

Win the Battle Against Rising Rx Cost

Brandon Crosby, RxBenefits

Brian Friedenber, RxBenefits

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MMA
Rx SOLUTIONS

MMA Rx Solutions – RxBenefits Partnership

MMA Rx Solutions is the internal pharmacy consulting arm of Marsh & McLennan Agency, led by an expert team with 75+ years of combined pharmacy experience.



Pharmacy Review



Tailored Solutions



Total Oversight

RxBenefits is MMA Rx Solutions' preferred partner when the right answer for the client is a carve-out to CVS/Caremark, ESI or Optum. The 10-year partnership delivers high-touch superior customer service and transparent clinical solutions that align with MMA Rx Solutions' client-first approach.



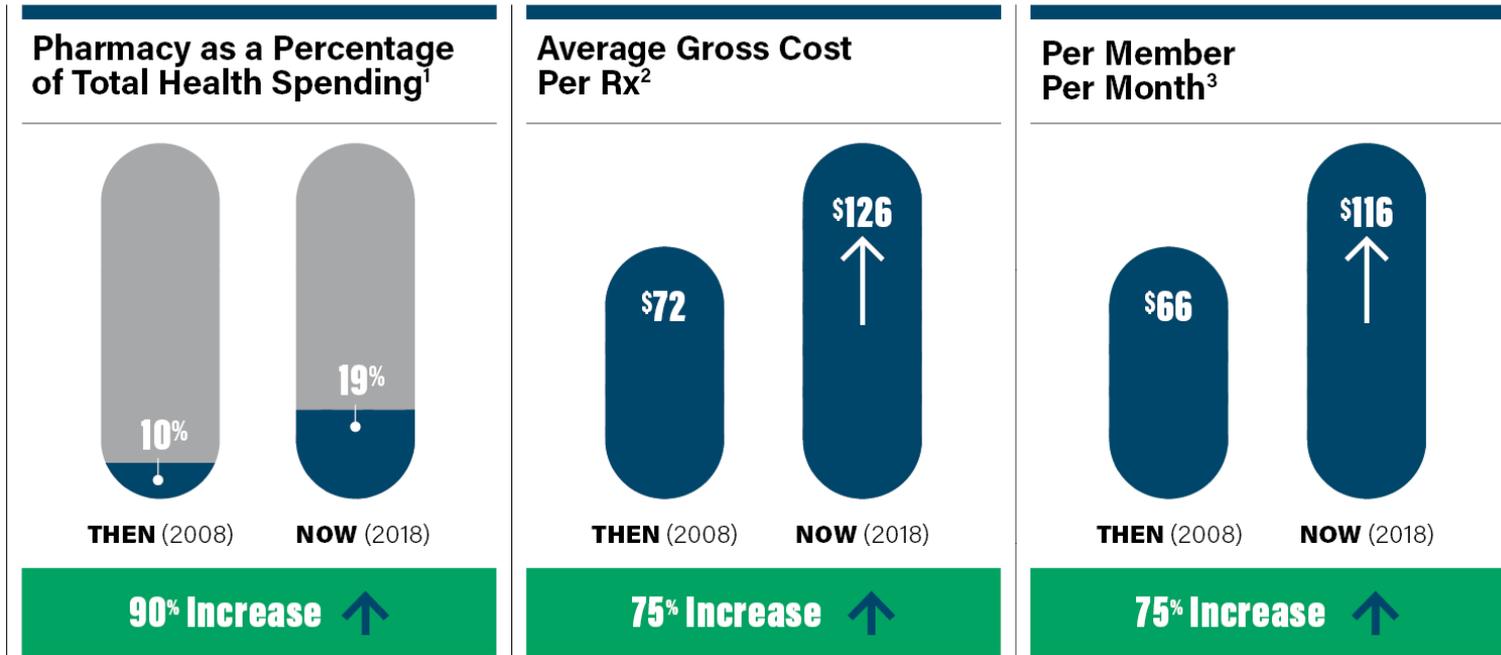
Pharmacy Landscape



Pharmacy: The Most Volatile Component of Your Healthcare Spend



Pharmacy has become one of the fastest-growing components of healthcare spend, significantly outpacing the U.S. inflation rate of 17.1% for the previous 10 year period.⁴



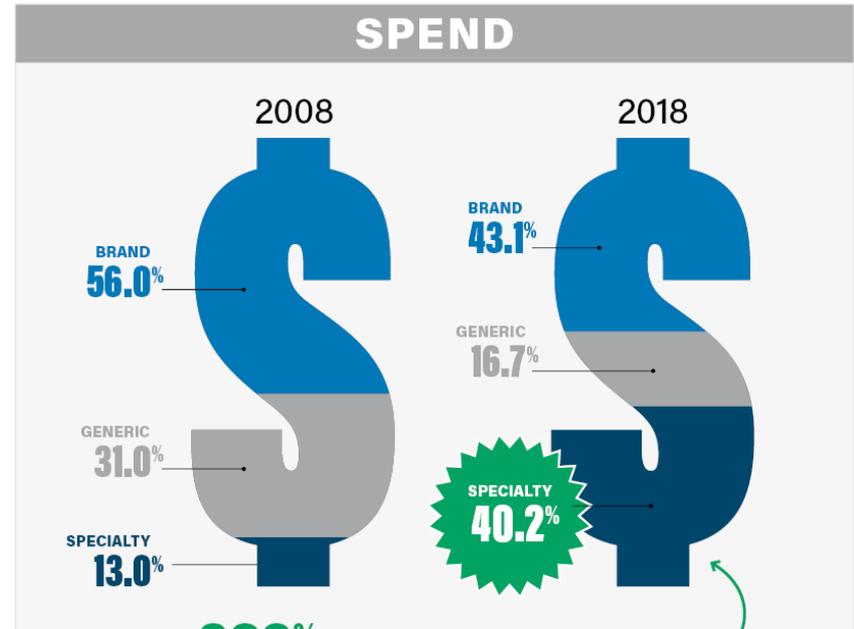
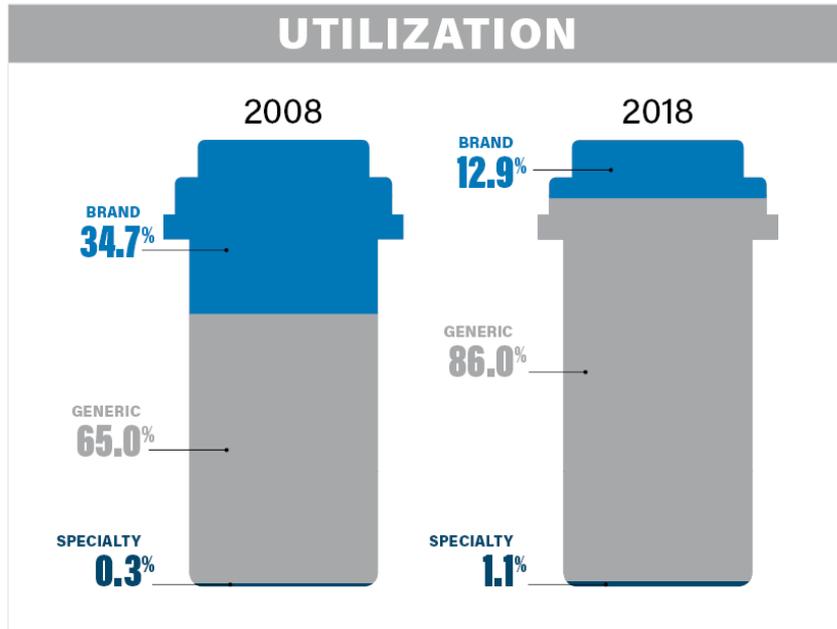
1. https://www.healthsystemtracker.org/chart-collection/recent-forecasted-trends-prescription-drug-spending/#item-annual-growth-in-rx-drug-spending-and-total-health-spending-per-capita_nhe-2017
2. <https://www.pewtrusts.org/en/research-and-analysis/fact-sheets/2018/02/a-look-at-drug-spending-in-the-us> 3. Based on RxBenefits Book of business (gross cost—without member cost share or rebates)
4. <https://www.usinflationcalculator.com/inflation/current-inflation-rates/>

Then vs Now: Understanding the Relationship Between Utilization and Spend



Total utilization has remained constant during a period in which changes in drug mix are driving trend.
1% of claims driving greater than 40% of cost.

2008-2018: Utilization Has Remained Flat



209% Increase in Specialty Cost

1. 2008 Medco Drug Trend Report
2. 2018 RxBenefits Book of Business



The impact of the recent PBM/Carrier transactions will add more complexity to an already complex market.

CONSOLIDATION

Disruption will occur as new companies convert systems and deploy new solutions

COMPETITION

Navigating these massive combined entities was already difficult and will become more difficult - requiring additional focus and scrutiny

NEW MODELS

New models will be introduced and their value is yet to be proven



BUSINESS NEWS MARCH 7, 2018 / 10:32 PM / 9 MONTHS AGO

Health insurer Cigna to buy Express Scripts for about \$52 billion



CVS to Buy Aetna for \$69 Billion in a Deal That May Reshape the Health Industry



11,732 views | Dec 6, 2017, 07:05am

UnitedHealth's Optum To Buy DaVita's Doctor Clinics For \$4.9 Billion

Market Consolidation: Continued



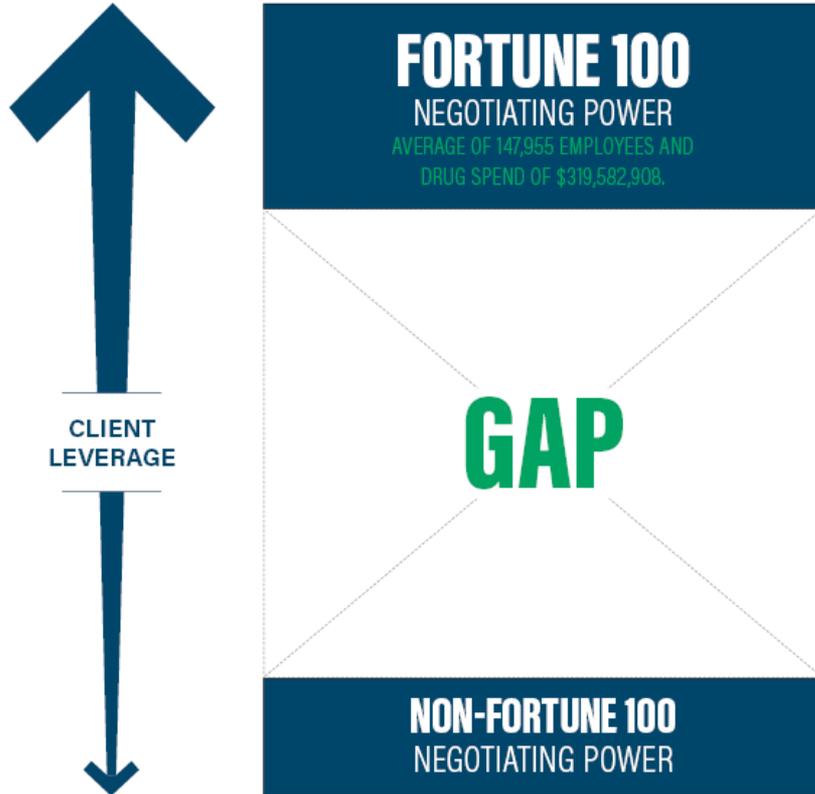
Volume purchasing is even more relevant today with three vendors controlling the majority of the market– leaving a limited market share for remaining pharmacy benefit providers.



2008: CVS, Medco, Catamaran vs. 2018: CVS/Aetna, Cigna/ESI and Optum

1. <https://www.managedcaremag.com/archives/2009/10/large-pbms-transform-old-business-models>; 2. 2018 PBMI Directory; 3. www.HealthAffairs.org (Spending on Prescription Drugs in the US: Where Does All The Money Go)

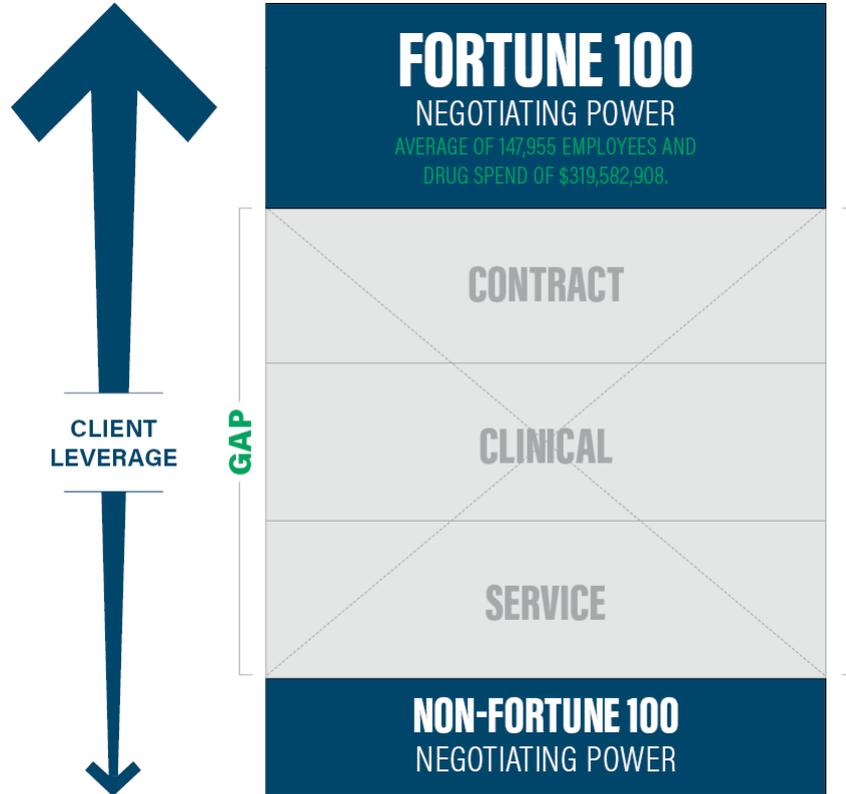
A Gap Exists: There is a Limit to What Employers Can Access on Their Own



Market consolidation has created an environment where size and scale are more important than ever when appropriately managing pharmacy benefits.

Employers that don't have the **size and scale** of a Fortune 100 simply do not have the leverage to achieve best-in-class pharmacy benefits.

A Gap Exists: There is a Limit to What Employers Can Access on Their Own

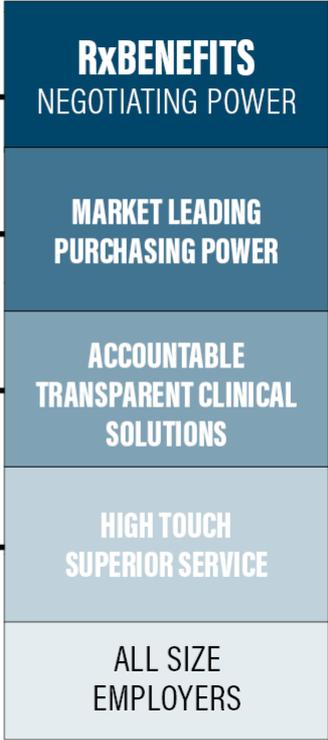
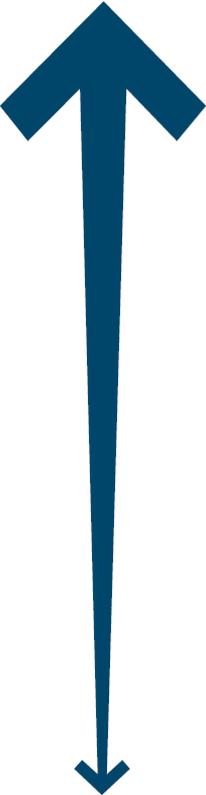


The three areas key to establishing a sound pharmacy benefit foundation are:

- CONTRACT:** the best price and terms
- CLINICAL:** the best clinical management/focus
- SERVICE:** high touch service

However, there is a limit to what a non-Fortune 100 employer can access on their own. This limit has created a **distinct and critical gap** in the pharmacy marketplace.

RxBenefits Eliminates the Gap to Meet Every Employer's Expectations



RxBenefits fills the gap in the market providing the benefits of a Fortune 100 company regardless of company size.

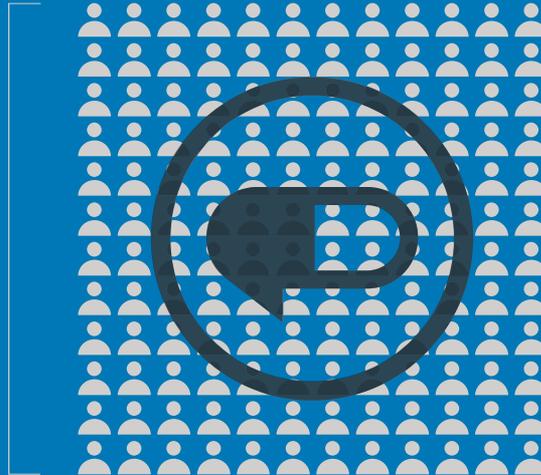


Filling the Contract Gap: RxBenefits has Market-Leading Purchase Power



Leveraging nearly \$2 billion in spend, our aggregate purchasing model allows all employers access to competitive volume discounts, clear contracts and price terms. The contracts are negotiated annually and guaranteed at the client level.

\$2
**Billion Collective
Purchasing
Volume Provided by
RxBenefits**



=



Pharmacy Purchasing Power

 = RxBenefits

1. <https://www.businessinsider.com/amazon-now-employs-a-whopping-542000-people-and-counting-2017-10>
2. <http://time.com/money/4754123/biggest-us-companies/>

Filling the Clinical Gap: Accountable Transparent Clinical Solutions



RxBenefits delivers a client-aligned transparent clinical solutions that generate comprehensive savings, provide greater visibility, and result in improved health outcomes.

**RxBENEFITS
2018 BOOK OF
BUSINESS TREND:**

0.6%

Average 2018
Pharmacy Industry
Trend: **2.0%**

**RxANALYZER IS
THE CONVERGENCE
OF EXPERTISE,
INDEPENDENCE
AND VISIBILITY**



A Clinical Black Box



There is an inherent lack of visibility and trust for how clinical decisions are made and managed.



A Clinical Gap: RxBenefits Provides Visibility Into the Black Box



There is an inherent lack of visibility and trust for how clinical decisions are made and managed.

Pharmacy Optimization Tool

Driven by Our Team of **Independent Clinical Experts**

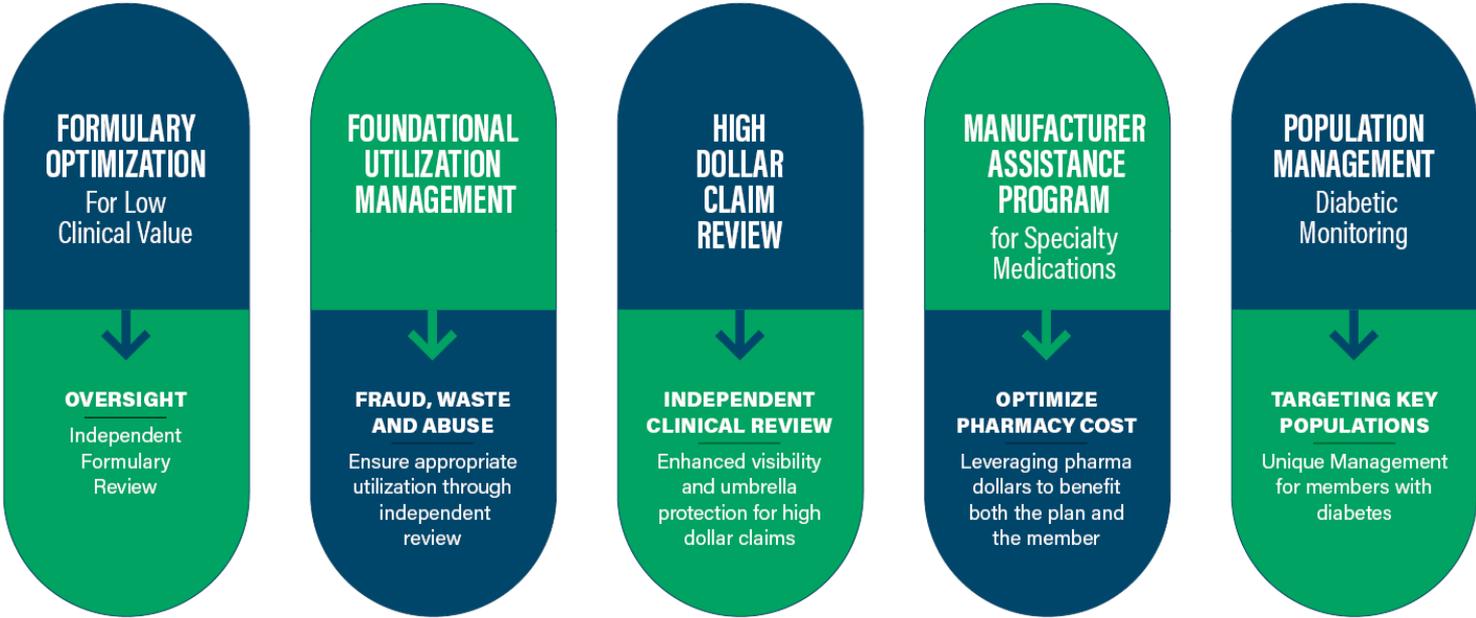
Unique claims access to design-manage clinical programs	Transparency into the management-approval of high-dollar claims
Visibility into the PA criteria, documentation and approval	Monitor formulary decision making and its impact on our clients



Clinical Advantage: Suite of Solutions to Help Employers Manage Trend



RxBenefits leverages our clinical expertise and the best-in-market solutions to align with clients and provide a total clinical solution.



Average of **7-10%** Savings with Less Than **2%** Member Disruption





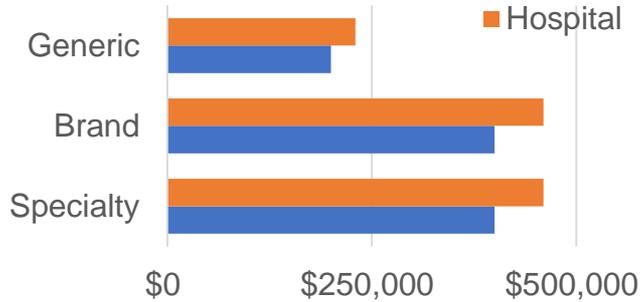
Tailored Solution for Hospitals



Hospital Pharmacy Spend and Its Impact



PHARMACY SPEND PER 1,000 MEMBERS



Hospital pharmacy spend averages **15% higher**



SPECIALTY DRUG COSTS



Specialty drugs are the **single largest driver** of cost increases affecting hospitals

Miami Herald

Hospital layoffs part of push for more outpatient care and higher revenues

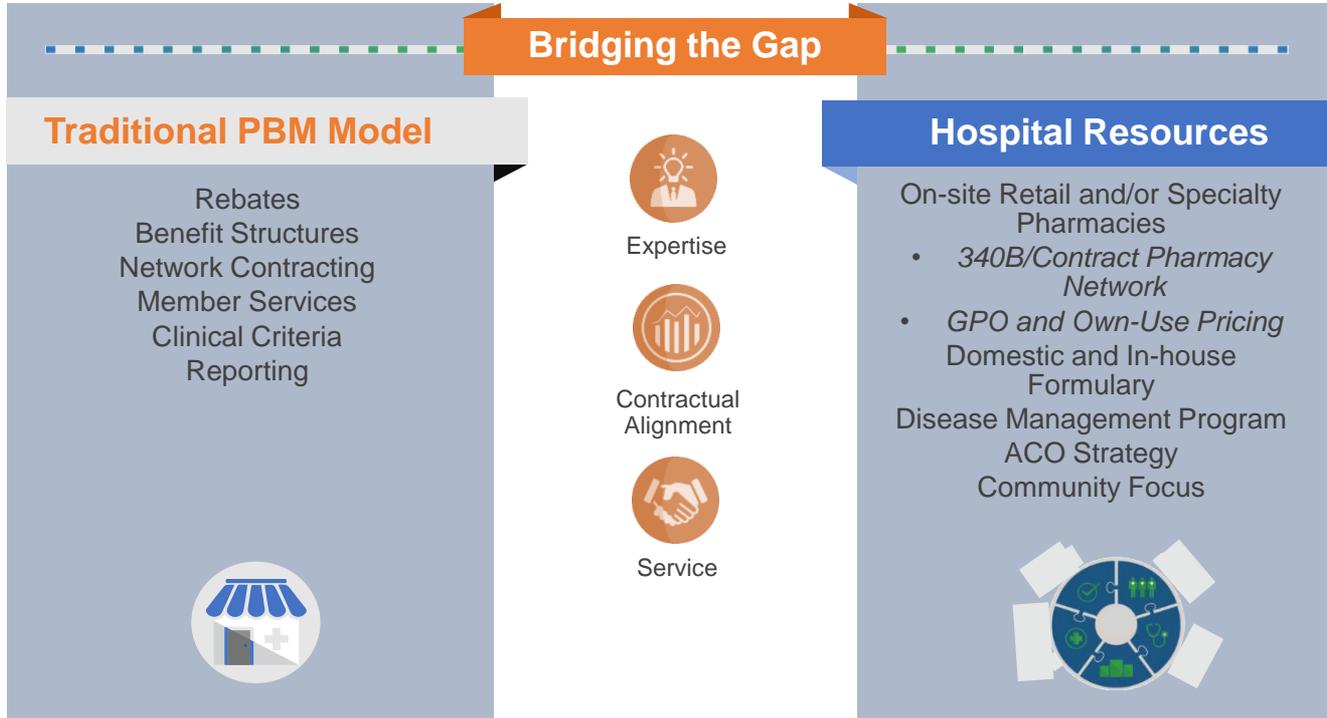
LEXINGTON HERALD LEADER

hospital pharmacy accused of illegally dispensing diet drug to employees

Providing Support Beyond the Traditional PBM Approach



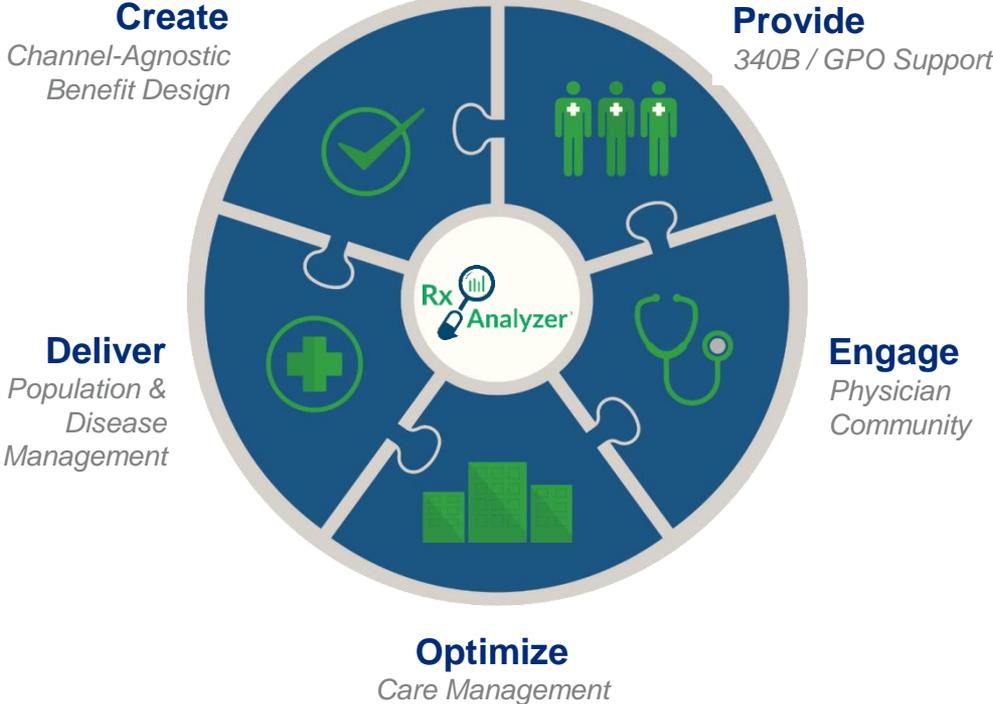
Blend a traditional and hospital approach to create a more efficient model that curbs market trend.



Our Hospital Solution



Provide pharmacy solutions for over 130 hospitals nationwide.





Over 13K Members

Annual Pharmacy Spend: \$18 Million

Contractual Savings:
\$2,168,649 (12%)

Annual Trend (2018-2019):
TBD

Additional Services

- Contract flexibility allowed hospital to insource specialty and maintenance medications
- Implemented a client driven manufacturer assistance program for specialty drugs (on pace to save the plan an additional 1 million dollars)



Over 3.5K Members

Annual Pharmacy Spend: \$4.3 Million

Contractual Savings:
\$1,542,891 (40%)

Annual Trend (2018-2019):
TBD

Additional Services

- Evaluated onsite procurement vs PBM and retail channels
- Added a more comprehensive utilization management program that helped reduce Net PMPM from \$95 to \$59



Over 1.3K Members

Annual Pharmacy Spend: \$1.9 Million

Contractual Savings:
\$229,108 (15%)

Annual Trend (2017-2018):
-8.9%

Additional Services

- Implemented additional utilization management and clinical programs, expected to save 8 to 9%.**

**Savings not factored in to trend



Pharmacy Contracts: Built To Last



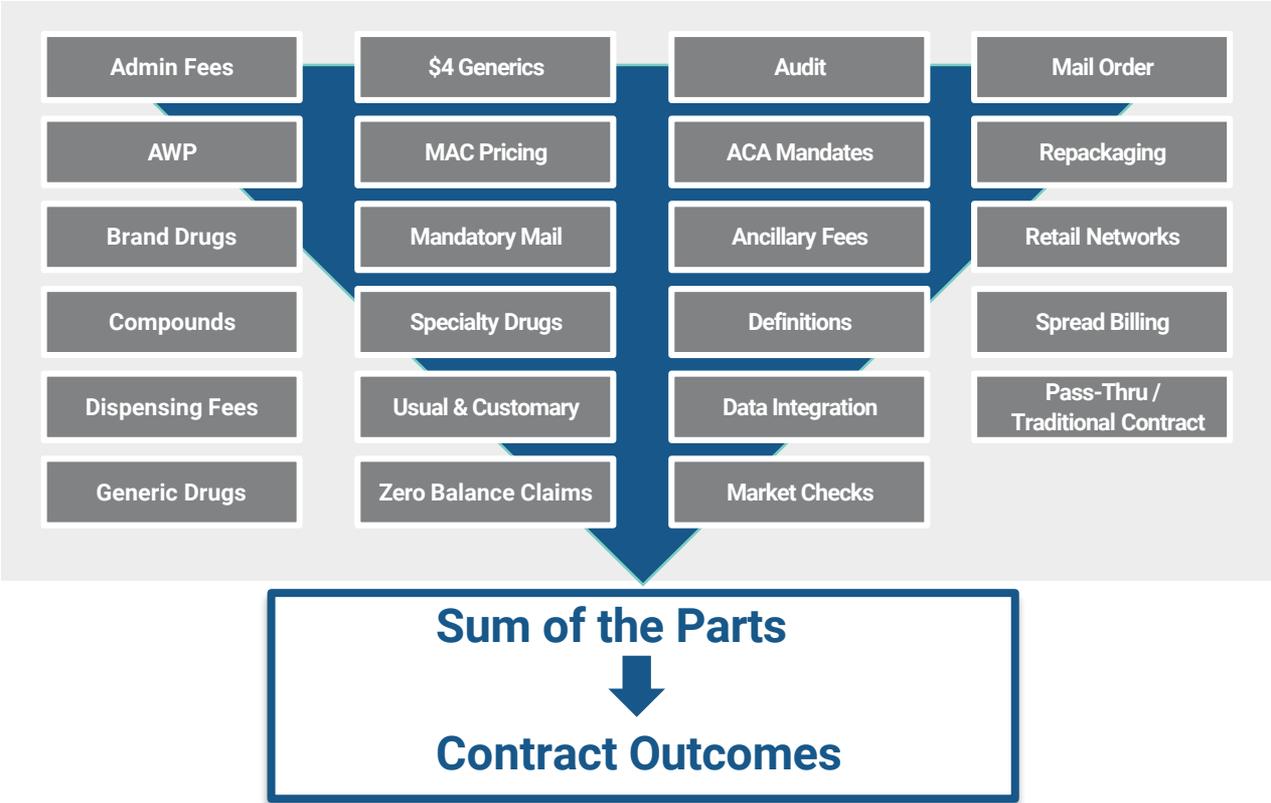
Type of Arrangement: Employers Have Options



Visibility, options, control, and the power to choose are all elements of an optimized and successful pharmacy arrangement.

Carved-In	Carved-Out
<ul style="list-style-type: none">• Health carrier holds the PBM contract• Relationship with insurer; Rx managed “behind the scenes”• Focus on medical• One size fits all• Poor pharmacy economics	<ul style="list-style-type: none">• Employer holds the contract• Relationship directly with Pharmacy Benefit Manager (PBM)• Focus on pharmacy• Guaranteed performance with customized plan• Rx is center of desk• Most aggressive Rx pricing

Pharmacy Contracts Are Complex





A good pharmacy partner can help you understand what's being offered.



What are the pricing terms?



What are your rights to audit and exit the contract, if necessary?



How are generic and brand drugs defined?



What type of rebate arrangement is it?

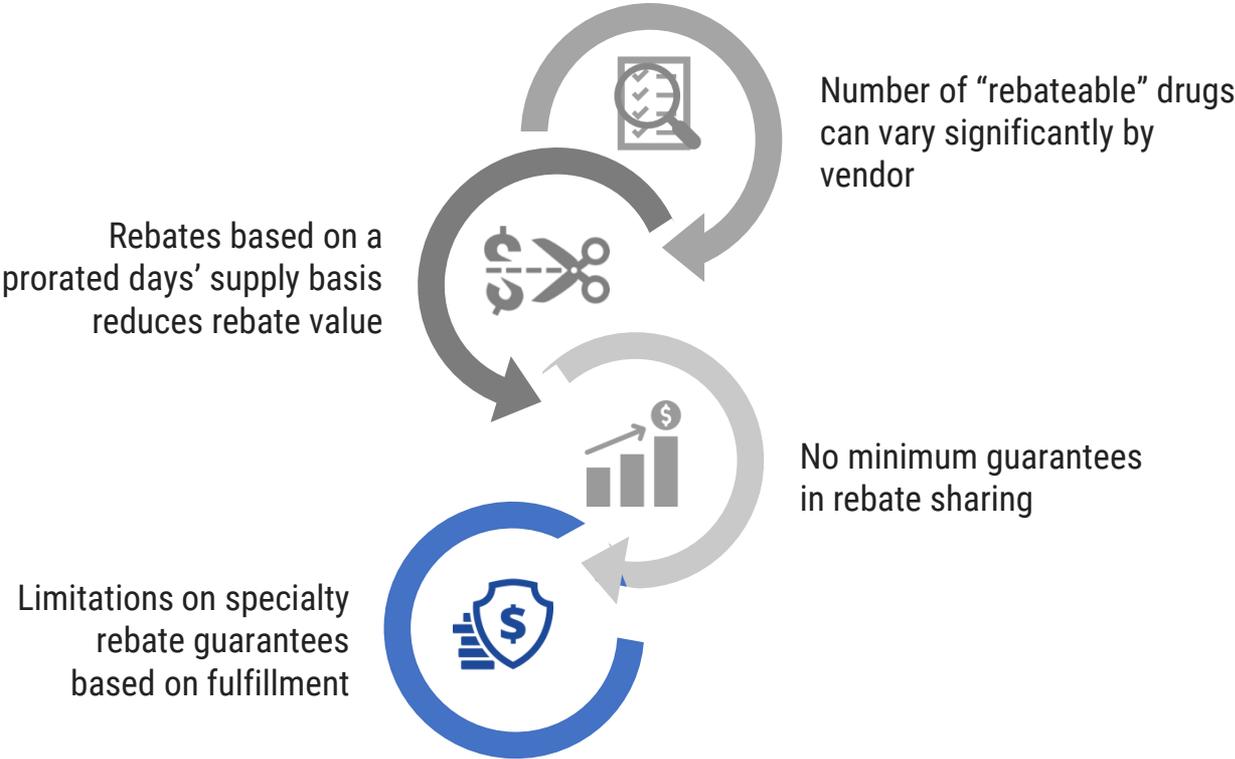


What are the contract guarantees?

Common Rebate Pitfalls



Rebates may impact 20-30% of a client's total drug spend.



Why You Need Audit Rights



Pricing terms on paper are not always how the client is actually performing.



MMA Rx Solutions

EVALUATE



THE OBJECTIVE

Aggressive audit of contract, PBM performance, and financial terms.

THE OUTCOME

Reduce PBM gamesmanship and secure preferred contract terms.

OPTIMIZE



THE OBJECTIVE

Custom strategy recommendations to support program improvement.

THE OUTCOME

Achieve program and formulary optimization, engage members, and reign in specialty tier spend.

PROTECT



THE OBJECTIVE

Annual financial performance audit and renewal negotiations.

THE OUTCOME

Ensure the PBM is financially accountable for program under-performance and reinforce secured contract terms.



Have questions? Contact:

Brandon Crosby, MHA
Business Development Executive
bcrosby@rxbenefits.com

Rick Kelly, FSA
MMA Pharmacy Practice Leader
rick.kelly@marshmma.com

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