

PHARMACY BENEFIT

MANAGEMENT

CONSULTING & BROKERAGE SERVICES

Rx costs account for ~18-25% of employers' total healthcare dollar... With Rx costs expected to double by 2020.



McGRIFF, SEIBELS & WILLIAMS, INC.



Is your PBM Program a puzzle you can't solve?

- Skyrocketing Rx costs
- Surging costs of specialty medications
- Complicated contracts with no regular review
- No oversight of Rx waste, fraud & abuse



STATE OF THE INDUSTRY

- Growth rate of Rx costs outpacing the rest of healthcare. Costs rising across brand, generic and specialty categories
- Drug spend is 18% - 25% of all medical/Rx spend...expected to double by 2020
- Individual Rx claims are commonly approaching \$500,000 to \$1,000,000+
- 70% of all FDA approvals, currently, are for specialty drugs
- 600 to 700 new to market specialty drugs in next 24 months – ½ will be oncology related
- Less than 1% of all scripts are specialty drugs yet they account for more than 25% - 30% of employee's total prescription drug costs
- Specialty scripts expected to increase 1.5% - 2% of all scripts and account for 40% of total employer prescription drug costs by 2018
- Annual specialty Rx cost per member per year (PMPY) projected to be \$845 in 2018, up from \$290 in 2012¹
- The quick evolving world of PBM now necessitates a contract review every 18 to 24 months, at least, to remain financially competitive and current with contract language

MSW's PBM RFP services have generated savings of 8% - 17% of total drug spend for clients

¹ - AJMC.com, "The Growing Cost of Specialty Pharmacy - Is it Sustainable?", February 2013

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THE OPIOID CRISIS



1 in 5 people, with a 10-day supply of opioids, becomes a long-term user

**Center for Disease Control and Prevention's Morbidity and Mortality Weekly Report (MMWR) – March 2017*

\$53 Billion per year – U.S. Prescription opioid abuse cost

**Pain Medicine 2014; 15 : 1450 – 1454*

25% of all workers' compensation costs relate to opioids

**HR Today: Combatting the Prescription Drug Crisis, March 1, 2016, accessed at:*

<https://www.shrm.org/hr-today/news/hr-magazine/0516/pages/combating-the-prescription-drug-crisis.aspx>
on 09.23.2016

**Workers who use prescription opioids for 3 months or more
almost never return to work**

**HR Today: Combatting the Prescription Drug Crisis, March 1, 2016, accessed at:*

<https://www.shrm.org/hr-today/news/hr-magazine/0516/pages/combating-the-prescription-drug-crisis.aspx>
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McGriff, Seibels & Williams, Inc. (MSW) provides Pharmacy Benefit Manager (PBM) consulting & brokerage services to address the rising costs of Rx and improving PBM contractual terms. Through our Rx brokerage & consulting services our clients experience:

- Optimized financial results
- Up-to-date market contract language
- Improved fraud, waste and abuse programs
- Better integration with medical and disease management programs
- Increased levels of satisfaction with their PBM relationships
- Access to PBM cost transparency smart phone app **(FREE)**
- PBM integration with onsite/near-site clinics *(if applicable)*

MSW'S PBM PROGRAM ASSESSMENT

The evaluation of your PBM program focuses on improved financial results, improved contracts and improved accountability. The following are some of the factors carefully considered by MSW:



Financial Terms:

- Network pricing (generic & brand)
- Rebates
- Administrative fees
- Guarantees (discounts & rebates)
- Allowances



Utilization Management:

- Product selection (generic vs. brand)
- Product dosing
- Step therapy
- Non-compliance/omissions of therapy
- Fraud, waste & abuse
- Custom formulary



Specialty Drug Management:

- Custom prior authorization list
- Site of Care
- Specialty drug carve out



Other Important Factors:

- Mail & Specialty pricing
- Shared savings provisions
- Clinical program fees
- Reporting fees
- New to market drugs
- Prior Authorizations



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Current Contract Review to Identify

- Weaknesses/strengths of definitions
- Insufficient data & audit rights
- **Drug classification issues**
- **Pricing irregularities**
- Relative market strength
- Overall plan performance

RFP Services to Include

- **Proprietary technology Rx bid platform ensuring bid accuracy & time efficiency**
- Standard contract definitions
- Clear drug classification
- **Drug re-pricing for accurate claims comparison based on submitted bids**
- Plan modeling
- Quantitative analysis
- Qualitative analysis

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Implementation Management

- Regular attendance alongside client for implementation calls & in-person meetings
- **Pre and/or post implementation audits**
- Negotiation of new contract
 - Confirm bid definitions honored
 - Loopholes identified
 - Network validation (on/near-site clinic pharmacies, if applicable)
 - Confirm proposed pricing & rebate schedule
 - Full audit/data rights provided
 - Performance guarantees
 - Improved allowances (implementation, clinical marketing)

PBM Program Audits

- **Maintain plan integrity**
- Mitigate fiduciary liability
- **Ongoing Bill Review**
- Enforce critical pricing guarantees
- Improve future RFP's
- Enhanced Specialty Drug Analytics Platform*
 - *for groups of 10,000+ members*
 - Full visibility into all specialty costs
 - Includes medical spend benchmarks
 - Identify specialty drug waste & management opportunities

CLIENT CASE STUDY

CLIENT 1

- 15,500 employees (26,000 members)
- Industry: Poultry / Protein
- 5 carriers solicited – Catamaran Rx, CVS Health, Envision, Express Scripts, Optum Rx
- Traditional & Transparent pricing offers requested
- Total 3 Year Estimated Savings – Traditional Pricing Structure (by winning bidder)
 - Initial Proposal: \$5,679,974 (10.16%)
 - **Best & Final: \$9,936,258 (17.78%)**

CLIENT 2

- 5,500 employees (11,000 members)
- Industry: Manufacture & Service Utility Trucks
- 7 carriers solicited – Catamaran Rx, CVS Health (CoreTrust), Envision, Express Scripts, Magellan Rx, Optum Rx, Prime Therapeutics
- Traditional, Transparent & Average Script Price pricing offers requested
- Total 3 Year Estimated Savings – Traditional Pricing Structure (by winning bidder)
 - Initial Proposal: \$2,443,506 (9.27%)
 - **Best & Final: \$3,523,147 (13.37%)**

CLIENT FOCUSED, INTEGRITY DRIVEN.

BIRMINGHAM EMPLOYEE BENEFITS DIVISION

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