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PHARMACY REIMBURSEMENT MODEL

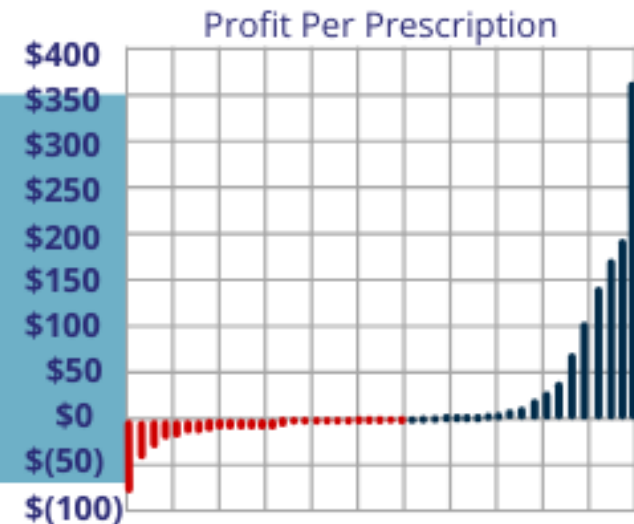


CURRENT

Average Wholesale Price (AWP) - 80% Discount (Generics)



\$0.00-\$1.00 Dispensing Fee (Set by PBMs)

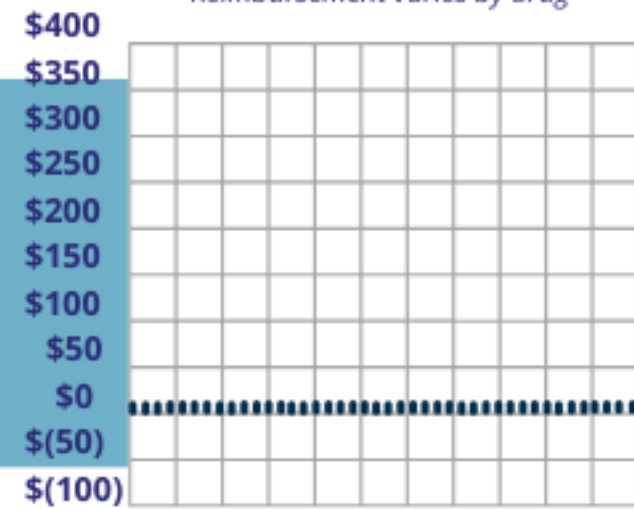


FUTURE

Average Acquisition Cost (AAC or NADAC) (Set by survey of pharmacies)



Cost of Dispensing (Set by survey of pharmacies)

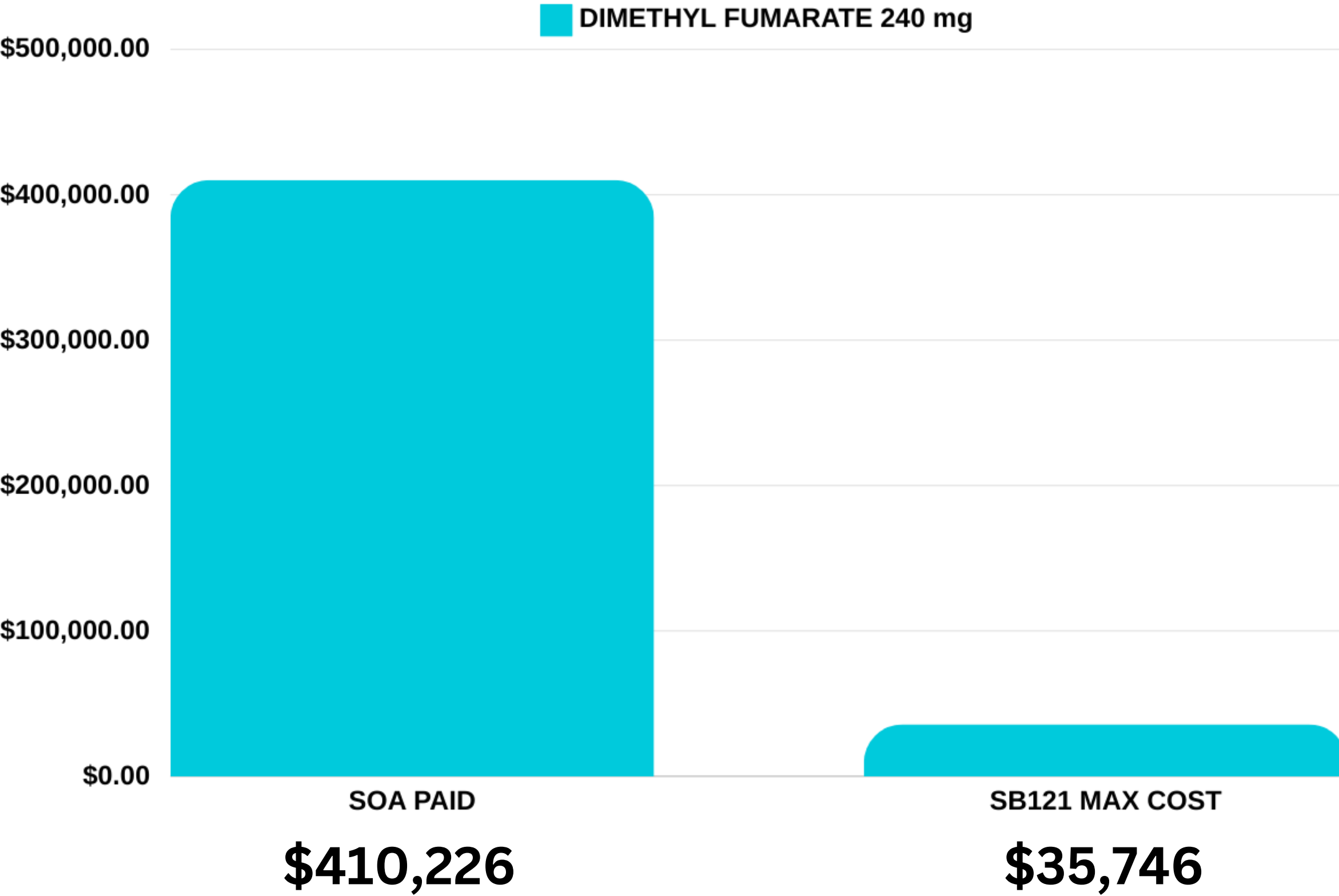


OVERALL EFFECT:

Drug product cost **DECREASES** to offset the increased dispensing fee, resulting in a **net neutral change** to payers and employers with a **consistent and transparent pharmacy reimbursement model!**

*NADAC Equivalency Metrics, <https://www.medicaid.gov/medicaid/prescription-drugs/downloads/retail-price-survey/nadac-equiv-metrics.pdf>
 *Methodology for Calculating the National Average Drug Acquisition Cost (NADAC) for Medicaid Covered Outpatient Drugs, <https://www.medicaid.gov/medicaid-chip-program-information/by-topics/prescription-drugs/full-nadac-downloads/nadacmethodology.pdf>
 *NADAC-plus: An emerging paradigm in pharmacy pricing, <https://us.milliman.com/v/media/milliman/importedfiles/uploadedfiles/insight/2018/nadac-plus.ashx>

93 prescriptions filled by Optum Retail, 1 prescription filled by Optum Specialty

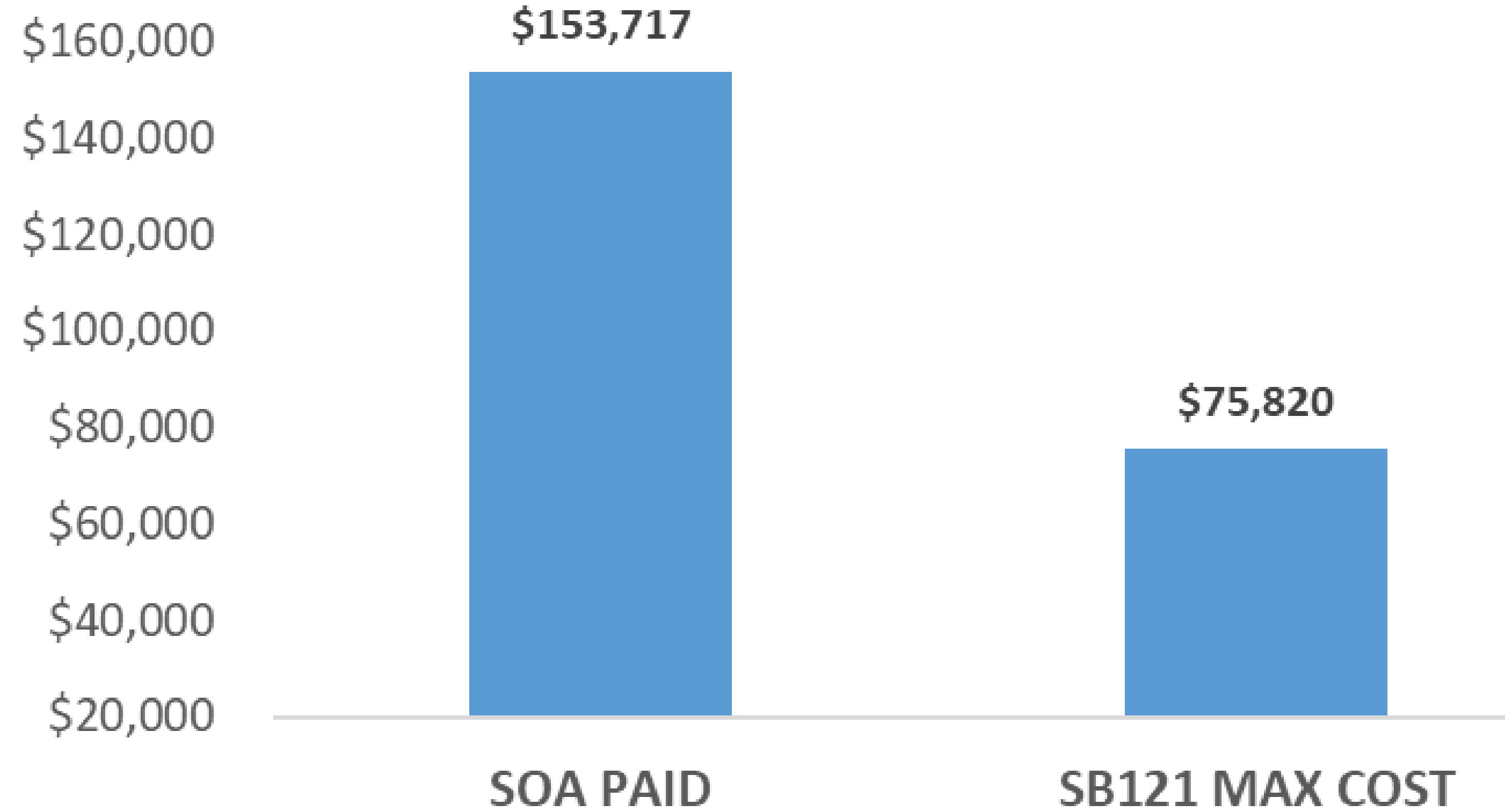


State of Alaska (SOA) Division of Retirement & Benefits was Charged by OptumRx >1,140% over estimated acquisition.

If specialty pharmacy filled prescription increase cost by \$2/tablet

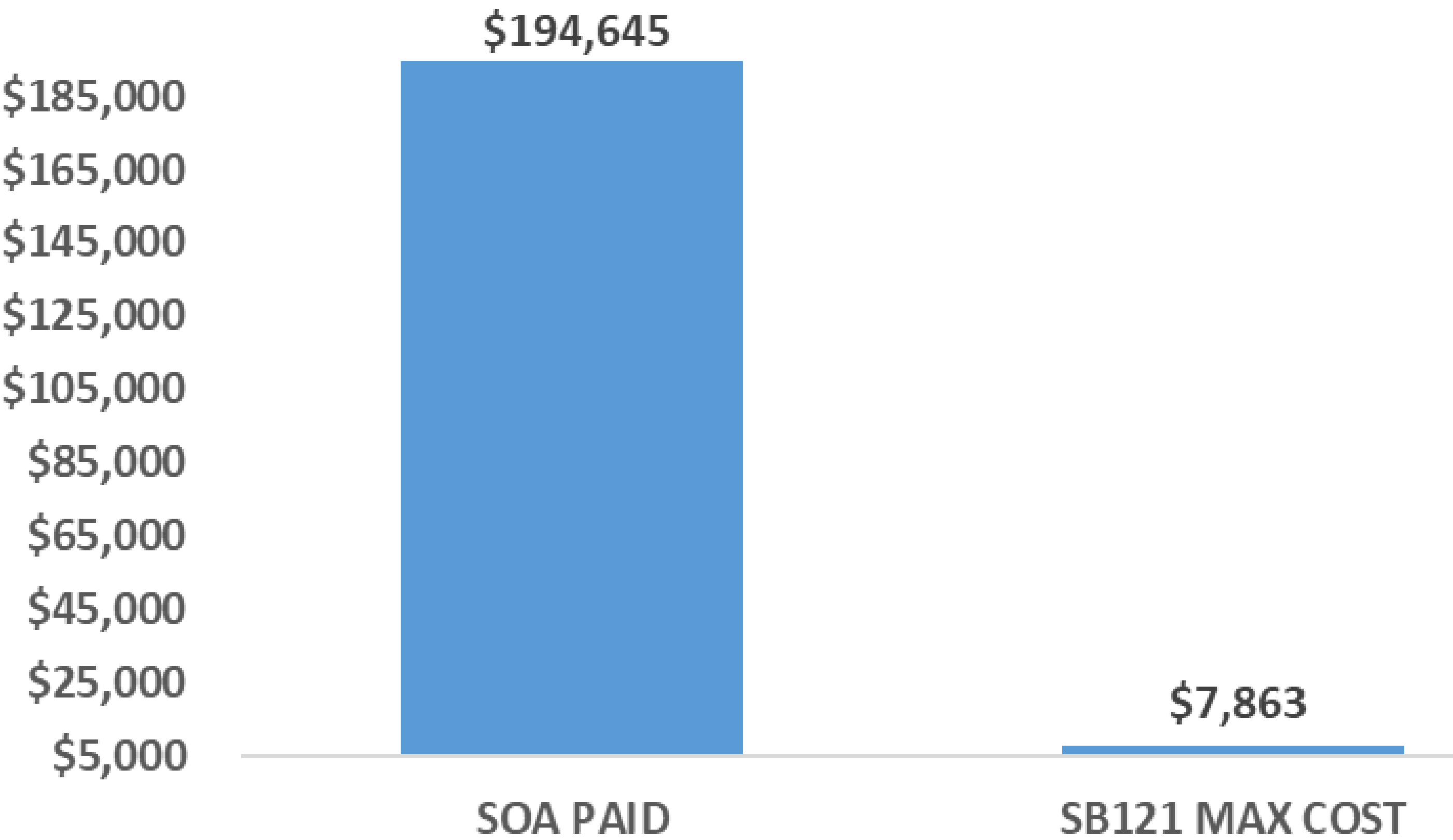
All 32 prescriptions filled by Optum

Copaxone 40MG-ML PFS



When filled by “specialty pharmacy” = additional **\$1,000**/prescription charged

Ampyra 10 MG ER Tablet

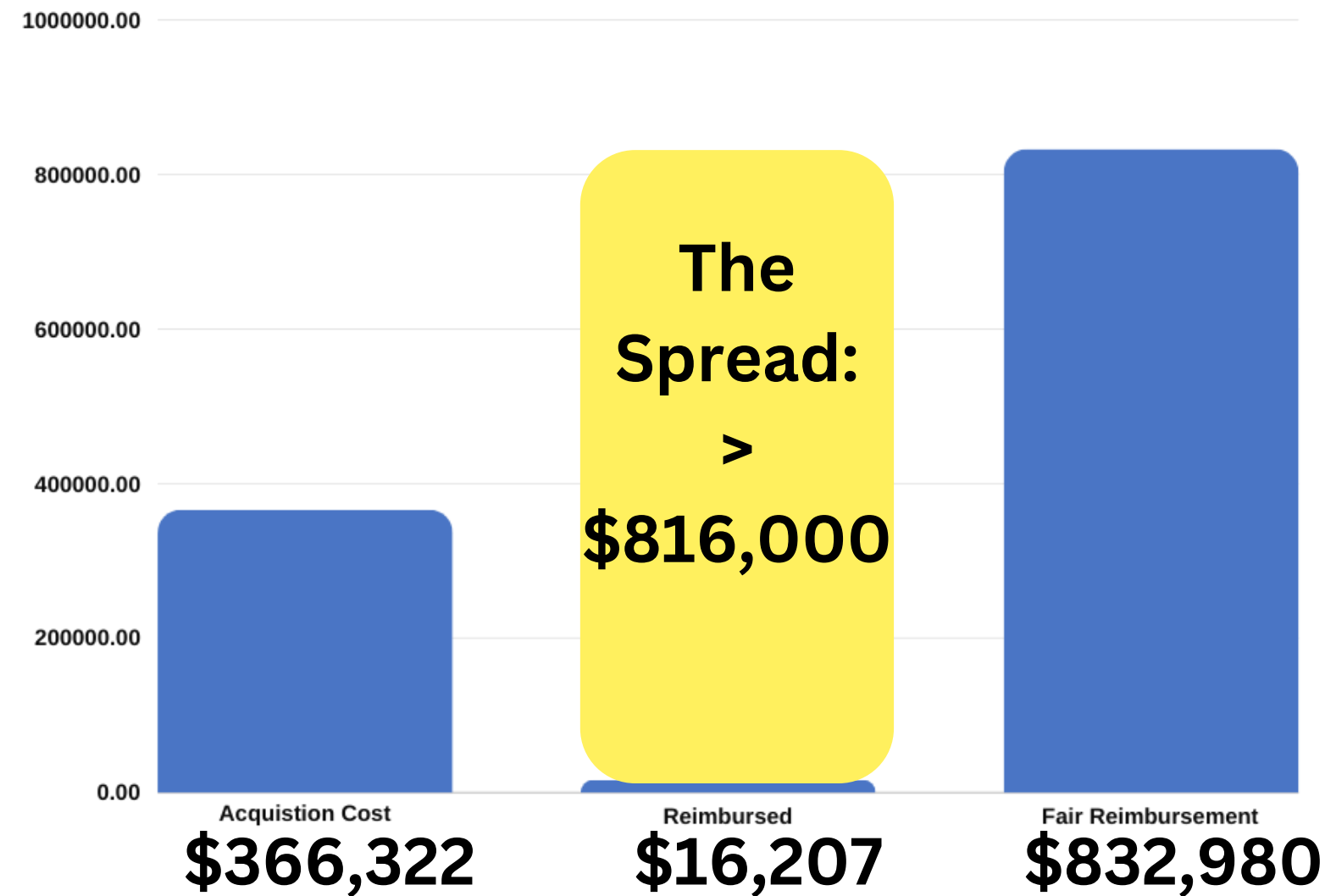


SOA paid on average **2,400%** more than SB121 would have cost for transparent and fair reimbursement.

SIGNIFICANT FINDINGS:

SOA paid **3,000%** more for OptumRX Mail

Spread Pricing Example From One Alaska Pharmacy

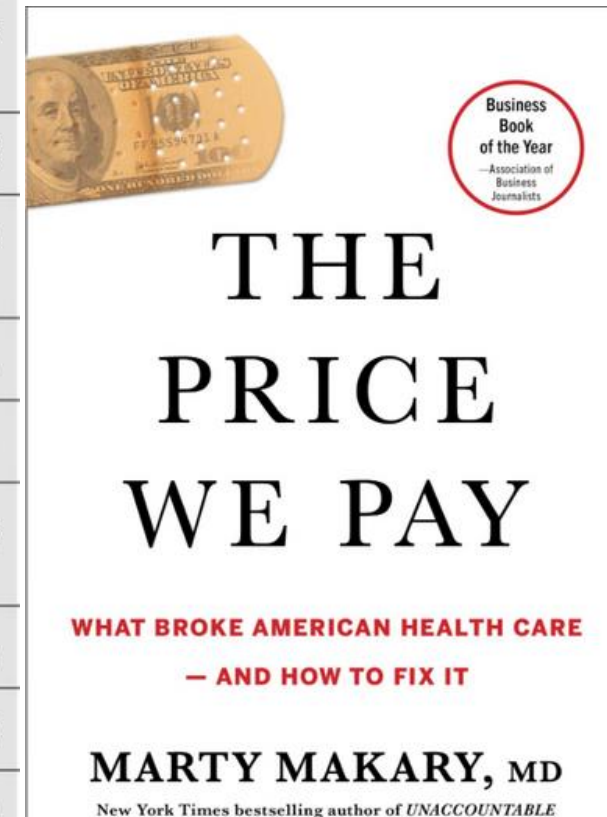


“THE SPREAD”

Difference between what a PBM charged one employer and what they paid out to a pharmacy

DRUG NAME (brand name example)	STRENGTH	QUANTITY	AMOUNT PBM CHARGED THE EMPLOYER	AMOUNT PBM PAID TO PHARMACY*	“THE SPREAD”
Omeprazole (Prilosec)	40 mg	30	\$70.85	\$0.00	\$70.85
Bupropion XL (Zyban)	300 mg	30	\$188.88	\$0.00	\$188.88
Escitalopram (Lexapro)	10 mg	30	\$103.47	\$0.00	\$103.47
Losartan (Cozaar)	50 mg	90	\$204.00	\$25.22	\$178.78
Azithromycin (Zithromax Z-pack)	250 mg	6	\$46.70	\$0.00	\$46.70
Fluoxetine (Prozac)	20 mg	30	\$126.03	\$59.50	\$66.53
Ketorolac (Acular)	10 mg	20	\$43.14	\$14.00	\$29.14
Pantoprazole (Protonix)	40 mg	30	\$159.85	\$0.00	\$159.85
Meloxicam (Mobic)	15 mg	30	\$145.33	\$0.00	\$145.33
Lisinopril (Zestril)	30 mg	30	\$45.21	\$2.75	\$42.46
Paroxetine (Paxil)	30 mg	90	\$253.35	\$35.63	\$217.72
Simvastatin (Zocor)	40 mg	90	\$442.85	\$34.94	\$407.91
Baclofen (Gablofen)	10 mg	270	\$667.17	\$126.49	\$549.68
Quetiapine (Seroquel)	200 mg	10	\$129.37	\$5.07	\$124.30
Fluocinonide Cream (Vanos)	0.1 %	240gm	\$3,174.47	\$997.00	\$2,177.74
Atorvastatin (Lipitor)	20 mg	30	\$173.02	\$0.00	\$173.02

*\$0.00 indicates the patient’s copay covered the entire cost of the medication, thus the PBM charged the employer for the medication but paid the pharmacy nothing.



Transparent PBM Example: OreadRx



No Spread Pricing

Our clients pay exactly what is paid to the provider in addition to a flat admin fee, nothing more



No Retained Rebate

Our clients receive 100% of manufacturer rebates on all claims



No Specialty Pharmacy Requirements

Our members are always allowed to use the pharmacy of their choice



Flat Administrative Fee

All OreadRx services are included in one low flat administrative fee

[Dr. Dared Price Testimony at White House Listening Session](#)

Shows cost savings with Provisions in SB 121