

# PMPM

## THE NUMBER YOU NEED TO KNOW

### Uncovering the true cost of your pharmacy benefit

Comparing the cost of pharmacy benefit managers (PBMs) can be complex. That's because not all PBMs start with the same net cost before subtracting discounts and rebates and presenting it all in a series of mystifying spreadsheets with countless rows. The most effective PBMs help deliver the best patient outcomes at a lower cost.

Some PBMs highlight big "savings" numbers despite often having higher base costs, meaning you may not actually be saving on your bottom line. Additionally, PBMs can use less-efficient drugs to generate revenue, improving the perception of savings. But if those medications don't produce better health outcomes, this approach only increases your net cost of care.

As a plan sponsor, you need to know what your pharmacy benefits will end up costing you so you can make the right decision for your company and employees.

The good news is there is a single number you can look at, bypassing all those spreadsheets. It's your net cost per member per month, also known as PMPM.



### Prime consistently delivers low PMPM

	+		+		=	<b>\$15-\$20<sup>1</sup></b> PMPM LOWER*		<b>\$5</b> PMPM LOWER*
FORMULARY MANAGEMENT		SPECIALTY DRUG MANAGEMENT		UTILIZATION MANAGEMENT		PRIME'S TOTAL NET DRUG COST		PRIME'S TOTAL NET SPECIALTY DRUG COST

\*THAN NATIONAL BENCHMARKS

## PMPM costs vary based on drug management strategies

### FORMULARY MANAGEMENT

Drug manufacturers pay rebates in exchange for preferred formulary placement. This means some PBMs are reimbursed partially based on the rebates they get. As a result, other PBMs may prioritize high-priced drugs over lower-cost, more clinically effective options, causing your net costs to rise despite spreadsheets that show massive rebates. What's more, drug ingredient costs vary greatly. While generics are often more affordable, some boast hefty price tags. Prime is laser focused on ensuring our formularies include the best options, including generics that keep your costs low. And our NetResults™ formulary saves \$10–\$14 PMPM.



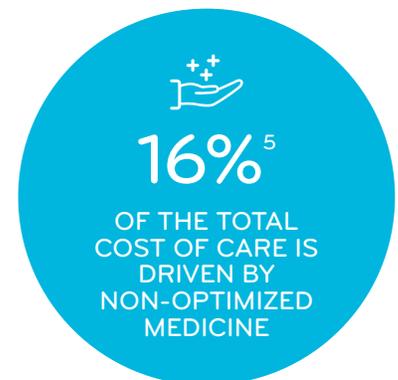
### SPECIALTY DRUG MANAGEMENT

Biologic drugs used to treat conditions like multiple sclerosis, rheumatoid arthritis and cancer account for nearly 93%<sup>3</sup> of net drug spend growth since 2014. To combat the cost impact while supporting patients seeking these life-changing therapies, Prime promotes the use of evidence-based biosimilar drugs that may cost up to 35% less. We also go beyond simply making biosimilars available by driving biosimilar adoption to maintain therapy effectiveness, continuing to improve access and ultimately helping to lower drug costs.



### UTILIZATION MANAGEMENT

Some prior authorization programs have too many denials, generating needless fees. Others, too few denials, which may be used to inflate rebate dollars. Prime works with our clients to choose utilization management programs that help their employees get the lowest-cost medicines that are safe and clinically effective. As part of our core offering, our utilization management programs also directly address industry-wide problems including inappropriate use, high drug costs, and fraud, waste and abuse.



### Questions?

Reach out to your Prime representative to connect on how Prime can help reduce your drug costs.

<sup>1</sup> Milliman Survey, 2020. Commercial business including fully insured and self-insured

<sup>2</sup> Internal Prime Data, 2017. Savings based on actual savings reports. Inclusive of all formulary savings

<sup>3</sup> The Biggest Driver of Rising Prices, March 8, 2019. Forbes © 2021 Forbes Media, <https://www.forbes.com/sites/theapotheary/2019/03/08/biologic-medicines-the-biggest-driver-of-rising-drugprices/?sh=285cdd4b18b0>

<sup>4</sup> Biosimilar Development, Review, and Approval, Oct 20, 2017. U.S. FDA. Accessed at: <https://www.fda.gov/drugs/biosimilars/biosimilar-development-review-and-approval>

<sup>5</sup> When drugs are wrong, skipped or make you sick: The cost of non-optimized medications. UC Health – UC San Diego. (n.d.), 2018. Accessed at: <https://health.ucsd.edu/news/releases/Pages/2018-04-02-when-drugs-are-wrong-skipped-or-make-you-sick-the-cost-of-non-optimized-medications.aspx>