

Top 10 Costs

PART 4: PHARMACY

WHERE DOES OUR MONEY GO?

What Does It Include?

Pharmacy includes three big silos of claims – generic, branded, and specialty (which is everything over \$1,500/month in cost).

Why Is It Important?

- About 18% of spend goes to pay pharmacy charges and it is growing
- With your typical plan you hire a “PBM” which stands for a pharmacy benefits manager, who:
 - Runs your formulary or the list of drugs that are paid for by your plan and those which are not.
 - Performs authorizations or requests for drugs that need to be deemed medically necessary for a member to receive them.
 - Utilizes step therapies to move people from a branded drug to a generic or from a specialty drug to a branded drug if it is medically okay.

- Oversees clinical programs such as smoking cessation programs.
- Handles all of the numerous claims through their platform.
- 80% of the PBMs are controlled by only 4 companies who are owned by Blue, United, Cigna, Aetna, and Humana.
- So, on the one hand we are paying them to reduce our costs, but on the other hand we are asking them to manage all of our drugs and profit from them. Whether there is a conflict of interest here is up to you to decide!

What Are We Doing About It?

Now we know how costly it is in terms of time and money, the question is, “what are we doing about it?”

Let’s take a look at the options by comparing what happens in a status quo carrier-controlled plan vs. a company-controlled plan such as Hero.

Status Quo

Secret

If you are in a status quo plan they have secret contracts with PBMs.

Murky

These secret contracts leave you wondering how they are making their money via those discounts, spread pricing discounts, and script fees.

Wall Street

Your status quo plans are working with people on Wall Street.

“Google It”

Our current plans often require us to “Google it” when we have questions.

Expensive

The \$25/\$50/\$75 dollars that our current plans require really add up.

Hero

1 PEPM

Rather than plans making money on rebates, spread pricing discounts, script fees or anything else we make money on a straightforward per employee per month fee.

2 Transparent

A per employee per month fee is much more fair and transparent.

3 Local

We want our money going to local communities, we want to work with PBMs here in North Carolina.

4 Med-u-cation

We want to give you “med-u-cation” about the drugs you are taking.

5 \$0 out of pocket

Half of the people on your plan are taking a drug right now, which is very expensive under the status quo. Hero offers \$0 out of pocket on 300 of the most prescribed generic drugs at 600+ local pharmacies across the state.

To free yourself from your Carrier-controlled Plan, visit herohealthplans.com