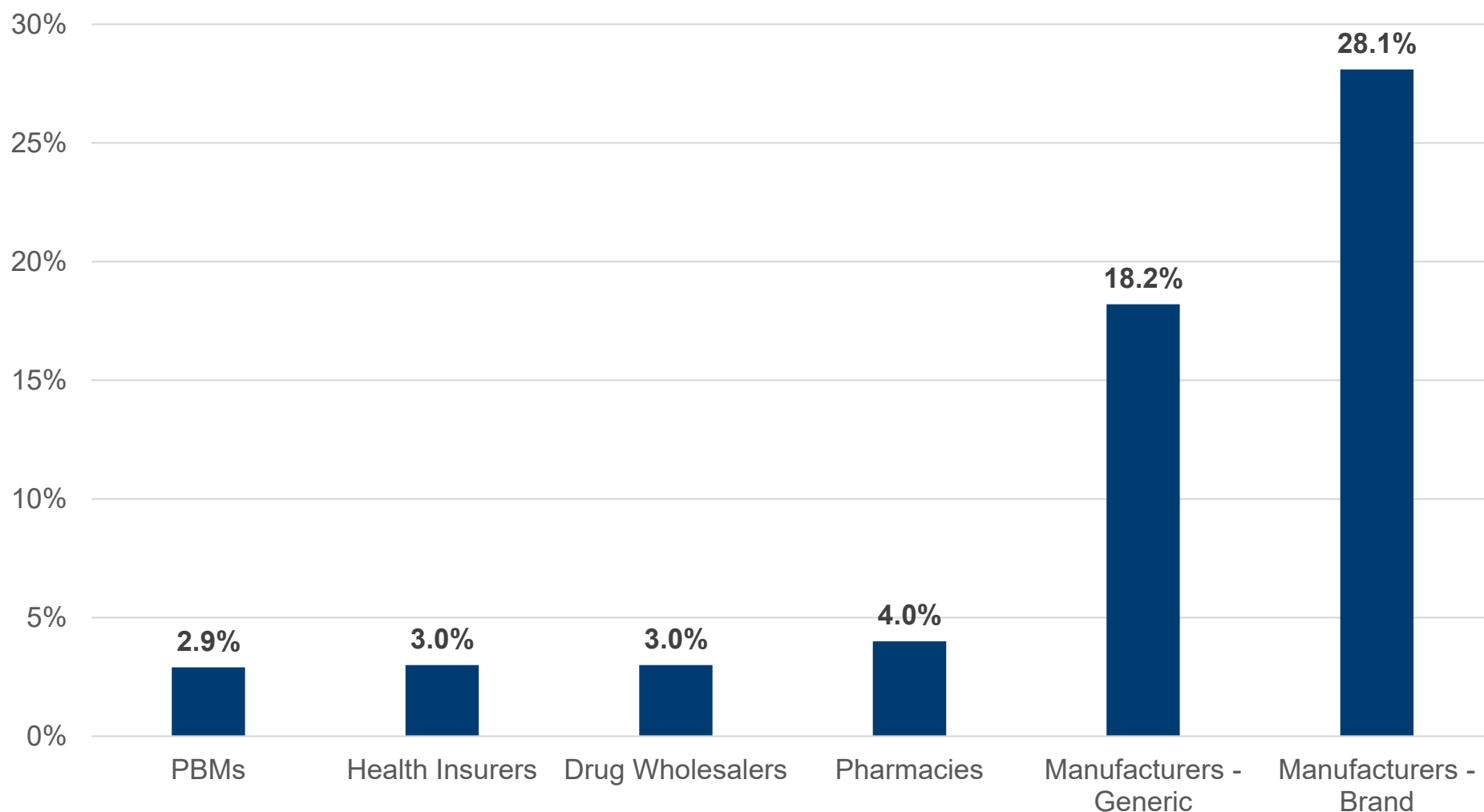
PBMs Link Manufacturers to Patients



PBMs Work with Manufacturers to Reduce Patient Costs

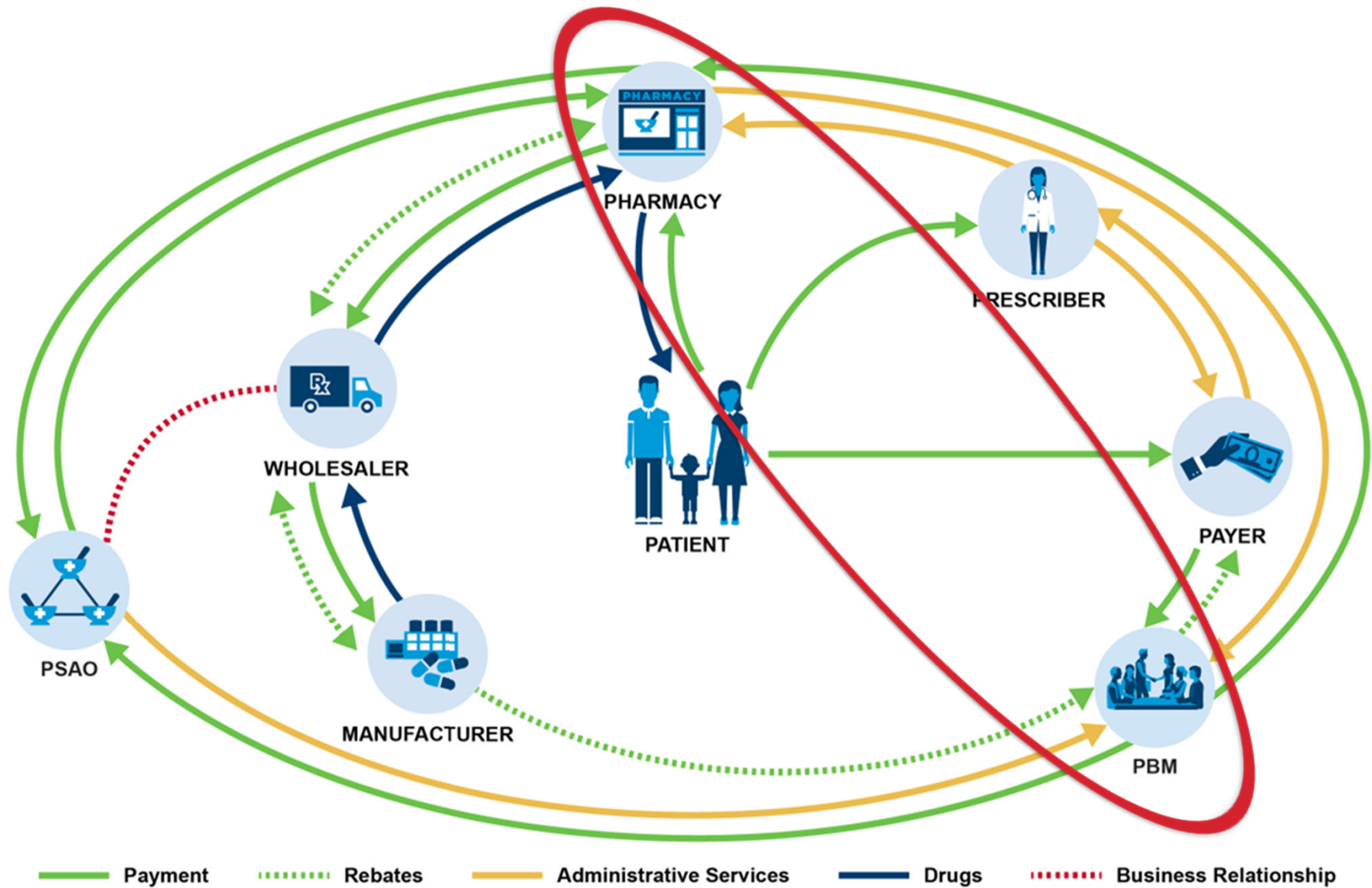
- Rebates
 - Manufacturers negotiate with PBMs to pay rebates on certain drugs
 - PBMs allow plan sponsor to decide what to do with those rebates
 - Reduce Premiums
 - Reduce Patient Cost Sharing
 - Pay for PBM services
- Formulary Management
 - Formularies ensure patients have access to a drug that will work for them
 - Medical professionals determine effectiveness of drugs for formulary
 - Manufacturers compete on the value of drugs for better formulary placement
 - Formularies allow for exceptions to make sure the patient gets the right drug for the right diagnosis

Pharmaceutical Supply Chain Profit Margins



Source: *The Flow of Money Through the Pharmaceutical Distribution System*. Schaeffer Center for Health Policy & Economics, University of Southern California. June 2017

PBMs Link Pharmacies to Patients



Pharmacy Access Is Vital Link for Patients

- PBMs negotiate with Pharmacies to build robust networks
 - Network adequacy requirements are set by federal government and plan sponsors
 - PBMs contract with pharmacies willing to fill scripts at the best price possible
 - Pharmacies willing to offer lowest cost scripts can be added to Preferred Networks
- Mail-order pharmacies provide safe & convenient access for patients
 - Mail-order pharmacies leverage technology & volume to reduce patients' prescription costs
 - Mail-order scripts are linked to higher adherence and lower ER visits

Every Link is Essential

- Every member of the supply chain provides a product or service
- Every link in the supply chain relies on the products or services provided by the other links
- PBMs are the only member of the supply chain putting downward pressure on drug costs