



EmployeeRxEvolution

Transforming Pharmacy Benefits



Midwest Business Group on Health
The Source for Leading Health Benefits Professionals

Pharmacy Benefits Landscape

Today's traditional and group purchasing arrangement for pharmacy services **do not**:

- Clarify that **all** revenue from the PBM should be retained by the employer
- Show contract terms and pricing conditions are totally transparent
- Ensure that regular audits are conducted so that contract terms and conditions are being met

MBGH, in collaboration with Health Strategies, LLC, offers an employer-driven solution that transforms today's marketplace by offering all the components needed to:

- Support fiduciary obligations for Plan Sponsors to act in your best interests
- Permit relationship with PBM to be carrier agnostic
- Leverage aggregate populations for better pricing
- Use non-biased, independent expertise and support by clearly defining contract language
- Adopt best in class plan designs to drive marketplace change
- Conduct direct contracting with retail pharmacies
- Carve-out specialty, mail, and clinical review to enhance your strategy

History

Midwest Business Group on Health (MBGH) represents one of the nation's leading and largest nonprofit employer coalitions. Members represent human resources/health benefits professionals from mid, large and jumbo, self-insured public and private employers. Since 1980, employer activities have focused on education, networking and benchmarking, research and community-based activities that increase the value of health benefits and health care services to improve the health and productivity of their workforce. Today, MBGH has over 120 members who provide health benefits to over 4 million lives and spend more than \$4.5 billion annually on health care benefits. By working together, we use our collective voice to serve as catalysts for change to ensure people receive high quality, efficient and cost-effective care.

MBGH's partner, the Midwest Health Purchasers Collaborative (MHPC), is a non-profit, taxable Illinois corporation. Through MHPC, members are able to use their collective purchasing power to contract for health care benefit products and services to save time and money. MHPC is led by an employer team of members, in collaboration with the MBGH Board of Directors.

In 2010, MBGH acknowledged the challenging complexity of pharmacy benefits for health care benefits buyers, along with the exponential rise in specialty drug costs, and launched the National Employer Initiative on Specialty Drugs. Through employer research and benchmarking, the project has helped to education employers on how to navigate the health care system to make critical and informed decisions to achieve the best cost and value in pharmacy benefit management services. It became apparent that employers (mostly those under 10,000 lives) were lacking the leverage to negotiate with PBMs for best in class contracting terms. With a focus on acting in the best interest of employer members, MBGH has been on a quest for a solution that would provide value, transparency, cost savings, improved outcomes and disrupt the market. EmployeRxEvolution is part of this pursuit!

MBGH and Midwest Health Purchasers Collaborative (MHPC) is partnering with a leading independent pharmacy benefits consulting firm

HEALTHSTRATEGY

To transform the way pharmacy benefits are delivered!

Health Strategy, LLC, is one of the industry’s largest pharmacy benefit consulting firms with over \$50 billion in annual PBM contract value under management. With more than 10 years of experience working with self-insured employers, they offer market intelligence to maximize the value of pharmacy benefit investments.

- Leading and innovative approaches to turning pharmacy benefit contract ambiguity and uncertainty into savings
- Conflict-free relationships
 - No commissions or fees are received from any PBMs, brokers or coalitions
 - No research is performed on behalf of any pharmaceutical manufacturers
- Robust data analytics and reporting with built in auditing capabilities
- Multiple options and strategic levers for increased savings

EmployerRxEvolution’s Pharmacy Benefits Ecosystem

By clarifying and removing certain responsibilities from PBMs, Plan Sponsors can achieve transparency, increase flexibility and focus on outcomes at the lowest unit cost



Traditional



Ecosystem

	PBM	PBM	Client/Consultant
Claims Adjudication	●	●	○
Manufacturer Revenue Contracting	●	◐	◐
Retail Network Contracting	●	◐	◐
Mail Order / Specialty Contracting	●	◐	◐
Formulary Management	●	◐	◐
Benefit Design Consulting	○	○	●
Data Warehousing	●	○	●
Benchmarking	●	◐	◐

Choice of Programs to Maximum Optimization

Core Optimization
10-15% Savings

PBM Contract Optimization

- Tighten contract definitions, pricing and fiduciary protection for plan sponsors
- Carve-out rights and improved pricing terms
- Monthly claims reporting, reconciliation and auditing to ensure contract guarantees are met
- Strategic insights into trend, utilization and cost drivers

Optional
5-15% Savings

Manage Custom Formulary

- Evidence-based drug coverage decisions based on lowest net cost and clinical value by independent doctors and pharmacists
- Eliminates concern over PBM placing drugs on formulary for economic gain
- Mitigates the ability to select drugs based on PBM bias
- Recommendations to optimize formulary and plan design (e.g. removing lifestyle drugs, therapeutic equivalents with OTC, low-value drugs)

Optional
3-8% Savings

Direct Retail Pharmacy Contracting

- Eliminate excessive PBM drug cost mark-ups by contracting directly with key pharmacy partners
- Network designed to Plan Sponsor's needs
- Includes cost-plus model = ingredient cost + margin

Optional
20%+ Specialty
Savings Alone

Other Carve-Out Rights – Specialty, Mail, Manufacturer Purchasing

- Freedom to implement solutions where third-party vendors provide more value than PBM
- Third party solutions that add value and savings

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