RxResults℠

Evidence-Based Risk Management

WHAT IS A PRM?

[WHITEPAPER]

How Pharmacy Risk Management is changing the benefits landscape

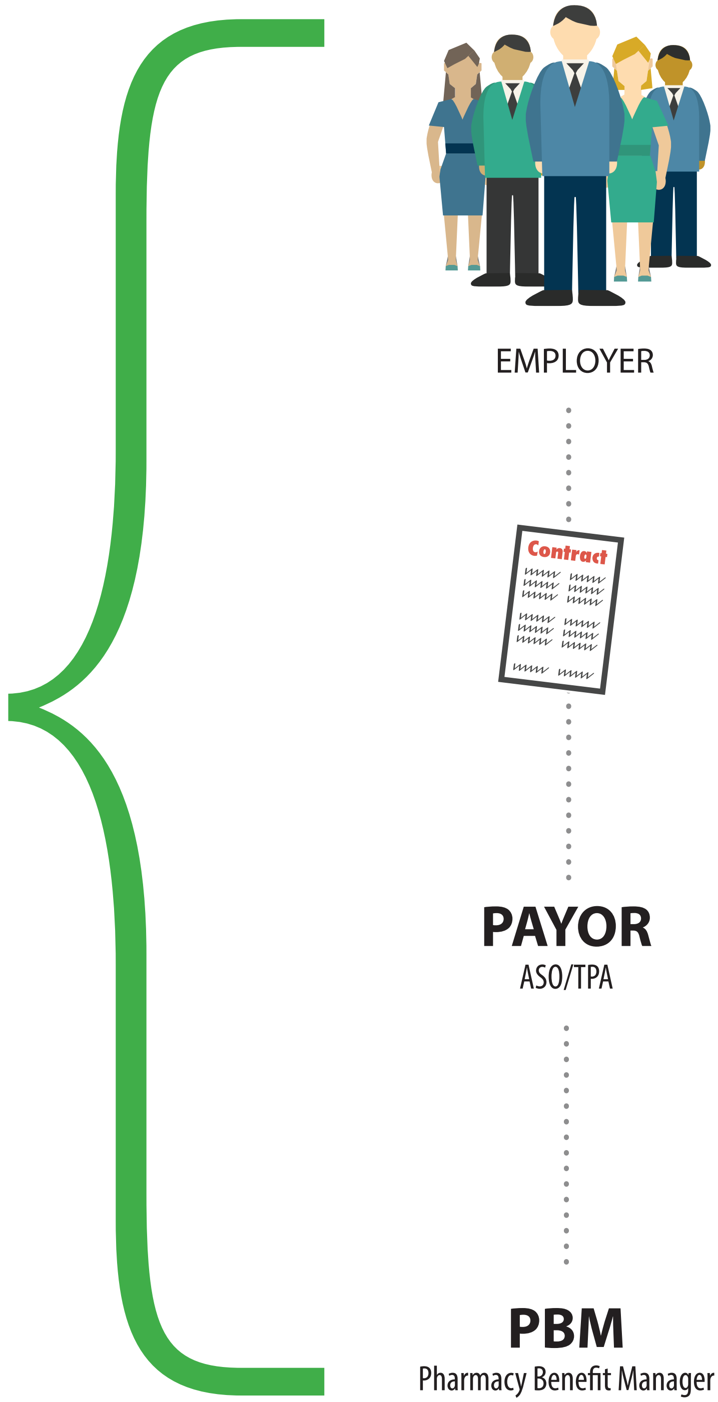
TRADITIONAL PHARMACY BENEFIT MANAGEMENT

STATUS QUO

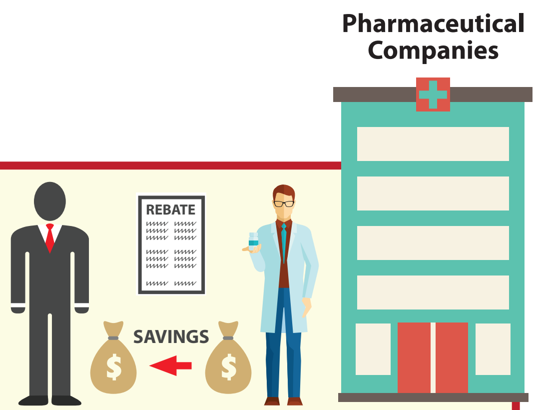
Traditional Pharmacy Benefit Management runs through a contract in place between an Employer and an ASO or TPA. The ASO or TPA will use a PBM (Pharmacy Benefits Manager) to administer the pharmacy benefits for the group.

This model represents the industry status quo. Look deeper and you will find some inherent flaws in the pharmacy benefit management business model.

LET'S TAKE A CLOSER LOOK...



THE PBM-ONLY MODEL



COSTS ASSOCIATED WITH YOUR PBM ARE TRANSACTIONAL BASED

Everytime a prescription is purchased they generate revenue in the following ways:

RETAIL PRICING

- Administrative Fees
- Brand Ingredient Costs
- Generic Ingredient Costs
- Dispensing Fees
- Rebates

MAIL ORDER PRICING

- Administrative Fees
- Brand Ingredient Costs
- Generic Ingredient Costs
- Dispensing Fees
- Specialty Pharmacy Rebates
- Brand Rebates
- Therapeutic Switching
- Data
- Prior Authorizations

The PBM-only business model allows for the PBM to make money in a number of ways, including Pharmacy Rebates, Spread Pricing, Administrative Fees, Dispensing Fees, Brand Rebates, etc.

When setting up an employer's formulary document and choosing which drugs to cover in the plan the PBM may, at times, be influenced by their relationship with the pharmaceutical companies, or their revenue model.

Unfortunately, as a result, the PBM's incentives and the employer's incentives aren't always aligned. This puts the employer in a difficult postion. Employers understand that the PBM is a necessary part of the pharmacy benefit equation, but a lack of transparency and misaligned incentives (compounded with an ever-increasing pharmacy spend) leave employers feeling helpless.

If only there was an independent and unbiased intermediary woking for and with the employer...

ENTER THE PHARMACY RISK MANAGER

THE PHARMACY RISK MANAGER

An exclusive joint collaborative with the University of Arkansas for Medical Sciences School of Pharmacy's Evidence Based Prescription Drug Program (EBRx)

The Pharmacy Risk Manager (PRM) doesn't replace the PBM. It serves to enhance the PBM model as an advocate of the Employer.

The PRM uses independent and unbiased research to identify cost-saving opportunites within the group's pharmacy claims data, modifying the formulary document to include drugs with the same clinical efficacy, but much lower costs. The PRM then implements the set of clinical strategies in 60-90 days, notifying the members and physicians of the upcoming plan change and benefits.

EMPLOYER

RxResults℠
Evidence-Based Risk Management

PRM
Pharmacy Risk Manager

PBM
Pharmacy Benefit Manager

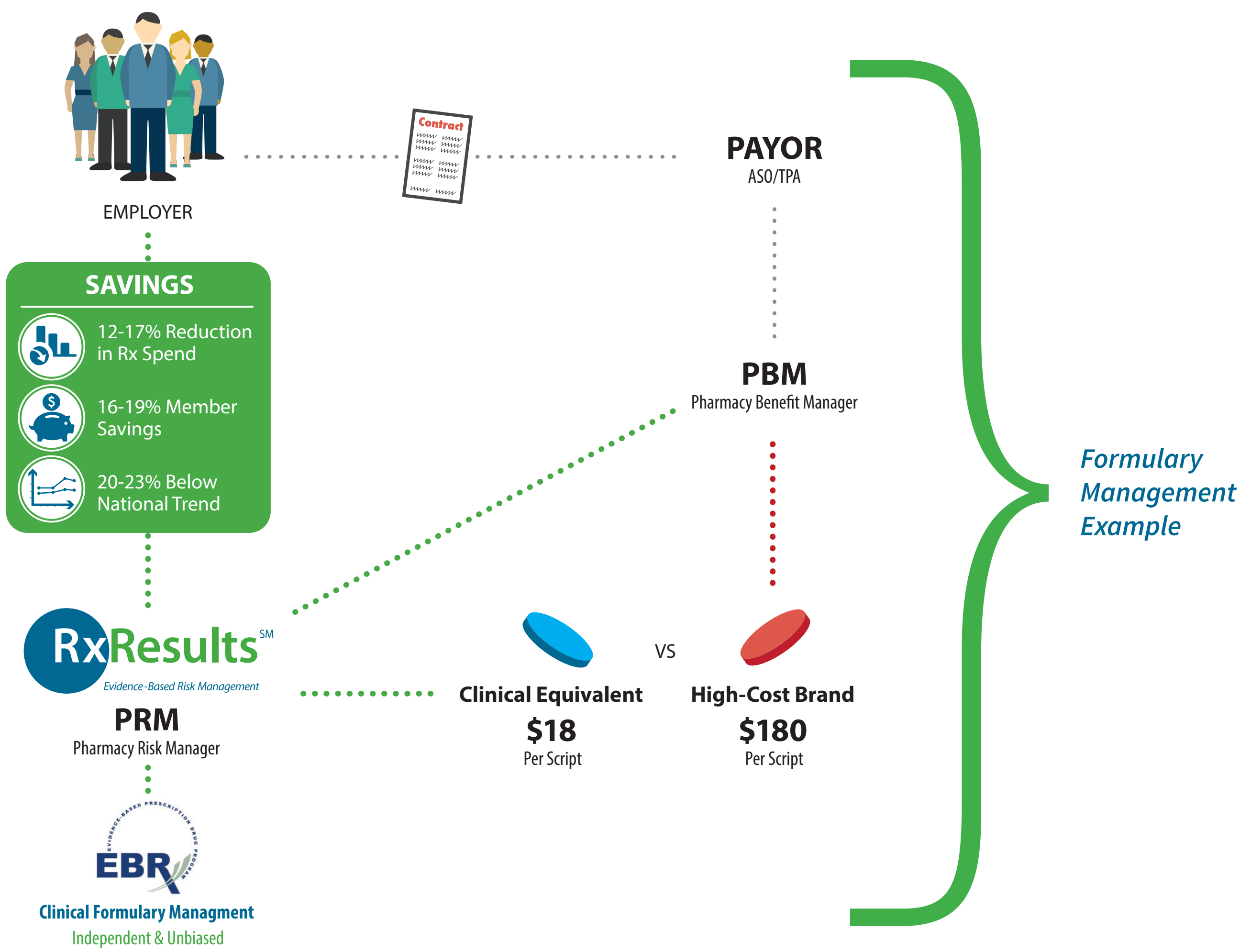
EBRx

Clinical Formulary Managment
Using Independent & Unbiased research we identify risks & cost savings opportunities within pharmacy claims data.

THE RESULT

Pharmacy Risk Management is comprised of several risk mitigation strategies including, Medication Therapy Management, Specialty Drug Management and Formulary Management. The infographic below details an example of savings an employer could expect using just one of the strategies from the RxResults suite of services, Formulary Management. Instead of paying $180 per script for a high-cost brand name in the PBM-only model, and just $18 per script for the clinical equivalent. Additionally, the member pays a $30 copay for the brand name and only $10 for the generic. ***This process is repeated across 17 drug categories resulting in a 12-17% reduction in the Employer's TOTAL Rx spend (the equivalent of $200,000 annual savings per 1,000 members).***

Similar to any other model you need to measure and analyze effectiveness based on the numbers. RxResults provides actionable data in easy to understand reports. Having this information allows you to make smart decisions that keeps you profitable and your employees healthy.



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