

Anchoring the Supply Chain to Patient Access

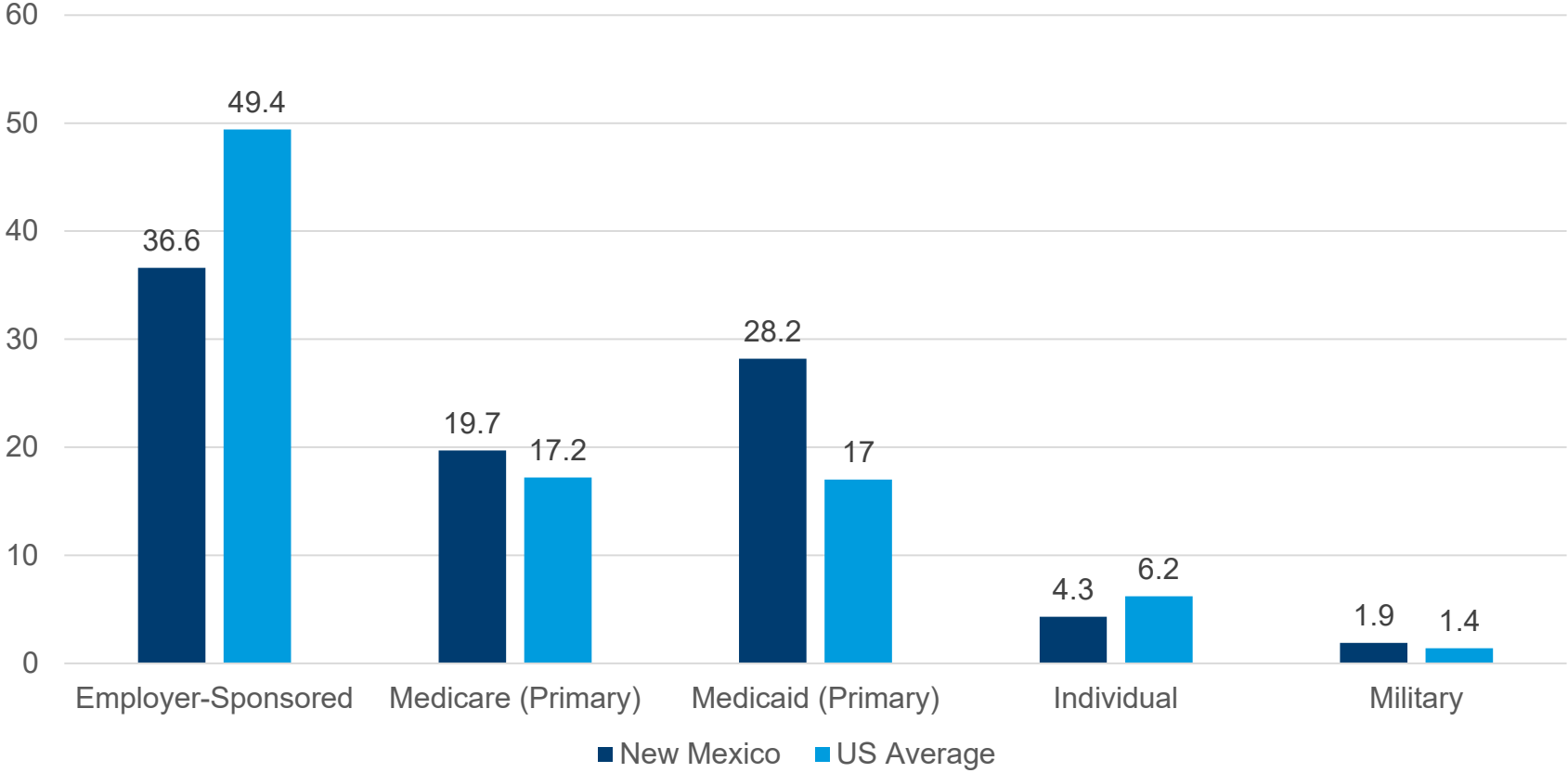
The Role of PBMs in
Keeping Prescriptions
Affordable

Elements of Accessibility

- Affordable
 - Cost is the primary impediment to patients' accessing their prescription drugs
 - Elements of Affordability:
 - Insurance Coverage
 - Competition in Pricing of Drugs and Related Services
- Available
 - Access to the quality prescriptions through convenient channels
 - Access to Low-Cost Network Pharmacies
 - Mail-order Services

Accessibility Requires Coverage

Share of Total Population by Coverage Type, 2018



<https://www.kff.org/statedata/election-state-fact-sheets/new-mexico/>

Patients Pay Two Ways:

Premiums

Monthly Share of
Health Insurance
Premiums



At the Counter

Copays, Deductible,
and Out-of-Pocket
Costs

Both Are Selected by Plan Sponsors

New Mexico: Snapshot

- Median Income: **\$51,243**
 - Average household: **2.59**
- Average Insurance Premium for Families in Employer-Sponsored Plans: **\$18,949**
- Average Employer Contribution for Premiums: **\$12,259**

36.9%
Total premiums
as a percentage
of median
income

Plan Sponsor's Menu of PBM Services



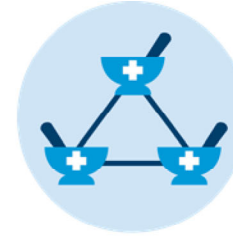
Claims Processing



Price, Discount and Rebate Negotiations with Pharmaceutical Manufacturers and Drugstores



Formulary Management



Pharmacy Networks and Provider Education



Mail-service Pharmacy



Specialty Pharmacy



Drug Utilization Review

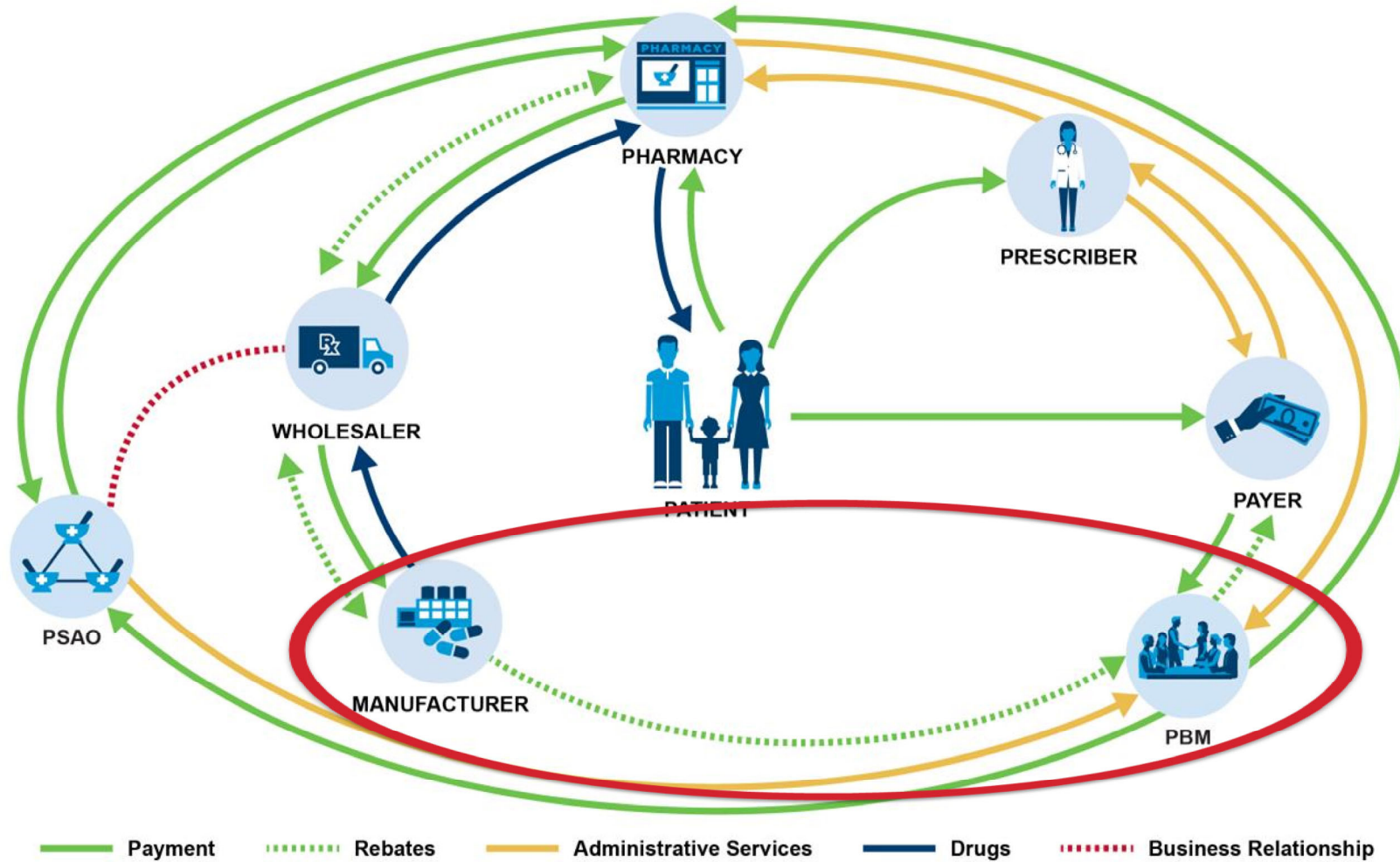


Disease Management and Adherence Initiatives

PBMs Build the Plans the Sponsor Demands

- PBMs Compete for Business
 - PBMs Craft Plans to Meet the Specific Needs of Employers
 - Competition on price and benefit design
- PBM Tools for Plan Sponsors
 - Network Design – Providing access to low-cost retail & mail pharmacies
 - Cost sharing options for Plan Sponsors to Select
 - Manufacturer Rebates to lower costs
 - Formulary Management & Utilization Tools
- NM government is a plan sponsor of state employee plans and Medicaid plans
 - NM Plans use the same tools

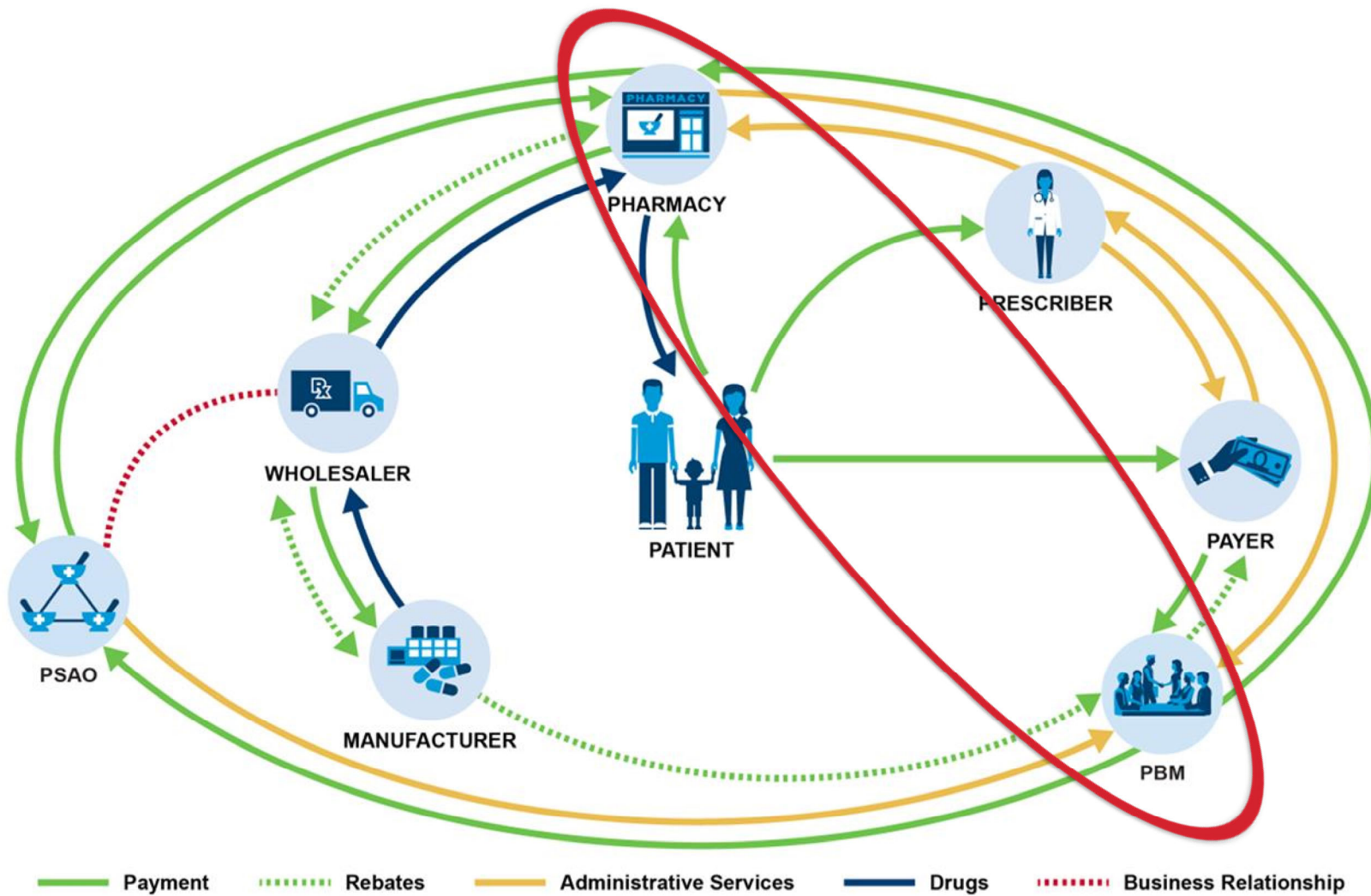
PBMs Link Manufacturers to Patients



PBMs Work with Manufacturers to Reduce Patient Costs

- Rebates
 - Manufacturers negotiate with PBMs to pay rebates on certain drugs
 - PBMs allow plan sponsor to decide what to do with those rebates
 - Reduce Premiums
 - Reduce Patient Cost Sharing
 - Pay for PBM services
- Formulary Management
 - Formularies ensure patients have access to a drug that will work for them
 - Medical professionals determine effectiveness of drugs for formulary
 - Manufacturers compete on the value of drugs for better formulary placement
 - Formularies allow for exceptions to make sure the patient gets the right drug for the right diagnosis

PBMs Link Pharmacies to Patients



Pharmacy Access Is Vital Link for Patients

- PBMs negotiate with Pharmacies to build robust networks
 - Network adequacy requirements are set by federal government and plan sponsors
 - PBMs contract with pharmacies willing to fill scripts at the best price possible
 - Pharmacies willing to offer lowest cost scripts can be added to Preferred Networks
- Mail-order pharmacies provide safe & convenient access for patients
 - Mail-order pharmacies leverage technology & volume to reduce patients' prescription costs
 - Mail-order scripts are linked to higher adherence and lower ER visits

Every Link is Essential

- Every member of the supply chain provides a product or service
- Every link in the supply chain relies on the products or services provided by the other links
- PBMs are the only member of the supply chain putting downward pressure on drug costs
- PBMs serve as the anchor mooring the supply chain to patient access

Policy Solutions Require the Whole Chain

- PCMA has actively engaged in policy negotiations and development throughout the nation
 - We have worked with our partners in the supply chain to negotiate changes in several areas:
 - Transparency
 - Gag Orders
 - MAC Appeals
 - Others
- Effective Reform Requires Bringing All Links in the Supply Chain Together to Find Solutions

PBMs Create \$145 Billion In Value Each Year



In pursuit of better value for their members, plans consistently retain PBMs to help design their benefit, negotiate prices, and process claims... While PBMs obtain significant savings for their clients – health plans and ultimately patients, PBM services also expand the economic pie in prescription markets. They actively encourage proper utilization and adherence as well as help to remove patient barriers such as high prices, inaccurate drug information and misaligned incentives to initiate and complete courses of treatment. These are net benefits in terms of better health and patient convenience, only part of which is savings in the form of reduced health expenditure.

~ Casey B. Mulligan, The Value of Pharmacy Benefit Management, National Bureau of Economic Research, July 2022



PBMs Anchor the Supply Chain to Patient Access

Thank You

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