



Benefits Resolutions Rein in Pharmacy Costs



Proprietary and confidential property of Marsh & McLennan Agency, LLC. Do not distribute further.

Agenda

- ✓ Analytics and Contract Language
- ✓ Specialty Drug Oversight
- ✓ Drive Better Purchasing Decisions by Members
- ✓ Medication Adherence
- ✓ Beta Case Results
- ✓ Process to Get Started



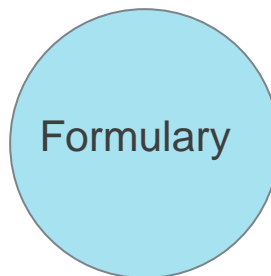
For 2018

Over \$50 MM
Saved Through
PBM Contract

350,000
Members

3.6 Million
Scripts

Savings generated with **no disruption** to existing:



Carve-in Vs Carve-Out



70% of employers of who engage MMA Rx Solutions remain with their existing PBM.

Our model works well with **both carve-in and carve-out** PBM arrangements.

OUR APPROACH

What is MMA Rx Solutions?

A proprietary service, MMA Rx Solutions, uses a **three pronged approach** to help employers understand their pharmacy options while also maximizing bottom line savings.



Pharmacy Audit



Tailored Solutions



Total Oversight

Marsh & McLennan Agency, on behalf of our clients, **is the largest purchaser of pharmacy in the nation**. This leverage, plus our internal team of pharmacy experts make MMA uniquely positioned to support all of our clients' pharmacy management needs.

The MMA Rx Solutions Audit



Financials vs. Benchmark



Contract Terms vs. Model Language



PBM Performance vs. Contract

Result:

Our clients gain control of their pharmacy deal and experience an average **savings of 15-20%**.

To Get Started:

Pharmacy detailed claims file (NDC-11) and PBM contract.

ADVANCED ANALYTICS

8-Point Checklist

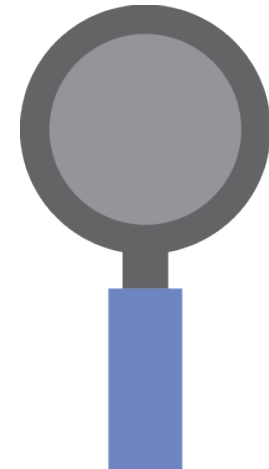
MISSED OPPORTUNITY		Unit Cost Only	Total Cost Focus	GAINED SAVINGS
Unit cost focus leaves dollars on the table	Discounts off average wholesale price	✓	✓	Total cost focus allows for more enhanced savings and control over future Rx strategies
	Dispensing fees	✓	✓	
	Rebates	✓	✓	
	PDL or formulary detail		✓	
	Prior authorization effectiveness on specialty drug management		✓	
	Utilization management		✓	
	Pharma copay card impact on cost		✓	
	Value of integration (as applicable)		✓	

EXAMPLE OF WHY CONTRACT LANGUAGE MATTERS

The Language Matters As Much As The Numbers

PBM's use contract language to destroy the financial deal you negotiated.
Areas to target:

- Generic Drugs
- Rebate Adjustments
- Discount Measurement
- Contract Period



SPECIALTY DRUG MANAGEMENT

Specialty Savings Methodology



The Problem

- Many PBMs own their own specialty pharmacy
- PBMs control the prior authorization (PA) of specialty drugs
- Approval of a specialty drug script drives revenue for the PBM



Our Solution

- Our analytics incorporate post appeal approval rate for specialty drugs by PBM
- Use an independent PA process (allowed by select PBMs)
 - Result – clients using this approach often have negative pharmacy trend in the first year implemented

PREFERRED DRUG LIST (PDL) / FORMULARY STRATEGIES

Specialty Savings Methodology



The Problem

- PBMs set up formularies and preferred drug lists based on their own revenue model
 - May include high costs brand drugs in the formulary to maximize rebates when lower cost drugs are available in the same class
- In addition, pharma manufacturers spend more money on advertising and copay cards to incent members to use these higher cost drugs



Our Solution

- We calculate the projected pharmacy cost based on the formulary of each PBM
- Options to our clients to help members avoid using high cost drugs when lower cost alternatives are available
 - Three Levels of Strategy: ***Educate, Incent or Require***
- We are ***not*** changing the formulary

Three Levels of Strategy

1

EDUCATE

Educate members with the our cost transparency tool

2

INCENT

Incent with rewards for members who switch to lower cost meds

3

REQUIRE

Require a switch with target pricing for all or select classes

MEDICATION ADHERENCE OPPORTUNITY

PHARMACY ASSISTANCE PROGRAM

Pharmacy Assistance Program

MMA Rx Solutions provides access to the nation's largest nonprofit mail-order pharmacy.

- Access to more affordable medications for qualified individuals based on income


Benefit eligible or not

- Over 600 medications at various strengths that cover most chronic diseases
- No enrollment, membership or shipping costs
- Operated on a cash model which means:
 - No claims processing
 - Administered completely by the employee, no admin burden on HR
- Considerations around productivity and absence management given 45 million Americans did not fill their prescribed medications because of cost in 2016


Core Services



Audit



Analytics



Negotiation of price and terms




Ongoing PBM oversight




Dedicated Pharmacy Resource



Annual review and negotiation



Consumer engagement tool



Pharmacy Assistance Program

Sample Case Study

	4/1/2016 - 12/31/2016	4/1/2017 - 12/31/2017	Diff	Diff %	
Plan Paid	\$6,617,676	\$5,706,777	(\$910,899)	-13.76%	Plan paid dropped 14%, or over \$900K
Generic Utilization	84.57%	86.32%	1.75%	2.07%	Generic utilization Increased 2 points
Member Paid	\$1,022,712	\$890,880	(\$131,832)	-12.89%	Member paid dropped almost 13%
Avg Mbr Paid/Rx	\$16.48	\$15.02	(\$1.46)	-8.83%	
Avg Plan Paid/Rx	\$106.61	\$96.21	(\$10.39)	-9.75%	
PMPM W/out Spec Plan Paid	\$50.76	\$34.21	(\$16.55)	-32.61%	PMPM outside of specialty meds decreased by over 32%
PMPM W/ Spec Plan Paid	\$82.44	\$69.85	(\$12.59)	-15.28%	PMPM decreased by over 15% including specialty drugs
Avg Eligible Mbrs/Month	8,919	9,078	159.00	1.78%	Members went up almost 2%

Ready to get started?

Contact your dedicated
Marsh & McLennan Agency representative

Or email
Support@MMARxSolutions.com



MARSH & McLENNAN AGENCY

Marsh & McLennan Agency LLC is one of the Marsh & McLennan Companies, together with Marsh, Guy Carpenter, Mercer, and Oliver Wyman.

This document and any recommendations, analysis, or advice provided by Marsh & McLennan Agency LLC (collectively, the “Marsh & McLennan Agency Analysis”) are intended solely for the entity identified as the recipient herein (“you”). This document contains proprietary, confidential information of Marsh & McLennan Agency and may not be shared with any third party, including other insurance producers, without Marsh & McLennan Agency’s prior written consent. Any statements concerning actuarial, tax, accounting, or legal matters are based solely on our experience as insurance agents or brokers and risk consultants and are not to be relied upon as actuarial, accounting, tax, or legal advice, for which you should consult your own professional advisors. Any modeling, analytics, or projections are subject to inherent uncertainty, and the Marsh & McLennan Agency Analysis could be materially affected if any underlying assumptions, conditions, information, or factors are inaccurate or incomplete or should change. The information contained herein is based on sources we believe reliable, but we make no representation or warranty as to its accuracy. Except as may be set forth in an agreement between you and Marsh & McLennan Agency, Marsh & McLennan Agency shall have no obligation to update the Marsh & McLennan Agency Analysis and shall have no liability to you or any other party with regard to the Marsh & McLennan Agency Analysis or to any services provided by a third party to you or Marsh & McLennan Agency. Marsh & McLennan Agency makes no representation or warranty concerning the application of policy wordings or the financial condition or solvency of insurers or reinsurers. Marsh & McLennan Agency makes no assurances regarding the availability, cost, or terms of insurance coverage.

Copyright 2016-2018 Marsh & McLennan Agency LLC. All rights reserved.