

Fiduciary Pharmacy Benefit Management (PBM)

“Operating in a risk management environment that is truly focused on the best interests of the client is very liberating in terms of the strategies we can provide to benefit plan managers and participants”

—Renzo Luzzatti, President of [REDACTED]

[REDACTED] provides clients with fiduciary pharmacy benefits risk management services, leveraging decades of experience to minimize plan risk and costs while improving administration. With a background in the pharmacy side of health plan risk management, [REDACTED] makes the same programs, tools, and perspectives available to self-insured employers and health plans.

[REDACTED]’s mission is to deliver needed medication therapy at the lowest available cost. For many organizations, [REDACTED]’s management and advisory services have become indispensable.

[25-50% Pharmacy Benefits Cost-Reduction]

[30% Out-of-Pocket Cost Reduction]

[\$200 Million in Annual Client Savings]

[30-50% Improvement Across Multiple HEDIS/Stars Measures]

Adopting a Fiduciary Mindset for PBM

Based upon the definition within the Employee Retirement Security Act of 1974 (ERISA), a fiduciary is any person or entity that exercises, administers, or advises discretionary control over plan management and assets.¹

From [REDACTED]'s Service Agreement

Commitment To Fiduciary Standards:

[REDACTED] shall perform its duties with care, skill, prudence, and diligence and in accordance with the standards of conduct applicable to a fiduciary in an enterprise of a like character and with like aims. [REDACTED] performs [REDACTED] Management Services free of any conflict of interest, acting solely in the interest of Plan Sponsor and Plan Participants, and shall provide to Client all available financial and utilization information relating to services delivered pursuant to this Agreement.

Critically, a fiduciary *must* conduct itself solely in the interest of the managed plan and participants. Despite most self-funded employers and plans expecting fiduciary management from PBMs, this often isn't the case.

ERISA's Three Fiduciary Tenants

[REDACTED] adopts proper fiduciary standards and perspectives via:

¹ US Dept. of Labor. *Fiduciary Responsibilities*. <https://www.dol.gov/general/topic/retirement/fiduciaryresp>

No conflicts of interest

[REDACTED]’s revenue is solely derived from administrative and consulting fees.

Our management and advisory services are rooted in proven clinical practices derived from national standards and scientific study outcomes.

Transparency

All available financial and utilization information is made available at the client’s request.

[REDACTED]’s Mission:

To deliver needed medication therapy at the lowest available cost.

Plan and participant prioritization

Achieving true cost-effective sourcing depends on a drug-by-drug evaluation of all providers (e.g., retail, specialty, and mail-order pharmacies; direct from manufacturer) and cost-reduction avenues (e.g., manufacturer patient assistance and copay assistance programs).

“We believe that the fiduciary mindset offers a very valuable roadmap for what every organization should expect from all vendors, including PBM and health plan carriers.”

—Renzo Luzzatti, President of [REDACTED]

PBM Myth: “You should be happy with annual increases that don’t reach double digits.”

[REDACTED] partners typically realize between 25-50% cost reductions in their pharmacy benefits spend—*with no change in benefit designs and minimal member disruption*. Plan participants regularly experience a 30% reduction in out-of-pocket costs and do not experience any change in benefits administration.

Many self-funded employer and other health plans see participants that are prescribed specialty drugs account for 50-90% of total pharmacy benefit costs.

Often, switching to effective, generic drug alternatives delivering the same active ingredients drastically reduces overall costs without impacting medication therapy outcomes.

We achieve this through our emphasis on clinical rigor and cost-effective sourcing.

Clinical Rigor

[REDACTED] always emphasizes following “*tried-and-true*” medication therapies over “*try-and-see*” approaches. This clinical rigor methodology pervades all benefit aspects:

- Formulary placement
- Copay structure
- Prior authorization
- Step therapies

Cost-Effective Sourcing

Generic medication therapies often deliver the same active ingredient as high-cost specialty alternatives. [REDACTED] evaluates whether generic alternatives will achieve the same (or better) treatment results, if step therapies progress to specialty drugs too quickly, and which provider offers the lowest cost on a drug-by-drug basis.

Proven Results

Case Study #1

A GA county government managing about 3,000 peoples' benefits exceeded their pharmacy budget by \$1.5 million in 2016, requiring them to withdraw from their general fund. By partnering with [REDACTED] in 2017:

- Plan participants were transitioned off improper or unnecessarily expensive prescriptions.
- Clinical rigor and cost-effective sourcing mitigated high-cost claims.

At the end of the partnership's first year, the client's pharmacy benefit plan spend was reduced by 34% and costs continued to decrease—currently holding around 50% reduction.

Case Study #2

An organization managing roughly 1,000 plan participants saw their costs rise 77% in the year prior to partnering with [REDACTED], mostly due to specialty drug claims.

At the end of the partnership's first year, costs were reduced by around 50% and have remained steady since. Once paying into their claims fund on a monthly basis, the organization now follows an every-other-month or quarterly schedule.

Additional Highlights

Employer Coalition

41,500 Plan Participants
Savings: \$3.5 million

Multi-State Hospital System

44,500 Plan Participants
Savings: \$6.3 million

School District

12,100 Plan Participants
Savings: \$4.7 million

Food Products Manufacturer

2,200 Plan Participants
Savings: \$950,000

Healthcare System

13,500 Plan Participants
Savings: \$6.1 million

Evaluating Your Existing PBM Data

Most organizations can realize significant PBM cost reductions, but the best method for verifying whether those savings opportunities exist for your health plan is to evaluate your existing data.

At no cost, [REDACTED] provides evaluation services, analyzing your previous 6-12 months of PBM data. Within a few hours, [REDACTED] can provide a conservative estimate of the cost reductions your organization can achieve within one year.

[REDACTED] Consultancy

Many organizations don't or can't switch PBMs due to contractual obligations and the administrative headaches often involved.

For these organizations, [REDACTED] still provides consultancy services to work alongside existing PBMs and determine cost reduction opportunities.

[[REDACTED] ABOUT US]

[REDACTED]'s mission of delivering needed medical therapies at the lowest available cost seems to be a simple concept.

However, the reality is that it requires every ounce of our leadership team's 25+ years of experience managing pharmacy benefits and related risk for both health plans (since the mid-1990's) and for self-insured employers (since 2007).