



Things Your PBM Doesn't Want You To Know

Navigating the Complexities of Prescription Drug Costs



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It's Complicated



The traditional PBM industry is riddled with complexities, often leaving individuals bewildered about managing prescription costs effectively.

Drug definitions, formulary exclusions, high list prices, inadequate reporting of rebates, and significant medication waste from mail order auto-refills are some of the challenges facing plan sponsors today.

To stay ahead in the face of challenges like these, two things are required: clear and complete information, and the flexibility to change.

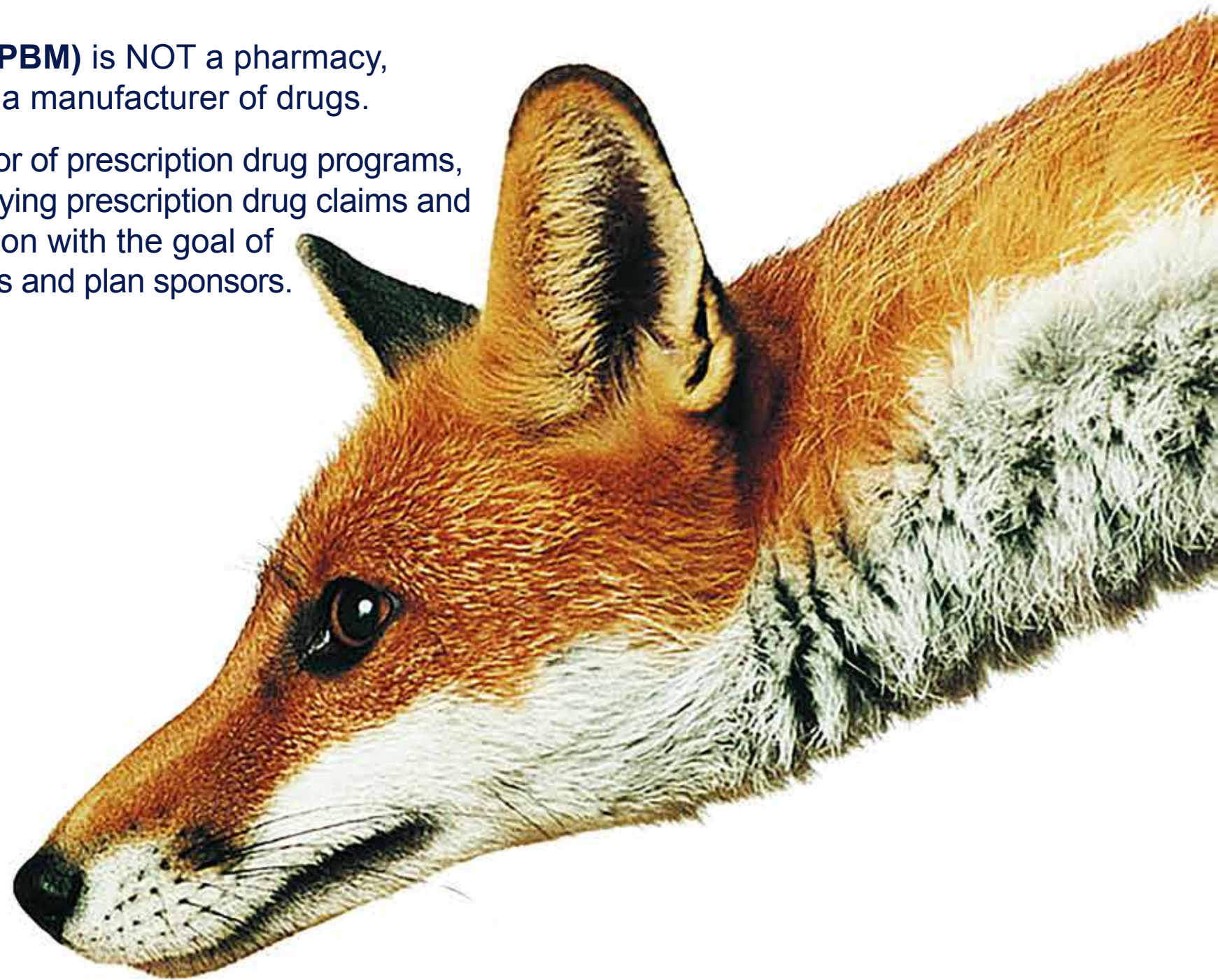
One of these days, you're going to ask yourself if you're really getting the most out of your PBM relationship.

When that time comes, having the right knowledge is crucial. **Dive into these 9 essential topics about PBMs to ensure you're prepared.**

1 Does Your PBM Sell Drugs, or Manage Drug Costs?

A **Pharmacy Benefit Manager (PBM)** is NOT a pharmacy, a health insurance company nor a manufacturer of drugs.

A PBM is a third-party administrator of prescription drug programs, responsible for processing and paying prescription drug claims and managing drug costs and utilization with the goal of affordability and access for patients and plan sponsors.



WHO'S WATCHING YOUR HEN HOUSE?

WHAT TO DO

Choose a PBM that does not sell prescription drugs or manufacture drugs while purportedly “managing” your drug costs.

2

Footnotes and Fine Print

Traditional PBM contracts are loaded with sweeping assumptions, proprietary definitions and exceptions that alter what was promised.

The language can make a big difference in what's good for you and what's good for the PBM.



**YOU
SHOULDN'T
NEED A
LAW DEGREE**

WHAT TO DO

Take a close look at definitions, assumptions and requirements. If anything is unclear or absent, it may be intentional. Work with your consultant to clarify language before you sign.

3

Mirror, Mirror

Traditional PBMs require you take their standard offering which will create a negative experience and disruption for your members.

If you are concerned about continuity, choose a PBM that is willing to mirror your current benefit design for a period of time and have a plan to communicate changes to your members well in advance.

Employees will have a better experience when you select a PBM that knows how to answer questions and guide members. It is a simple way to minimize disruption without having to renew a contract that may not be addressing your needs.



WHAT TO DO

Consider mirroring your current benefits as a way to meet your members needs while easing into the changes that will drive your financial goals.

4 Fiduciary - It's Real Simple

If there's one thing for sure in pharmacy benefits it's this:
Things change every day.

Drugs lose patent protection, and as a result, generics and biosimilars become available at lower costs. But when PBMs get rebates on the branded product, they may be less likely to encourage adoption of lower cost alternatives, and you may never know why.

Fiduciary is a big word with a simple meaning. It means placing your organization's interests above their own, no matter what.

If a PBM is committed to being your fiduciary in the management of your drug spend, they will not only make decisions in your best interest - they will be transparent with data.



**THE RIGHT THING IS ALWAYS
THE RIGHT THING**

WHAT TO DO

Require your PBM to contractually commit to making decisions that are unbiased and in your best interest.

5 Rebates, Rebates, Rebates

Some organizations think it's a good thing to get a big rebate check. But that's not always the case. High rebates mean your traditional PBM is steering members to high cost products instead of generics, biosimilars or OTC alternatives that could cost you and your members significantly less.

Since 1995, PBMs have paid hundreds of millions of dollars in fines and settlements for misleading practices like steering patients towards more expensive medications or not disclosing cheaper alternatives.

In 2023, PBMs suppressed the adoption of biosimilar Humira in order to obtain higher rebates, resulting in a loss of \$6 billion in savings for plan sponsors.



**MORE IS NOT
ALWAYS BETTER**

**WHAT
TO DO**

Don't be misled by the allure of higher rebates. Get your hands on the facts about what the true lowest net cost is. Choose generics and biosimilars to secure real savings.

6 Ooh Baby

When a mom is in the drugstore with a sick child, the last thing she needs is a hassle when getting a prescription filled. If the pharmacy has to call the PBM for any reason, the response should be rapid and the matter should be resolved on that call. With expertise and empathy.

If it's not resolved, it becomes your problem.

To get the best member experience, interact with a PBM call center that is fully staffed by on-shore, nationally certified pharmacy technicians with REAL pharmacy experience.



**MEMBERS SHOULD
GET THE RIGHT DRUG
AT THE RIGHT TIME**

WHAT TO DO

Select a PBM with onshore and nationally certified pharmacy technicians.

7 You've Got Mail

Two out of three prescriptions aren't fully used, and 32% of medication waste comes from auto-refill at mail order.

Traditional PBMs set an auto-refill for a 90-day supply and then ship it a month early. In this case, your members are likely to have 3 to 4 months of extra medication in their medicine cabinet at the end of the year. If they are taking more than one maintenance medication, the waste is multiplied and you are paying for the excess.

THAT'S JUST WRONG



WHAT TO DO

Request an analysis of waste from mail-order auto-refills from your PBM. In any given year, how many members received a total supply exceeding 365 days? What is the cost of this excess to your plan?

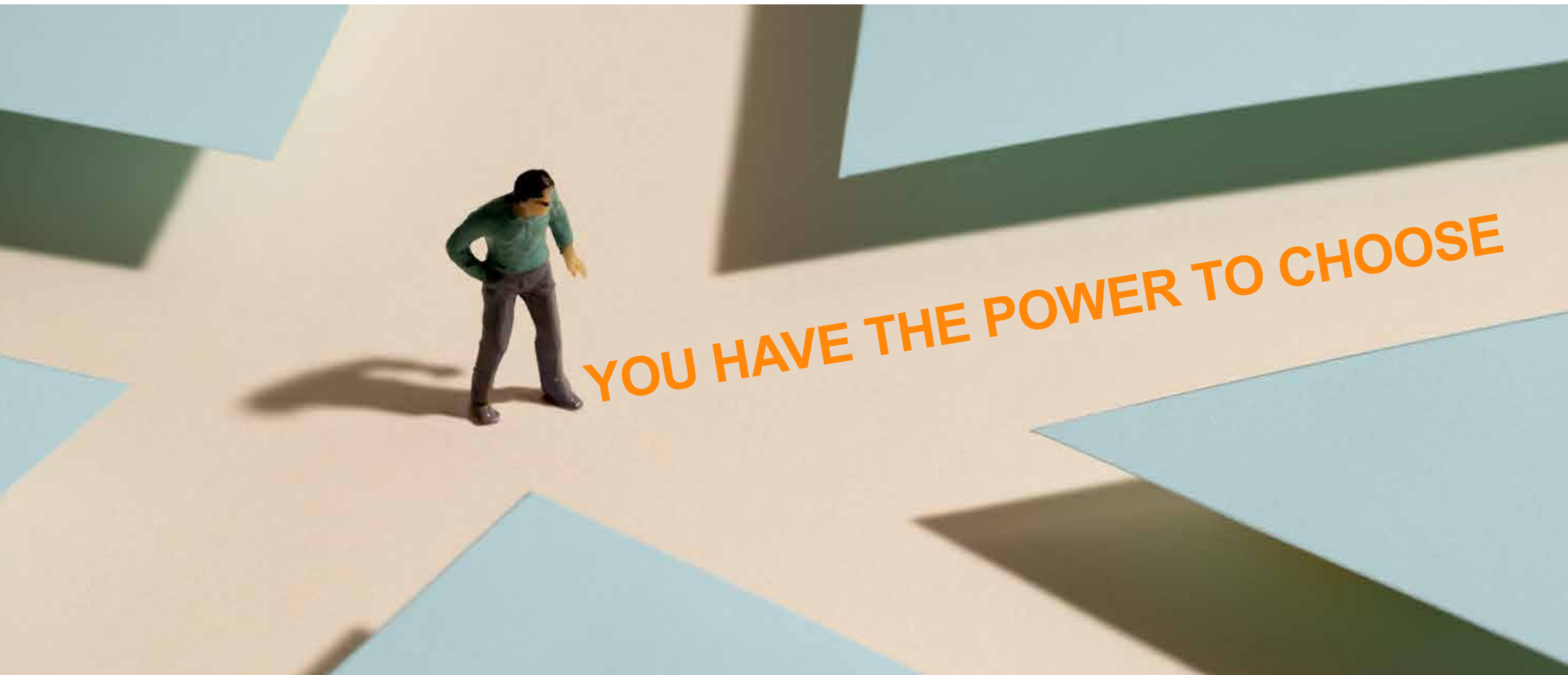
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Your Destiny or Free Will?

Most organizations think they're destined to watch the cost of their prescription benefits go up year after year. It doesn't have to be that way.

Emphasizing transparency and accountability within PBM practices can foster trust and enable individuals to make informed decisions regarding their prescription drug costs and healthcare choices.

With the right PBM partner, you can craft a program that does more than slow the rate of increase. You can literally reduce your pharmacy costs without sacrificing the benefits your employees expect.



WHAT TO DO

Prioritize transparency, trust, and accountability in the selection of a PBM. Ensure access to clear information to make informed decisions. Challenge your PBM to improve your plan's performance for better outcomes.

9 Hidden Costs and Conflicted Decisions Are Just Part of the Game

Traditional PBMs have mastered the game of “whack-a-mole,” where hidden revenue streams—like offshore GPOs, inflated mail-order profits, specialty drug markups, and formulary or prior authorization (PA) decisions—pop up faster than you can spot them. These tactics are designed to maximize their profits, not your savings. Each time one tactic is exposed, another misaligned business practice takes its place, perpetuating a cycle that prioritizes profits over people. This broken model isn't sustainable—it's time to end the game entirely.

A better approach brings full autonomy in decision-making, clarity in drug pricing, and aligns success with client savings. No hidden profits. No conflicted decision-making. Just better outcomes.

GAME OVER



WHAT TO DO

Choose a PBM that is truly and fully independent, offering clear, auditable drug-level pricing and aligning its success with your savings. Say no to hidden fees, conflicted incentives, and outdated whack-a-mole tactics. Demand real value and measurable outcomes.

“An investment in knowledge
always pays the best interest.”

Benjamin Franklin



Contact us to learn how LucyRx is taking the
complexity out of pharmacy benefits.

