

# Health Reform Legislative Task Force July 15, 2015

# Pharmacy Benefit Management (PBM): Impact on Quality and Cost

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# **Express Scripts**

- Manages the prescription benefit on behalf of our clients employers, health plans, unions, government health programs, including the Department of Defense (DoD).
- Manages over one billion prescriptions a year for tens of millions of patients.
- Combines behavioral sciences, clinical specialization and actionable data - "Health Decision Science" - to help our clients and individuals make the best benefit choices, drug choices, pharmacy choices and health choices.
- BETTER DECISIONS MEAN HEALTHIER OUTCOMES.

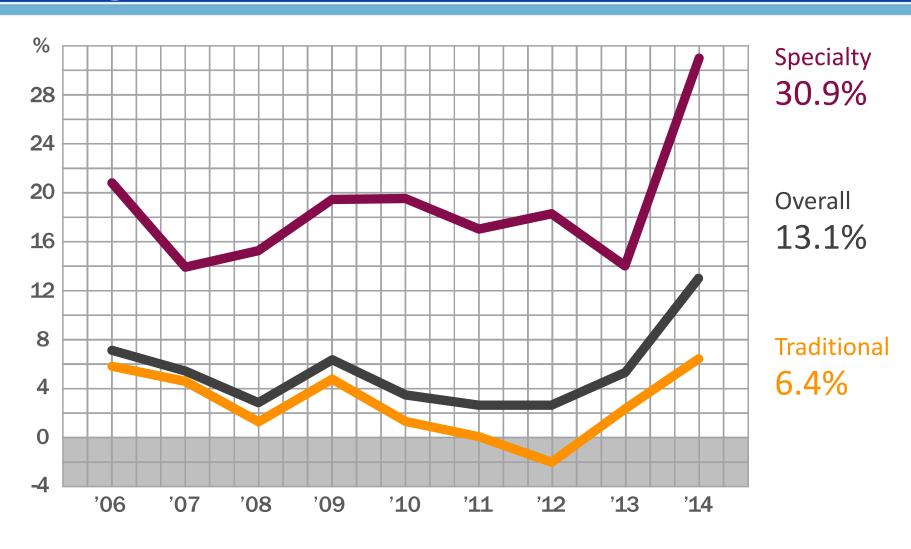


# **Express Scripts in Arkansas**

- Arkansas clients: Arkansas Best (Fort Smith); Arkansas Steel (Newport); Golden Living (Fort Smith); Murphy Oil/Murphy USA (El Dorado); Walmart (Bentonville); Windstream (Little Rock); and J.B. Hunt (Lowell).
- 2014 Arkansas retail claims processed: 5.7 Million
- Arkansas pharmacies in network (January 2013 March 2015)
  - **2**015: 759
  - **2**014: 733
  - **2**013: 734

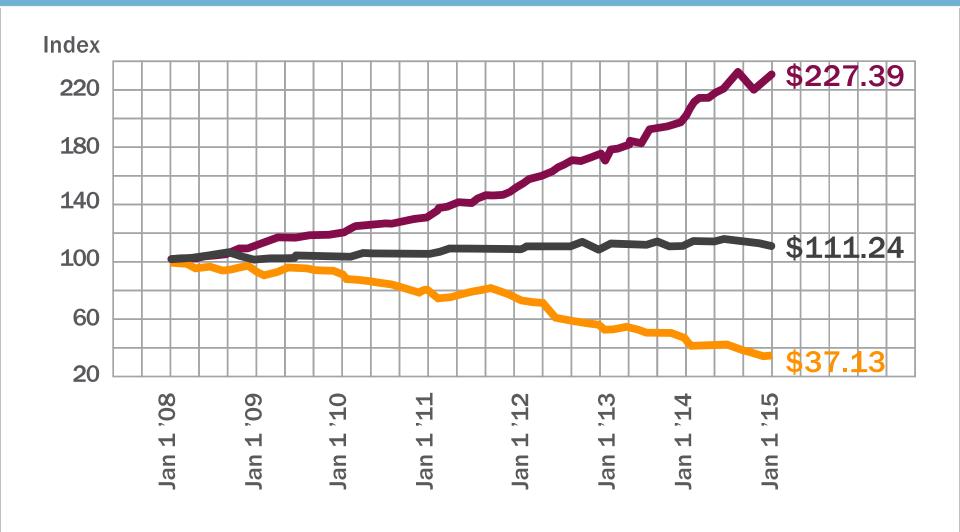
# **Drug Trend Over Time**





# **Express Scripts Prescription Price Index**





Generic Prescription Price Index

Brand Prescription Price Index

Consumer Price Index (BLS)



# **PBM Capabilities**



# More than 15% of Express Scripts Clients Spent Less on Rxs per Capita in 2014 vs. 2013





# **CAUTION:** Costly Restrictions of Managed Benefits

Any Willing Provider Laws

Negatively impacts the benefits gained from MCO/PBM management

Reduces incentive for innovative, competitive proposals from outset

Associated to 5.8% increase in drug spending

Limiting Exclusive Networks

Reduces competition for highest quality at lowest cost

Restricts ability to structure plans with different offerings matched to member needs

Restricts directing care to most appropriate resources

Mandating Formularies

Increases operational costs for all parties

Restricts MCO's ability to implement tested and proven clinical guidelines

Restricts timely incorporation of new generics entering market

Restricting Mail Benefits

Restricts alternative solutions for those with chronic conditions

Limits savings: Ex: 3- months at cost of 2-months supply

Limits adherence solutions: mail order likely to increase adherence by 7.8%

Sources: Washington Legal Foundation: The Anti-competitive Effects of 'Any Willing Provider' Laws: Klick, Jonathon; Wright, Joshua; March 23, 2012)