Pharmacy Benefit Management (PBM) Overview

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What We'll Discuss

- PBM models
- PBM services
- How PBMs lower healthcare costs
- Specialty Pharmacy Services & Spending

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PBM Business Models

- Standalone – Express Scripts, Catamaran
- Retail Combined – CVS Caremark, Rite Aid Envision Rx
- Health Plan Carve-In– United Healthcare Optum Rx

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PBM Client Types and Services

- Clients include health plans, large and small employers, union-sponsored plans, state-employee plans, government-funded plans, and TRICARE- the health plan for active-duty military, retired military and their dependents.
- Services include:
  - Electronic claims processing
  - Formulary development and management
  - Benefit design and administration
  - Retail pharmacy networks
  - Generic substitution
  - Manufacturer discounts
  - Clinical and trend management programs
  - Home delivery pharmacy
  - Patient services
  - Specialty pharmacy services through Accredo Specialty

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Tools to Drive Down Costs

Utilization	▪ Prior authorization ▪ Quantity limits ▪ Days supply
Price	▪ Networks discounts ▪ Network fees ▪ Rebates ▪ Volume purchasing in mail
Mix	▪ Formulary ▪ Generics ▪ Copayment differential ▪ Step therapy

PBMs also provide

- Claims processing
- Drug utilization review (DUR)
- Fraud and abuse audit practices
- Patient counseling
- Member communication programs

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Legislative Issues

Retail Networks	▪ Broad, Narrow, Preferred ▪ Audit practices ▪ Any Willing Pharmacy ▪ Medication Synchronization
Generic Drugs	▪ Abuse Deterrent Formulations ▪ Maximum Allowable Reimbursement practices
Specialty	▪ Biosimilars ▪ Copay limitations ▪ Any willing specialty pharmacy

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Specialty Pharmacy Services

accredo®

Specialty Pharmacy

What Do Specialty Medications Treat?

- Anemia
- Cancer
- Growth Deficiency
- Hemophilia
- Hepatitis
- Infertility
- Multiple Sclerosis
- Pulmonary Hypertension
- Rheumatoid Arthritis
- Many others

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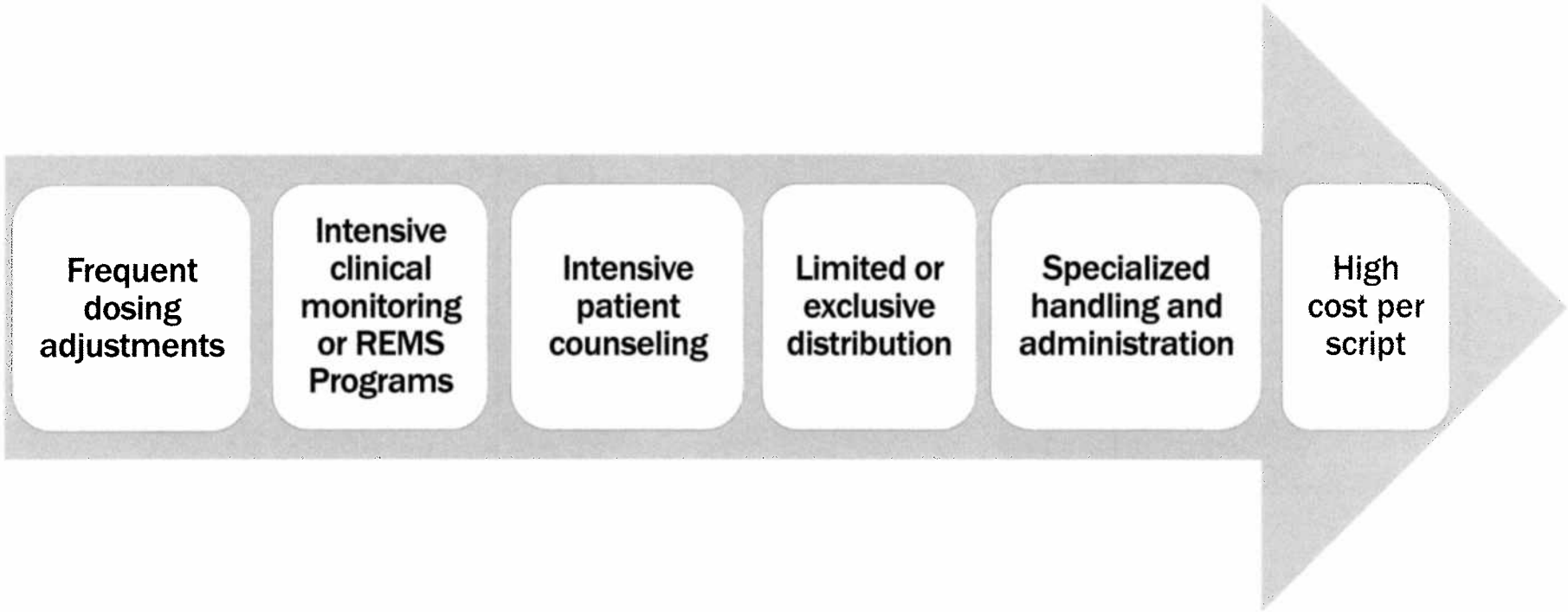
How Are Specialty Medications Different?



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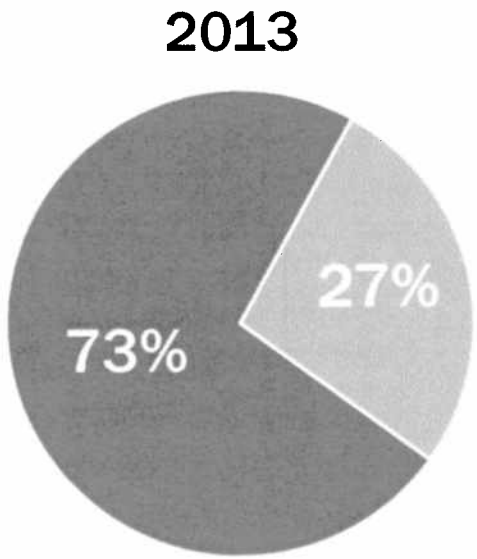
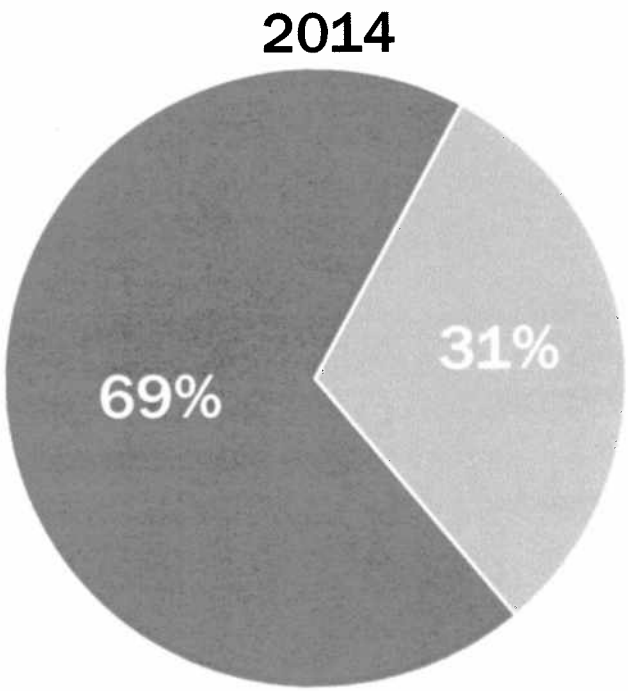
2014 Specialty Drug Spend





Traditional Pharmacy Spend

Specialty Pharmacy Spend

Source: Express Scripts *Drug Trend Report March 2014*

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Specialty Pharmacy Benefit Management

Payer and Patient solutions

Benefit Plan Design	Reduce waste and encourage adherence through formulary strategy, days' supply design and member cost share recommendations
Network Management	Savings on unit cost discounts through Exclusive Specialty program
Utilization Management	Significant savings through programs like Prior Authorization, Drug Quantity Management, and Preferred Specialty Management
Patient Assistance Programs	Patient savings through foundation-based support programs

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Questions

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