

Amwins Health and Employee Benefits Consulting™



Prospect ABC, A TPA Client PBM Reprice and Contractual Savings Analysis

At Amwins Health and Employee Benefits Consulting™ our focus is to deliver cost-saving strategies and solutions for self-insured prescription plan sponsors through third-party administrators and brokers.

Pharmacy benefit management contracts are often found to be complex and riddled with opacity. Prescription claims review and contract audit help alleviate the complexity and deliver financial savings to your plan sponsors.

Amwins Health and Employee Benefits Consulting™ performed an analysis of Prospect ABC's existing PBM financials, contract, and claims data against a prospective PBM's reprice results, financials, and contract terms, which delivered the below results summarized for the TPA to review. Prospect had 340 lives at the time this analysis was performed. Employer's name, TPA name, and PBM entities name are de-identified for the purpose of this analysis.

Pharmacy Spend & Rebates

- In 2022, Prospect ABC and its employees collectively spent \$94.15 per script on a total pharmacy spend of \$0.44 Million. The prospect PBM can reduce that spend by 28% to \$67.77 per script backed by the reprice analysis provided with this analysis.
- Despite 91% of its utilization being on generic drugs, 73% of Prospect ABC's dollars are spent on brand drugs. Prospect ABC would benefit greatly with a higher discount on generic and brand drugs which the prospect PBM is offering with its proposal to deliver a savings of \$123k on an annual spend for your client.
- Pharmaceutical manufacturer rebates are a huge lever to bring down plan spend for employers like Prospect ABC. Is your current PBM passing thru 100% of rebates collected on the drugs you pay for? Current PBM's financial terms does not include any % pass-thru of rebates, only the minimum amount. Prospect PBM shall pass-thru 100% of rebates collected by them for the drugs you pay for. This accounts for over 40% improvement versus current rebate estimates per our analysis.

Based on 2022 Claims Data	Current PBM (xxx)	Prospect PBM (Reprice Results)	% Savings with Prospect PBM	\$\$ Savings with Prospect PBM
Prescription drug pharmacy spend	\$440,898	\$317,362	28%	\$123,536
Plan spend	\$396,088	\$285,107		\$110,981
Member spend	\$44,810	\$32,255		\$12,555
Pharmaceutical manufacturer rebates (estimated based on minimums)	\$56,350	\$81,292	44%	\$24,942

Contractual Review & Comparison

- **Brand and generic definitions:** your existing PBM contract is ambiguous in determining whether a drug is truly a brand drug or generic drug keeping it open to reclassification as the PBM see fits to maximize positive profit margin on their end. It hurts your clients because a drug that could deliver 40% discount on AWP drug cost could be bucketed under brand drugs to lift the brand discount offered to your book of business which ideally should be categorized as generic drug based on industry benchmarks. The prospect PBM’s contract is simple, visible, and lacks ambiguity. Prospect PBM uses Medispan Mony Codes and multisource codes to clearly identify brand and generic drugs, they use the same definitions for adjudicating a claim, for invoicing the claim, and for reconciling against financial guarantees.

Brand and Generic Definitions	Current PBM (XXX)	Prospect PBM
Brand definition	Brands + heavily discounted generic alternatives such as single source generic, authorized generics also considered as generics are categorized as brand drugs	Brands based on industry standard medispan codes excludes any generic product
Generic definition	Only multisource generic drugs manufactured by multiple manufacturers are bucketed as generics	Generics based on industry standard medispan codes including single source generics, authorized generics
For claims adjudication	Definitions are ambiguous, open to reinterpretation, driven by BGA algorithm with no audit rights	Same as per the contract, open to audit
For invoicing the client	Definitions are ambiguous, open to reinterpretation, driven by BGA algorithm with no audit rights	Same as per the contract, open to audit
For contractual reconciliation	Definitions are ambiguous, open to reinterpretation, driven by BGA algorithm with no audit rights	Same as per the contract, open to audit

- **Rebates:** Your existing PBM contract is not stating the % of rebates they are sharing with the TPA which allows them to retain rebates for claims you pay for as revenue for the PBM. We believe the current PBM's practice is out of market and non-ethical. Amwins Health and Employee Benefits Consulting™ want its TPA partners and clients to realize the full financial value of the rebates that is generated from the claims you pay for. Prospect PBM contract includes a 100% pass-thru of rebates collected by them to Prospect ABC. See the comparison below.

Rebates (Contractual Arrangement)	Current PBM (XXX)	Prospect PBM
What % of rebates are passed to the client or TPA?	Unknown, not stated on the contract	100% of collected amount
Who owns the rebate claims data?	PBM	Client
What are rebates?	Treated as PBM's lever to develop positive margin from PBM negotiated payments or discounts on behalf of and for the benefit of the PBM for the claims you pay for	Treated as PBM negotiated manufacturer or aggregate payments on behalf of and for the benefit of the TPA and client for the claims you pay for

Clinical Cost Containment Program Savings

- Out of 998 NDCs/Drugs utilized by Prospect ABC in 2022, 20 NDCs/Drugs make up for 50% of the client's pharmacy spend combined specialty and non-specialty drugs.
- Prospect PBM's cost-containment program with clinical oversight can cut the plan spend on these most expensive medications by funding these drugs thru copay coupon program or patient assistance program resulting in reduced plan spend by additional ~8% on an annual basis.
- Other PBMs and individual companies charge 25% of the drug cost in fees to administer these programs, the prospect PBM charges \$0.00 in fees to administer them for Prospect ABC as part of the overall PBM offering.

2022 - Top Drugs by Spend	Current Spend with (XXX)	Savings from Prospect PBM Clinical Cost-Containment Program Alone
GILENYA	\$28,421	100% covered if PAP eligible
NUCALA	\$26,816	100% covered if PAP eligible
TRULICITY	\$36,496	\$6,180
OZEMPIC	\$16,860	\$2,480
ZEPOSIA	\$15,839	100% covered if PAP eligible
NURTEC ODT	\$11,093	-
BIKTARVY	\$10,837	-
NUCYNTA	\$7,971	-
ELIQUIS	\$7,961	\$5,067
DEXCOM G6 SENSOR	\$7,905	-
TRELEGY ELLIPTA	\$7,320	\$2,400
EMGALITY PEN	\$7,122	\$3,800
JARDIANCE	\$16,501.79	\$5,250
XARELTO	\$11,433	\$4,327
XYOSTED	\$5,681	\$1,167
LINZESS	\$4,922	\$1,167

Summary:

- Whoever you elect as your PBM partner, we are here to help you navigate thru contractual irregularities, renegotiate contract terms, analyze pricing and financial deals, and there by lower financial pharmacy spend for your clients.
- A PBM contract should be simple, visible, and open to audit. Amwins Health And Employee Benefits Consulting™ helps to identify and resolve unethical market practices driven by PBM contracts.
- PBMs may have multiple sources of revenue, our goal is to ensure the dollars you spent for your employees and dependents are used for their pharmacy benefit and not to expand the PBM's revenue margin.

At Amwins Health And Employee Benefits Consulting™ we are here to help you win. Risk mitigation, cost-containment strategy, and compliance solution are critical to ensure proposer financial controls & procedures required of a well-run plan. Please reach out below for a no-obligation consultation.

About the Author



Harsh Shah

Principal, Amwins Health and Employee Benefits Consulting™

Harsh brings his collective experience in managed care, insurance, pharmaceutical, PBM, and health start-up industries to deliver robust cost-containment solutions for self-insured plan sponsors. Over the course of his career, Harsh has focused on developing solutions to lower cost for brokers, and clients supporting self-insured plan.



50 Whitecap Drive
North Kingstown, RI 02852

Harsh Shah

Principal, Amwins Health and Employee Benefits Consulting™

 [609-235-5009](tel:609-235-5009)

 harsh.shah@amwins.com