



# HYLANT

## Insights Series

Mastering Pharmacy Costs:  
The Power of Strategic Contracts



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# Agenda

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- 1 Pharmacy Trends for 2024
- 2 Ensuring the Right PBM Partner
- 3 PBM Contracting Strategies for Success
- 4 Actual Results Matter
- 5 Questions



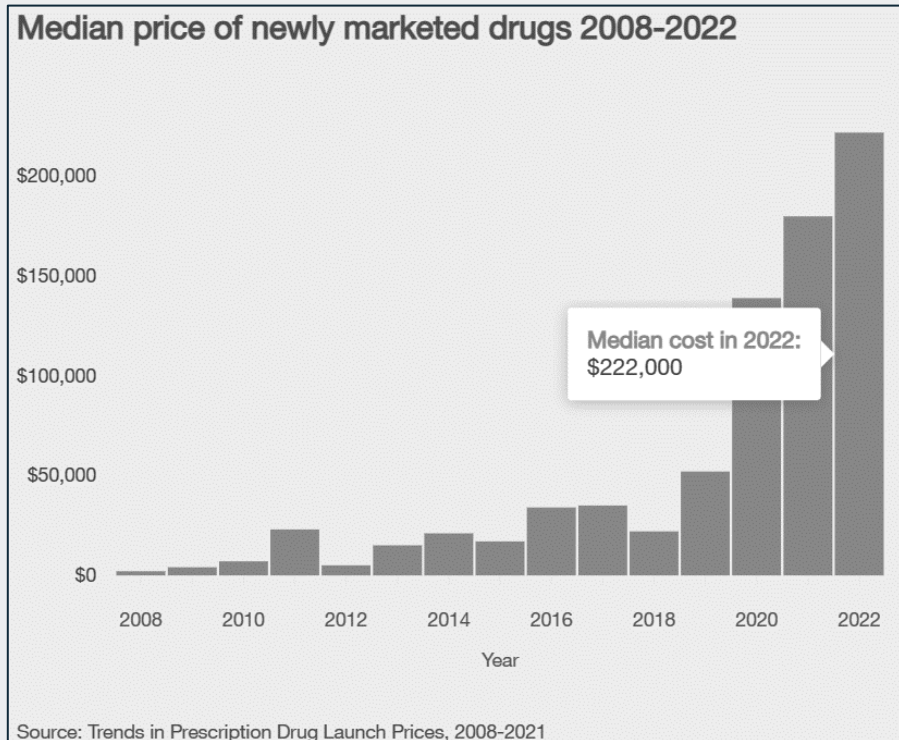
*\*PBM—Pharmacy Benefit Manager*



# Pharmacy Trends 2024

# 2024 Pharmacy Trend

## COSTS EXPECTED TO RISE



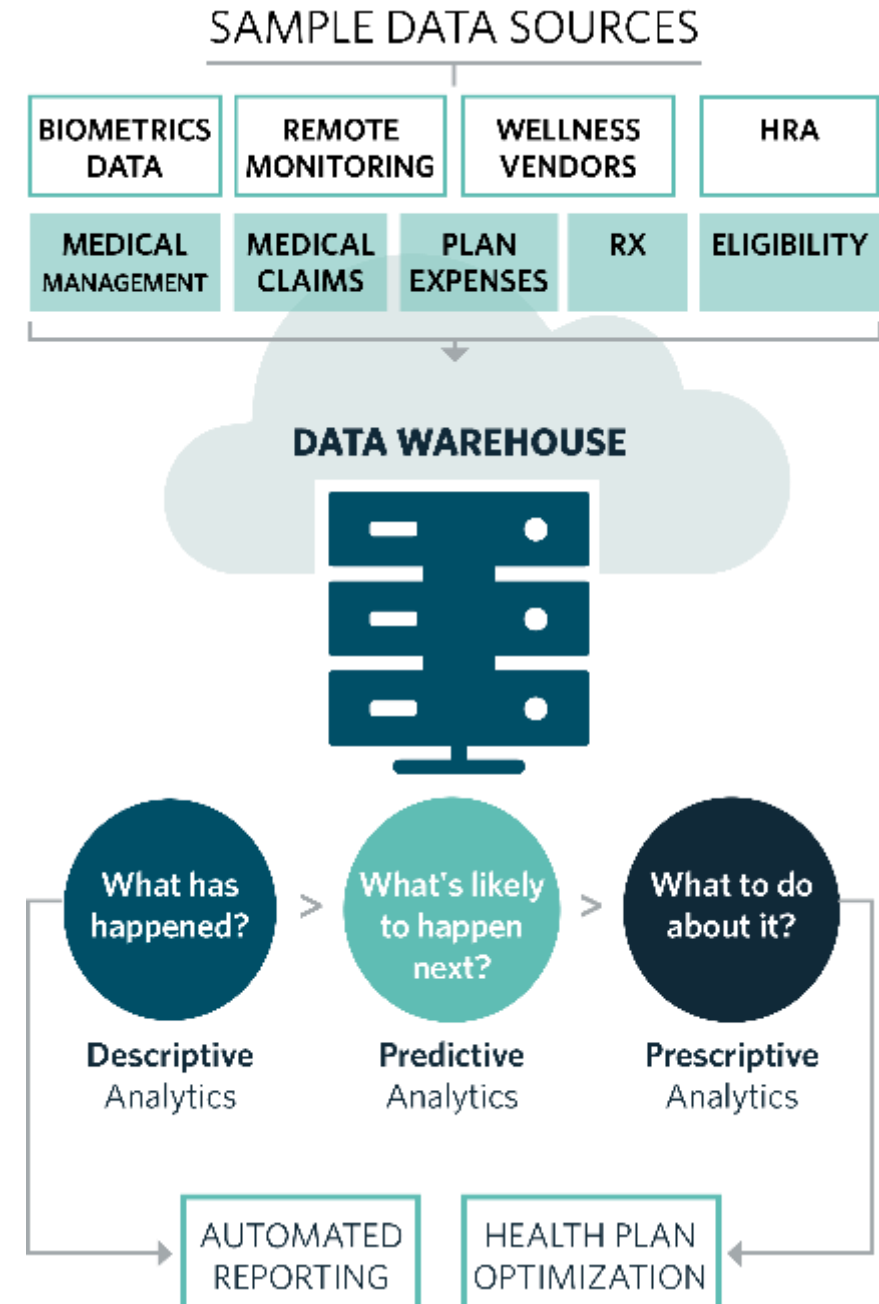
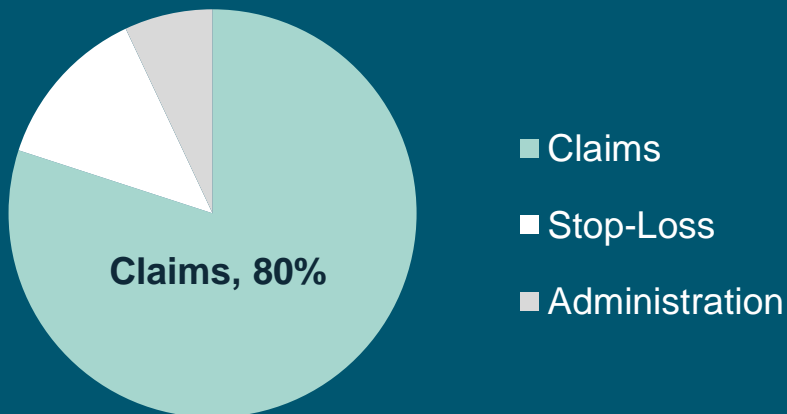
## Key Features of Your Hylant Client Portal

- Double-digit pharmacy trend driven by specialty drugs
- Increased use of GLP-1 drugs for diabetes/weight loss
- 11 weight loss drugs in the pipeline
- Cell and gene therapies hitting the market
- 17 gene therapies pending approval in 2024-2025
- Hemgenix costs \$3.5M
- Release of biosimilars for Humira and others

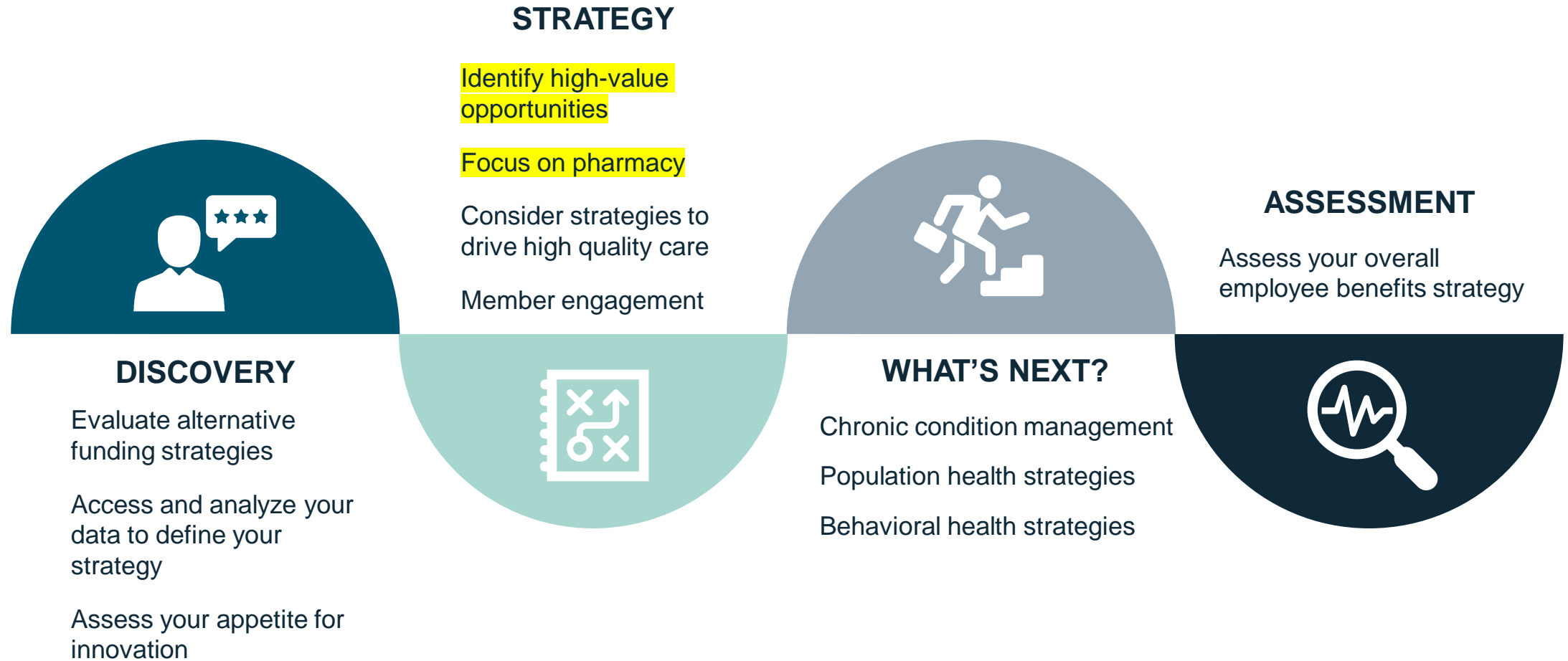
# Access *Your* Data

## Data Drives Decisions

- What is driving your plan costs?
- Are there high claimant trends?
- Are there gaps in care?
- Plan design opportunities?
- Population health initiatives?
- Chronic condition concerns?
- Member education opportunities?
- Patient steerage opportunities?
- Preventive care engagement?



# A Strategic Approach to Ongoing Cost Trends



# Polling Question #1

What type of data analysis do you currently receive?

- Monthly reporting from PBM
- Enhanced data analytics through our broker; We don't have access
- Enhanced data analytics through a 3<sup>rd</sup> party
- Limited data reporting – We are self-funded
- Very Limited data – We are fully insured







# Ensuring the Right PBM Partner





# Pharmacy Benefit Managers (PBMs)



**PBMs administer complex plan rules during claim adjudication**

**PBMs effectively communicate with large member populations.**



## THE BENEFITS



**PBMs implement programs which result in decreased drug spend and may improve clinical outcomes.**

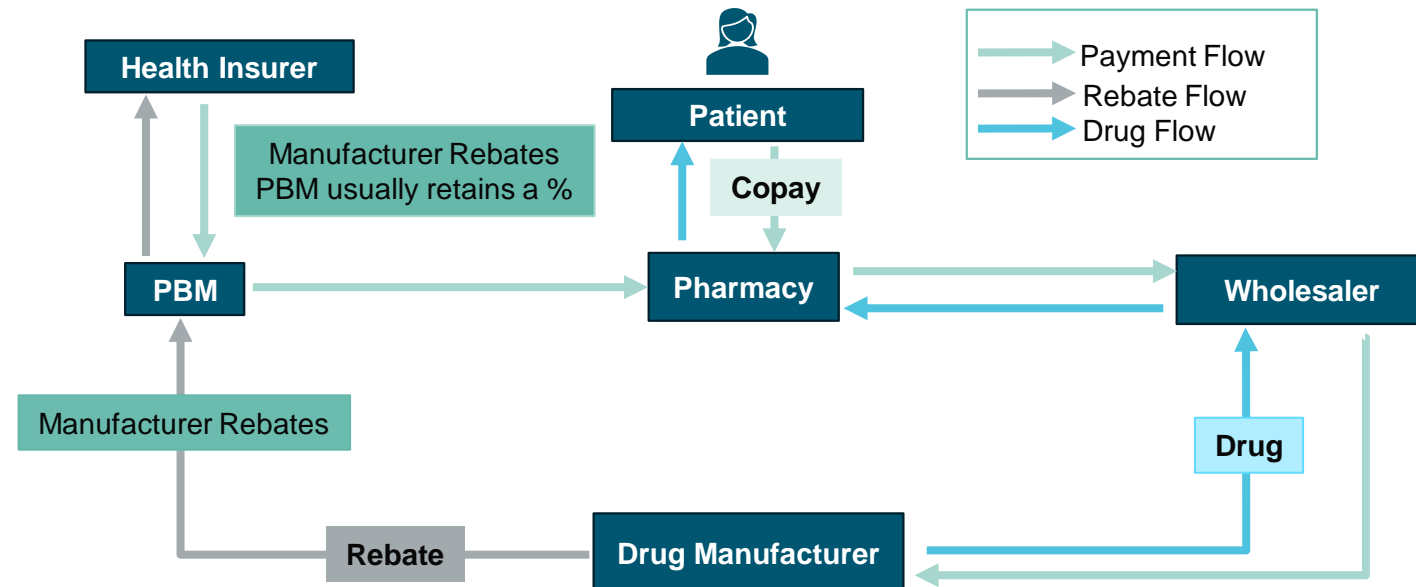
**PBMs have negotiating powers with pharmaceutical manufacturers.**



# The Complexity of the Pharmacy Supply Chain



The pharmacy supply chain is complex... Let Hylant help.



# PBM Considerations

## NATIONALLY RECOGNIZED PLAYERS

- Typically offer traditional contracts
- Not as flexible for smaller plan sizes

## SMALLER WITH BOUTIQUE/CONCIERGE SERVICES

- Very flexible
- Offer unique services
- Able to pivot quickly with changing pharmacy environment

## CURRENT SITUATION

- Contract arrangement
- Rebate program
- Guarantees
- Administrative fees

*Due to complexity, may need to bring in an expert to assist in evaluations and negotiations*



# Attributes of Ideal PBMs



**TRANSPARENCY**



**FLEXIBILITY**



**CLINICAL  
PROGRAM  
SOLUTIONS**



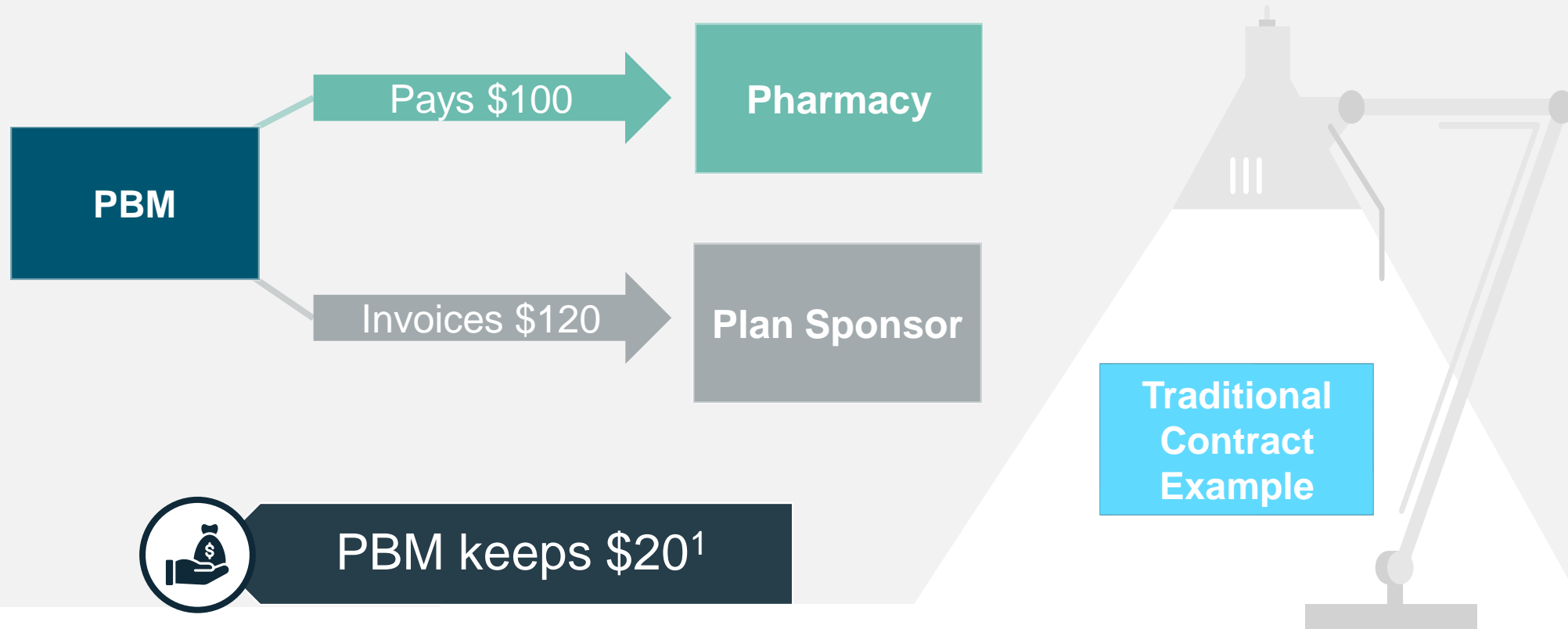
**HIGH-COST DRUG  
SOLUTIONS**



# PBM Contracting Strategies for Success

# Pharmacy Administrative Agreement

## SPREAD PRICING – TRADITIONAL AGREEMENTS



<sup>1</sup>This is an example for illustrative purposes. The actual spread is not disclosed and can range from 5-12% of plan spend.



# The Spectrum of Pharmacy Models

## EXPLORER TRADITIONAL MODEL

- Rx bundled with medical
- “Big 3” PBMs
- Spread pricing
- Limited or no rebate share
- Contract language favors PBMs
- Prescribed clinical protocols

## INNOVATOR PASS- THROUGH MODEL

- Pass-through agreement
- Fully transparent
- No spread pricing
- 100% rebate share
- Contract language favors the plan sponsor
- More clinical edit choice

## ADVANCED PASS- THROUGH STRATEGIES

- Manufacturer assistance programs
- Specialty alternative funding
- J-code drug management
- Site of care managed for infusion
- Drug importation

Low Employee Disruption

Low Employee Disruption

Potential Employee Disruption

# Pharmacy Benefit Managers (PBMs)

## KEY ELEMENTS



Effective pharmacy strategies can reduce Rx spend by 20%-30% (results vary by company)

Ideal arrangement is pass-through with minimum guarantees



Dictates value of guarantees (e.g. brand vs generics)



Ideal arrangement is pass-through with guarantees (no spread pricing)



Admin fees should be disclosed



Specialty Pharmacy, Clinical Edits, Formulary Management

Beware of excessive, hidden broker commissions/fees – some may be \$4 or more per script.

# Important Contract Elements

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Additional elements  
worth considering

TERMINATION  
LANGUAGE

CARVE-OUT FEES

PBM AUDITS

PERFORMANCE  
GUARANTEES

IMPLEMENTATION  
ALLOWANCES

MARKET CHECK  
CAPABILITIES

# PBM Evaluation - Next Steps

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*What if following evaluation of current arrangement, you have noted areas for improvement?*

- ✓ Negotiate current arrangement with PBM (recommend getting consultants help)
- ✓ Complete PBM Market Analysis (recommend even if happy with current arrangement)



# PBM Market Analysis

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*Taking the first step of your PBM arrangement with current pharmacy market standards*

- Request proposals from incumbent and PBMs with *transparent models*
- Compare proposals across vendors
- Trust but verify
  - **Quoted claim reprice reported by PBM ALONG WITH independent evaluation of drug pricing**
- Case Level clinical expertise needed to evaluate pricing proposals





**Actual Results  
Matter**





Current therapeutic class selected: ANTIDIABETICS  
Navigate back to Therapeutic Class Overview to select a different drug class

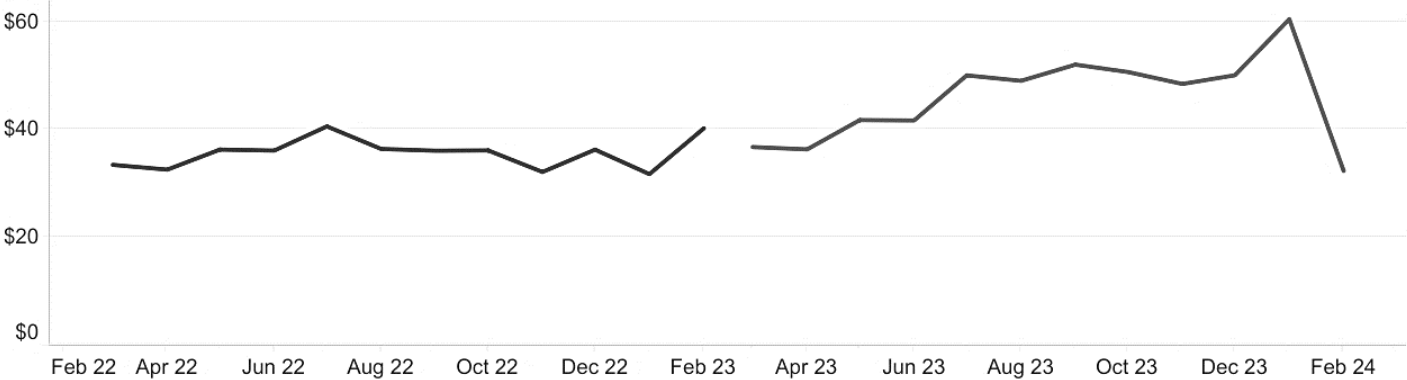
### ANTIDIABETICS PMPM Trend

ANTIDIABETICS PMPM  
Current 12 Months

\$46

▲ 28.2% from Prior 12 Months

PMPM Last 24 Months: ANTIDIABETICS



### Aggregate Details Current Period

Amount Paid	Claimants	Claimants w/ Chronic Condition(s)	Unique Drug Count	Scripts per 1000	Paid / 30-day Supply	Unit Cost
\$3,512K ▲ 28.1%	754 ▲ 11.4%	693 ▲ 8.5%	66 ▲ 15.8%	583 ▼ 3.6%	\$338 ▲ 16.0%	\$10 ▲ 33.8%

# One Step Deeper



× Pharmacy Explorer

● Data available through: Jan 2024

**\$3,512K**

▲ 28.1%

**754**

▲ 11.4%

**693**

▲ 8.5%

**66**

▲ 15.8%

**583**

▼ 3.6%

**\$338**

▲ 16.0%

**\$10**

▲ 33.8%

## Top Drugs by Cost Current period. Select drug to see prescriber details and associated metrics.

Sort Drugs By

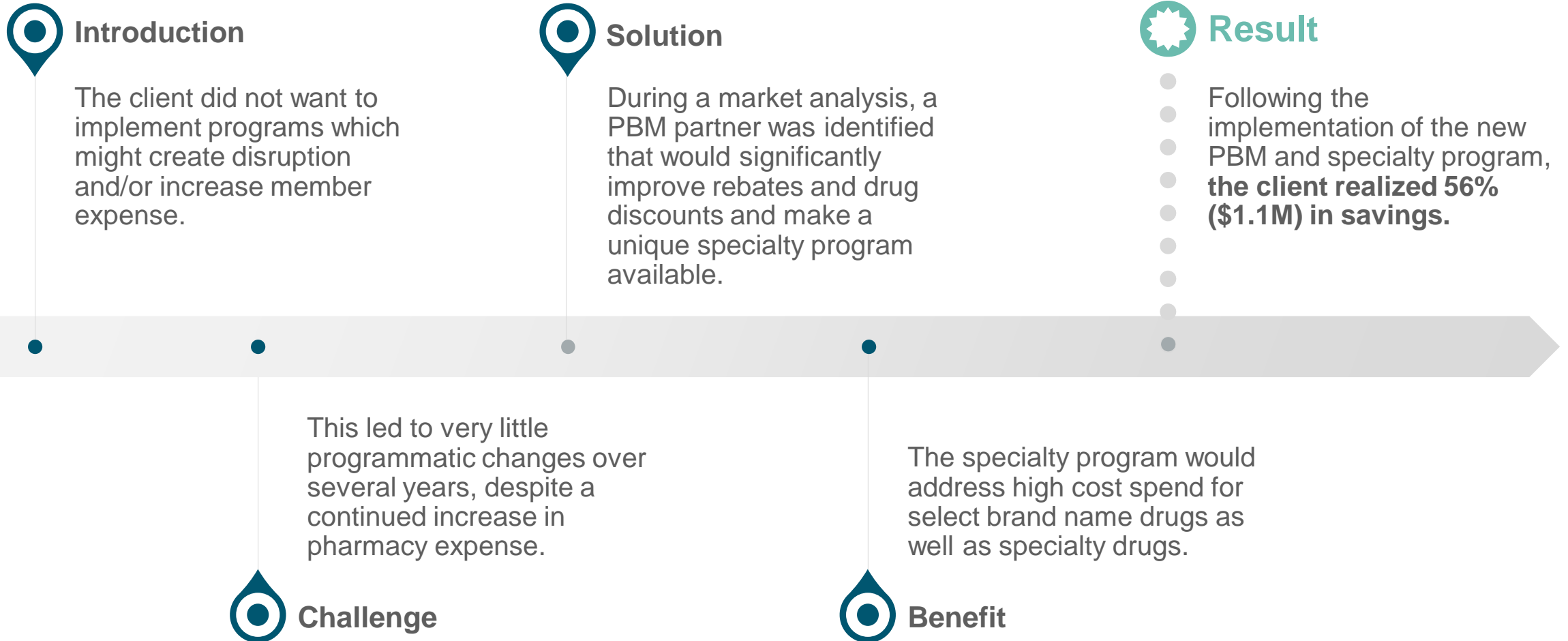
Paid

Drug	Therapeutic Subclass	Claimants	Scripts	Paid / Script	OOP / Script	Unit Cost (Allowed per QD)	Amount Paid	
Mounjaro	Incretin Mimetic Agents	122	492	\$1,624	\$321	\$538	\$799,053	
Trulicity	Incretin Mimetic Agents	63	188	\$2,087	\$211	\$449	\$392,332	
Ozempic (1 MG/DOSE)	Incretin Mimetic Agents	78	218	\$1,796	\$138	\$299	\$391,605	
Jardiance	Sodium-Glucose Co-Transporter 2 (SGLT2..	94	234	\$1,507	\$123	\$18	\$352,699	
Farxiga	Sodium-Glucose Co-Transporter 2 (SGLT2..	73	182	\$1,466	\$127	\$17	\$266,815	
Ozempic (0.25 or 0.5 M..	Incretin Mimetic Agents	82	195	\$1,286	\$167	\$321	\$250,800	
Ozempic (2 MG/DOSE)	Incretin Mimetic Agents	36	106	\$1,722	\$53	\$290	\$182,563	
Rybelsus	Incretin Mimetic Agents	31	74	\$1,989	\$113	\$29	\$147,168	
Tresiba FlexTouch	Insulin	32	79	\$1,541	\$85	\$42	\$121,773	
Januvia	Dipeptidyl Peptidase-4 (DPP-4) Inhibitors	24	57	\$1,473	\$107	\$17	\$83,981	
HumaLOG	Insulin	12	35	\$1,601	\$169	\$22	\$56,052	
Xigduo XR	Antidiabetic Combinations	15	40	\$1,377	\$128	\$12	\$55,094	
Basaglar KwikPen	Insulin	24	56	\$968	\$176	\$21	\$54,211	
Synjardy XR	Antidiabetic Combinations	13	31	\$1,498	\$210	\$10	\$46,438	
HumaLOG KwikPen	Insulin	16	28	\$1,459	\$117	\$31	\$40,839	
Bydureon BCise	Incretin Mimetic Agents	7	16	\$1,783	\$127	\$219	\$28,527	
Levemir FlexPen	Insulin	19	34	\$796	\$123	\$27	\$27,074	
Mintazo	Incretin Mimetic Agents	2	0	\$2,748	\$80	\$112	\$24,722	

\$0K \$200K \$400K \$600K \$800K

Amount Paid

# Case Study



# Our Success: 2023 in Review

486

ENGAGEMENTS  
*\*2022: 370*

138

UNIQUE CLIENTS

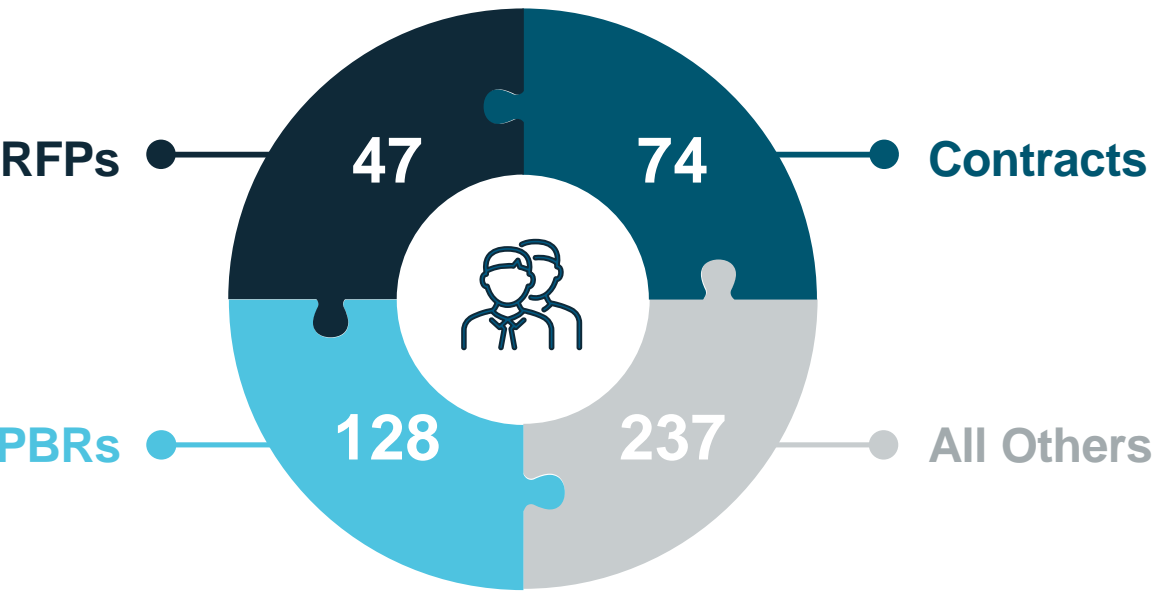
28%

SAVINGS  
OPPORTUNITIES  
*\*\$61.3M*

9

LOCATIONS  
SERVED

## Projects by Type and Count







# Thank you!

For more information about Hylant,  
please visit us at [hylant.com](https://hylant.com).

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