



5
questions
to ask your
pharmacy
benefits
consultant
**to drive
down costs**

A background image consisting of a dense, overlapping field of purple, oval-shaped pills. Each pill has a vertical score line down its center. The pills are rendered with a slight 3D effect, showing highlights and shadows. The overall color is a deep purple, and the texture is busy and repetitive.

“

65% of self-insured employers are dissatisfied with their pharmacy benefits manager

According to research commissioned by Prescriptive Health and undertaken by Cascade Insights in 2021, 65% of self-insured employers are dissatisfied with their pharmacy benefits manager, or PBM, with cost as a driving factor.

As prescription drug prices continue to climb, employers are left to figure out new ways to manage rising costs while still providing pharmacy benefits that keep their people motivated and loyal.

But pushing for change can feel overwhelming when you don't know where to begin. A great starting point: Asking your broker or consultant the following five questions. The answers you get will put you down the path to building a better pharmacy benefits experience for your most important asset — your employees.

01

THE RFP

How intensive should the PBM search be?

Finding the right PBM plays a key role in keeping employees happy and costs under control. It's not a quick or easy task. Nor should it be. Putting in the time and effort to find a PBM you can trust will pay off. The results of a thorough search: More engaged employees and a better bottom line.

Whether you're managing the process on your own or working with a broker/consultant, keep these considerations in your back pocket as you embark on your PBM search.



Goal alignment.

Clearly communicating your goals up front and confirming a PBM is aligned to those goals allows candidates to differentiate themselves and helps you narrow down your choices.



Insist on transparency.

There is power in honesty. With transparency and trust comes loyalty and a stronger relationship, right from the start.



Find a fiduciary.

A PBM acting as a fiduciary puts your best interests ahead of their own profits. And they won't play games with your trust or business needs. See question #2 for more.



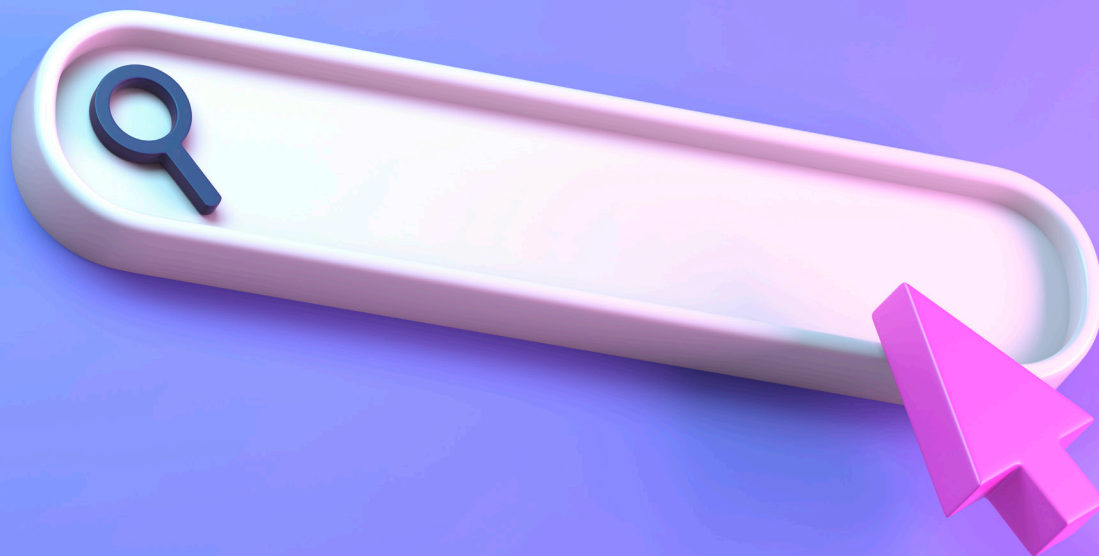
Get more for your money.

Finding added value has never been more important. All PBMs provide the same core functions, but many charge for every service, program, report, etc. To get the most for your money, look for a PBM willing to provide additional service offerings at no additional cost.



Go beyond the "Big 3."

Finding a smaller player doesn't mean you have to make sacrifices. For better pricing, dedicated customer service and more flexibility, it pays to extend your search beyond the big brands you already know about.



02

THE MODEL

Will the company serve as a fiduciary?

If you're reaching out for proposals, it's a great time to ask your bidders to agree to serving as a fiduciary for the plan.

What does this mean for you? For starters, acting as a fiduciary directly impacts the PBM's business model. As a fiduciary, a PBM doesn't profit from the flow of funds from manufacturer to plan sponsor, or sponsor to pharmacy. So, they can commit to putting your best interests ahead of profits.

It also means they must resist the games some PBMs play to drive their own revenue – namely around drug prices, rebates, and formulary placement. This added layer of transparency builds trust and loyalty, giving you the power to make more informed decisions about your plan.

Some PBMs won't agree to being a fiduciary. Consider asking those replying to RFPs to explain, in writing, why serving as your fiduciary is not in your best interests as the plan sponsor.



By definition, a fiduciary is an entity that acts on behalf of someone else and is legally bound to act in their best interests.



03

THE FORMULARY

Is there a focus on net plan cost?

Realizing the best outcomes for your bottom line, and ensuring members get the prescription benefits and savings they deserve, requires a balanced review of rebate transparency, drug utilization, and plan design. A formulary designed around selecting the most clinically efficacious and cost-effective drugs will drive down overall plan costs.

But how do you shift the focus from rebate savings to reducing net plan costs? It might be time to change the conversation. And it starts by asking all the right questions.

Which medicines on our formulary are driving plan costs? This question helps uncover if the PBM is driving medication utilization toward the most cost-effective solutions or those with the highest rebates. Many medications have similar high-quality, clinically effective, nearly identical equivalents available at lower costs.

Which medications are driving rebates?

PBMs often place drugs on a lower tier of the formulary based on the negotiated rebates from pharma manufacturers. This impacts drug utilization. Is your PBM incentivized to promote higher rebated drugs that end up costing you more?

Are there quality, lower-cost alternatives to these rebate drivers that would be better for plan savings?

As consumers, we should be asking ourselves questions like we would in any retail setting, such as: "Would I rather get \$40 back after spending \$100 or would I rather pay the full price and have my total expense be \$15?"

By taking time to investigate and inquire, you can shift the cost conversation and reach your benefits-spend goals. Your employees, and your bottom line, will appreciate the extra efforts.



Manufacturer rebates can lead to major savings. But the focus on driving those rebates can distract from the bigger goal: Reducing overall net plan costs.

04

THE DATA

Will I have to pay for my data?

Drug cost reporting requirements continue to push for greater transparency in drug prices for consumers. And that's a good thing. But with change comes new challenges.

The biggest hurdle with the latest transparency requirements: Most employers don't have access to the data they need to comply. Distorted pricing and a lack of data ownership put undue pressure on employers. And in this era of unpredictability, more pressure is the last thing employers need.

That's why it's key to find a pharmacy benefits solution where you own your data outright. When you own your data, you won't pay a PBM high fees for access. And there's no tracking down data just to ask a third-party to audit it. The results: A much smoother audit process and better cost outcomes.

A pharmacy benefits program built on blockchain may be the answer: With this technology, plan sponsors own their data, at no cost, with ready access for accurate and timely reporting audits at their discretion.



Prescriptive has a pharmacy benefits solution with a unique philosophy about client data: It's yours. So, before you pay for what you already own, consider a different option.

05

THE CONTRACT

What should I look for in the fine print?

PBM contracts can be daunting, and this is by design. But there are a few parts of the contract worth looking into that may push a PBM to act in your best interests – including areas around pricing and rebates.

Consider using NADAC pricing.

PBMs use a proprietary pricing list called a MAC. Does the contract require the PBM to use the same MAC List to pay the pharmacy and bill you for generic drugs? To push for even more transparency, consider requiring the use of NADAC pricing. NADAC is a price list for generics published by CMS. Using NADAC pricing offers you an independent third-party pricing source while allowing for fair pricing for pharmacies. What's more, it delivers competitive pricing and a source to verify the prices the PBM charges you for generic drugs (which is where many PBMs make the most money).

Require full pass-through of rebates.

Make it clear that: (1) rebates are your property and that the PBM shall claim no ownership interest in rebates (after all, it is your money that the PBM is using to purchase drugs and drive rebates); and (2) the PBM must pass through and not retain any rebates. In doing so, be sure to define the term “rebate” to include any payment that the PBM receives from drug manufacturers based on your plan's utilization. Otherwise, a PBM might be tempted to call a specific revenue stream something other than a rebate so it can retain that money and still be compliant with your contract.

Brand/generic definitions:

Prohibit the PBM from using any internal “proprietary” algorithm that determines whether a drug will be priced as a brand or generic drug. Here, you should include definitions that refer to the Medi-Span MONY codes or the First Data Bank equivalent that can be verified during your PBM audit.



Healthy makes **happy!**



Our pharmacy benefits solution uses technology to cut costs and better engage members.

[Prescriptive Health](#) was founded in 2017 to build healthcare solutions that put more power in the hands of the consumer. With secure, mobile-first products, we connect consumers, pharmacists, and employers, providing the information people need to make informed decisions and take control of their health.

myRx Benefits gives plan sponsors and members the savings and experience they deserve:



A no-headache pricing model, all for one, low, flat plan fee



Lower drug prices, smarter plan design, and engaged employees, with up to 40% savings for employers



Full data ownership and transparency for seamless audits



A PBM that acts as a fiduciary, committed to putting your best interests ahead of profits

We're rewriting the script. We'd love to show you how myRx Benefits works. Learn more at Prescriptive.com/happy.





Have questions?

If you'd like to learn more or explore what Prescriptive has to offer, get in touch!

[Contact us](#) | prescriptive.com

