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# The Role of Pharmacy Benefit Managers in the Health Care System

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# What Is a PBM?



- PBMs administer the prescription drug portion of the health care benefit



- PBMs perform a variety of services to ensure high-quality, cost efficient delivery of prescription drugs to consumers



- PBMs provide lower costs for prescription drugs.

# Who Are PBM Clients?



# Why Do Plans Hire PBMs?

## Drive Cost Savings for Patients and Payers



PBMs help save patients and payers \$962 on their annual drug and related medical costs compared to what they would have spent without PBMs.<sup>1</sup>

## Improve Health Care Quality and Patient Outcomes



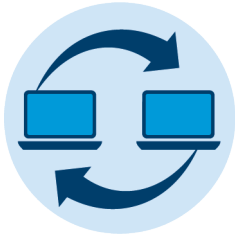
- Reduce medication errors through use of drug utilization review programs.
  - PBMs will help prevent 1 billion medication errors.<sup>2</sup>
- Improve drug therapy and patient adherence, notably in the areas of diabetes and multiple sclerosis.<sup>3</sup>
- Manage programs to address opioid use issues.

<sup>1</sup> Visante, Return on Investment on PBM Services, February 2020.

<sup>2</sup> Visante estimates based on IMS Health data and DUR programs studies.

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

# Pharmacy Benefit Management Services



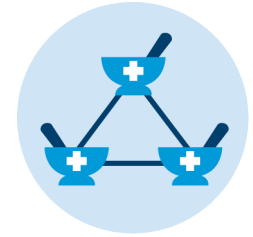
Claims Processing



Price, Discount and Rebate Negotiations with Pharmaceutical Manufacturers and Drugstores



Formulary Management



Pharmacy Networks



Mail-service Pharmacy



Specialty Pharmacy



Drug Utilization Review



Disease Management and Adherence Initiatives

# The Patient Value of PBMs



Avoid adverse drug-to-drug interactions



Real time benefit tools like E-prescribing (opioids)



Step therapy (the right Rx for the right patient at the right time)



Mail order (24/7 access to pharmacists)



Specialty pharmacy (hands on virtual help)

# Tackling High Drug Costs



- Patient cost-sharing



- Brand drug manufacturers establish prices within a monopoly established by federal patent law.



- Manufacturers have little incentive to reduce their prices.



- **Insurance carriers and PBMs do not have any control over the price the manufacturer sets for a drug —**

# PBM – Plan Contracts



- PBMs offer various design models depending on a plan sponsor's specific needs:
  - Plan sponsors choose how to compensate PBMs.
  - Performance guarantees and audit rights protect plan sponsors and ensure transparency.



- The plan sponsor always has the final say when creating a drug benefit plan.



- Things not determined by a PBM: benefit design, cost sharing levels, deductibles, etc.



# A Plan Sponsor Is the PBM's Client

- The plan sponsor always has the final say when creating a drug benefit plan.
- There is no one-size-fits-all model because each plan sponsor has unique needs.



Value-Based  
Purchasing  
Program



Formulary  
Management



Preferred  
Pharmacy  
Networks



Negotiation of  
Rebates



Mail-order/  
Specialty  
Pharmacy