

2023 VIZIENT CONNECTIONS SUMMIT

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SEPT. 18–21, 2023

WYNN, LAS VEGAS

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Should Rebate Value Alone Drive PBM Selection Decisions?

Susan Wescott, RPh, MBA, Senior Director of Pharmacy, Managed Care, Mayo Clinic, Rochester, Minn., and Executive Lead, Clinical Services, Alluma, Irving, Texas

Jim Wilson, Chief Financial Officer, Mayo Clinic Health System, Rochester, Minn.

JoEllen Frain, Chair - Human Resources, Mayo Clinic, Rochester, Minn.

Priyesh Patel, PharmD, MBA, General Manager, Alluma, Irving, Texas (Moderator)

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Susan Wescott, RPh, MBA, speaker for this educational activity, is an Executive Lead for Alluma.

Priyesh Patel, PharmD, MBA, speaker for this educational activity, is a General Manager for Alluma.

All relevant financial relationships listed for these individuals have been mitigated.

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Learning Objectives

- Explain the impact of specialty medications on cost and quality.
- Describe the experience of members utilizing the benefit plan.
- Outline strategies to accelerate appropriate management of the pharmacy benefit plan.

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What is the Role of a PBM?

- How do PBMs make money?
- Do PBMs insource all services and technology?
- Have PBMs shared profit sources with full transparency?
- What about conflicts of interest (COI)?

Claims
Adjudication

Network

Rebates

Utilization Management

Formulary
management

Population Health

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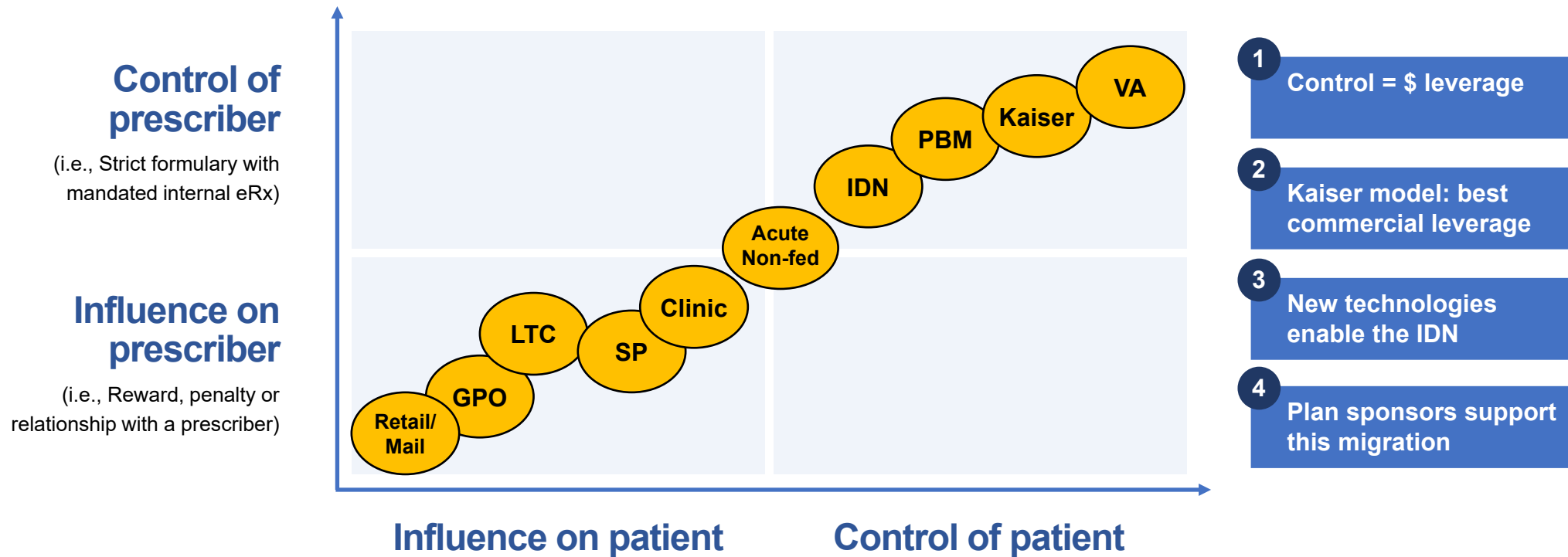
Payers Create Barriers for Health System Pharmacies

	Blue Cross Blue Shield	Centene Corporation The Cigna Group	CVS Health	Elevance Health	Humana Health	United Health Group
Insurer	<ul style="list-style-type: none"> ✓ BCBS 	<ul style="list-style-type: none"> ✓ Medicaid ✓ Wellcare ✓ Ambetter ✓ Cigna 	<ul style="list-style-type: none"> ✓ Aetna 	<ul style="list-style-type: none"> ✓ Anthem 	<ul style="list-style-type: none"> ✓ Humana 	<ul style="list-style-type: none"> ✓ United Health Care
PBM (GPO)	<ul style="list-style-type: none"> ✓ Prime Therapeutics 	<ul style="list-style-type: none"> ✓ Envolve ✓ Express Scripts ✓ Ascent* 	<ul style="list-style-type: none"> ✓ CVS Caremark ✓ Zinc 	<ul style="list-style-type: none"> ✓ Carelon 	<ul style="list-style-type: none"> ✓ Humana Pharmacy Solutions 	<ul style="list-style-type: none"> ✓ Optum Rx ✓ Emisar
*Ascent GPO provides services to Prime Therapeutics, Envolve and Humana Pharmacy Solutions						
Specialty Pharmacy	<ul style="list-style-type: none"> ✓ AllianceRx ✓ Accredo 	<ul style="list-style-type: none"> ✓ Acaria Health ✓ Accredo 	<ul style="list-style-type: none"> ✓ CVS Specialty 	<ul style="list-style-type: none"> ✓ CVS Specialty ✓ BioPlus 	<ul style="list-style-type: none"> ✓ CenterWell Specialty Pharmacy 	<ul style="list-style-type: none"> ✓ Optum Specialty Pharmacy
Provider Services		<ul style="list-style-type: none"> ✓ USMM ✓ Community Medical Group ✓ Evernorth ✓ Alegis Care ✓ MD Live ✓ Village MD 	<ul style="list-style-type: none"> ✓ CVS Minute Clinic ✓ Health Hub ✓ Oak St. Health ✓ Signify Health 	<ul style="list-style-type: none"> ✓ Caremore ✓ Aspire 	<ul style="list-style-type: none"> ✓ Conviva ✓ CenterWell Senior Primary Care ✓ CenterWell Home Health 	<ul style="list-style-type: none"> ✓ Optum Care

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Battle for Control of Patient Care

What is the impact to patient access?



Roth B., Current and Future Trends Impacting Health System Pharmaceuticals Sourcing, HSCA, Pharmacy Forum, February 2023

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Pricing Transparency: Can In-house Pharmacies Help?

Consumers

- Affordability is key to adherence and outcomes
- Depending on plan design, members can pay up to 100%

Health Plans

- Plans need to clarify around net costs after all rebates and discounts
- Purchase opportunities for hospitals include 340B and GPO contracts

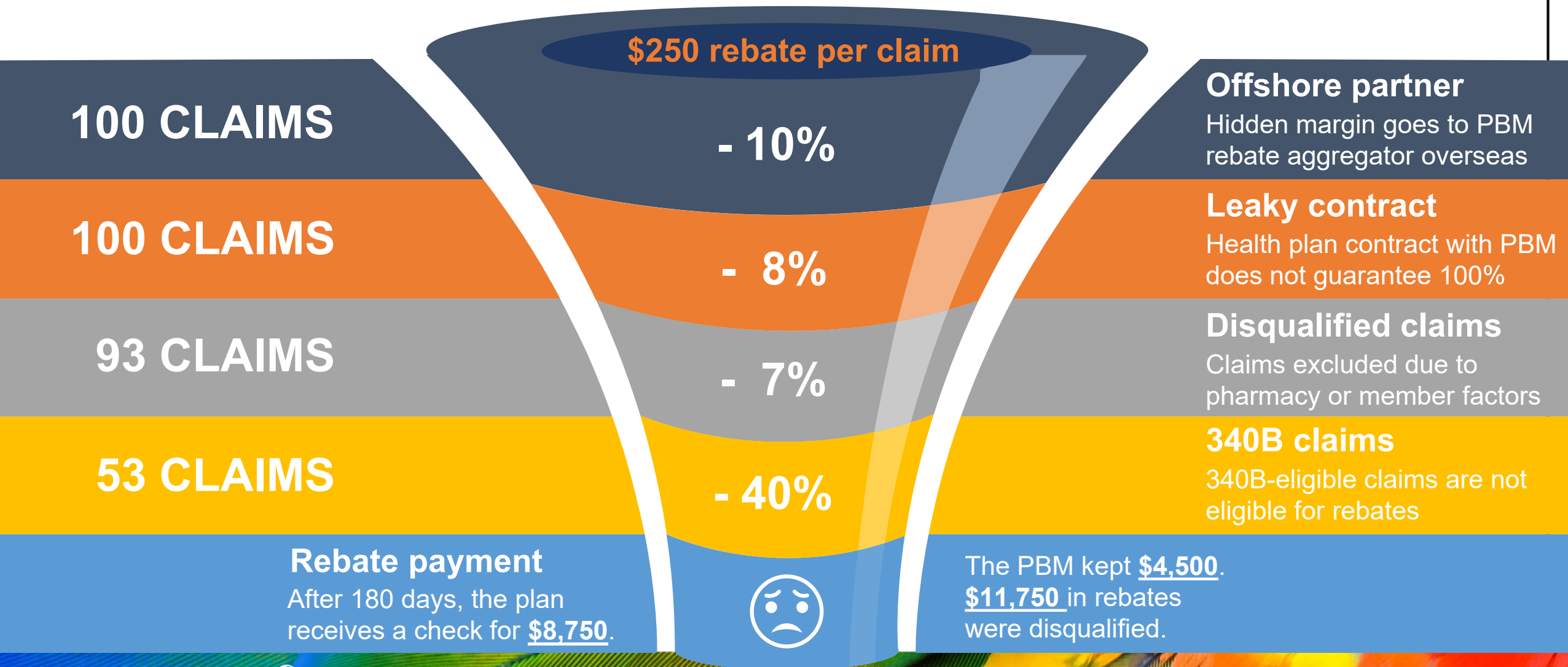


*After \$36 rebate; assumes no PBM spread

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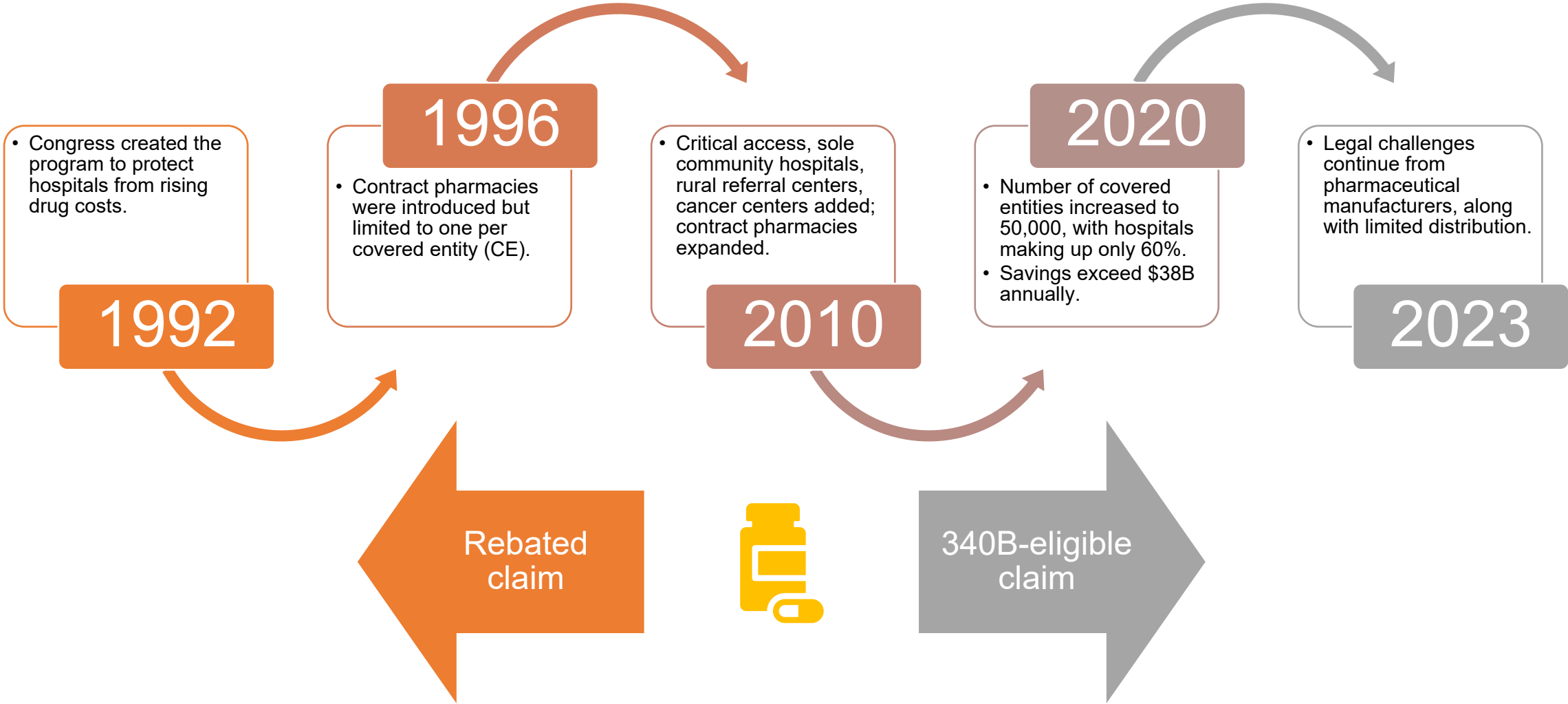
Where Do All the REBATES Go?



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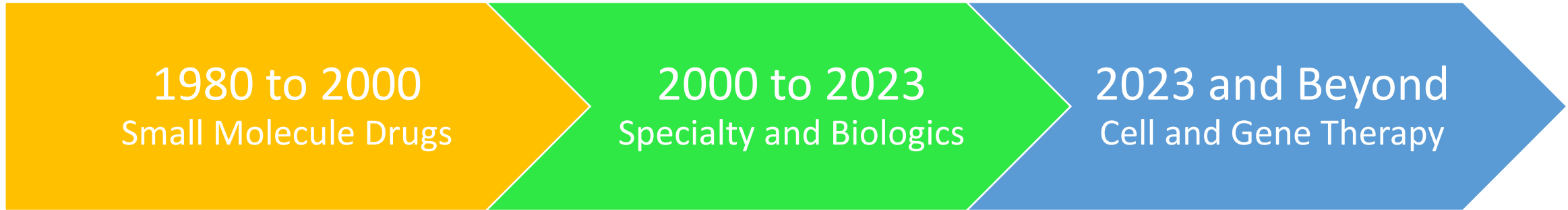
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What About 340B?



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Drug Development Life Cycle



- Blockbuster chronic and preventive medications driving cost and revenue, with (atorvastatin) Lipitor the top-selling drug prior to adalimumab (Humira)
- Cost of generic market entry relatively low at \$5M - \$10M
- Shortages are evidence of dwindling investment which continues to impact product availability
- Generics now account for 90% of prescriptions
- Most “essential” medications are generic drugs with low price points
- Medicare Inflation Reduction Act (IRA) and pricing limitations will continue to limit investment focus for these types of medications

- Current U.S. biologics market is valued at \$260B
- Development/investment focus has led to billion-dollar biologic franchises for chronic conditions
- Biologics contributed heavily to growth of specialty pharmacy business and influence of payors
- Blockbuster adalimumab (Humira) experienced 21 years of market exclusivity which ended in 2023
- In 2023 through 2024, 70% (\$181B) of the biologics market will face competitive pressures
- With increasing competition and IRA impact on pricing, the development pathway has shifted once again to even more personalized treatments

- Over 2000 cell and gene therapies are under development, with 200+ in Phase 3 clinical trials
- These therapies are highly individualized to address rare & difficult-to-treat diseases
- Pharmacogenomics focus on patient identification
- Expected price points >\$1M due to smaller patient populations and high development costs; 13 therapies cell and gene therapies > \$1M are currently marketed
- PBM reimbursements unknown but new reinsurance models are evolving
- Provider access/control can be limited to COE
- Distribution and delivery channels still evolving

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What is a Drug Formulary and Why is it Necessary?

Factors considered when P&T* adds drugs to formulary

- Clinical trial data used by FDA to approve new drug application
 - Safety
 - Efficacy
 - Value
- Other published literature
- Place in therapy vs. alternative therapies or procedures (SOC**)

What about specialty drugs?



**Pharmacy and Therapeutics Committee*

***Standard of Care*

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Member Cost-Sharing Considerations

Weight Management



Insulin



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Financial Considerations: Through the Lens of The CFO

- Rebate values change. PBM relationships can help guide you through tough times.
- Price Transparency. Has its benefits, however, negotiations go both ways... and remember who your end user can be!
- How can 340B programs help assist your organization in lowering TCOC (Total Cost Of Care) for value-based purchasing initiatives?
- Specialty Medications-Risk for 340B and advanced care delivery?
- 340B maintenance in an uncertain environment.

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Lessons Learned

- Rebate values change. PBM relationships can help guide you through tough times.
- Price Transparency. Has its benefits, however, negotiations go both ways... and remember who your end user can be!
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Key Takeaways

- Pharmacy benefit managers (PBMs) perform essential functions such as claims adjudication, formulary management and national network management. Make sure you select a good partner that offers transparency, competitive rates and the flexibility you need.
- As allowed by state law, drive prescription fulfillment to your in-house pharmacy(ies) to save money, promote better outcomes and improve member satisfaction.
- Ensure that you have adequate visibility into your rebates, by pharmacy and by drug. Plans should ensure that they are receiving all eligible rebate dollars. Coordinate this data with your 340B program to further optimize.
- Specialty drugs drive over 50% of all pharmacy spend. Clinical staff, including pharmacists and disease experts, are a critical resource to help the plan ensure that members receive effective, affordable medication therapy.
- Align incentives within your organization to ensure that HR, Pharmacy and Finance are coordinated to support lower plan and member costs.

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Questions?

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