Fiduciary Check In: Transparency on PBM Contracting

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Speakers

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WHAT DOES IT MEAN TO BE A FIDUCIARY?

- ERISA requires fiduciaries to discharge their duties
  - For the EXCLUSIVE BENEFIT of plan & participants
  - Using the skills of a prudent person
  - In accordance with the plan's documents

The threshold for behavior of a healthcare plan fiduciary is a "Good Faith Compliance Effort", which unlike in the retirement plan arena, is much more subjective.
Coalition Experience

Data Control & Carve Out

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Jumbo Employer Coalition Experience

Set the Foundation

- 100% transparent and pass through
- Drug level rebate reporting
- Employer controls the benefit
Investigate and Start Breaking Things

Set the Foundation
► 100% transparent and pass through
► Drug level rebate reporting
► Employer controls the benefit

Edits/Carve Outs
► Value-based coverage
► Formulary Management
► Direct to Retail
Early Successes

Direct to Retail

- 2%-12% Savings Opportunity
- Unbundle the Conflict

Is there a lower cost alternative?

- $90M+ Edits
- Formulary/Exclusions
- Definitions
- Lower Cost Alternatives

Do not chase rebates
Focus on the Trend

Set the Foundation
- 100% transparent and pass through
- Drug level rebate reporting
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Edits/Carve Outs
- Value-based coverage
- Formulary Management
- Direct to Retail

Specialty Focus
- High Cost Case Management
- Full Specialty PBM Carve Out
- Medical Specialty Carve Out
- Integrated Across Rx and Medical
Long Term Focus

Direct to Retail

2%-12% Savings Opportunity

Unbundle the Conflict

$87M Edits for 1 Employer

Formulary Exclusions

Lower Cost Alternatives

Is there a lower cost alternative?

Do not chase rebates

Carve Out Specialty Across PBM and Med

1.5% of Patients and 40-50% of the spend

Specialty Rx $18,984 per year

Chronic Use

New to Market

Largest Impact and the Future
Specialty Plan Paid Trend Example After Carve Out

Notes: Select medical specialty drugs were carved out to Pharmacy in 2020 and are reported separately

Plan Paid (PMPM) for Specialty Drugs Under Pharmacy

- 2015: $26.38
- 2016: $19.66
- 2017: $15.00
- 2018: $17.00
- 2019: $19.00
- 2020: $21.00

25.5% reduction in plan paid PMPM spend from 2018 to 2019
How Does the Use of a PBM Health Plan Sponsor Impact Health Plan Sponsor Fiduciary Obligations?

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Questions?

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