

GPBCH Annual Conference

Changing the Way You Think
about Pharmacy Benefits
Management

Catalysts for Change in Health Care & Benefits



Since 1980 – One of the nation's leading and largest non-profit coalitions of HR/health benefits professionals



4M+ Lives – Represent more than 150 mid, large & jumbo self-insured public & private companies



\$15B+ – Annual employer member spend on health care



Community of Your Peers – A sharing and friendly environment to help you collaborate, benchmark and learn



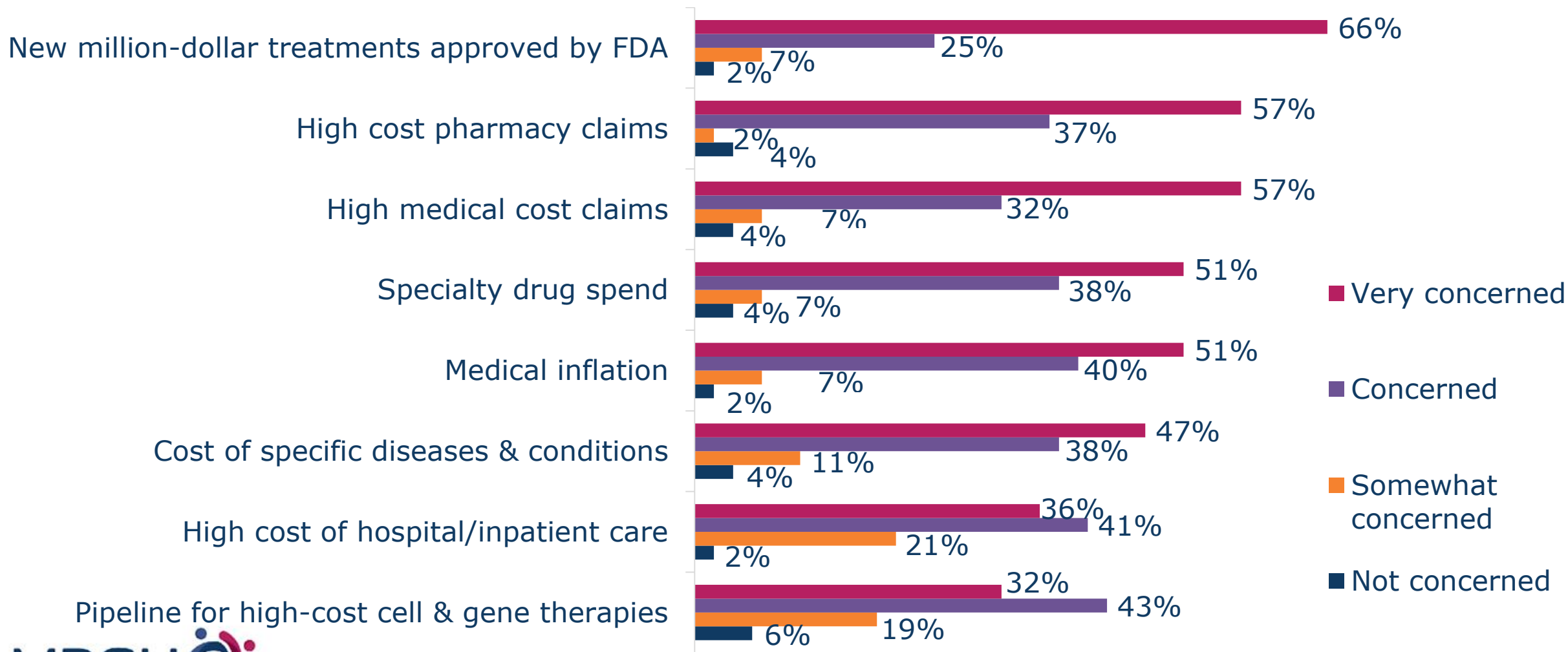
Trusted Source – Helping benefits professionals find solutions to better manage the cost of benefits & the health of employees & families

Today's Changing Pharmacy Benefits Landscape

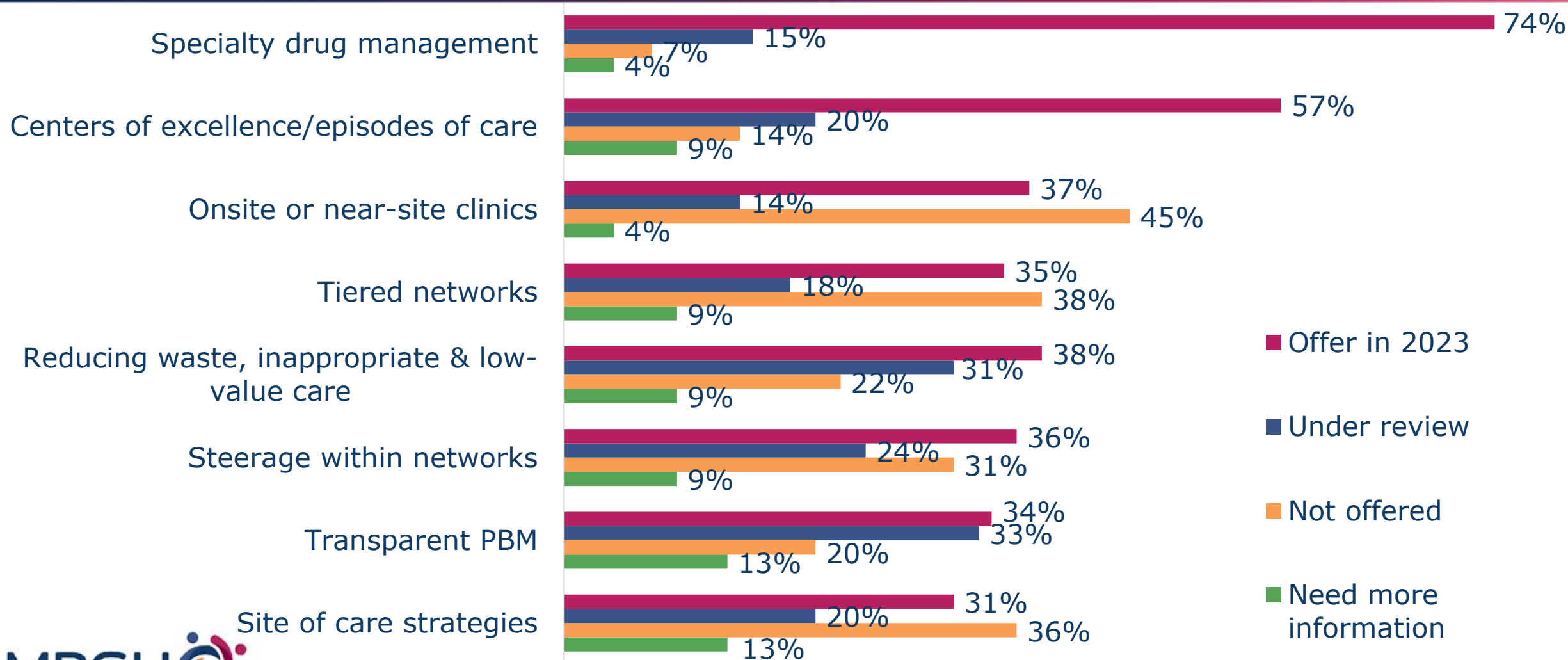
- Self-insured employers are the real payers of health care – not carriers or PBMs – yet they have little to no say about costs
- As plan sponsors employers are fiduciary – and they have an obligation by law (DOL) – to offer the “best benefits at the best price” (fair pricing) for beneficiaries (employees and family members)
- The marketplace continues to lack transparency by many intermediaries with opaque business practices that significantly increase costs for employers without providing equivalent value for the services provided
- For the first time, new legislation (e.g., Consolidated Appropriations Act) puts employers and other purchasers on the hook for benefits to be cost-effective

2023 Annual Employer Health Benefits Priorities Survey

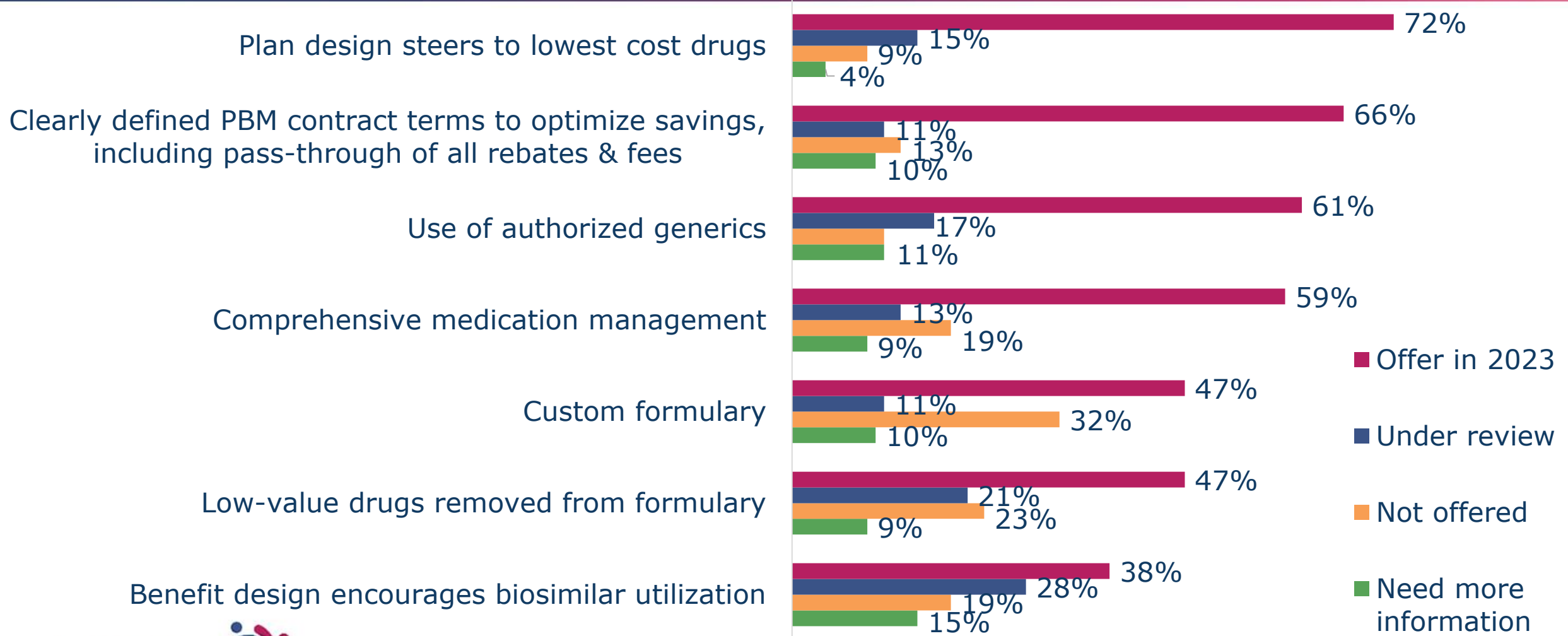
Threats to Affordability of Employer-Provided Medical Coverage



Payment Reform Strategies Offered



Pharmacy Benefits Offered



Employer Best Practices

Caterpillar: *Serve as their own Prescription Coordinator*

Frustrated by ongoing waste.....

- Contracted directly with 2 major pharmacy retailers bypassing traditional PBM pricing
- Developed new pricing methodology to eliminate use of AWP
- Ensured profitability to pharmacy partners
- Established audit rights to ensure pricing methodology was properly applied
- Uses own internal physicians and pharmacists as P & T committee
- Use own drug formulary based on clinical efficacy, not rebates
- Narrow formulary is based on value-based drugs; mostly generics; specialty drugs heavily managed through Specialty Pharmacy
- Low and no value drugs are out
- Negotiates directly with retail pharmacies and narrow pharmacy network – based on outcomes

Over 20+ years, they have saved tens of millions of dollars (each year) and dropped patient costs

Large Employer in Midwest – Value-based design, no drug formulary

Based on shared value of a drugs outcome between the member and employer

Lifestyle-Enhancing – **Member pays all or greatest amount** for drugs used to enhance lifestyle – *Diet aids, ED, cosmetic*

Convenience – **Member/employer share equally** for drugs not directly associated with preservation of life or normal functioning of body systems essential to life (or drugs with less costly treatment options and same clinical outcomes) – *Non-sedating antihistamines, toenail fungus creams, certain sedatives*

Business Preserving – **Employer assumes greatest amount** with member cost share for low or no cost drugs that treat chronic conditions (resulting in high levels of lost work time/long-term disability); typically, the largest group – diabetes, hypertension, cholesterol

Life-Preserving – **Employer assumes greatest amount** for drugs directly associated with preservation of life or functioning of body systems essential to life – infections, pain, seizures, depression, cancer

What Progressive Employers are Doing

1. PBM contract clearly defines terms and pricing conditions so ALL PBM revenue is transparent and retained by employer
2. Requires pass-through for all pharmacy discounts, rebates, pharmacy spread, retail and mail-order discounts so that the true costs and not just the price are known
3. Guarantees disclosure of all financial flows, including PBM revenue streams, including margin pricing, formulary management fees, data sales
4. Ensures that price protection rebates required by PBMs from drug manufacturers are disclosed and passed through (these rebates are often worth more to PBM than traditional rebates)
5. Requires PBM contracts exclude use of copay claw backs at the pharmacy



What Progressive Employers are Doing

6. Ensures all relationships are free of conflict and permits relationship with any PBM regardless of carrier
7. Requires annual market checks
8. Exercises full auditing rights, including the handoff between supply chain partners and how they get paid between contracts (the part we can't see); PBM does not control what companies are used to audit them
9. Guarantees the ability to block low-value, high-cost drugs
10. Uses performance-based contracts with penalties for not meeting goals and incentivizes for improved outcomes for drugs and related treatments



How the Heck Will Employers Pay for High-cost Cell & Gene Therapies

- Current pipeline for high-cost cell and gene therapies is big!
- Drug manufacturers can charge what they want; doesn't mean employers will cover them
- Employer's want to pay for value
 - New Hemophilia drug costs over \$2M – *Cures the disease – for employers it's a game changer*
 - Drug for inherited retinal disease at \$425K per eye – not a cure

Payor Strategies for Cell & Gene Therapies – mostly, nothing new

- Subscription models – single pre-determined payment; as many patients as are possible treated (e.g., State of Louisiana-HepC)
 - Pay over-time – same as a value-based payment relying on mortality or morbidity projections to estimate the cost burden per patient
 - Public funding and public risk pools – similar to taxpayer funded state level CHIP pools to back stop employer insurance risk and mitigate costs to the employer's reserves – relies on tax revenue or a new tax
 - Pledge – capped per patient per therapy payment
 - Single employer specialty drug carve out – relies on reinsurance or stop loss
-
- Private multi-employer risk pooling** – collaborations between employers to carve curative therapies into a master risk pool that is discretely underwritten for premiums

CAA – Important Legislation

This legislation puts employers and other purchasers (not TPAs) are on the hook for health benefits that are cost-effective, high quality and meet mental health parity and pharmacy benefit requirements – Data collected will:

- Provide valuable information about competition and market concentration in the pharmaceutical and health care industries
- Enable policymakers to make informed decisions to:
 - Identify excessive pricing of prescription drugs driven by industry concentration and monopolistic behaviors
 - Promote the use of lower-cost generic drugs
 - Address the impact of manufacturer rebates, fees, and other fees on prescription drug prices and on plan, issuer and consumer costs

What employers can expect....

- CAA legislation put the responsibility on employers to send our fee/pricing data to the government – but according to our suppliers – we’re not allowed to see it – so we paid them to send it to the government!
- The government’s top focus is Transparency which seems encouraging
- Despite employer’s being the real payors of health care, and our important role as fiduciary, **we will continue to be in the dark – for now!**
- Legislation may be the only way to see real change in pharmacy benefits
- We hope new employer trends in unbundling the PBM model continue to work!

Future Legislative Considerations

Today, focus is on PBM Business Model

- Retain rebates
- Keep the spread
- Keep drug distribution in house
- Use of clawbacks
- Trying to make them serve as fiduciary!!!!

Legislators also need to focus on:

- Price manipulation
- Price transparency
- PBMs should be required to publish their prices (just like hospitals and carriers)
- Predictable Costs

Employer Perspectives

“Employers must drive innovation, or it will be driven for us.”

“We have been doing this for a long time and we’re trying to do something different – we are committed to doing something different!”

“We have to continually be in front of where we want to go – we are the real payer and we have to start leveraging the power we have”

“We must walk the walk! Who is willing to play ball and walk the walk with us?”

Thank You!

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MBGH Employer Action Briefs

- [Biomarker Testing: What It Is & Why Should Employers Invest In It?](#)
- [Employers & Biosimilars: Stories from the Real World](#)
- [Why Should Employers Care About Improving Employee Vaccination Rates?](#)



EMPLOYER ACTION BRIEF

MBGH
Midwest Business Group on Health

Why Should Employers Care About Improving Employee Vaccination Rates?

Overview

Herd immunity has protected our nations' individuals and businesses for many years. Employers have not needed to worry about their businesses being impacted by diseases such as measles, polio and pertussis. A perfect storm is now forming as vaccination rates among children and adults rates for some preventable diseases remain low. Employers can reduce the threat by taking steps to improve employee confidence in and use of vaccines as a safe and effective way to prevent disease.

LOOK FOR THIS ICON

This Action Brief provides information for employers on ways to improve vaccination rates, including:

- Business case for promoting vaccinations in the workplace.
- Important action steps employers can use to develop a workplace strategy.

Definition of Terms

Vaccine: A preparation that is used to stimulate the body's immune response against a disease. Vaccines are usually administered through needle injections, but some can be administered by mouth or inhaled through the nose.

Vaccination: The act of introducing a vaccine into the body to produce protection from a specific disease.

Immunization & Inoculation: The process of becoming immune through vaccination.

Herd Immunity: Otherwise known as community immunity, the way in which an entire community is protected by immunizing a certain percentage of individuals. A disease is less likely to spread if enough people in the population are immune. Herd immunity helps to protect those who have not acquired immunity to the disease.

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EMPLOYER ACTION BRIEF

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Biomarker Testing

What It Is & Why Should Employers Invest In It?

Progressive employers recognize that biomarker testing is part of precision medicine – the precise and accurate treatment of individual patients based on their unique genetic make-up. **PRECISION MEDICINE** is an approach to medical care in which disease prevention and diagnosis and treatment are tailored to genes, proteins and other substances in a person's body. It is the act of testing and treating a patient based on their unique biomarker results.

Biomarker testing provides a measurable way to test how a patient is likely to respond to treatment for certain diseases based on substances found in blood, body fluid or tissue. By targeting the medications and therapies most likely to work, it serves as an effective tool to protect patients from exposure to potentially harmful side effects and the costs related to ineffective treatments. **Biomarker tests help employers control costs by eliminating trial-and-error prescribing and subsequent exposure of patients to unnecessary treatments that will not be effective and may cause harm.**

Employers have a fiduciary duty to prudently utilize plan assets for the benefit of their members. One way of doing so is to **make sure that expensive biomarker testing is a covered benefit and used before, during and after treatments.** It is not enough to simply confirm coverage by the plan. Employers must work with plan administrators (medical carriers, PBMs, etc.) to understand how and when biomarker testing is being used via prior authorizations for treatment, case management reviews and patient education.

Employers should prioritize coverage of the biomarker testing to ensure unnecessary costs are avoided by eliminating wasteful use of time, money and resources, while assisting patients to get the right care, the first time. There is ample medical evidence of the effectiveness of biomarker testing as a tool to correctly diagnose and treat a growing list of diseases.

LOOK FOR THIS ICON

This action brief is designed to help employers understand what biomarkers are and provides high level action steps around biomarker testing. As you review the action brief look for this icon which represents employer perspectives from health benefits professionals. Key elements include:

- Understanding the important role that biomarker testing can play in your health benefits strategy.
- Identifying how biomarker testing are currently being used to diagnose and treat disease.
- Determining what action steps are needed to help you optimize the use of biomarker testing in your plan design.

Biomarker tests are an important part of today's treatment to ensure patients get the medication and treatment therapy most likely to work for them versus those they are unlikely to benefit from.

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EMPLOYER ACTION BRIEF

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Employers & Biosimilars: Stories from the Real World

LOOK FOR THIS ICON

Throughout the action brief look for this icon which represents quotes from health benefits professionals on their perspectives related to biosimilars. You will also find real employer stories on:

- Leading practices with opportunities around savings.
- Navigating the process of increasing access and adoption.
- Shaping the design and administration of your strategy.
- Determining barriers that exist when confronting inclusion and payment.
- Understanding how artificial price increases for rebates are being used to discourage adoption.
- Recognizing the support needed to educate physicians and patients.

Pharmaceutical Products Landscape

Today's landscape is rapidly changing, with new and emerging therapies appearing around the world. These changes are having a profound impact on how medicines is practiced and care is delivered. We must ask, how are providers expected to keep up with all the new treatments and protocols for care delivery? Consider these statistics:

- Up to 20,000 products have been approved by the FDA.
- 500 cell and gene therapies are in the pipeline awaiting FDA approval.

The quandary produces a new set of challenges for employers who are struggling with achieving the best health outcomes at the lowest unit cost. This is especially important because the clinical community has not fully established standards of care for new pharmaceutical therapies, which is slowing the adoption of biosimilar drugs as replacements for originator drugs. History reminds us how long it took for generic drugs to become widely accepted.

MBGH launched this project to spotlight biopharma and the role of biosimilars as a strategic initiative to improve health outcomes while generating substantial savings. As a coalition they are focused on best practices and work closely with employers who are early adopters and innovators to capture their stories. Clinicians need to gain more experience with biosimilars. Employers promote this by placing them on a lower cost prescription tier.

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