



Innovation in Pharmacy Benefits that Control Cost and Provide Transparency

Presented By: Roger Tiao, PharmD.
Principal Pharmacist, Blue Shield of California

Moderated By: Michelle Landrum, CEBS, GBDS
Employee Benefits Consultant, IMA Financial

Los Angeles Chapter ISCEBS
March 19, 2024



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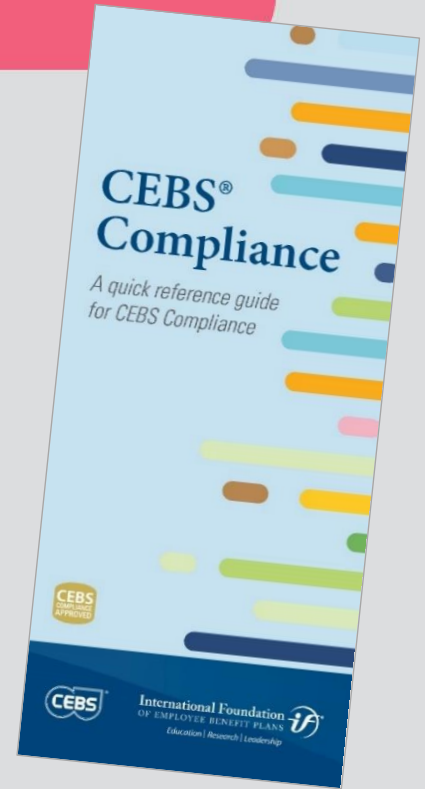
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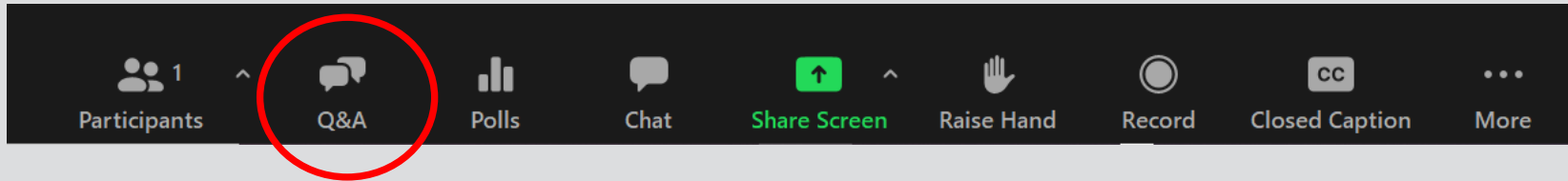


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Submit Your Questions

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Speaker Bio



Roger Tiao is a Principal Pharmacist at Blue Shield and supports the Southern California Commercial Core and Premier Large Group accounts and sales activities. He has over 10 years of provider and payer experience covering medical and pharmacy drug benefits, population health, quality programs and employer healthcare. Roger earned his pharmacy degree from Midwestern University and completed his residency training in Managed Care at University of Maryland School of Pharmacy. He has served as adjunct faculty at University of California San Francisco (UCSF) and University of the Pacific (UOP) pharmacy schools.



Drug Costs are Rising to Unsustainable Levels



~25% of total spend

On average, Americans spend more than \$1,500 per person every year on prescription drugs.



US drug prices x2.5 times higher

Americans pay higher prices for prescription drugs than any other country in the world



Specialty Rx 51% total drug spend

Cost of specialty drugs continues to grow, totaling \$301 billion dollars, 43% increase since 2016

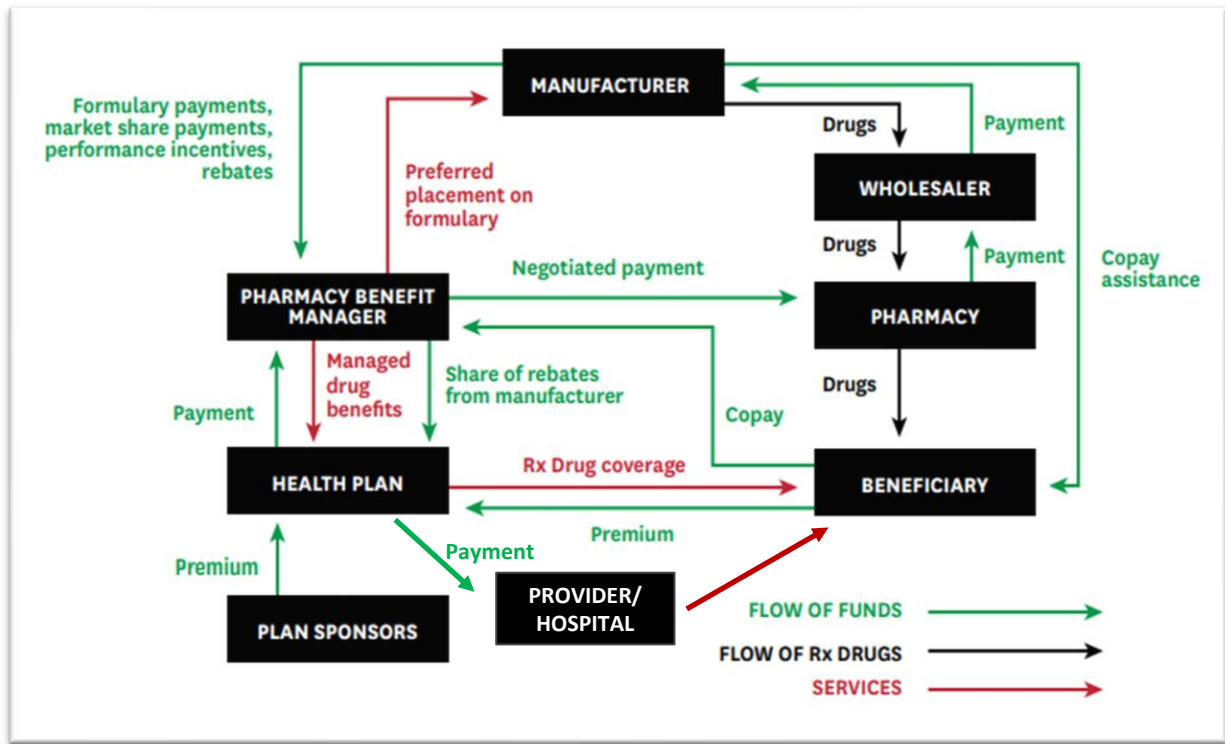


New gene/cell therapies drugs

These new drugs cost \$2-4 million and are expected to be major driver in overall spending

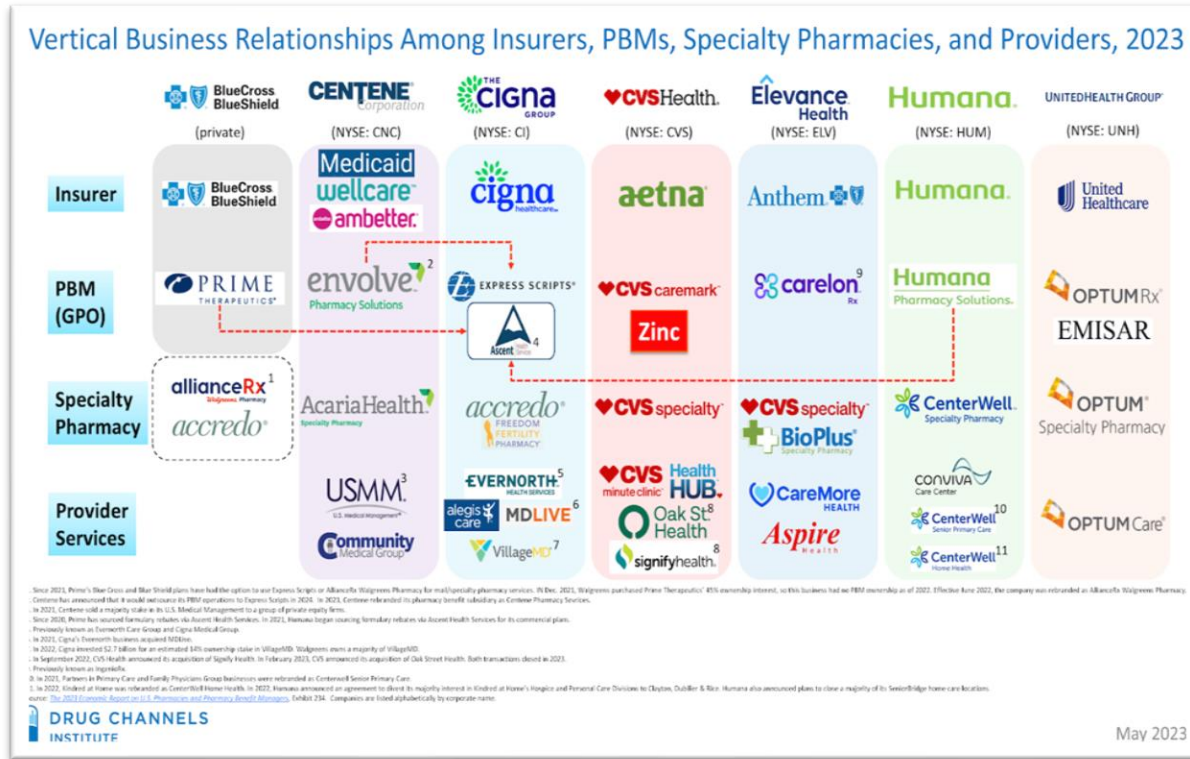
Illustrative Flow of Prescription Drugs, Services and Money Through the Supply Chain

For every \$100 spent at retail pharmacy, \$41 dollars goes to intermediaries in the supply chain[^]



[^]Sood N, Shih T, et al., The Flow of Money Through the Pharmaceutical Distribution System. USC Schaeffer Health Policy, 2017 [https://doi.org/10.25549/hypp-r802]; Please note that this chart is illustrative. It is not intended to be a complete representation of every type of product movement, financial flow, or contractual relationship in the marketplace

Vertical Consolidation Throughout the Supply Chain

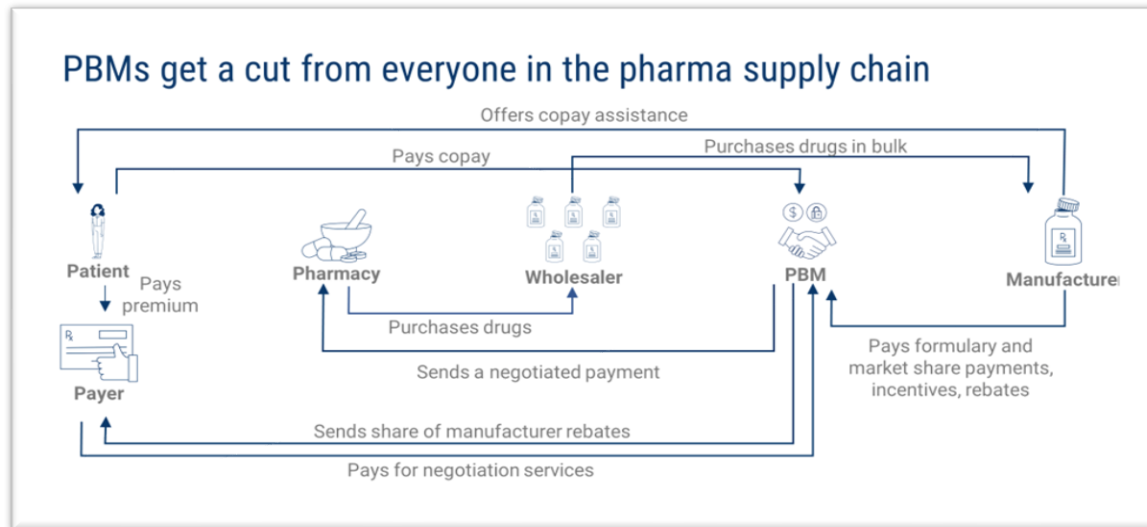


**Express Scripts,
CVS/Caremark and
Optum RX PBMs control
over 80% of RX market
share**

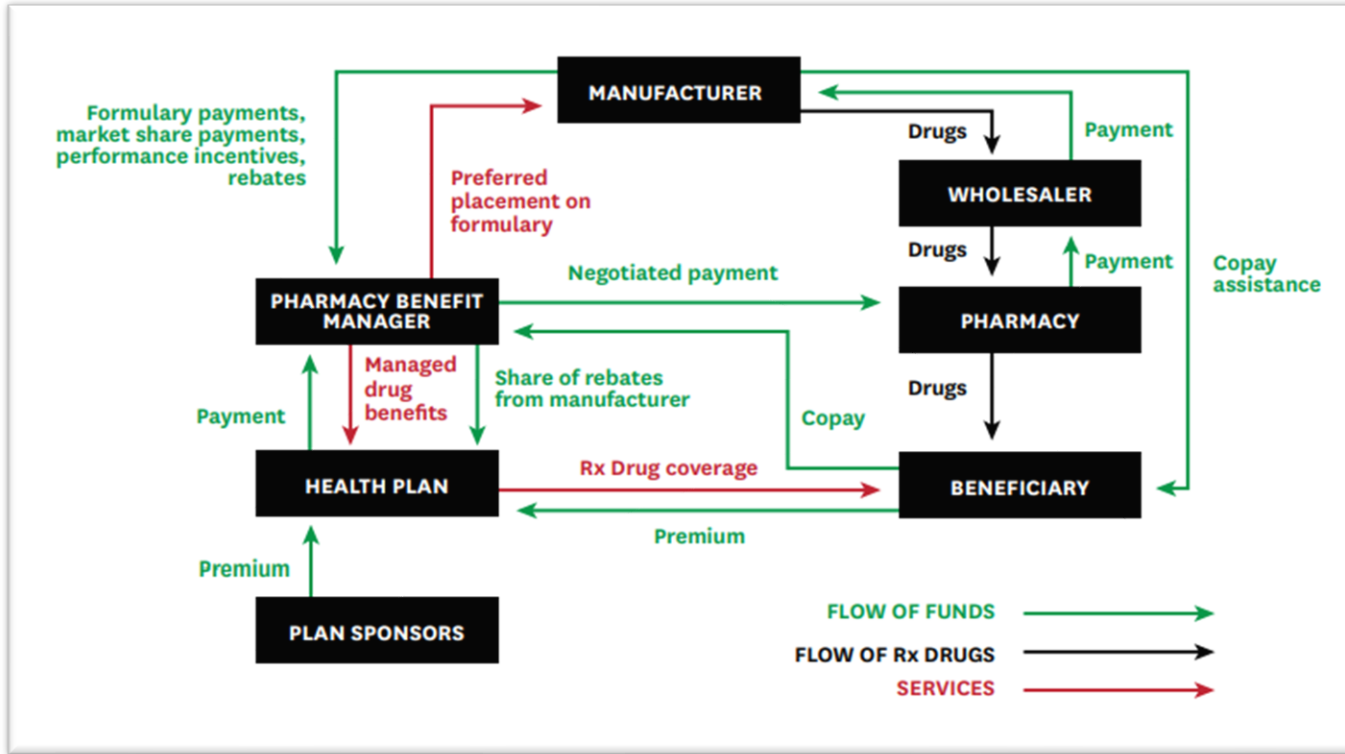
Illustrative Flow of Drugs and Money Through the Supply Chain

Core PBM Services:

1. Benefits/Claims Processing
2. Drug Distribution & Delivery
3. Manufacturer Contracting/Rebates



Opportunities for Innovation to Reduce Cost and Increase Transparency



Looking Forward– Regulatory and Legislative

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For Your Information

FTC Further Expands Inquiry Into Prescription Drug Middlemen Industry Practices

Agency issues order to additional GPO as it examines the impact of vertically integrated PBMs on prescription drug prices and access

June 8, 2023

NCPA
NATIONAL CONFEDERATION OF PHARMACEUTICAL MANUFACTURERS

PBM Reform Legislation

Last Updated: March 09, 2023

Bills by State

Congressional Legislation Focusing on Pharmacy Benefit Managers

Bill	Status	Transparency Requirements	Banning Spread Pricing	Rebate Passthrough to Plan	Improved Beneficiary OOP Costs	PBM Delinking	More Information
S. 1339, The Pharmacy Benefit Manager Reform Act	Advanced by Committee	Yes	Yes	Yes	No	No	Read the bill
H.R. 3561, the PATIENT Act of 2023 includes: - The PBM Accountability Act - The Promoting Transparency and Healthy Competition in Medicare Act - The Drug Price Transparency in Medicaid Act of 2023 - The Fairness for Patient Medications Act	Advanced by Committee	Yes	Yes	No	Yes	No	Read the bill
S. 127, the PBM Transparency Act of 2023	Advanced by Committee	Yes	Yes	Yes	No	No	Read the bill
The Senate Finance Committee PBM Legislative Framework	Legislative text has not been introduced	Yes	Yes	Yes	No	Yes	Read the bill
The Patients Before Middlemen (PBM) Act	Introduced	No	No	No	No	Yes	Read the bill
H.R. 2816, the PBM Sunshine and Accountability Act	Introduced	Yes	No	No	No	No	Read the bill
H.R. 830 and S. 1375, the Help Ensure Lower Patient (HELP) Copays Act	Introduced	No	No	No	Yes	No	Read the bill (H.R. 830) Read the bill (S. 1375)
H.R. 2880, Protecting Patients Against PBM Abuses Act	Introduced	Yes	Yes	No	No	Yes	Read the bill

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A Bipartisan Coalition of 39 State Attorneys General Urge Congressional Action on Pharmacy Benefit Manager Reform

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February 21, 2024 NAAG, Attorneys General

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WSJ: Department of Justice conducting antitrust probe of UnitedHealth Group

By Paige Minemyer · Feb 27, 2024 4:09pm

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EXCLUSIVE HEALTH

J&J Sues Drug-Benefit Middleman Over Use of Drug-Cost Assistance Program

Lawsuit against SaveOnSP alleges it exploited program designed to help patients cover out-of-pocket prescription costs



Looking Forward – Market Trends

- 1 Expansion of gene/cellular and GLP-1 drugs
 - 2 Push towards increased transparency into drug pricing
 - 3 Erosion of PBM as drug gatekeeper?
-

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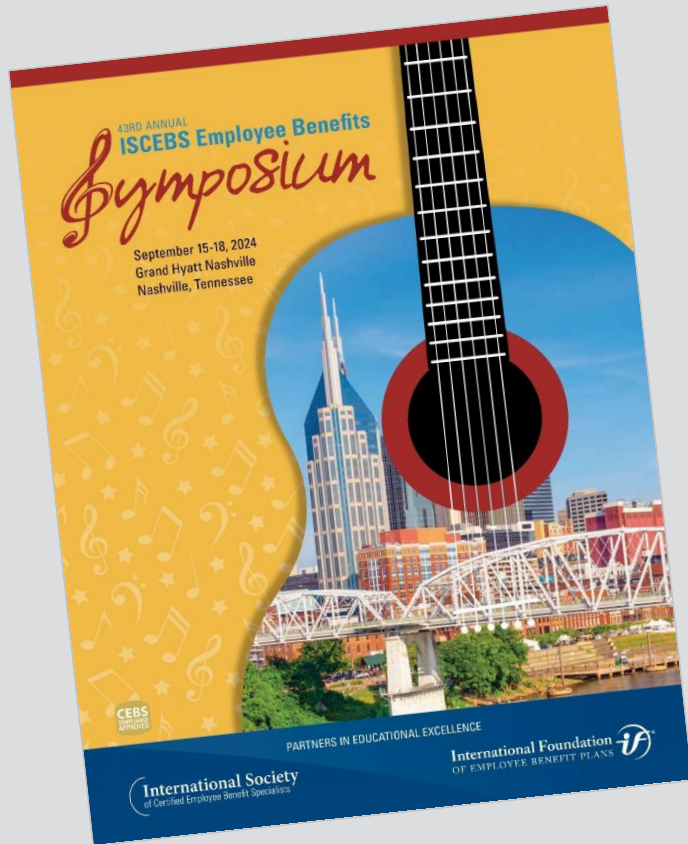
- **Leverage Your Strengths to Elevate Your Performance**
 - Thursday, April 25th, 9:30 AM – 1:00 PM PDT
 - Presented by Karen Hallsman, CEBS
 - In-person, Torrance
- **Evaluating Voluntary Disability Insurance (VDI) in CA**
 - Wednesday, May 8th, 10:00 AM – 11:00 AM PDT
 - Presented by Innovative Care Solutions
 - Virtual Webinar
- **Benefits Basics Workshop**
 - Employee Benefits & Retirement
 - Date/Time TBD: Half-day workshop
 - In-person, Pasadena
- **Summer Happy Hour**



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43rd Annual Symposium



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- Grand Hyatt Nashville
- Nashville, Tennessee

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