

Hemophilia Council of California
Health Access, Advocacy, and Policy Webinar

Pharmacy Benefit Managers: **Evolving or Disrupting?**

*Presented by
Michael Bradley
HCC President*

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Overview of Upcoming Webinars



Upcoming webinars will take a deeper dive into...

- The Future of Patient Assistance Programs: What resources are available to patients, and what changes are coming in the near future? Find out October 9th at Noon!
- Preparing for Open Enrollment: Learn how to evaluate your needs, your health insurance options, and prepare to find the best fit for your and your family's needs! (End of October)
- You can find HCC's Roundup of Health Care Access in CA on our website:

<http://www.hemophiliaca.org/programs/webinars/>



PBM Market Overview

PBMs: Evolving or Disrupting?:

Who They Are, What They Do and Their Impact on Your Care

MICHAEL BRADLEY

PRESIDENT, BOARD OF DIRECTORS

HEMOPHILIA COUNCIL OF CALIFORNIA

Agenda

- ▶ Medical and Pharmacy Benefit Overview
- ▶ What is a PBM?
- ▶ Drugs vs. Specialty Drugs Overview
- ▶ Current Trends in Drug Management
- ▶ PBM Industry Overview/Key Players Review
- ▶ Potential Impact on the Bleeding Disorders Community
- ▶ Informed Consumer: What you Need to Know
- ▶ Questions

Medical Vs. Pharmacy Benefit

Medical Benefit

- ▶ “Hospital & Physician Benefit”
- ▶ Typically not self administered
- ▶ Typically billed after the service or drug has been administered
- ▶ Utilization management less common
- ▶ Manufacturer rebates less common
- ▶ Typically flat copay or co-insurance

Pharmacy Benefit

- ▶ “Drug Benefit”
- ▶ Typically self administered
- ▶ Billed to the PBM by the dispensing pharmacy/SPP
- ▶ Utilization management is commonplace
- ▶ Typically a tiered copay
- ▶ Manufacturer rebates are common

What is a PBM?

- PBM = Pharmacy Benefit Manager
- In a nutshell they manage the drug part of your health insurance
- Insurance companies or employers contract for the pharmacy benefit
- Manage prescription drug benefits for employers, health plans, third-party administrators (TPAs), etc. and their plan members
- Manage the formulary, create client programs, negotiate discounts with retail pharmacies/SPPs, and contract with pharmaceutical manufacturers for rebates
- Offer disease management, specialty medication management, drug utilization review, mail-order pharmacy, and pharmacy network management



Responsibilities of a PBM



Operate mail order, so medications are delivered directly to the patient's doors.



Ensure Patient Compliance so that medication is taken as prescribed.



Manage Distribution among a network of pharmacies.



Negotiating rebates to get the most affordable options.



Process Claims from patients and pharmacies.

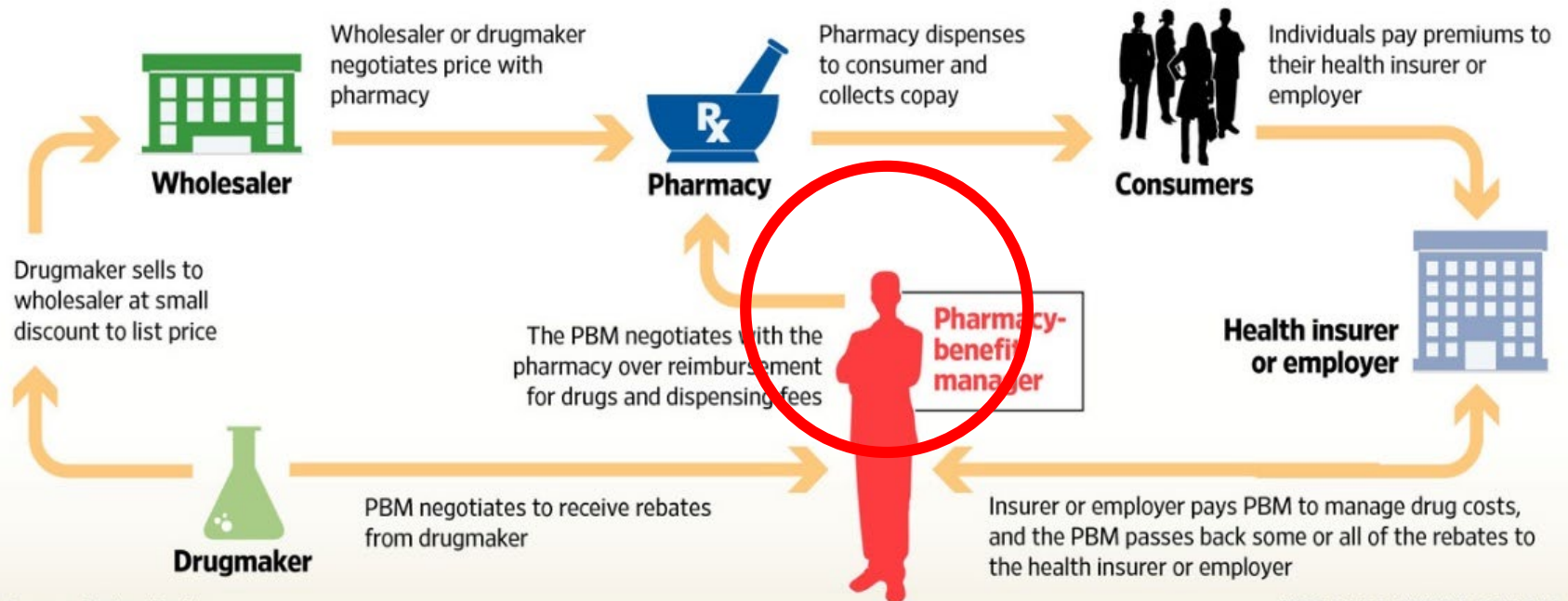


Manage Formularies, so individuals know what medications are covered through their health plans.

Pharmacy Supply Chain

How Drug Distribution Works

A complex supply chain determines how prescription drugs are paid for in the U.S.



Sources: Avalere Health

THE WALL STREET JOURNAL.

Pharmacy Drug Distribution



Drugs vs. Specialty Drugs Overview

WHY IS THE DEFINITION SO CONFUSING?

17 What is a Specialty Pharmacy Medication?

A specialty pharmacy medication is a drug that generally has one or more of the following characteristics:

- It's used by a small number of people
- It treats rare, chronic, and/or potentially life-threatening diseases
- It has special storage or handling requirements such as needing to be refrigerated
- It may need close monitoring, ongoing clinical support and management, and complete patient education and engagement
- It's a high cost medication
- It may not be available at retail pharmacies
- It may be oral, injectable, or inhaled

Specialty pharmacy medications are available through our specialty pharmacy network. If you have questions, call Member Services at <1-800-895-2017, TTY 711>.

A specialty drug is a prescription drug that may:

- Treat a chronic complex disease
- Require a greater amount of clinical monitoring for side effect management and to limit waste
- Have limited pharmaceutical supply chain distribution as determined by the drug's manufacturer
- Require additional patient adherence and compliance monitoring
- Need coordination of care and supplies using clinical expertise in a disease state with nurses and pharmacists
- Need training and support for drug administration
- Be subject to wastage based upon individual dosing and/or due to manufacturer packaging
- Frequently cost over \$600 per prescription

Examples of specialty drug classes

Anemia
Asthma
Cancer
Crohn's Disease
Enzyme Deficiencies
Growth Hormone
Hemophilia
Hepatitis C
HIV/AIDS
Immune Deficiencies
Infertility
Macular Degeneration
Multiple Sclerosis
Osteoarthritis
Parkinson's
Psoriasis
Pulmonary Arterial Hypertension
Respiratory Syncytial Virus
Rheumatoid Arthritis
Transplant



Current Trends in Drug Management

PBMS HAVE A MAJOR INFLUENCE

PBM/Drug Management Trends

- ▶ Increasing PBM-Payer integration
- ▶ PBM contracting model continues to evolve, moving away from rebate system
- ▶ Rise in value-based contracts with pharma manufacturers
- ▶ Copay Accumulator programs gaining traction
- ▶ Growing innovation in PBM strategies and utilization management tools
- ▶ Amazon, will it be the next healthcare-behemoth disrupting pharmacy benefits?
- ▶ States will continue to take firm actions against PBMs, seeking more transparency



PBM Industry Overview & Trends

WHO ARE THE KEY PLAYERS?

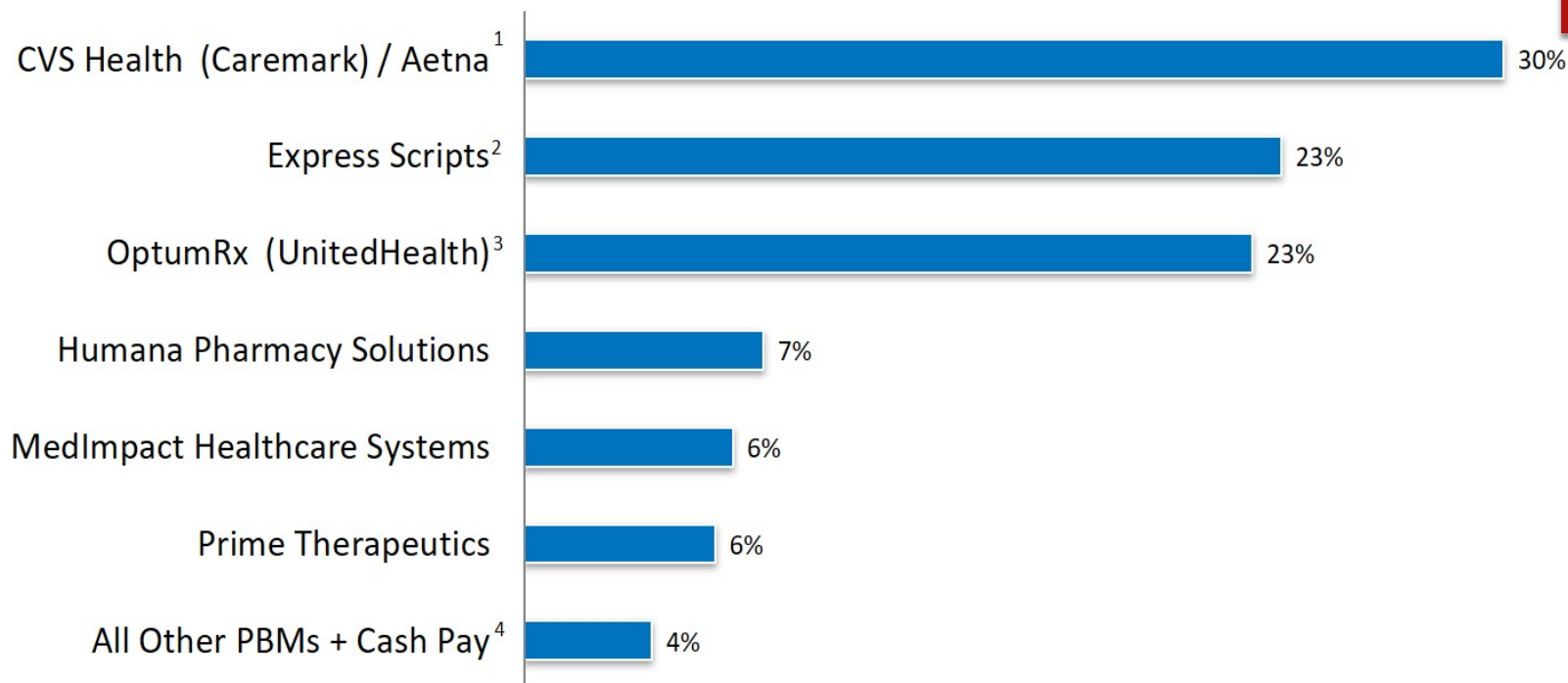
Vertical Business Relationships Among Insurers, PBMs, and Specialty Pharmacies, 2019



Source: Drug Channels Institute research. AllianceRx Walgreens Prime is jointly owned by Prime Therapeutics and Walgreens Boots Alliance.

This chart appears as Exhibit 77 in *The 2019 Economic Report on U.S. Pharmacies and Pharmacy Benefit Managers*, Drug Channels Institute.
Available at <http://drugch.nl/pharmacy>

PBM Market Share, by Total Equivalent Prescription Claims Managed, 2018



1. Includes pro forma combination of claims processed by Aetna. Excludes double counting of network claims for mail choice claims filled at CVS retail pharmacies.

2. Includes Anthem. During 2019, Anthem claims will be transitioning to IngenioRx.

3. Includes Cigna. By the end of 2020, Cigna claims will transition to Express Scripts.

4. Figure includes some cash pay prescriptions that use a discount card processed by one of the 6 PBMs shown on the chart.

Source: Drug Channels Institute research and estimates. Total equivalent prescription claims includes claims at a PBM's network pharmacies plus prescriptions filled by a PBM's mail and specialty pharmacies. Includes discount card claims. Note that figures may not be comparable with those of previous reports due to changes in publicly reported figures of equivalent prescription claims. Total may not sum due to rounding.

This chart appears as Exhibit 76 in *The 2019 Economic Report on U.S. Pharmacies and Pharmacy Benefit Managers*, Drug Channels Institute. Available at

<http://drugch.nl/pharmacy>



Potential Impact on the Bleeding Disorders Community

FACTOR IS NOW ON THE PBMs RADAR SCREEN,
BUT IS HEMOPHILIA?

Potential Impact on the Bleeding Disorders Community

- ▶ Insurers Moving Patients From Independent SPs To PBM Affiliated SPs
 - ▶ Some Are Unfamiliar With The Needs of Bleeding Disorders Patients.
- ▶ Factor Is A High Cost Therapy
 - ▶ Increased Federal And State Focus
- ▶ Factor Slowly Transitioning From Medical to Pharmacy Benefit
 - ▶ Impact On OOP Costs & Increased Drug Management
- ▶ Insurer/PBM Mergers
 - ▶ Increased Ownership of SPP/Homecare Companies
 - ▶ Larger Companies Have More Focus on National Insurer Contracts
- ▶ HTC Distribution/340B Programs
 - ▶ Increased Competition With Insurer Owned PBMs (or is this PBM Owned Insurers?)
- ▶ Changing Hemophilia Treatments Will Increase Focus on BD Category
 - ▶ Non-factor
 - ▶ Gene Therapy
- ▶ Increased OOP Cost Liability Trends
 - ▶ Copay Accumulators
 - ▶ Insurance Plans Becoming More Patient Targeted



Being an Informed Consumer

WHAT YOU NEED TO KNOW

Informed Consumer

- ▶ Your health insurer and PBM may be different companies
 - ▶ Keep all insurance and drug related correspondence for each
- ▶ Determine if your factor is covered under the medical or pharmacy benefit
 - ▶ Investigate if you have a choice on where your insurance covers factor
 - ▶ Determine if your brand of factor is covered under the plan's formulary
- ▶ Know the name of the company supplying your factor
 - ▶ Independent vs PBM/Payer affiliated
 - ▶ HTCs may also have to contract with PBMs
- ▶ Ask your insurer under which benefit non-factor therapies will be covered?
 - ▶ It may be different
- ▶ Know everything about your OOP costs
 - ▶ Medical and Pharmacy benefits usually have different costs that you need to pay
- ▶ If you change health plans
 - ▶ Determine which benefit factor/non-factor therapies are covered under
 - ▶ Make plans to transition
 - ▶ Know who your PBM is



Your Rights: Prescription Drug Coverage

- ▶ Most health plans are required to cover prescription drugs.
- ▶ Not all plans cover all medications. The list of prescription drugs that a plan covers is called a formulary. You can check your plan's formulary to see which prescriptions are covered and how much they will cost.
- ▶ How much you pay will depend on your plan. Some plans have different deductibles or copays for prescription drugs. Check your plan for details.



Where to Go for Assistance

- ▶ Contact a State Help Center for an Appeal
 - ▶ Most people can file an appeal with one of the two state help centers listed below. If they can't help with your appeal, the state help centers will refer you to the right place.

- ▶ Department of Managed Health Care (for help with most health plans)
 - ▶ Contact DMHC for help with problems with your health plan or for referrals if you don't know where to get help
 - ▶ 1-888-466-2219
 - ▶ www.healthhelp.ca.gov

- ▶ California Department of Insurance
 - ▶ Contact CDI for help with many PPO plans and help with other kinds of health insurance
 - ▶ 1-800-927-4357
 - ▶ www.insurance.ca.gov



Questions?

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Thank you for joining us!

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A recording and slides will be available in a few weeks at

<http://www.hemophiliaca.org/programs/webinars/>