

**truveris** presents:

# The Nuts & Bolts of Pharmacy Contracts

## Driving PBM Transparency



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# Introductions

**Ben Pawliger**

*Regional Vice President*

*Truveris*

**truveris**

**Melanie Butler**

*Vice President of Client Solutions*

*Truveris*

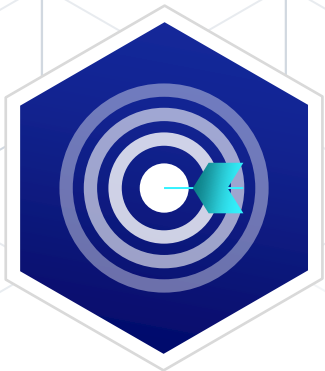
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# Agenda

- Importance of pharmacy benefits
- PBM 101
- Understanding your pharmacy contract
- Driving PBM transparency and accountability
- Success Story with Glenbrook Schools
- Q&A



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# Why is it important to understand pharmacy benefits?



Pharmacy is one of the only benefits you can directly **negotiate** and **customize** based on your unique employee profile.



By understanding what levers to pull, HR leaders can **significantly reduce pharmacy spend** for their organization.



School systems have a **fiduciary duty** towards their employees in regard to pharmacy benefit coverage.



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# National Attention on Pharmacy



**FEDERAL TRADE COMMISSION**  
PROTECTING AMERICA'S CONSUMERS

## FTC Launches Inquiry Into Prescription Drug Middlemen Industry

Agency to Scrutinize the Impact of Vertically Integrated Pharmacy Benefit Managers on the Access and Affordability of Medicine

## THE WALL STREET JOURNAL

HEALTH | HEALTHCARE

## J&J Accused of Mismanaging Its Employees' Drug Benefits

The novel lawsuit by a J&J worker alleges employees overpaid for some drugs



## How to Beat the Rising Cost of Prescription Drugs

Consumer Reports offers money-saving solutions to insurance plan changes, expired discount coupons, and other issues

By Lisa L. Gill  
July 6, 2023

## healthline

## Insurance Providers Are Halting Coverage of Ozempic and Other GLP-1 Drugs



DIVE BRIEF

## State attorneys general urge PBM reform

The letter, sent on behalf of 39 state attorneys general to leaders in Congress, comes as lawmakers consider legislation to regulate pharmacy benefit managers.



## American Rescue Plan Act: Health Coverage Provisions Explained

by Edwin Park and Sabrina Corlette



## Prescription Drug Affordability Act aims to set limits on high medication prices



By Jeremie Blate  
Updated on January 12, 2024 / 2:22 PM CST / CBS Chicago



May 4, 2023 - Health

## Employers grapple with the weight loss drug craze

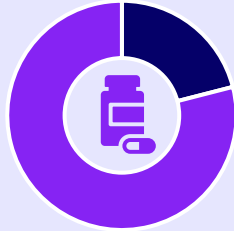


# Rising Challenges in the Pharmacy Industry

**Rising costs in healthcare**, especially in pharmacy, have a large financial impact on self-funded employers and their employees.

There are increasing concerns around **lack of PBM transparency** in pharmacy that have led to state and federal legislative attention.

**Alternative funding** opportunities bring additional complexity and opportunity.



On average, **21%** of healthcare benefit expenses come from pharmacy alone<sup>1</sup>

<sup>1</sup>Business Group on Health, 2023

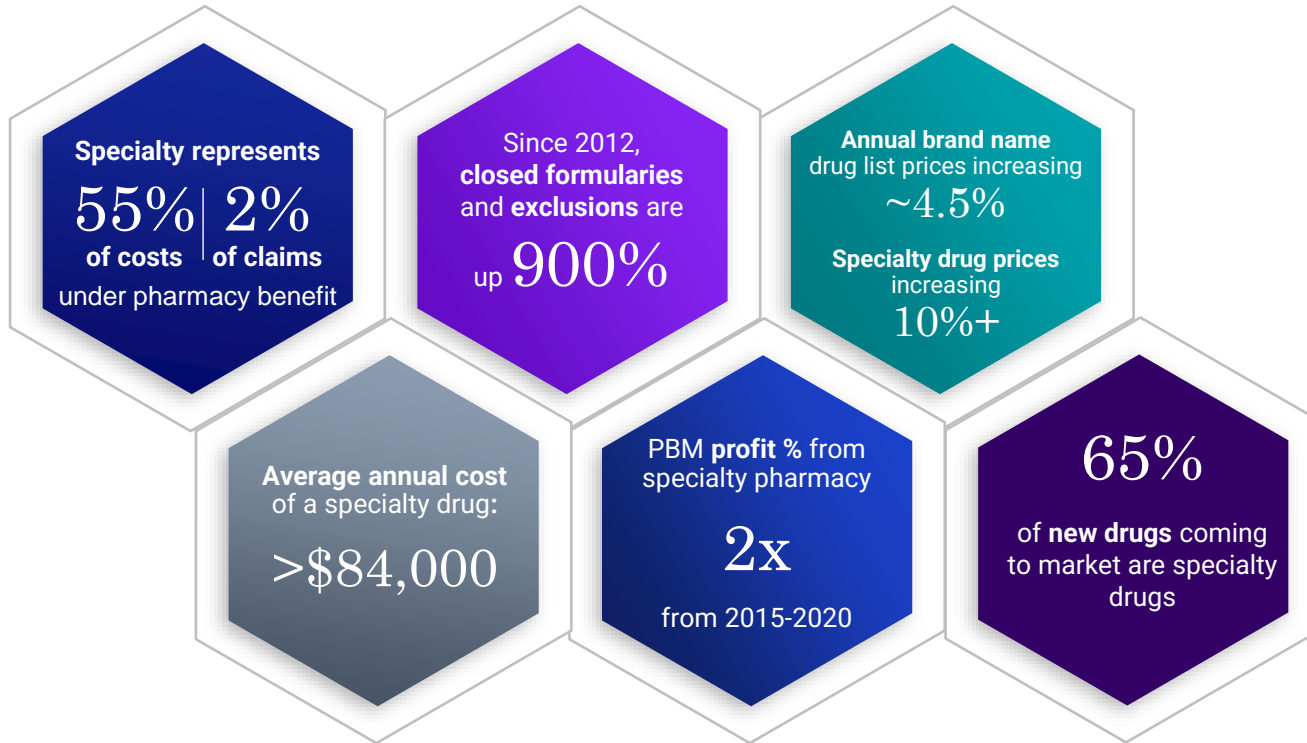


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# Pharmacy Cost Drivers

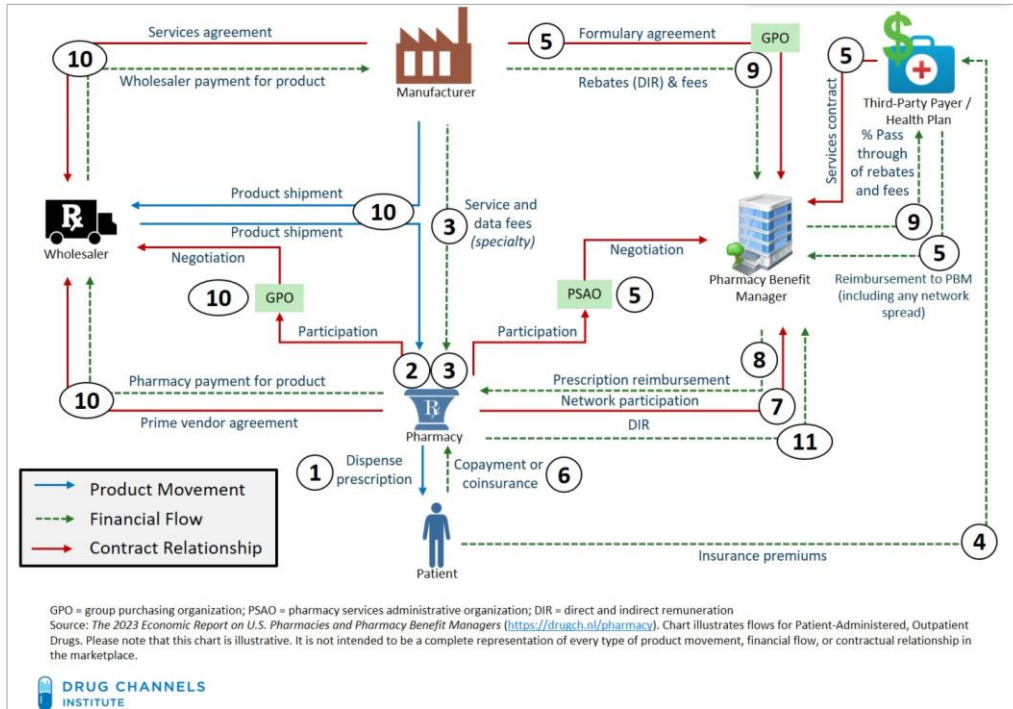


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# The Pharmacy Ecosystem



There are various players in the pharmacy ecosystem, each with their own incentives and challenges.

The **complexity** of the supply chain leaves room for built-in inefficiencies, which can typically lead to the patient paying the price, with low access and high costs for their medication.



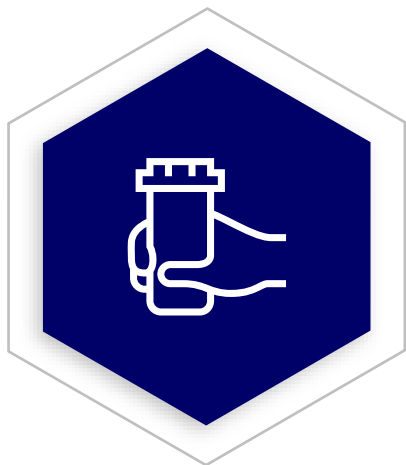
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# What is a Pharmacy Benefit Manager (PBM)?



- Administer and manage **prescription drug benefits** for employers and health insurance companies.
- PBMs are not insurance companies – they **negotiate discounts** with drug manufacturers and pharmacies.
- **Goal of PBMs:** Lower the cost of prescription medications and improve affordable access to quality prescription drug care.



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# Potential Challenges with PBMs



A lack of transparency combined with **complex contracts and rebates** can make it difficult to tell how the savings obtained by PBMs with drug manufacturers are in fact passed on to employers and patients.



PBMs sometimes **prioritize drugs with higher rebates** or provide **financial incentives** to pharmacies that promote certain drugs, thus increasing costs to employers.



PBMs have historically achieved substantial profits through their operations, **leveraging their position in the supply chain to negotiate pricing and reimbursement terms.**



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# Pharmacy Contract 101

1

**Language matters** – complex nature of pharmacy contracts can leave employers open to paying more than they should

2

**What you can't measure you can't manage** – tracking performance of contract ensures terms are being met

3

**Renewals** aren't the only time you can negotiate price and favorable contract terms



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# PBM Contracting Elements to Keep in Mind

## Guarantees

- Rebate guarantees
- Network guarantees
- Specialty guarantees
- Performance guarantees
- Exclusion language
- Offsetting language

## Drug Spend

- Utilization Management (Prior authorizations, Step Therapy etc.)
- Formulary
- Pharmacy networks
- Alternate funding solutions

## Contract Specifics

- Payment terms
- Allowances and credits
- Data rights
- Contract termination
- Reconciliation
- Market checks





~800+ clients  
and 46MM annual  
claims



~\$5B in savings  
generated



200 to 750K life  
groups



20%+ savings and  
ongoing insights

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## WHO WE ARE

Fully independent PBM management and cost-containment platform.

## WHAT WE DO

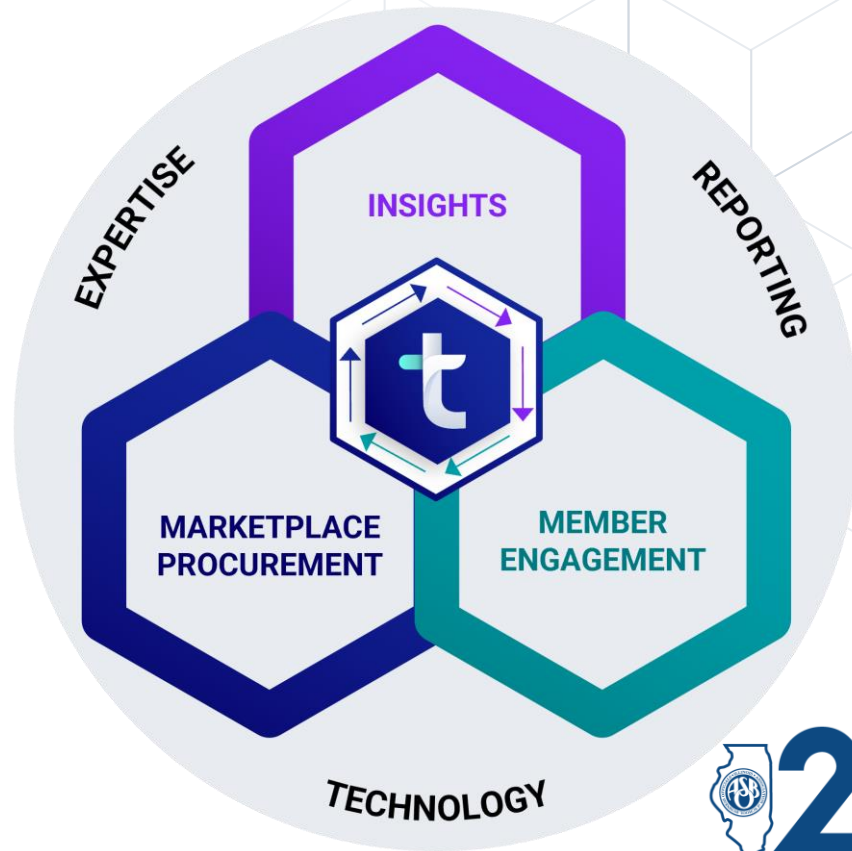
1. PBM RFP contracting and management
2. 100% ongoing claims analysis and fiduciary compliance

Truveris replaces the traditional procurement and renewal models for self-insured employers.



# A comprehensive, data-led, and fully independent pharmacy platform

We replace traditional PBM management and renewal models with innovative solutions focused on pinpointing and disrupting the areas that have the greatest impact on **improving pharmacy cost containment** and program performance.



 **2024**  
ANNUAL  
CONFERENCE

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# Optimizing Pharmacy Benefits

*Pharmacy continues to be opaque even with transparent PBMs.  
We understand and untangle pharmacy optics.*

PBM contracting oversight

Stare here when in the middle of your contract

Create dynamic competition

Stare here if your contract is up in 9-12 months, or if you need a market check

Tech-driven process: compare terms for transparency

Ensure true comparison: "apples-to-apples"

Multiple bid rounds to BAFO

Optimized terms, transparency, and control

Ongoing contract oversight



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# Beyond PBM Contracting: Continuous Oversight - Can't "Set it and Forget it"

Uphold fiduciary duty by reviewing 100% of pharmacy claims throughout the life of the PBM contract.

With an oversight solution that can be implemented at any point of your pharmacy contract, employers can better monitor their pharmacy program performance for:

- ✓ Rebate performance
- ✓ Term compliance
- ✓ New high-cost drugs
- ✓ Performance guarantees/pricing
- ✓ Errors/opportunities for change
- ✓ PBM report validation
- ✓ Plan sponsor advocate



## Variance Detection:

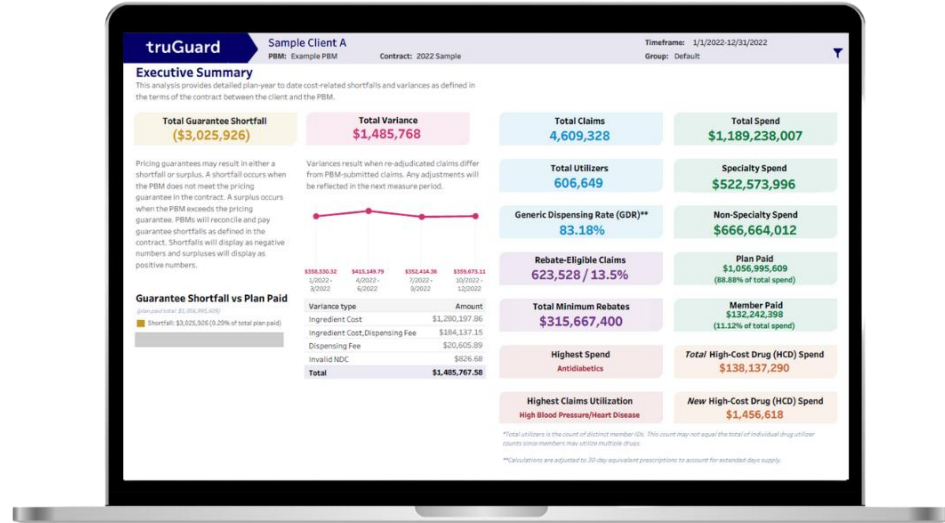
More than 90% of Truveris pharmacy contract reviews detect some level of variance from the existing contract.



## Shortfall Identification:

More than half of Truveris-reviewed contracts have some level of shortfall.

Powered by **truGuard**<sup>®</sup>



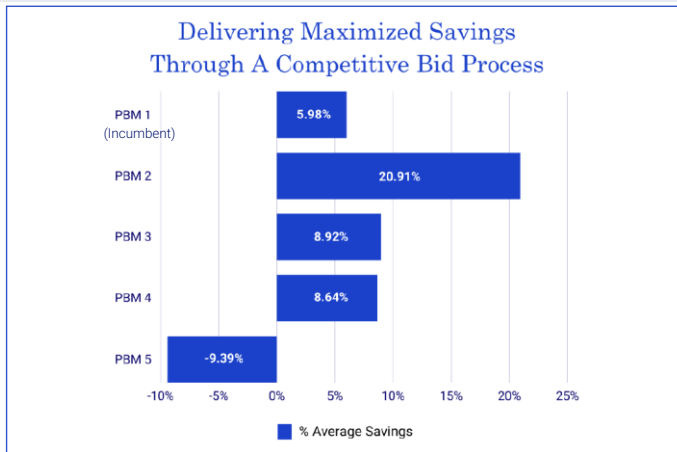


# How Glenbrook School System Saved \$2.3M on Their Pharmacy Contract



## The Approach

- Glenbrook was unsatisfied with their 3-year PBM contract after its first year, so partnered with Truveris to ensure they were getting the best deal to improve pharmacy costs.
- Began with Truveris Oversight reporting and reviewed previous year's claims
- Conducted an RFP with 5 key bidders, including the incumbent PBM. Truveris then shared back the blinded submissions to the incumbent PBM, who decided to submit a more aggressive offer.



## Results

- Switched to coalition offering powered by the same incumbent PBM, resulting in zero member disruption
- Even with existing vendor's early termination fees, Glenbrook saved **\$2.3M over 3 years**

Industry:  
Education

2,400+  
Covered  
Lives

\$4.5M+  
Annual  
Drug  
Spend

21%  
savings  
achieved



# Q&A



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