

Welcome to the SIG University Webinar Series

Pharmacy Benefit Management in the Post- COVID Era

Cory Easton | *Confido*

September 30, 2020



During the webinar if you have any questions please feel free to...

📱 Text Richard: **(443) 250-8606**

💬 Zoom Chat: Enter questions via the **"Chat"** feature in the Zoom meeting

QUESTIONS?

REMINDERS

1. Slides and resources will be emailed after the webinar and are available on **silbs.com/sig-university**
2. Complete our 2-minute post webinar **[SURVEY](#)**** All completed surveys will be entered to win a Yeti tumbler!

YETI®





WEBINARS

UPCOMING

[Open Enrollment & Planning for 2021: Insights from Top Brokers and Consultants](#)

OCTOBER 1st, 12 PM – 12:45 PM EST

Presenters: Richard Silberstein, SIG, Deb Smolensky, NFP, Marie Chalmers, March & McLennan, Nancy McCarrick, Aon

[An Update from Capitol Hill: Pre-Election Insights](#)

OCTOBER 7th, 1 PM – 2 PM EST

Presenter: Glen Chambers

[Caregivers, Childcare and COVID-19: How Employers Can Help](#)

OCTOBER 8th, 2 PM – 3 PM EST

[SAVE THE DATE: Appropriate Budgeting for HR Technology](#)

OCTOBER 27th, 1 PM – 2 PM EST

More details to come!

**Survey Closes Friday,
October 23rd**

**2020 MID-ATLANTIC
BENCHMARKING
SURVEY**

You are invited to participate! 2020 Mid-Atlantic Benchmarking Survey

This survey represents 2.4 million employees, \$28.5 billion healthcare dollars spent and over 22,000 companies that will participate nationwide.

The results will give you data so you can start goal planning your benefits in these areas;

- Medical Plans
- Dental, Life, and Disability Benefits
- Innovative Benefits & Strategies
- Wellness & Vision
- Other Specialty Benefits

silbs.com/benchmarking

AMERICAN HEART ASSOCIATION **HEART WALK**

- SIG is teaming up with [American Heart Association - Maryland](#) and Heartwalking to improve the health of Baltimore and citizens nationwide!
- We kindly ask for support in our efforts to make Baltimore a healthier place for us all by helping us reach our fundraising goal of \$10,000. Donate to our cause [here](#)!





SLG University

Going Beyond the Spreadsheet

PBM Consulting in the Post-COVID19 Era

About Confidio

Confidio is a technology enabled pharmacy solutions firm whose mission is to solve clients' pharmacy problems today, while keeping an eye on tomorrow's needs.



- Founded in 2011
- 60+ team members DEDICATED to pharmacy benefits
- >500 clients, 2.2M lives and >\$3B annual drug spend
- >98% client retention
- Inc. 500 & BBJ Fast 50 for two consecutive years

PERFORMANCE PHARMACY SOLUTIONS (PPS)

Our one-stop solution for benefit advisors & intermediaries

CONFIDIO CONSULTING SERVICES (CCS)

Fully customized solutions focused on meeting clients' unique objectives

Confidio Hires 18 New Employees, Including 3 Strategic Executives

Positioning ourselves for continued growth in 2021 and beyond



Jeremy Meyer, MBA

Head of Strategic Initiatives

Jeremy will work closely with the Confidio leadership team to design and execute new and existing projects related to business strategy, product development and optimization and operational effectiveness. Jeremy comes to Confidio with over twenty years of experience in pharmacy benefits serving in a variety of roles including consulting, running PBM operations and PBM client service organizations, account service and sales.



Ruth Opdycke, PharmD, MS

Principal Advisor

Ruth's primary focus will be guiding national and regional clients and health plans on specialty pharmacy strategy across the pharmacy and medical benefit. She will assist Confidio clients in developing and implementing pharmacy strategy within the context of the overall healthcare strategy driving to lower total cost of care. Ruth brings over twenty-five years of experience to the Confidio team with a deep expertise across the healthcare landscape. She is passionate about developing solutions that improve quality, affordability, client, provider and patient satisfaction with pharmaceuticals.



**Sharon Montgomery,
BSP Pharm, MA, RPh**

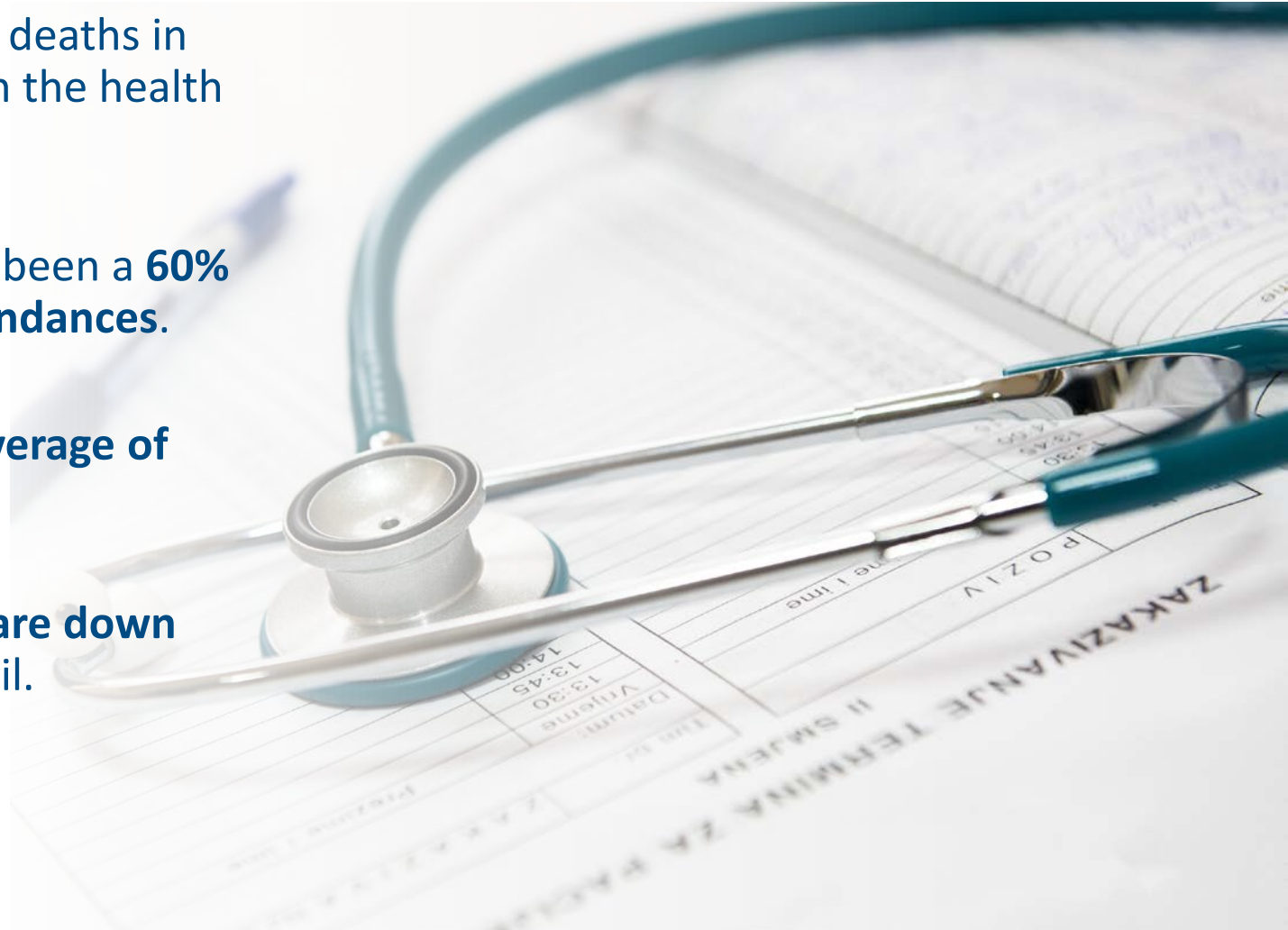
Principal Advisor

Sharon will focus her time between national account business development and consulting with Confidio's most strategic business partners and clients. Sharon comes to Confidio with over 25 years of experience and a robust background working with health plans, hospital systems, pharmacy benefit managers and pharmaceutical manufactures. Many know her from her most recent role at OptumRx where she served as VP of Consultant Relations; however, Sharon has also served in multiple PBM account management and consulting roles.

Pharmacy Benefit Management 2021

COVID-19 – Preparing for the Future

- It seems inevitable that there will be increased deaths in cancer & other comorbidities due to changes in the health services available to patients.
- A study out of the U.K. revealed that there has been a **60% decrease in pre-pandemic chemotherapy attendances.**
- **Urgent cancer referrals have dropped by an average of 76%** compared to pre-pandemic levels.
- Overall, **office visits to primary care practices are down 60%** from their pre-pandemic level in early April.



...Preparing for the Future, Cont'd

- Stateside, delayed screenings are becoming a public health issue.
- Dr. Norman Sharpless, director of the National Cancer Institute, has projected that COVID-19 could result in almost 10,000 excess deaths — an increase of about 1% — beyond the expected toll from breast and colorectal cancer over the next decade due to delayed cancer screenings.
- New patient consults and newly diagnosed cancer patients are down more than 20% compared with the same period a year ago, per Minnesota Oncology.
- Allina Health System in Minnesota had about 7,500 mammograms delayed between March and May.

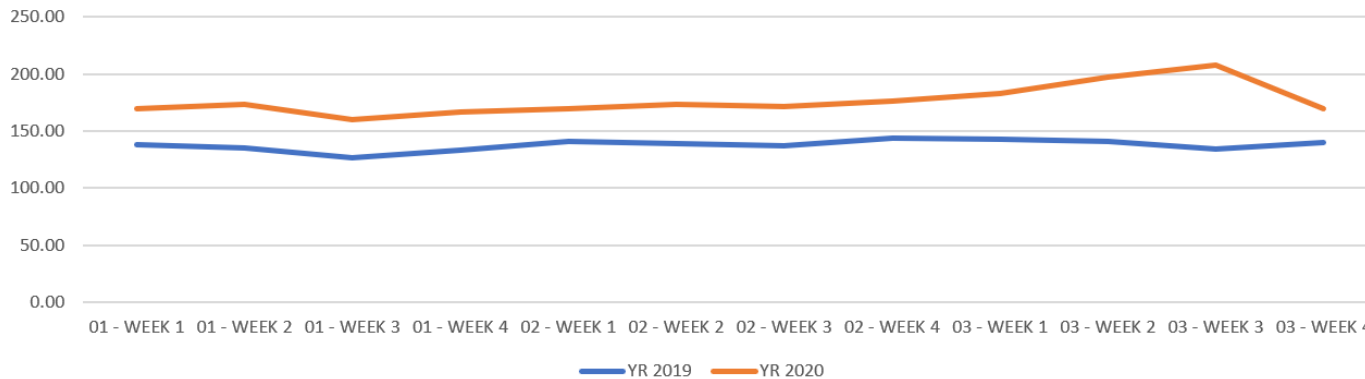


Key Utilization Trend Drivers: COVID-19

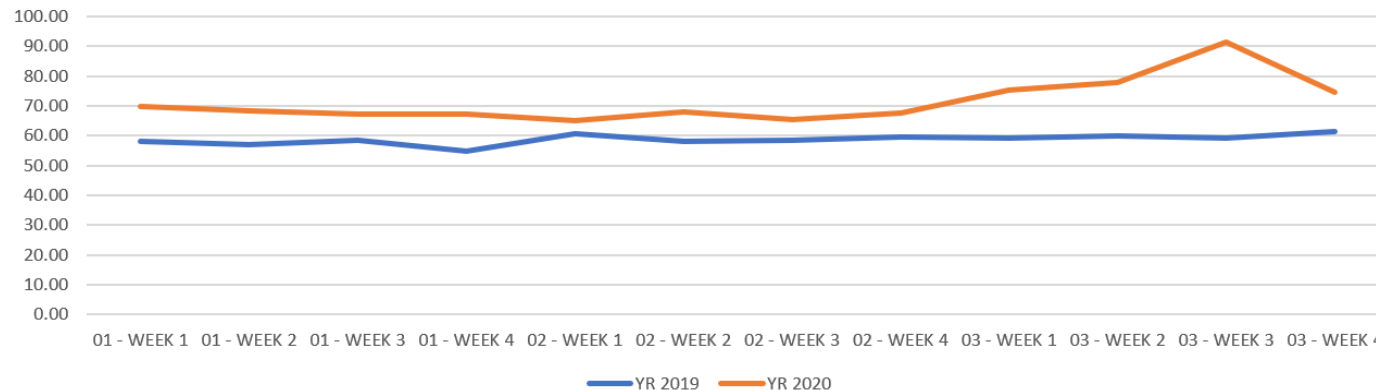
Confidio Book-of-Business

- Claims Per 1000 Members

CLAIMS/1000 MEMS - 30 DAY MAINTENANCE



CLAIMS/1000 MEMS - 90 DAY MAINTENANCE



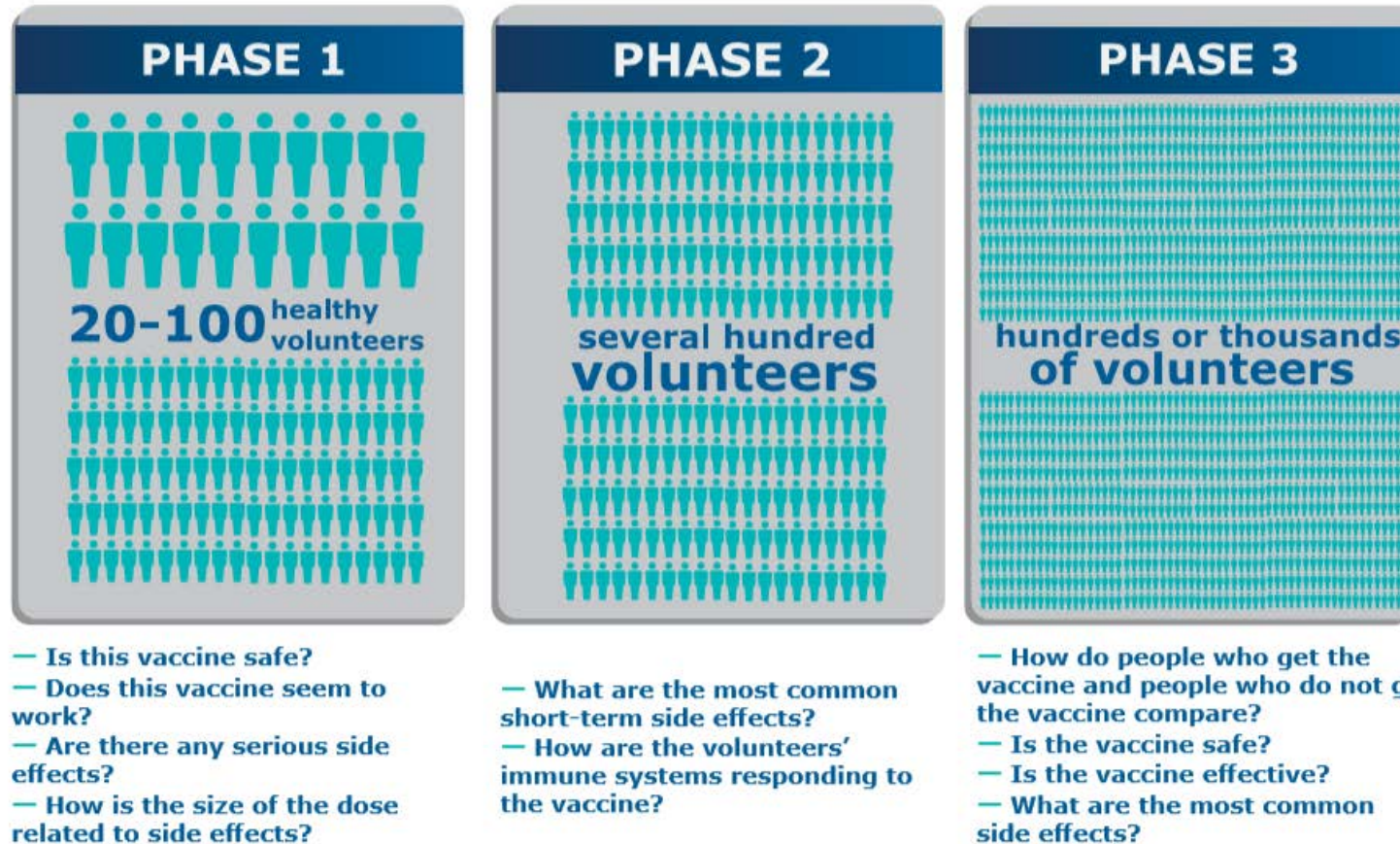
Confidio saw PBMs implement policy changes to allow:

- Relaxing of refill-too-soon policies
- Encouraging transition from 30-day to 90-day for maintenance medications
- Extension of 90-day prior authorization's (PA)

COVID-19 Treatment Trials: Vaccine Pipeline

HOW A NEW VACCINE IS DEVELOPED, APPROVED AND MANUFACTURED

Food and Drug Administration (FDA) sets rules for the three phases of clinical trials to ensure the safety of the volunteers. Research test vaccines with adults first.



Source: Centers for Disease Control (CDC)

COVID-19 Treatment Trials: Vaccine Pipeline

As of September 18, 2020, there are greater than two-hundred vaccines in the development pipeline for COVID-19. Seven are in Phase 3 trials.

Type	Product Name	Manufacturer	Route	Doses Required (Schedule)	Earliest Potential US Availability	Pros	Cons
Adenovirus Vector Vaccine	Ad26.COV2.S	Janssen Pharmaceuticals	Intramuscular	2 doses (0, 56 days)	2021	Robust immune response	Previous infection could limit immune response
Adenovirus Vector Vaccine	Ad5-nCoV	CanSinoBio	Intramuscular	1 dose	1H 2021	Robust immune response	Previous infection could limit immune response
Adenovirus Vector Vaccine	AZD1222	AstraZeneca	Intramuscular	1 dose	1H 2021	Robust immune response	Previous infection could limit immune response
Inactivated Vaccine	CoronaVac	Sinovac	Intramuscular	2 doses (0, 14 days)	2H 2021	Most history & studies	Hard to manufacture; high cost production
Inactivated Vaccine	TBD	Sinopharm	Intramuscular	2 doses (0, 21 days)	1H 2021	Most history & studies	Hard to manufacture; high cost production
RNA Vaccine	BNT162	Pfizer/BioNTech	Intramuscular	2 doses (0, 28 days)	Potentially October 2020	Rapid scalability/Low cost production	Side Effect profile largely unknown
RNA Vaccine	mRNA-1273	Moderna/NIAID	Intramuscular	2 doses (0, 28 days)	1H 2021	Rapid scalability/Low cost production	Side Effect profile largely unknown

Potential Blockbusters on the Horizon....

- **Aducanumab (Biogen):** In June 2020, Biogen filed with the FDA for approval. Potential blockbuster for **Alzheimer's Disease** if approved. Would be the first Alzheimer's drug that treats the disease directly rather than alleviating symptoms. Potential FDA review date of 1H 2021.
- **Obeticholic acid (Intercept):** Earliest approval likely in 1Q 2021, potentially the first approval in **Nonalcoholic steatohepatitis (NASH)**.
 - Price is expected to be in the \$15,000–\$20,000 range per year and would be considered maintenance (on-going) treatment. NASH is four times more prevalent than Hepatitis C & is the 3rd leading indication for liver transplantation in US.
- **Roctavian (Valrox)/BioMarin:** First gene therapy for **Hemophilia A**. FDA review date of 8/21/2020. Studies show the treatment largely eliminates bleeding episodes, enabling patients to drastically reduce how much they rely on expensive factor replacement therapy that aids blood clotting.
 - BioMarin has suggested a price for Roctavian as high as \$3 million, arguing the drug's value is clear when factor replacement therapy can sometimes cost as much as \$1 million per year for severe hemophilia patients.

PBM 2021 – Going Beyond the Spreadsheet

1 Year Contracts vs. 3 Year Contracts



Market Changes

- Drug inflation has flattened out and we are not seeing the historically high trend.
- Large PBMs in certain cases approach clients about revising third year pricing because they overshot their guarantees and are losing money.
This has not happened to Confidio Clients.



Financials

- One-year pricing deals are less aggressive financially.
- Confidio builds in escalators to their contracts so each subsequent year the network discounts and rebate guarantees improve.
- Confidio reconciles the plan performance against the contracted network discounts and rebates to ensure the plan receives the full benefit of the discount and rebate guarantees.



Consultative Approach

- Building a pharmacy strategy and successful multi-year management strategy with a PBM is more important than just network discounts and rebates.
- Market is driving more spend into high cost specialty makes developing a pharmacy strategy and program even more important.



Big Market Players

- The largest employers and health plans that can truly move the pharmacy market negotiate multi-year pharmacy contracts.

HIV generic pipeline and factors influencing market shift

Market shift influencers

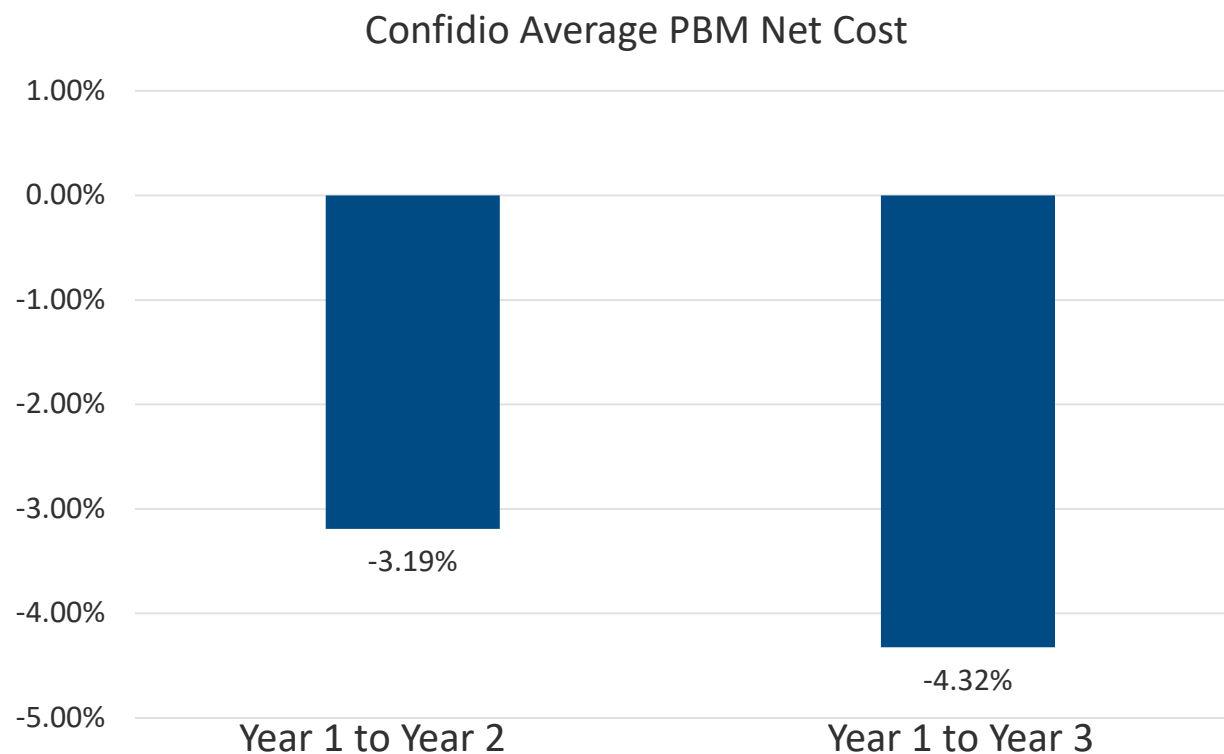
- Clinical evidence
- Adherence
- Cost
- External pressure / influence
- Pharma life cycle management tactics

Brand Name	Generic Name	Brand Company	US Brand Sales (2019)	Generic Launch %	Earliest Possible Launch
ATRIPLA	Efavirenz; Emtricitabine; Tenofovir Disoproxil Fumarate	Gilead	\$731M	90%	09/30/2020
TRUVADA (200 mg/300 mg)	Emtricitabine; Tenofovir Disoproxil Fumarate	Gilead	\$3,401M	90%	09/30/2020
KALETRA (tablets)	Lopinavir; Ritonavir	AbbVie	\$64M (2018)	90%	2020
NORVIR (capsules)	Ritonavir	AbbVie	TBD	90%	2020
CRIVIAN	Indinavir Sulfate	Merck & Co	\$1M (2018)	50%	02/10/2021
INTELENCE	Etravirine	Janssen	\$134M	60%	06/14/2021
EMTRIVA (oral solution)	Emtricitabine	Gilead	TBD	50%	09/10/2021

Source: IPD Analytics Life-Cycle Analytics, accessed September 29, 2020

Confidio's Average 3 Year Contracts

- *Confidio's 3 Year Contract Terms offer an average of 4.32% improved Net Cost financials from Year 1 to Year 3.*
- *The analysis below is solely based on escalating network discounts and per claim rebate guarantees over the life of the contract.*



These savings do not include inflation, RED List savings, UM Recommendations, or any other clinical recommendations.

The RED List

A Proprietary Cost Management Strategy from Confidio

High cost/low value drugs that have extremely low-cost alternatives that reduce pharmacy spend without significant impact on the member.

- **Focuses on misalignment within PBM formularies**
- **Active member communication in advance of implementation.**
- **Strategy vetted, approved and operationalized with PBM.**

OTC Drugs



Low cost OTC equivalent substitutions for high cost drugs.

Combination Therapies



Drugs that consist of multiple ingredients with equivalent OTC products.

High Cost NDC



A dose or drug strength with a price that grossly exceeds the OTC alternative dosing and strength options.

Rx to Rx



High Cost formulation or brands that provide no value over clinical alternatives

Drug Price Inflation Tracker

Confidio's Drug Price Inflation Tracker is an easy access source for current and historic drug inflation rates.

This proprietary tool empowers you with the confidence to understand overall drug inflation and manage your plans strategically with data-backed insights.

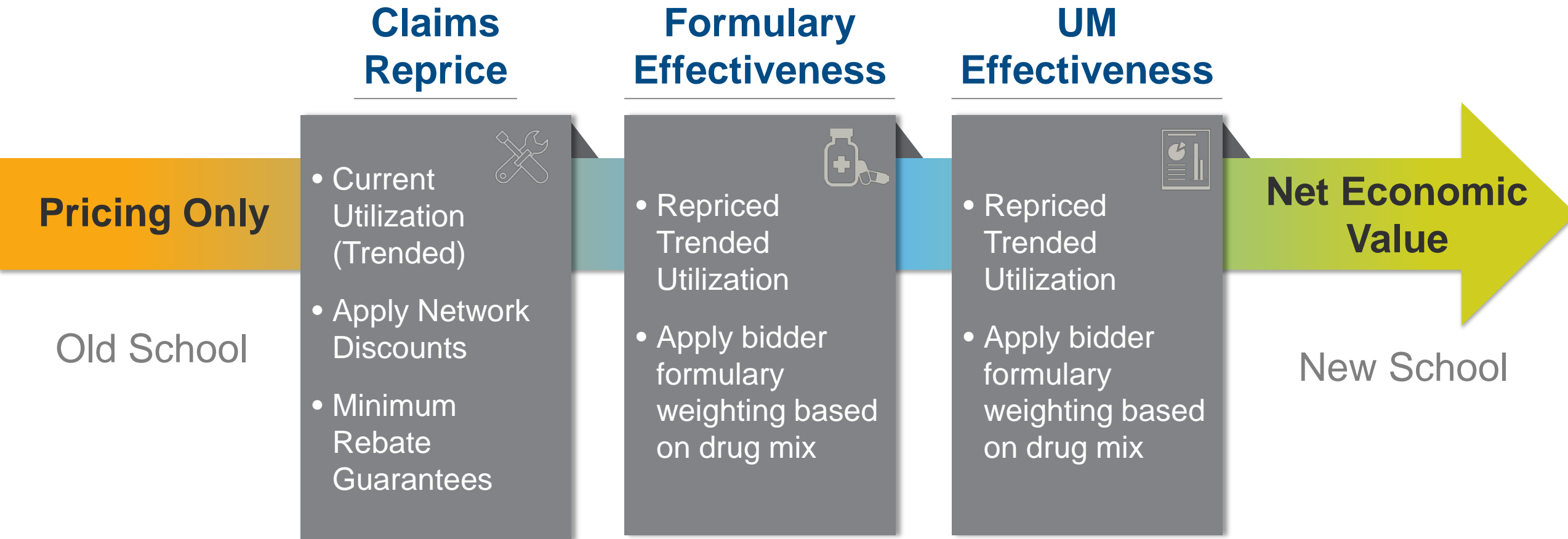
- Interactive filtering allows you to view the inflation data by drug category, indication, individual drug level and the overall trend by month.
- Updated monthly to ensure you always have the most current data
- Maintained and enhanced by expert data analysts and clinicians

Visit Confidio's interactive Drug Price Inflation Tracker at:
<https://confidio.com/drug-price-inflation/>

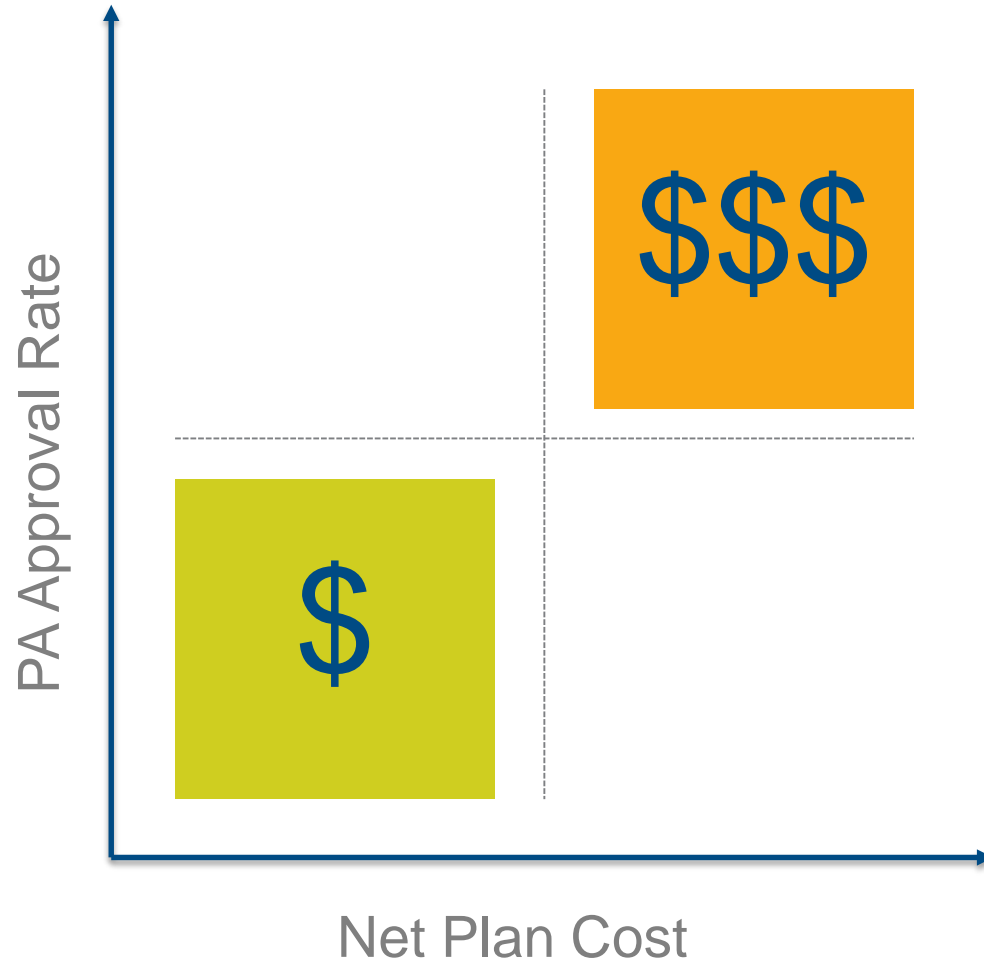


PBM Net Economic Value (NEV)

NEV Quantifies Formulary Effectiveness, UM Effectiveness and Pricing/Rebates

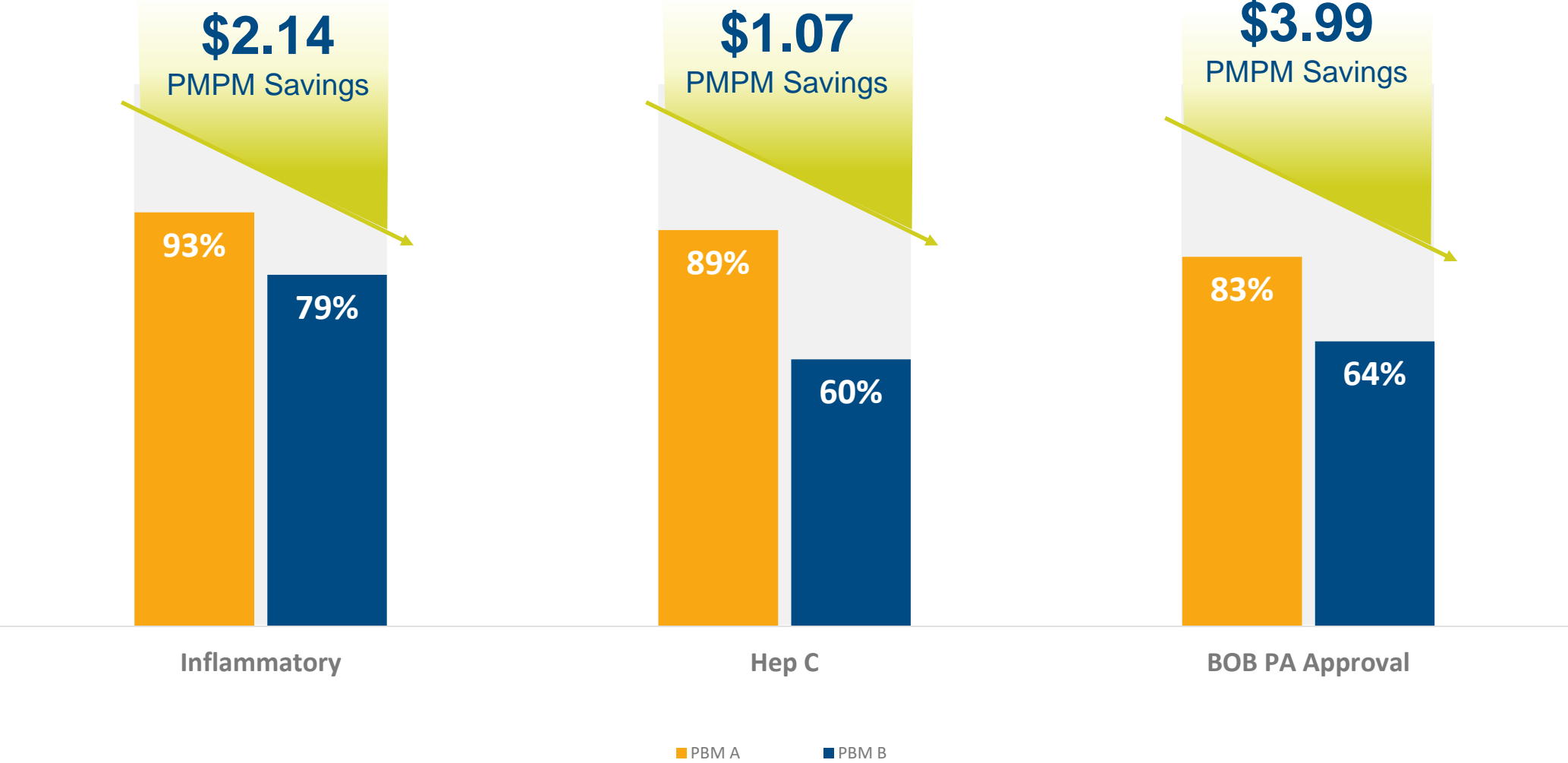


Utilization Management Effectiveness

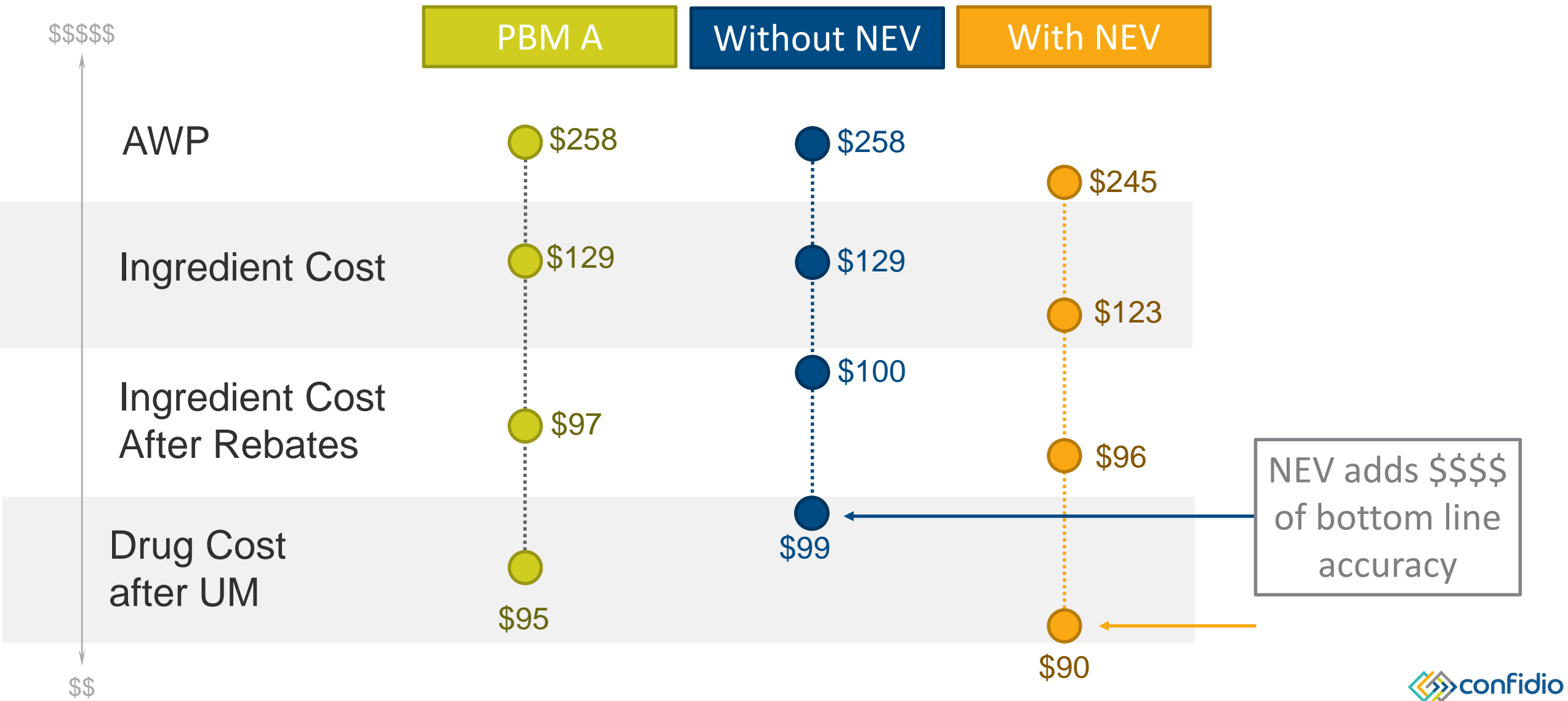


- 1 Clinical Criteria Review
 - 2 PA Approval Comparison
 - 3 PA Economic Value
- +
- =

Utilization Management Effectiveness



PBM Net Economic Value: NEV= Pricing + Formulary + UM



Your Goals / Our Consultative Strategy / Trend Management

Potential strategies that can be deployed as part of your pharmacy program

Category	Description	Potential Impact
Recommended Excluded Drug (RED) List <i>Proprietary Confidio Solution</i>	<ul style="list-style-type: none"> Excludes high cost low value drugs from the formulary No impact on rebates with leveraged contract PBMs 	<p>Phase 1 – 2.8%</p> <p>Phase 2 – 1.75%</p> <p><i>Estimated based on CVS comparative data</i></p> <p><i>Phase 2 still in development</i></p>
Medical Specialty Management Program <i>Deploy with PBM or Carrier</i>	<ul style="list-style-type: none"> Roughly 50% of specialty spend is billed through medical Deploy UM, site of care, self administered drug block strategies 	<p>4%-10%</p> <p><i>Medical Drug Spend</i></p> <p><i>Widely varies by plan</i></p>
Prescription Care Management <i>Embedded 3rd Party Vendor</i>	<ul style="list-style-type: none"> Identify and facilitate therapeutic drug switches that save the member and plan money Changes are optional and coordinated with prescriber 	<p>3%-5%</p> <p><i>Pharmacy Drug Cost Savings</i></p>
Pharmacogenomics <i>Confidio Solution</i>	<ul style="list-style-type: none"> Genetic testing solution that identifies individual's genomic affect on drug response Strategy to improve health / outcomes and reduce waste 	<p>11% less ED visits and 6.3% less hospitalization rates for PGx tested compared to PGx untested (industry study)</p>
Specialty Copay Card Accumulator / Optimization <i>PBM embedded solution</i>	<ul style="list-style-type: none"> Remove specialty copay card values from accumulators to show true out of pocket Maximize manufacturer copay cards to offset specialty drug cost at the point of sale 	<p>1.3% - 3.5%</p> <p><i>Pharmacy Drug Cost Savings</i></p>
Utilization Management and Clinical Programs <i>Deploy with PBM or outside Vendor</i>	<ul style="list-style-type: none"> Deploy Step Therapy, Prior Authorization and Quantity Limits that are client specific Identify areas to deploy clinical programs across chronic conditions, rare conditions and specialty pharmacy 	<p>10%-20%</p> <p><i>Savings Vary Drastically by Programs Selected and client utilization</i></p>

Going Beyond the Spreadsheet

More Savings, Better Experience

Culture and experience driven contract documenting client-specific initiatives and clear financial and outcome expectations.

Vendor Partner Integration | Rx Expert Service Model | Ongoing Automated Analytics

Confidio Analytics

- Claim reprice sets cost baseline
- Utilization review sets therapeutic class baseline

PBM Optimization

- Formulary (RED List, B4G)
- Utilization Management (UM) (Clinical playbook, PA analysis)
- Specialty Patient Assistance
- Adherence Opportunity

Confidio Deeper Dive

- Low Net Cost Formulary Analysis
- UM Effectiveness Modeling
- Medical Data Integration

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Thank You

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