



BHCWG Delivering Value Series

Navitus Partnership

Pharmacy Program Initiatives



Agenda

- State of the Industry
- BHCG Rx Objectives and Initiatives
- BHCG Journey to Date
- Next Steps/Discussion

State of the Industry



Cigna to Buy Express Scripts in \$52 Billion Health Care Deal

Surprise! Trump might actually lower drug prices.
Looks to eliminate rebates for Medicare



60 Minutes' Was Right About Huge Drug Prices, But Wrong About The Villain

PBMs Are Hogging Our Drug Discounts



Is Amazon getting into the pharmacy business?

CVS Health, Aetna Shareholders Vote to Approve Merger

Pharma Companies Jack Up Drug Prices When People Need Them The Most, Report Claims

BHCG Position Statement

- BHCG's role includes:
 - Securing alignment among employers in the community and BHCG vendors/partners
 - Recognition that health care is local, but best practices may be transferrable to many other markets
 - Identifying and promoting high value providers and facilities, including collaboration with health systems to adopt more effective practice patterns and value-based pricing
 - Providing diverse employer solutions in benefit delivery, advocacy and patient decision-making
 - Focusing on measurable solutions to improve healthcare in eastern WI – and, as appropriate, nationally

BHCG PBM Objectives

- Pass Thru Model
 - Rebates
 - All manufacturer monies
 - Drive net cost, not rebates
 - Pharmacy Discounts – no spread
 - Retail
 - Mail
 - Specialty
- PBM Revenue in Measurable PMPM Administrative Fee
 - Inclusive of clinical services
- Assist Employers in Their Fiduciary Responsibility
- Clinical Expertise
 - Base decisions on clinical efficacy, not rebates
- Outstanding Account and Member Service
- Access to Data

The Flawed Model

- Any time a PBM makes money as a percentage of pharmacy spread they are inherently misaligned with the employer
- Any time a PBM retains a percentage of the rebates they are inherently misaligned with the employer
- Rebates are nothing more than a tax refund
 - Prepaying a return
 - Big rebates – requires big drug spend
- Data belongs to the employer
 - You get a receipt at the grocery store
 - You know exactly what a carton of milk costs and you can tell a competitor how much you paid to try and get a better deal
- Win/Win
 - Does not mean the PBM won twice

Navitus Contractual Wording

Navitus passes through all pharmacy discounts to Client. Navitus does not assess network fees or any other forms of revenue from the pharmacies that participate in its network. Navitus will pass through the amount paid to the Participating Pharmacy, which will be the same amount that is invoiced to Client. The network guarantees are representative pharmacy reimbursement amounts (including AWP discount and MAC) and dispensing fees. Under the Navitus transparent, full pass-through model, Client pays the actual reimbursement rate (discounts and dispense fees) paid to the pharmacy from which the Claim originates, less the Member Copay or Coinsurance.

Rebates means rebates, discounts, or other amounts received by Navitus pursuant to a contract with a pharmaceutical manufacturer, and directly attributable to the Formulary and Covered Product utilization by Eligible Persons. "Rebates" shall also include any other form of revenue received from a pharmaceutical manufacturer directly attributable to the Formulary or Covered Product utilization by Eligible Persons however such revenue is labeled (including but not limited to "administrative fees", "management fees", "program fees" or "educational fees").

Pass-Through means that all Claims are invoiced to Client at the net amount Navitus pays the Participating Pharmacy for such Claims, and Rebates are provided to Client in accordance with Article IV, below, and Navitus does not retain any Rebates or any other direct financial benefits or funds from drug manufacturers or pharmacies, regardless of how they are categorized by the manufacturer or Navitus and pays all such amounts to Client. In addition, Pass-Through also includes all other revenue related to Client, however labeled (including but not limited to "administrative fees", "management fees", "program fees" or "educational fees") from manufacturers or other third parties which relate to Navitus' services to Client.

BHCG Journey to Date

- Positives

- June 1 Decision Date
- Five Employer Groups
- Excellent Results
- Full Pipeline of Prospects
- Lowering Administrative Fee
- Navitus/BHCG Data Initiative

- Challenges

- Access to Data
- Spreadsheet Flaws
 - PBM Definitions
 - Business Model Difference
- Advocacy from Consultant Community

Questions?

