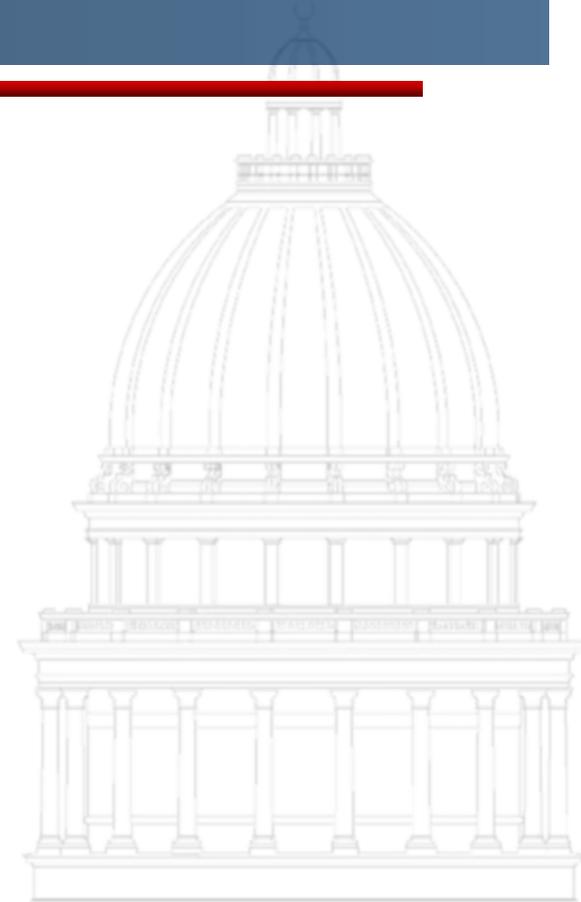
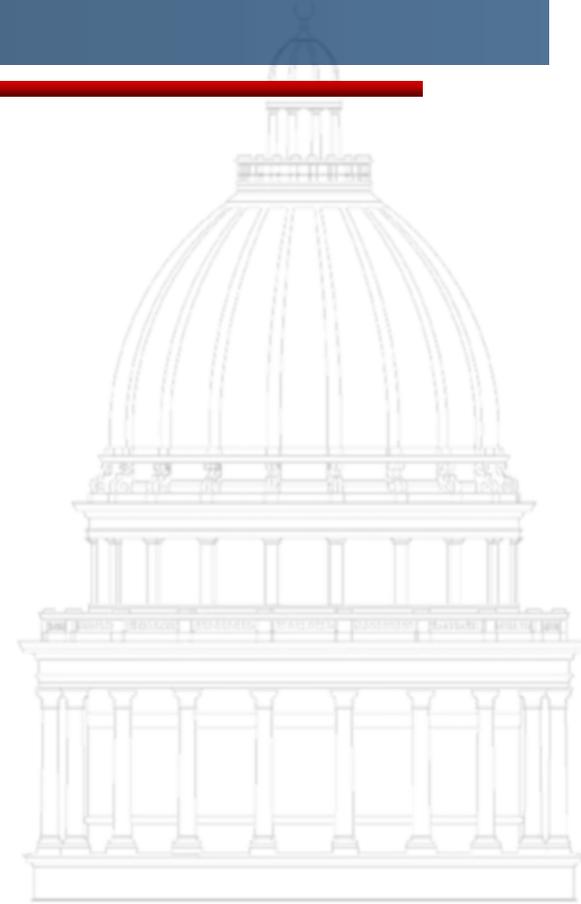

Performance Audit of PEHP's Pharmacy Benefit Manager

**Presentation to the Retirement and
Independent Entities
Interim Committee
August 14, 2020**

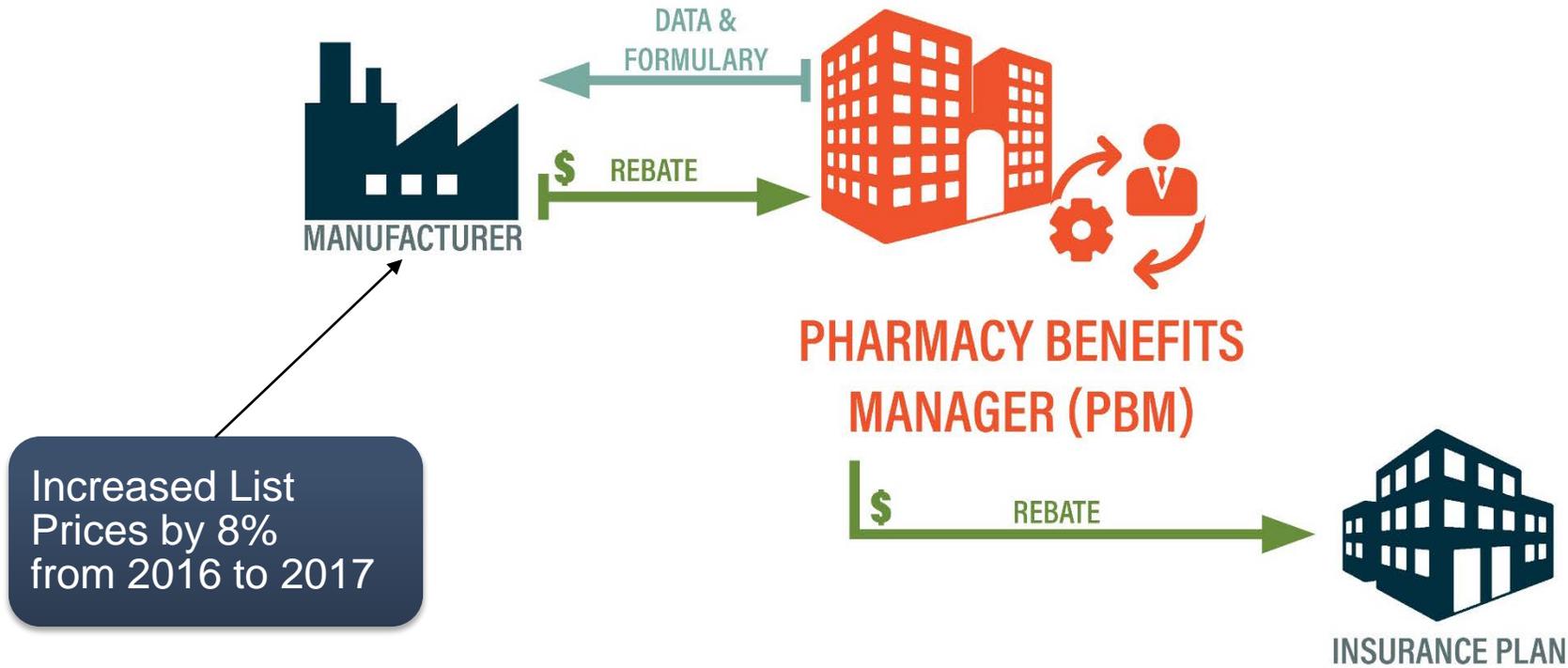


Chapter II

True Drug Costs Are Hidden by PBM and Manufacturers' Practices

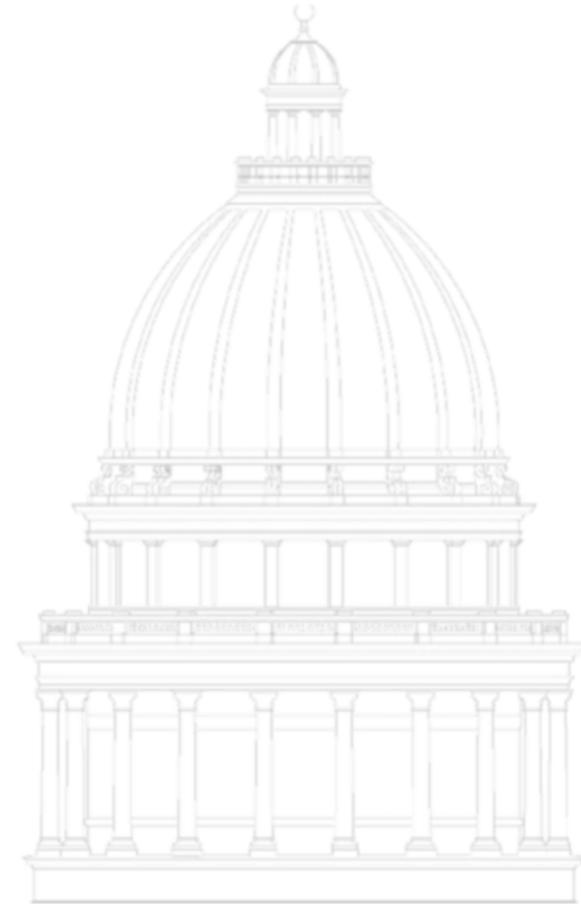


ESI Rebates Are Not Keeping Pace with Manufacturers' Price Increases

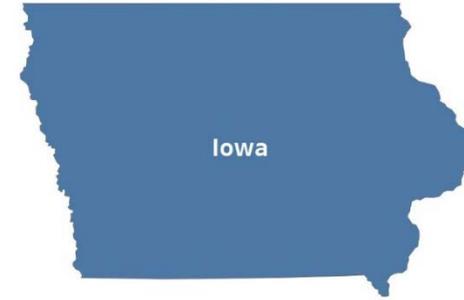


FOR MORE INFORMATION

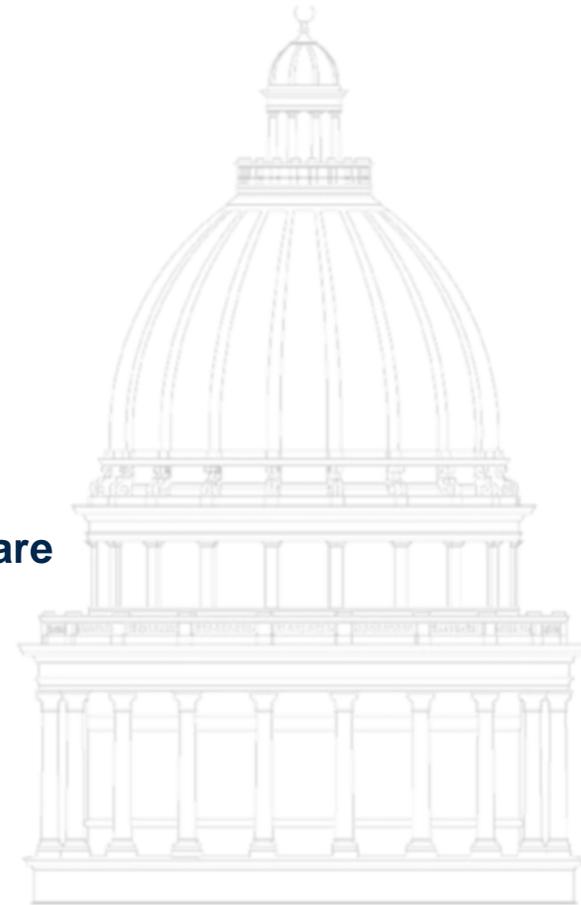
See pages 16-17



Other States Are Using Audits and Legislation to Deal with Opaque PBM Process



We recommend that the Legislature consider requiring manufacturers to share the wholesale acquisition cost for drugs on a quarterly basis with the Legislature.



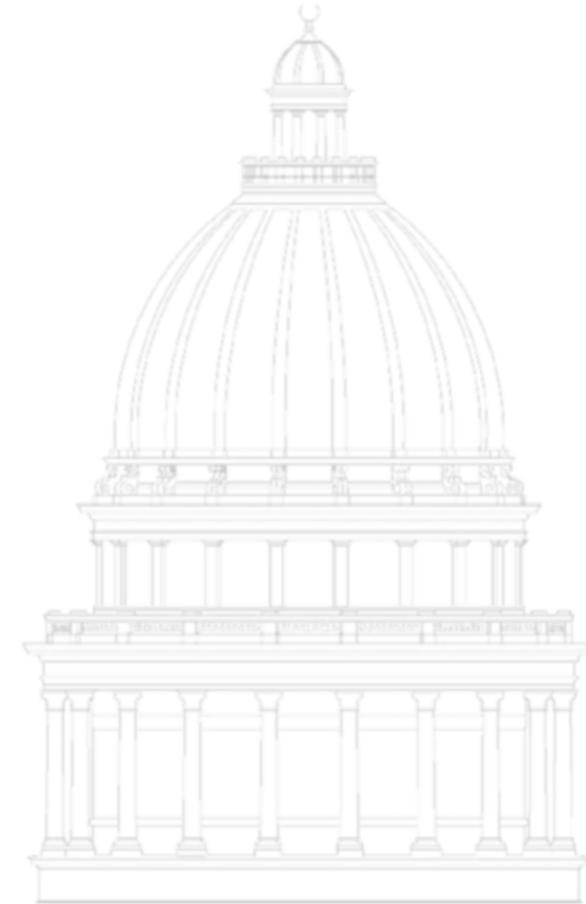
FOR MORE INFORMATION

See pages 18-19

HB 272 Addressed Manufacturer Reporting on Price Increases

PBMs are now required to report information to the Department of Insurance no more than 30 days after an increase to wholesale acquisition cost

- ◆ Greater than 16% over the preceding two calendar years
- ◆ Greater than 10% over the preceding calendar year

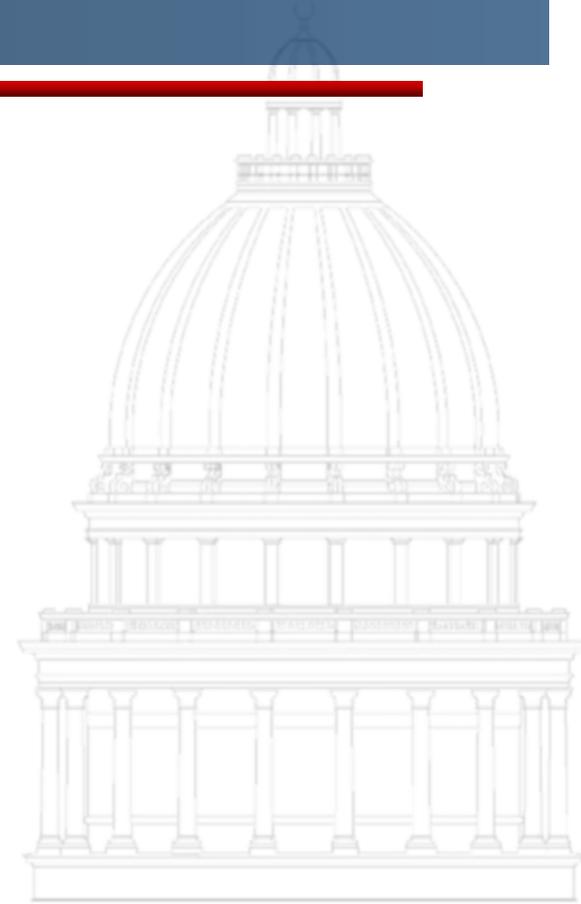


FOR MORE INFORMATION

See pages 18-19

Chapter III

PEHP Needs Transparency from ESI to Maximize Savings

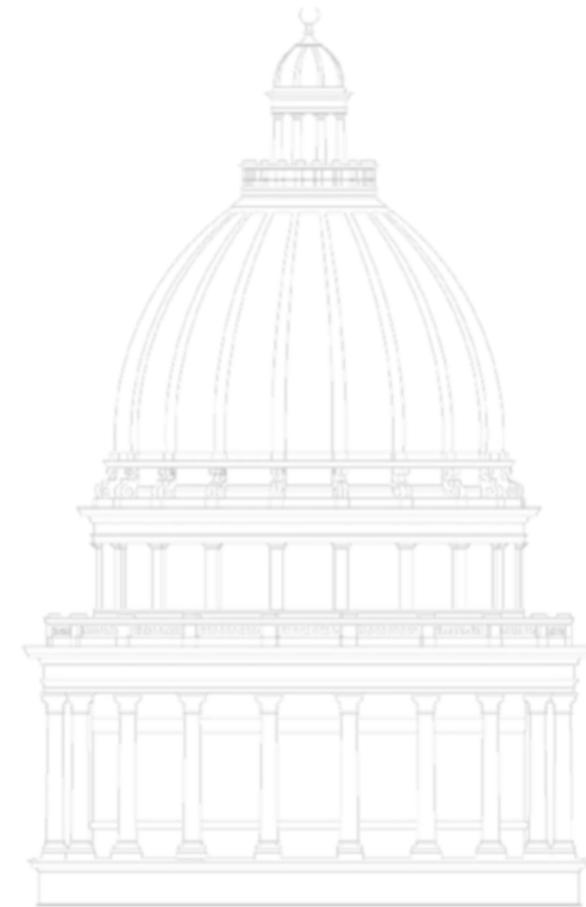


PEHP's Cost Management Strategies Are Effective

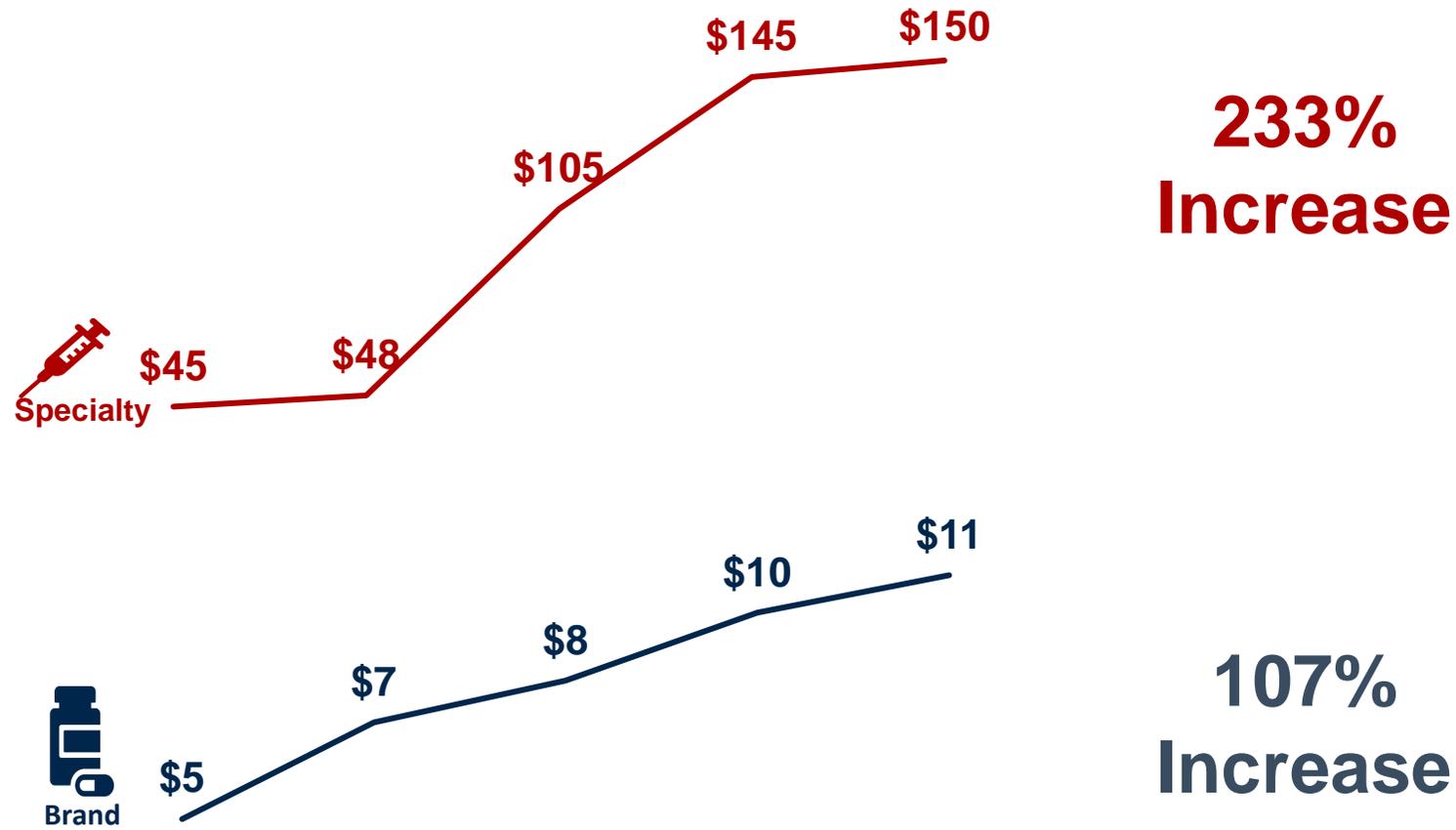


FOR MORE INFORMATION

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Prices of Brand and Specialty Drugs Continue to Increase, Driving Up PEHP's Prescription Spending

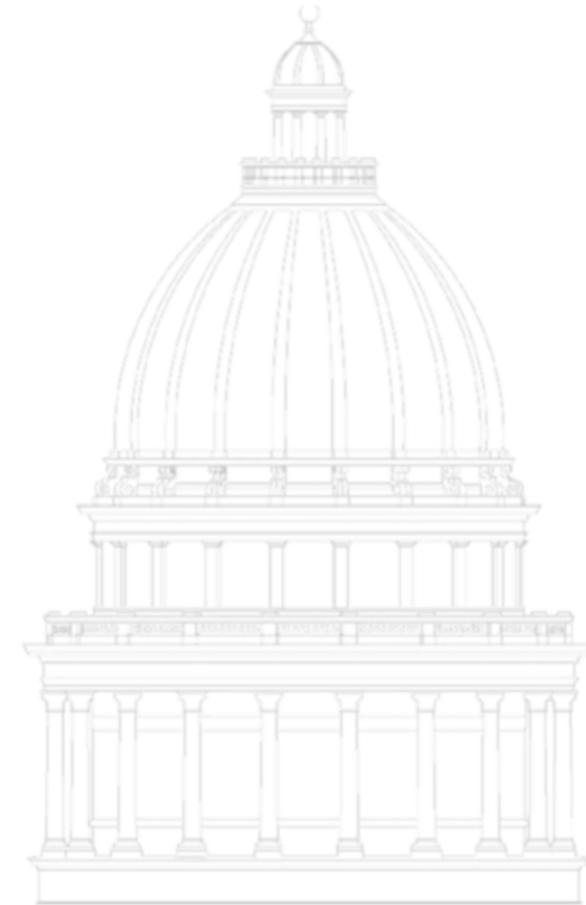


**233%
Increase**

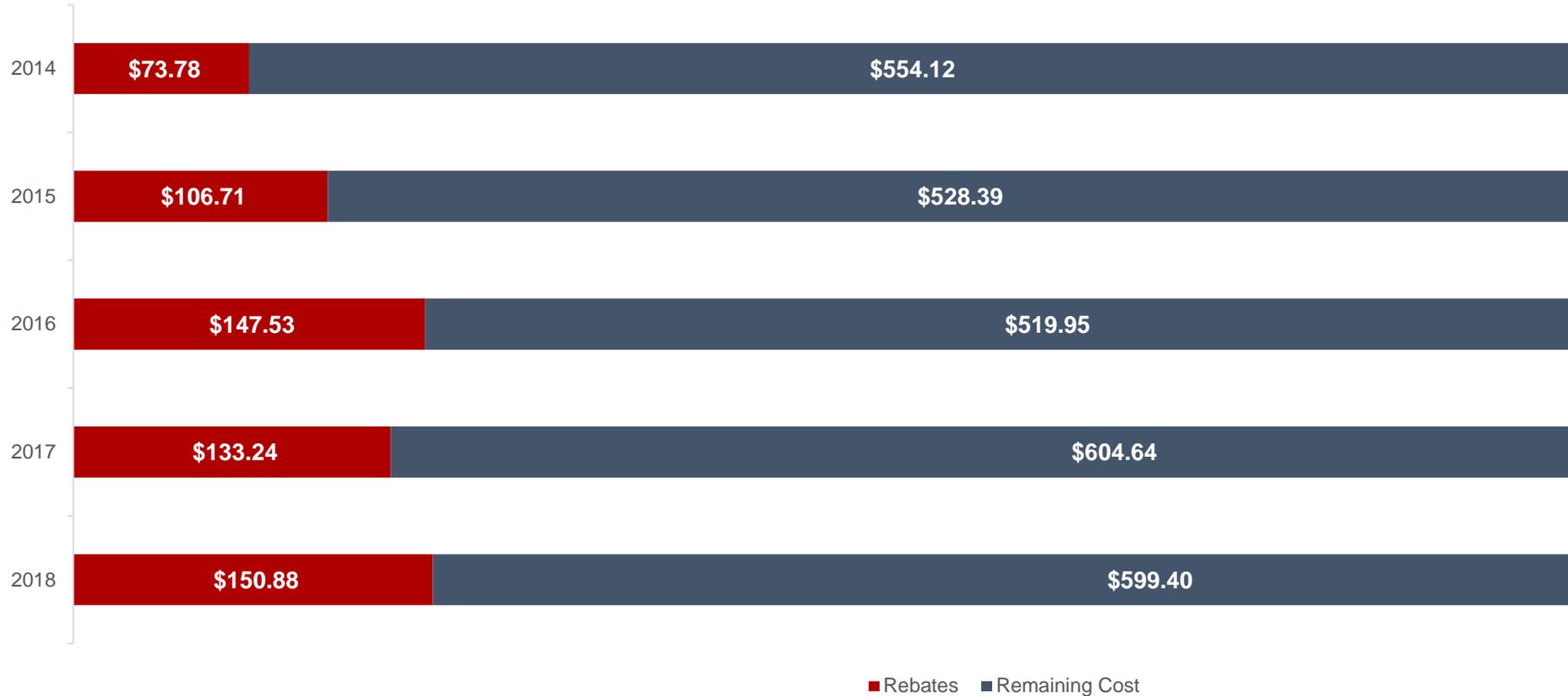
**107%
Increase**

FOR MORE INFORMATION

See page 27



Rebates Are Not Reducing Prescription Costs



FOR MORE INFORMATION

See page 28

Legislative Intervention May be Necessary to Require ESI to Provide Claim-Level Rebate Data

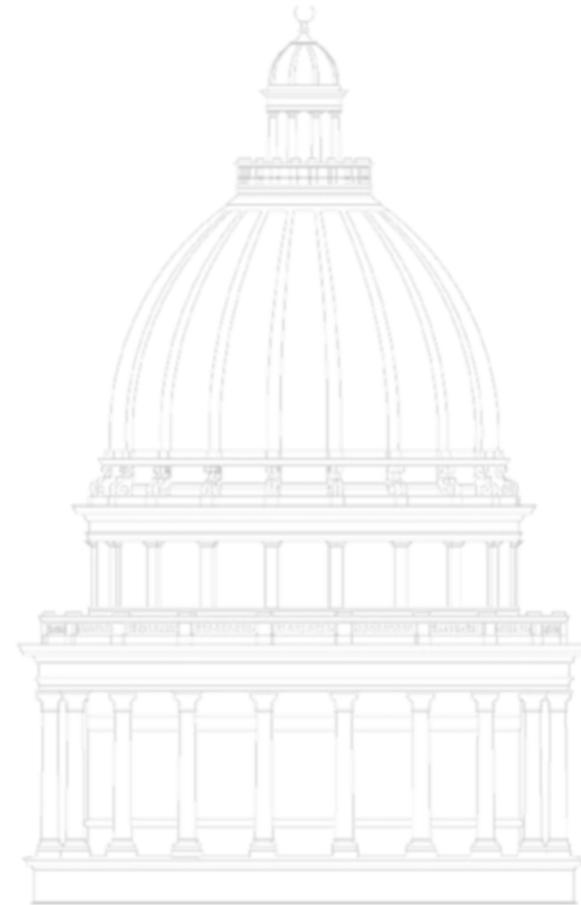
ESI credits rebate payments to PEHP four to five months after the quarter's end

Credits show aggregate, not claim-level information

Claim-level information would increase rebate transparency

FOR MORE INFORMATION

See pages 28-31



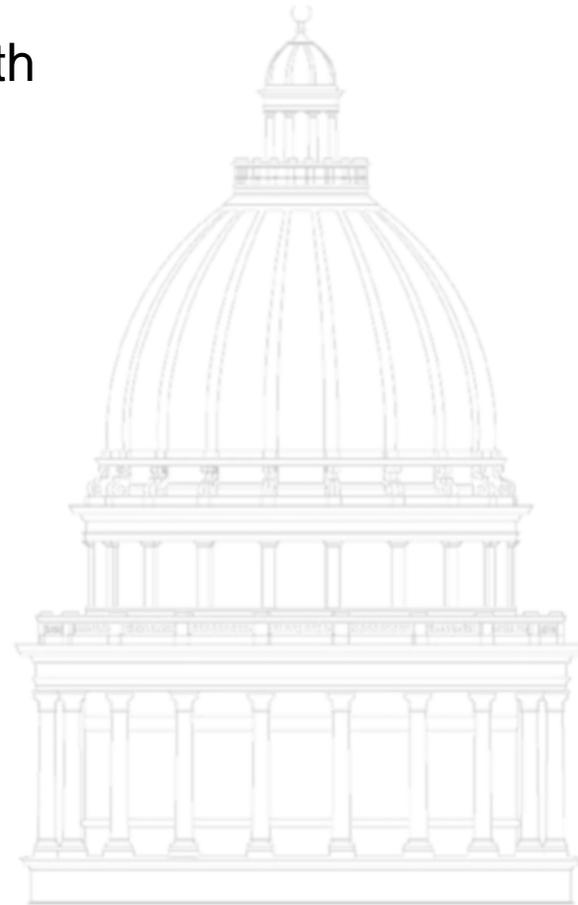
HB 272 Addressed Claims Level Information

31A-46-307. Pharmacy benefit manager reporting.

- (1) A pharmacy benefit manager may not enter into or renew a contract with an insurer on or after January 1, 2021, to administer or manage rebate contracting or rebate administration unless **the pharmacy benefit manager agrees to regularly report to the insurer information regarding pharmaceutical manufacturer rebates** received by the pharmacy benefit manager under the contract.
- (2) The quality and type of information required under Subsection (1) shall be **detailed, claims level information** unless the pharmacy benefit manager and insurer agree to waive this requirement in a separate written agreement.

FOR MORE INFORMATION

See pages 28-31



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