



***The Educational Services Commission  
of New Jersey***

# ***Educational Services Commission of NJ Pharmacy Savings***

	First Year	Second Year	Total
Drug Cost Savings	\$195,800.27	\$281,954.98	\$477,755.25
Annual Rebates Earned	\$320,241.04	\$377,969.59	\$698,210.63
<b>Total Savings with SynchronyRx</b>	<b>\$516,041.31</b>	<b>\$659,924.57</b>	<b>\$1,175,965.88</b>

**In the first year with the SynchronyRx Pharmacy program, ESCNJ**

**saved  26% on pharmacy costs!**



## *Agenda*

- Introductions
- Who is ARMSRx?
- PBM marketplace... what's happening?
- SynchronyRx Program Differentiators
- “Carving Out” advantages
- A “Patient-centered” Healthcare Model
- Implementation Project Plan Overview
- ECSNJ – Annual Savings with SynchronyRx

## ***ARMSRx***

ARMSRx has a team of pharmacy benefit experts specializing in:

- Rx RFP's
- Audits and Negotiation exposing undisclosed pricing methodologies and ambiguous contract language
- Forecasting market changes- employing new cutting edge strategies to compete with the latest options available

# Introduction

## Jennifer Wilson, CEO - ARMSRx



- Managed Care and Self-funded healthcare; Space Founder/CEO of ARMS, Inc. (1991). Started Pharmacy Focus (1995). Founded ARMSRx Pharmacy Benefit Consulting Firm (2004)
- Developed the first fully insured prescription Rx carve out plan
- Partner for the largest independent pharmacy benefit consulting firm in U.S.
- Past Shareholder of PBM and Specialty pharmacy (ESI Acquired)
- Focus-Creative positioning of the pharmacy benefit to save on pharmacy costs to improve profitability
- In tune with cutting edge industry changes and solutions to ensure clients are up to date, having worthy options for cost savings and pharmacy management

## Markos Surafiel, VP of Client Relations – ARMSRx



- Markos is an accomplished healthcare professional with an extensive background in client relations and business development. He has over 15 years of management experience with the most recent 10 years in the Pharmacy Benefit Management industry. As Vice President of Client Relations, Markos is primarily responsible for ensuring optimal levels of service and operational support for ARMSRx clients.
- Markos brings to his clients a wealth of industry knowledge and experience in pharmacy benefit management.
- Markos has experience with each operational area of the PBM including implementation, cost containment strategies, specialty management, and data analytics.

# ARMSRx Types of Clients



## Healthcare

- Managed care organizations
- Health plans/Hospitals
- Insurance Companies

## Middle Market

- 340B initiatives
- Self-funded employers
- Broker marketplace
- TPA's

## Vendors

- Specialty pharmacies
- PBMs - organically built and established
- Pharmacy Chains

# *Pharmacy Benefit Facts*

- Rx is the most highly utilized employee benefit
- Pharmacy costs continue to increase (~20%)
- Rx is the most visible benefit
- Strategic pharmacy management and oversight is critical:
  - Generic inflation and utilization
  - Brand inflation
  - Specialty pipeline
  - Adherence strategies
  - Patient engagement



## ***PBM Marketplace***



- Most Americans fill Generics at a rate of 86.2%
- From the January 2008 base price of \$100, Dec 2017 prices for most commonly prescribed brand drugs increased 232% to \$332.33; generics declined by 78.1% to \$21.91
- Drug spend for specialty drugs is 40.8% of total pharmacy spend for commercial plans
- Diabetes, autoimmune, hepatitis, and oncology drive spending
- 2017 saw record low drug trend for commercial plans, increasing only 1.5%

ESI Drug Trend Report

# PBM Business Models Are Changing

- Stand alone
- Integrated vertical
- Health Plan integration
- Transparent
- Considerations:
  - Due diligence
  - Manage bulk of \$\$'s
  - Manage health
  - Fiduciary responsibility
  - What do we want to purchase?
  - Innovation
  - Simplicity
- Hospitals are now building their own PBMs.

## PBM Market Share by 2017 Total Equivalent Prescription Claims Managed



Based on data from The 2018 Economic Report on U.S. Pharmacies and Pharmacy Benefit Managers, Drug Channels Institute. Available at <http://drugch.nl/pharmacy>. Percentages may not equal 100% due to rounding.

# *Latest PBM Headlines*

- “CVS buys Aetna”
- “Cigna buys ESI in deal valued at \$52B”
- Amazon, JPMorgan, & Berkshire Hathaway- buys Pill Pack
- Buying prescriptions from international pharmacies has safety issues





# ***SynchronyRx Program Differentiators***

## *Offering Expertise*

To Provide solutions to manage pharmacy benefits from:

- Escalating costs
- Lack of trust in PBM business models
- Leveraged contracts
- Synchrony Rx offering
- Specialty drug costs and choices
- Analytics
- Audits



# The Synchrony CVS Health Advantage

## **Benefits for Plans:**

- Financial value through scale and contracting expertise of Synchrony
- Control and flexibility
- Proven implementation process

## **Benefits for Plan Members:**

- Savings
- Real-time benefits
- Convenience
  - Broad Network
  - Maintenance Choice<sup>®</sup>
  - Coram Home Infusion
  - MinuteClinic<sup>®</sup>
- Advanced tools

Mail pricing at CVS retail for ERISA governed plans. The Maintenance Choice program is available to self-funded employer clients that are subject to ERISA. Non-ERISA plans such as insured health plans, plans for city, state or government employees, and church plans need CVS Caremark Legal's approval prior to offering the Maintenance Choice program. Prices may vary between mail service and CVS Pharmacy due to dispensing factors, such as applicable local or use taxes.

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 **CVS**Health.



Dedicated Account Management, Clinical and support teams

Expert oversight, analytics, modeling and audits

Timely clinical and strategic support



Annual market  
check

Pricing  
improvements each  
year

Additional pricing  
enhancements  
when population  
thresholds are met



# Financial Advantages



## Rebates

Clients receive  
*aggressive* per brand Rx  
guarantees

## Guarantees

Specific, well-defined rate  
guarantee definitions,  
including reconciliation  
processes and time frame

## Implementation Credit

Competitive  
Implementation Credit

# Data and Analysis

**Data & Analysis** - Trends in pharmaceutical utilization are spotted quickly and allow for development of effective clinical strategies

- **Ongoing pharmacy claims review** – “mini audits” includes claim pricing, plan design and rebate monitoring
- **Modeling and analysis** – copayments, specialty drugs, administrative and clinical programs, channel distribution
- **Monthly data** - Comprehensive, monthly historical data files retained by Synchrony, available to the client at any time



## ***Reasons for “Carving Out” the Pharmacy Benefit***

# The SILENT LANGUAGE



in PBM contracts is costing employers millions in Rx costs.

# *Why Carve Out the Pharmacy Benefit?*

- Plan contracts directly with PBM for prescription drug coverage.
- PBM manages the pharmacy program rather than the health plan.
- Self-funded employer gains visibility and understanding of pharmacy plan performance and associated costs.



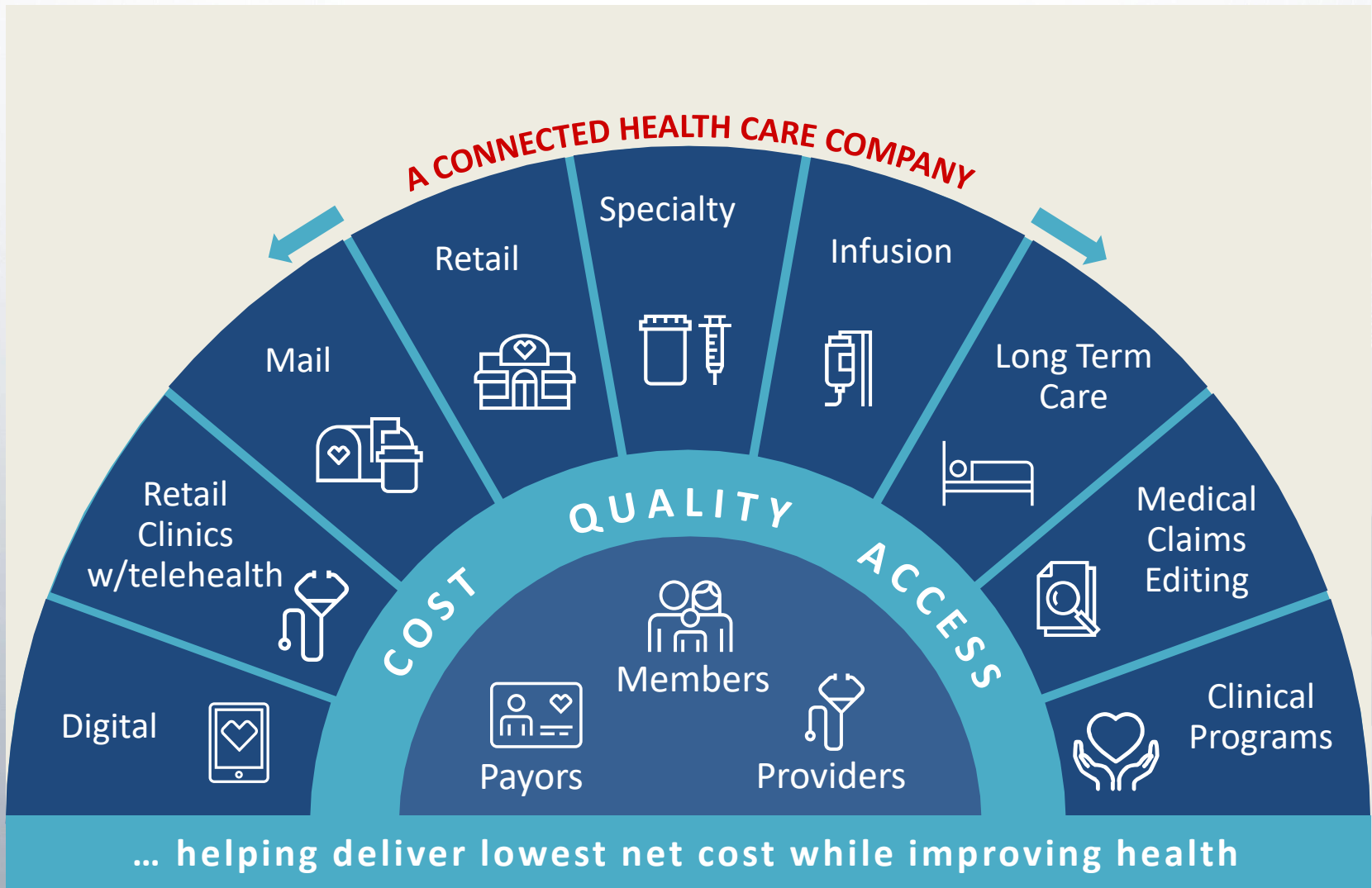
## *Here is Why to Carve Out*

	<b>Carve In</b>	<b>Carve Out</b>
<b>Plan Design</b>	Off-the-shelf	<ul style="list-style-type: none"> <li>▪ Complete flexibility</li> </ul>
<b>Data</b>	Limited availability; Little insight	<ul style="list-style-type: none"> <li>▪ Reports available monthly</li> <li>▪ Quarterly and annual reporting</li> <li>▪ Custom ad hoc</li> </ul>
<b>Consultative Trend Management</b>	Limited	<ul style="list-style-type: none"> <li>▪ Expert pharmacy team</li> <li>▪ Data drives plan design decisions</li> </ul>
<b>Administration</b>	Generalist	<ul style="list-style-type: none"> <li>▪ Quick, expert issue resolution</li> <li>▪ Consultation</li> <li>▪ Overall performance guarantees</li> </ul>
<b>Integrated Plan</b>	Is it really integrated?	<ul style="list-style-type: none"> <li>▪ Connectivity already exists</li> <li>▪ Will build connectivity</li> </ul>



# ***SynchronyRx: A Patient-Centered Healthcare Model***

# Uniquely Meets Evolving Needs ...





# How the CVS Health Model Will Help Address Market Dynamics, Support and Advance Your Strategies



## Containing Costs

Through our size and scale and versatile cost management solutions we've been able to keep client costs to similar, low increases year over year.

**1.9%**  
2017 Trend<sup>1</sup>



## Connecting Care

We connect with providers with real-time information to ensure more informed decision-making and coordinated care, leading to lower costs and a better member experience.

**~90%**  
Ability to connect to 90%  
of EHRs in U.S.<sup>2</sup>



## Engaging Members

Our model unites the most touchpoints – including face to face – to help influence smarter choices that lead to improved adherence and lower costs.

**140M**  
face-to-face pharmacist  
interactions each year<sup>1</sup>

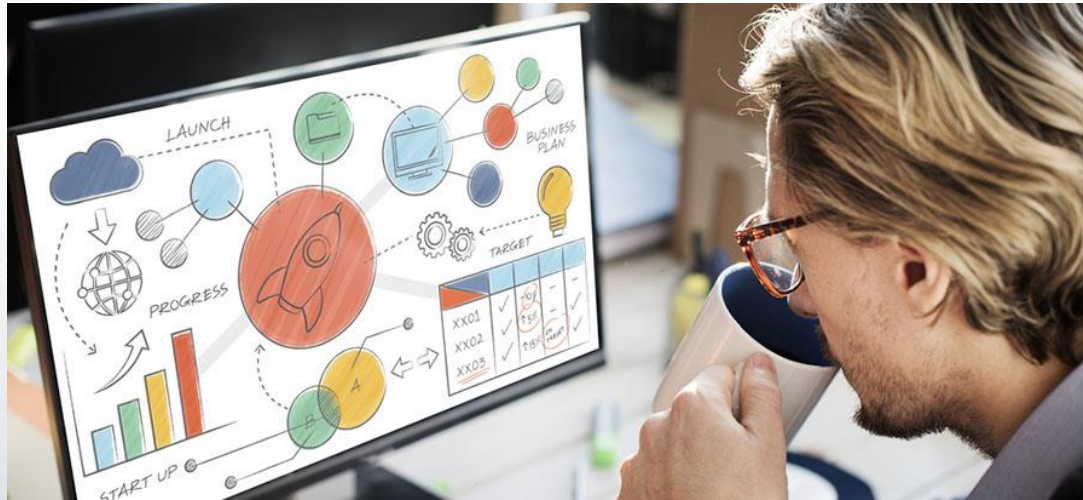
EHR (Electronic health record).

1. CVS Health Enterprise Analytics, 2017. 2. [www.epic.com](http://www.epic.com), 2017. CVS Health uses and shares data as allowed by applicable law, and by our agreements and our information firewall.

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# Effectively managing pharmacy



## Plan Design

What are you including and excluding? Setting up different formulary options for cost containment.

## Advantageous

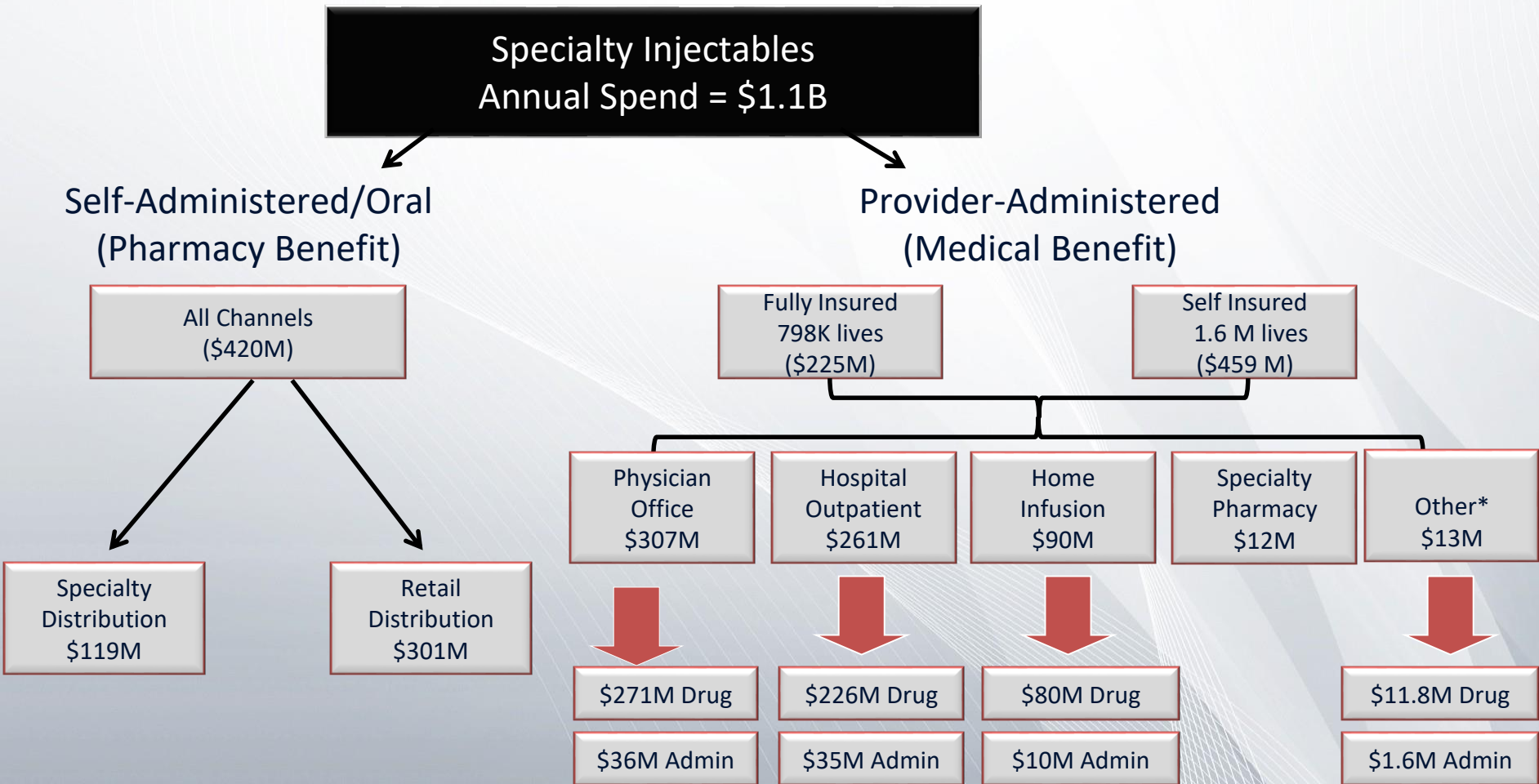
Copays, deductibles, OOP limits, lesser of copay logic, the greater of rebates, etc.

## Changing how it is done

Specialty pharmacy site of care. Where are these costly drugs administered?

# Site of Care for Specialty Drugs

\$1B on a 2.4M member commercial plan



\*Clinics and ESRD facilities

Source: 2014 BCBS Plan

# The Right Network Strategy Begins With Understanding Your Prescription Distribution

IN GENERAL, PRESCRIPTION SPEND IS COMPRISED OF:<sup>1</sup>

**70%**

**maintenance  
medications**



**30%**

**acute  
medications**

**Maximize savings by implementing a comprehensive approach  
that considers your plan's distribution of usage.**

1. 2014 CVS Health book of business.



## We've Added Even More Convenient Access for Your Members: CVS Pharmacy is Now at Target



CVS Pharmacy network has increased by 22% for a total of nearly 9,500 locations

Gives your members more choice in where they fill their 30- and 90-day prescriptions



Members will receive the same high-quality service and support

New markets include: Seattle, Denver, Portland and Salt Lake City



Re-evaluate your pharmacy network strategy to help optimize your savings.



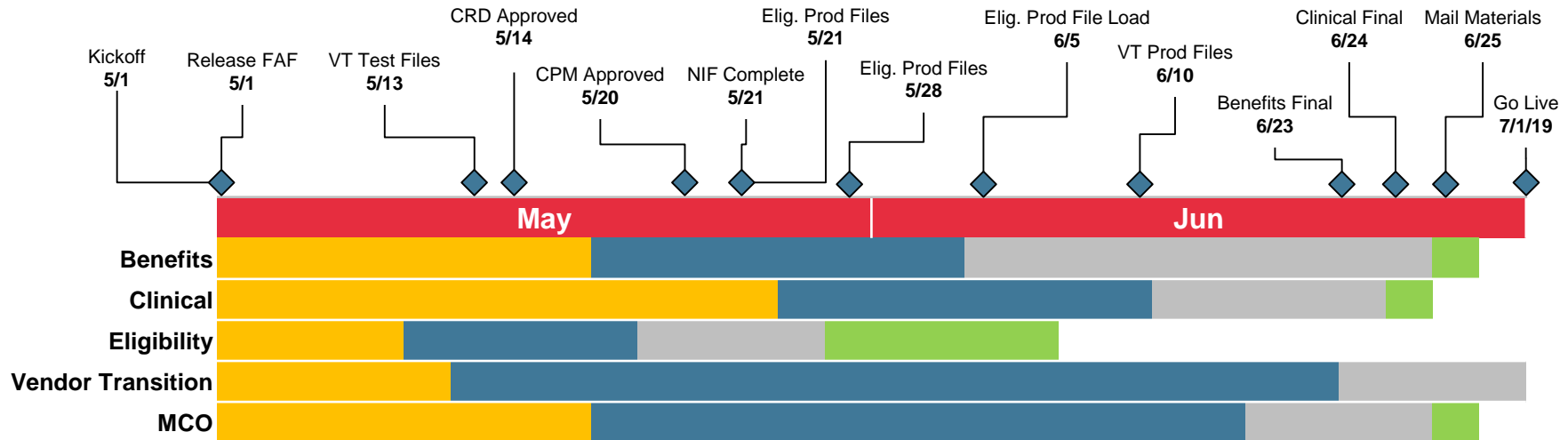
***New Client Implementation:  
Project Plan Overview***

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# 60 Day Plan: Critical Path Overview

The below chart illustrates the key dates of the primary critical path driving tasks, along with the workflow for related functional areas

## 60 Day Standard Implementation: 7/1/19 Go Live



## Key Takeaways

- Although less than half the duration of the standard 132 day implementation, the 60 day implementation project plan retains nearly all of the key milestone tasks
- With limited slack to compensate for potential delays and the uncertainty of custom task durations, nearly all functional areas have indicated that they can only support the most basic and “vanilla” plans – if any – during a 60 day implementation
- In order to promote implementation success, the timely completion of initial intake documentation milestone tasks (i.e. FAF, NIF, CRD, CPM) is critical to avoid “final hour” heroic implementation efforts



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**?? Questions ??**



**The most highly  
utilized benefit  
for the lowest  
net cost!**

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