

2021 **P B** Annual National **M I** CONFERENCE

A B  R C A

September 13th -15th, 2021
JW Marriott, Orlando, Florida



INSOURCING: THE FUTURE OF PHARMACY BENEFITS

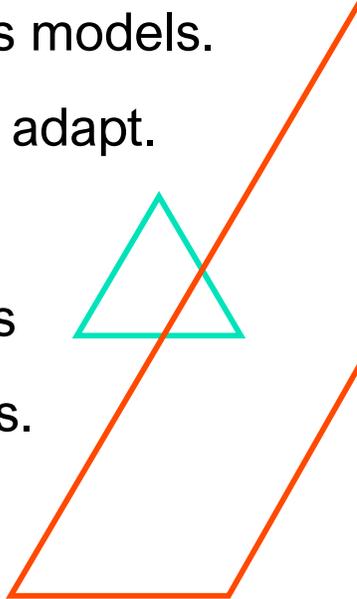
Javier Gonzalez, Pharm.D., Chief Growth Officer at Abarca



EVOLVING MARKET PRESSURES WILL CHANGE HEALTH PLAN/PBM STRATEGY



- ▲ PBM market consolidation, with ~90% of market share driven by 5 large companies.
- ▲ Led by CVS/Aetna, ESI/Cigna and United Health/Optum Rx, market consolidation by large plans is driving other payers to consider ways to take control of their destiny.
- ▲ VCs and PE investors are building new PBMs with new technology and business models. Health plans must modernize and adapt.
- ▲ New technology solutions/vendors are giving plans additional choices.



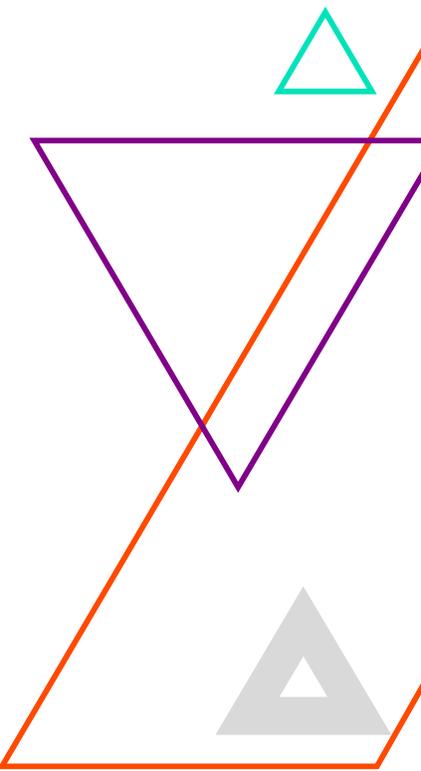
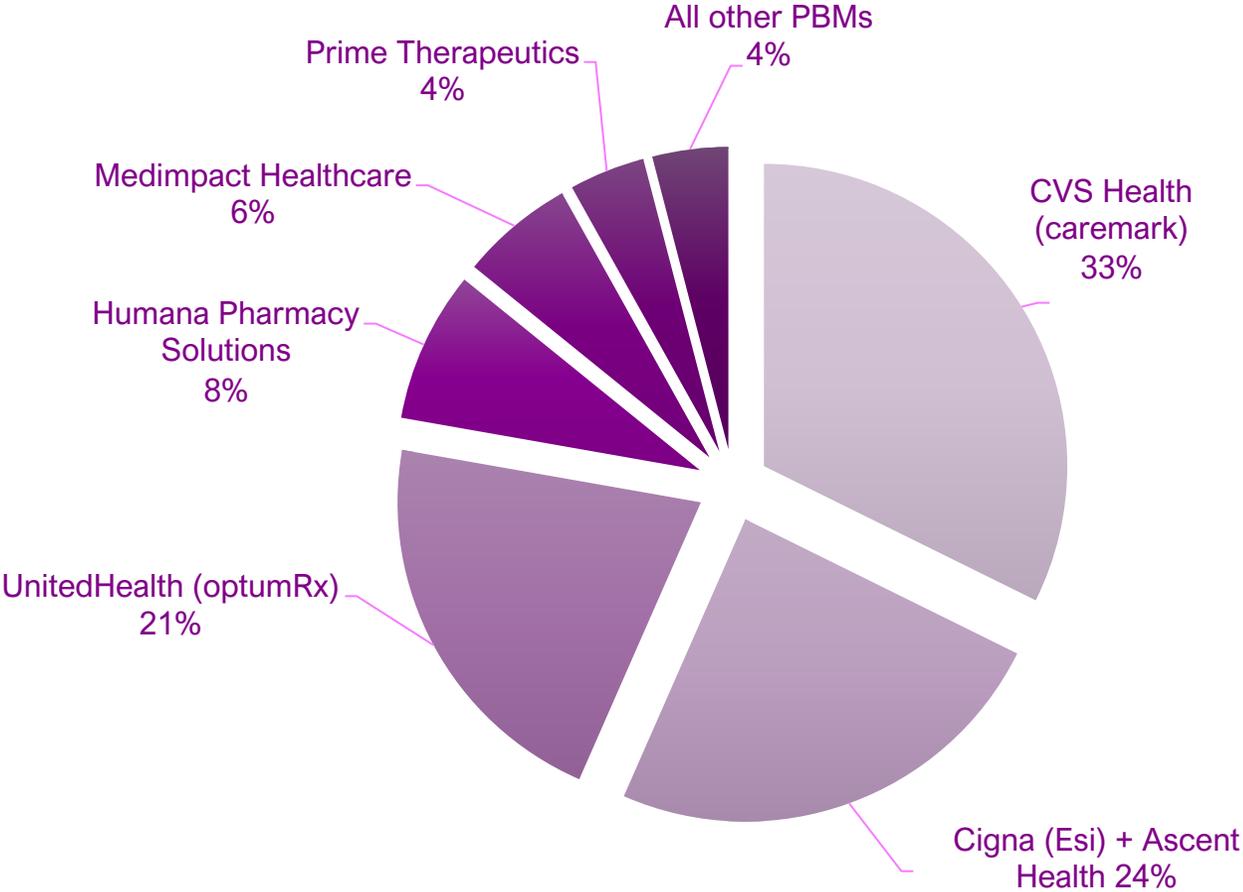
THE CURRENT PBM LANDSCAPE



Insurer							
PBM	 Insight. Innovation. Transformation.						
Specialty Pharmacy						 An envolve Solution	 Walgreens + PRIME
Provider Services				 Kindred at Home CONVIVA Care Center	 Aspire Health	 Community Medical Group	

Graphic courtesy of The Drug Channels Institute

PBM MARKET SHARE BY TOTAL CLAIMS

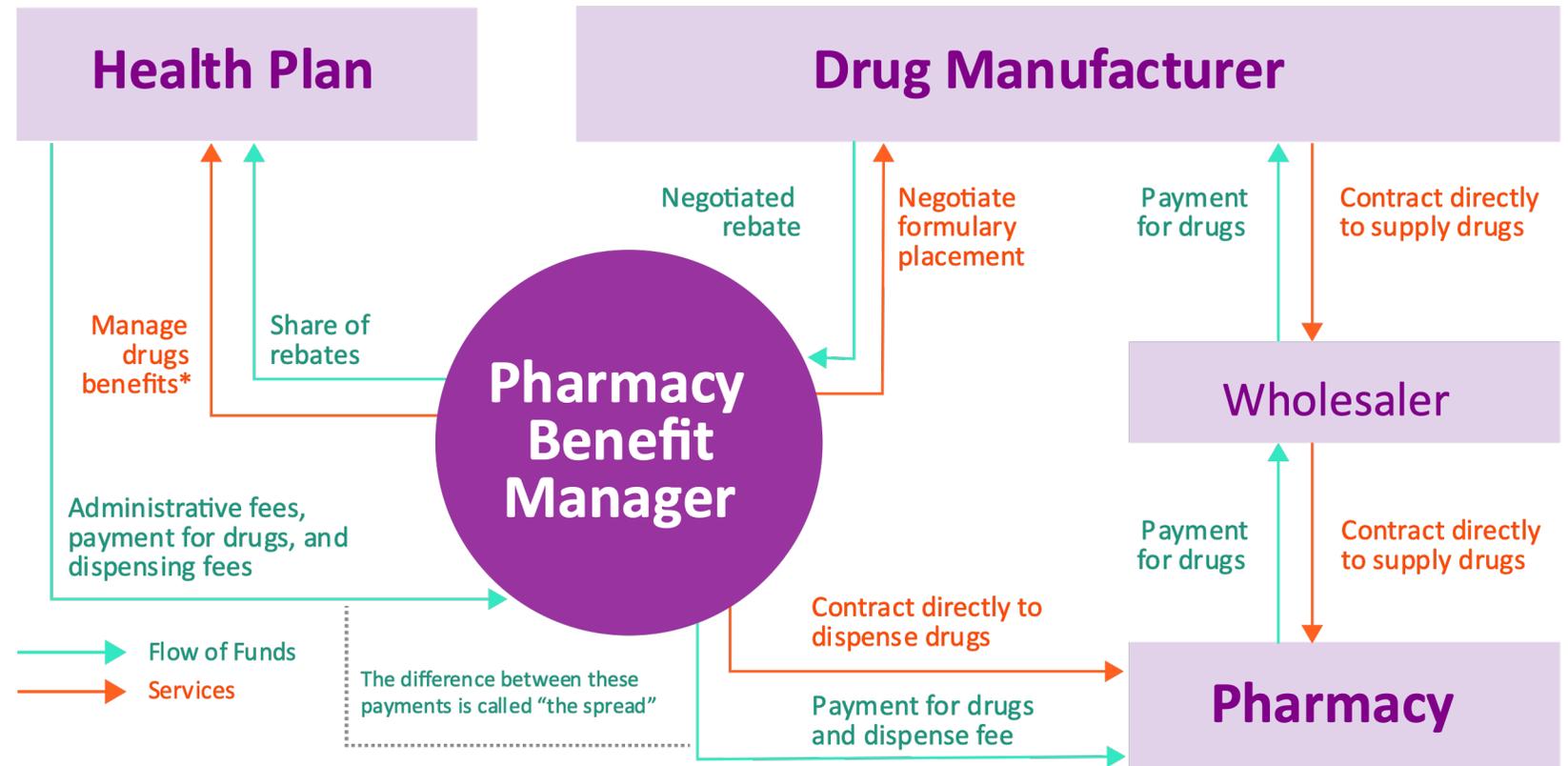


Graphic courtesy of The Drug Channels Institute

WHAT DOES THIS MEAN FOR PLANS?



- ▲ Plans increasingly find themselves using PBMs that are owned by their competitors
- ▲ Some PBMs require plans to use their mail order and/or specialty
- ▲ Plans are becoming reliant on their competitors...while giving them revenue

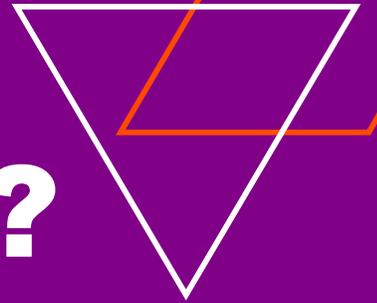


Graphic courtesy of The Commonwealth Fund



Question for the audience

**HOW CONCERNED ARE YOU BY
THE POWER A COMPETING
HEALTH PLAN HAS OVER
YOUR PHARMACY BENEFIT?**





Question for the audience

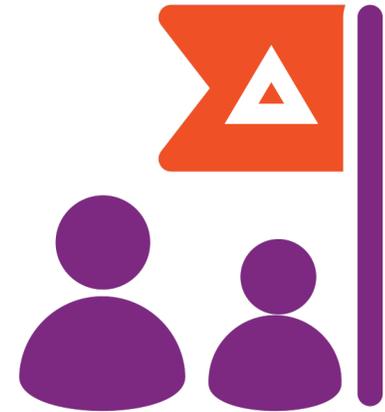
HOW CONCERNED ARE YOU BY THE POWER A COMPETING HEALTH PLAN HAS OVER YOUR PHARMACY BENEFIT?

- A. I haven't thought about it
- B. Not concerned
- C. Somewhat concerned
- D. Very Concerned

HOW PLANS ARE RESPONDING



- ▲ Working with independent PBMs
- ▲ Building or buying a PBM
- ▲ Selectively insource PBM functions: using internal resources or a la carte services from independent PBMs/technology partners



Question for the audience

**DO YOU PLAN TO TAKE ON
RESPONSIBILITIES
CURRENTLY PERFORMED
BY YOUR PBM?**



Question for the audience

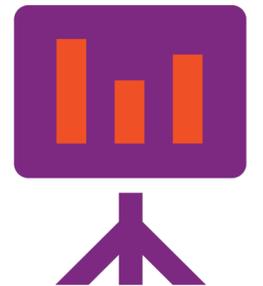
**DO YOU PLAN TO
TAKE ON
RESPONSIBILITIES
CURRENTLY
PERFORMED BY
YOUR PBM?**

- A. No
- B. Yes, but have not determined timeline
- C. Yes, in the next quarter
- D. Yes, in the next year
- E. Yes, in the next 18 months
- F. Yes, in the next three years



WHAT PLANS ARE LOOKING FOR

- ▲ Integrated formulary tools and evidence-based and timely clinical edits at the point of prescription
- ▲ Better member engagement and experience
- ▲ A more powerful, intuitive, interoperable, and scalable technology platform
- ▲ Greater transparency
- ▲ Improved network, rebate, and clinical outcomes
- ▲ A shift from fee-for-service to value-based
 - ▲ Better, more timely analytics
 - ▲ Lower total cost of care
 - ▲ **Control over their business**

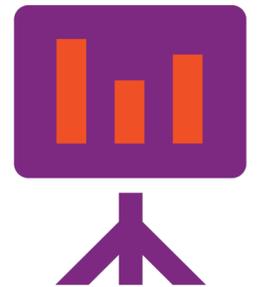




WHAT PLANS ARE LOOKING FOR

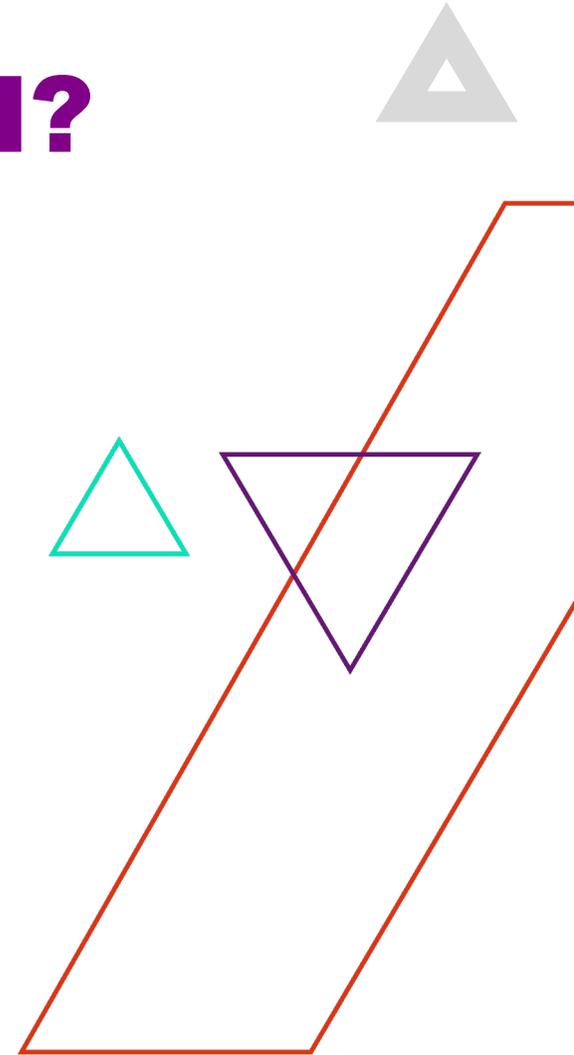
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- C. A more powerful, intuitive, interoperable, and scalable technology platform
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- E. Improved network, rebate, and clinical outcomes
- F. A shift from fee-for-service to value-based
- G. Better, more timely analytics
- H. Lower total cost of care
- I. **Control over their business**

Which is most important to you?



INSOURCING: WHERE TO BEGIN?

- ▲ First, assess the plan's ability to provide certain PBM services
- ▲ Identify functions that could be strengthened by insourcing with either internal resources or from PBM(s)/technology partner(s)
 - ▲ Support insourcing PBM functions from a cost/benefit
 - ▲ Integration to improve 'carve-in value' amplifying care management and member experience initiatives
 - ▲ Gain more control as model evolves from pharmacy COGs to total Net Cost Management

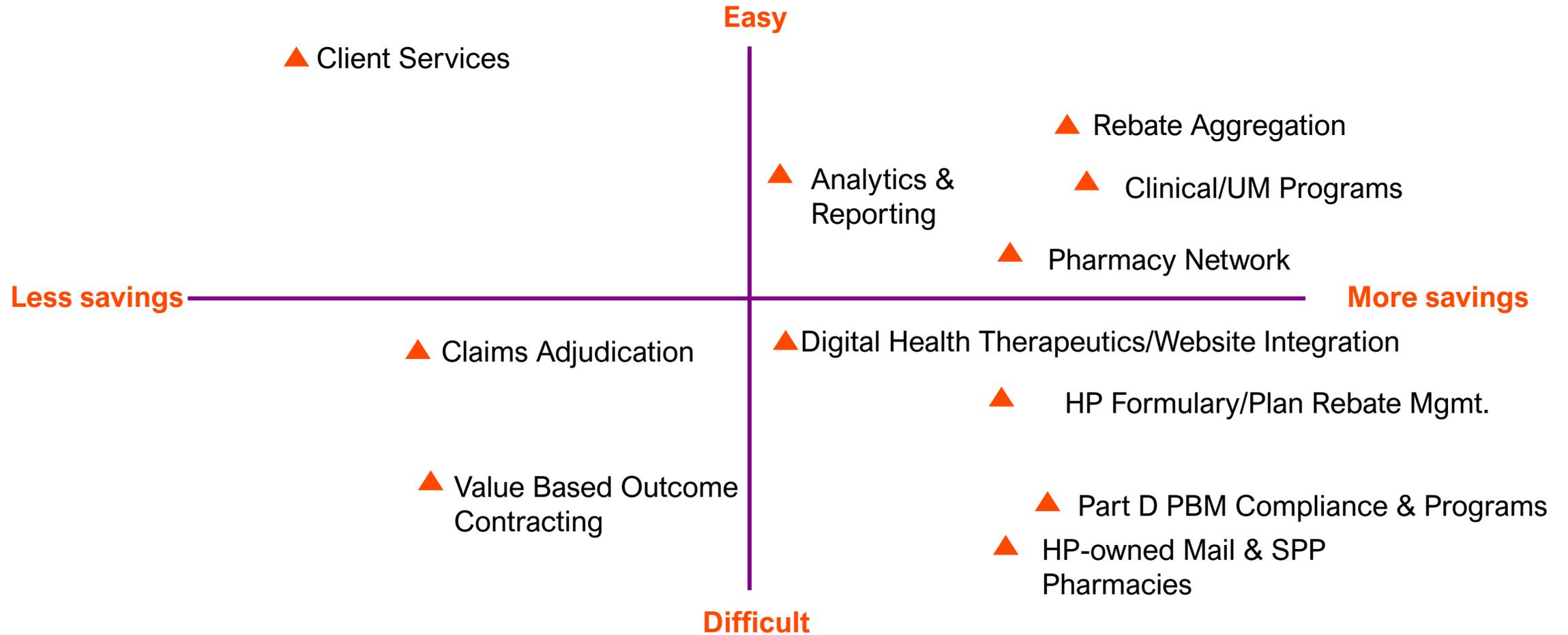


INSOURCING: WHERE TO BEGIN?

- ▲ Understand the technology necessary:
 - ▲ Modular platform that allows selected functions to be insourced
 - ▲ Can be obtained through a PBM/technology partner
- ▲ Structure an agreement that allows ‘optionality’ for increased insourcing over time



PRIORITIZING INSOURCING OPPORTUNITIES





KEY COMPONENTS THAT COULD BE INSOURCED

- ▲ Rebate aggregation
- ▲ Retail network
- ▲ Rebate/Formulary management
- ▲ Claims adjudication platform
- ▲ Clinical UM/Program/Interventions
 - ▲ RTBC & ePA capabilities
- ▲ Part D PBM Compliance & Programs
- ▲ Digital Health Therapeutics/Website Integration



WHAT INSOURCING WILL MEAN FOR THE INDUSTRY

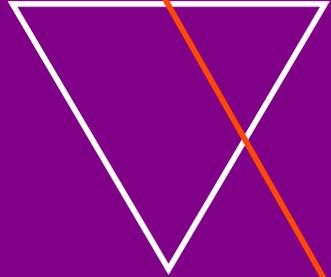
- ▲ Plans will become more independent and less reliant on PBMs owned by competitors
- ▲ More flexible, custom PBM solutions that eliminate conflicts of interest and barriers to innovation
- ▲ New choices/competitive models could reduce health plan total patient net costs over time, as market shifts from quantity to value
- ▲ Plans will have greater control over their pharmacy benefit programs and drug spend, capturing more margin within the health plan



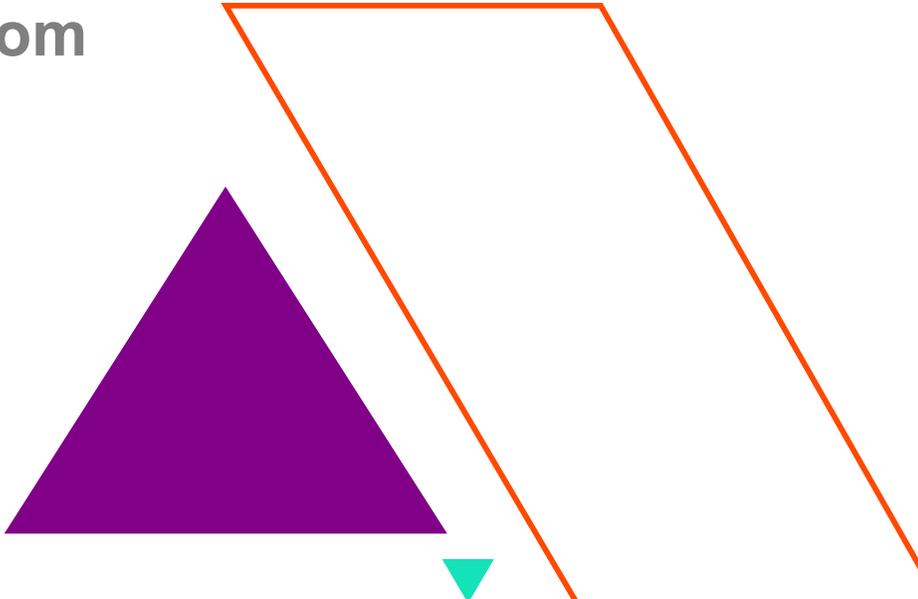
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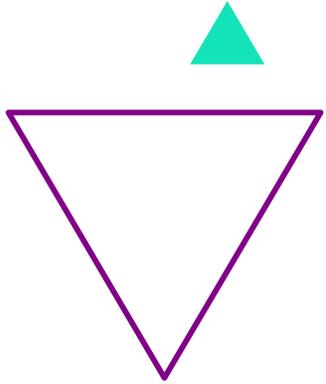


ANY QUESTIONS?



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