



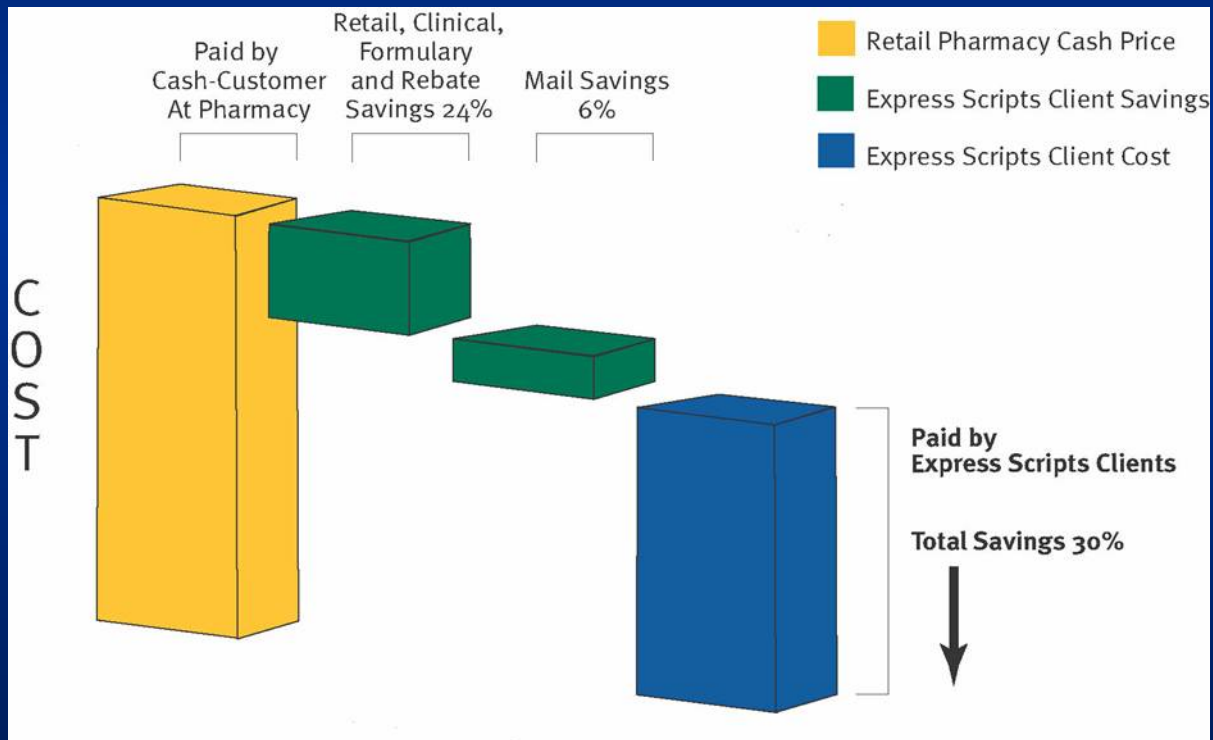
The Medicare Prescription Drug Benefit and PBMs

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PBM Today

Availability of proven PBM cost management tools will produce savings of 20 – 25% (CBO)



PBM's Post-MMA

- Government
 - Becomes the biggest payer
 - Advocates PBM tools
- Consumer
 - From group to individual model
- Electronic prescribing
 - From point of sale to point of care
- Risk based
 - Driving greater use of PBM tools

PBM Tools

- Formulary, Clinical Management
- Network Management
- Home delivery

Formulary, Clinical Management



CMS-defined Class	Drugs on Market	ESI Most Inclusive Formulary	ESI Most Restrictive Formulary	USP-defined Minimum
Dyslipidemics (anti-cholesterol)	8	4	2	2
Proton Pump Inhibitors	5	3	2	2
Antidepressant (reuptake inhibitors)	11	8	5	2

Note: Each column represents single-entity brand and generic products within the USP-defined therapy class

Clinical: Step Therapy, Prior Authorization, Quantity Limits Meet Commercial Standards

Network Management



States	Available Pharmacies	ESI Most Inclusive Network	ESI Most Restrictive Network	TRICARE Access Minimum
CA	5,644	5,071	3,881	283
NY	4,444	4,224	1,829	300
TX	4,236	3,821	1,827	579
FL	4,020	3,670	1,966	469
PA	2,970	2,825	1,687	432

Home Delivery

- Available to manage costs
- Retailers must be able to offer same quantities as home delivery, e.g. 90 day
- But different co-payments are permitted, e.g. beneficiary paying difference between retail and lower home delivery price

From Group to Consumer Model

- Consumer has choice of pharmacy benefits
- Consumer has strong financial incentives for efficient use
- Consumer education and decision support tools will be in higher demand

Benefits of ePrescribing

Prescription & Pharmacy Benefit Information	Point of Sale	Point of Care	Benefit / Gain
Clinical	Messages at pharmacy	Physicians see clinical issues	Better informed, safer prescribing
Formulary	Enforcement after prescribing	Awareness at prescribing	Better choices, increased generics
Benefit	Referenced at pharmacy	Real-time guidance	Cost-effectiveness, fewer callbacks
Medication History	Partially known	History while prescribing	Patient safety
Prescription	Carried, faxed, called, mailed	Convenience at pharmacy	More efficient, patient safety

PBMs and Risk

- At-risk environment will drive use of PBM cost management tools
- Regardless of whether:
 - PBMs assume risk as PDPs, or
 - Support PDPs