APC's Common Sense on PBMs

Too often misunderstand – if not overly-vilified – for their role as a consumer go-between for health insurance companies and pharmacies to provide cost analysis for prescriptions, Pharmacy Benefit Managers (PBMs) aren't the antagonists that many paint them to be.

Well, at least most of them aren't.

Across a middleman system in which the largest of PBMs are under national scrutiny for morphing into a profit-driven model that favors large pharmacy chains and belies transparency, the process isn't in need of an overhaul, but rather, according to one expert, more healthy competition and more blunt common sense.



Aaron Bren

Pharmacy Benefit Managers (PBMs) are under national scrutiny for morphing into a profit-driven model that favors large pharmacy chains and belies transparency. The process isn't in need of an overhaul, but rather healthy competition and blunt common sense.

Aaron Bren, CEO and founder of L.A.-based Action Pharmaceutical Consulting (APC), isn't shy when espousing both the ails and the salves of the PBM world. While Bren, proud son of a former Insurance and Brokerage Auditor from PricewaterhouseCoopers, may have founded APC in 2006, his lessons began long before that.

"I learned what not to do in this business around the kitchen table before I left high school. No joke," Bren offers in his frank style.

APC's (apconsultgroup.com) model works with mid-market PBMs to offer competitive rates, flexible contract terms and ideal cost management. In lieu of further feeding the coffers of the biggest PBMs, Bren's approach creates needed competition in the marketplace.

Smaller employers are often lured into contracts through coalitions or purchasing groups with coalition contracts having no accountability to deliver on best savings; presenting limited pharmacy networks, the contracts often, if not always, lead to higher costs.

To wit: Three-quarters of all prescription claims are processed by what's referred to as the "Big 3" of PBMs, meaning: Optum, Express Scripts and CVS/Caremark.*

"The Big 3 are processing 75 percent of the claims, and they clearly state in their financial statements that they make more money off the

smaller clients. Going out to all the middle market PBMs in our space, we can all agree that the Big 3 – they're big enough," Bren says. "The statistic is that the Big 3 must steal one percent from one another to grow."

Like a pharmaceutical Robin Hood, APC works to pluck clients from the Big 3, and spread business to mid-market PBMs.

"I tell clients that 'let's put you with a PBM that, if you end up firing the PBM – that PBM actually cares about losing the business," Bren adds. "It's like banking -- a small business often receives more personalized and valued service from a local community bank versus being overlooked at a giant banking chain."

Bren's blueprint is leveraging power against the big boys, which is obtained through working with a competitive network of PBMs. Savings and efficiency are achieved via mid-market PBMs who contract directly with a small group offer, resulting in better formulary customization, more accountability to deliver on promised savings and expanded pharmacy networks to ensure access to the best drug pricing at retail.

"The large consulting houses that have built these coalitions for the Big 3, they're the ones who created the whole problem. If you only know three PBMs and there's no money in it for your firm, they just give the business to the large PBM by default.

"PBM management every day from pricing to service is the key. Our larger competitors cannot afford to do PBM management. They make the majority of their money on other lines of coverage."

APC's approach works with a prescription-pricing model and partners with self-funded health plans, its Benefit Advisors and a network of PBMs that offer pharmacy options – a needed flexibility for pharmacy cost-saving



and consumer options. APC extends its consult and merit by offering a deferred-compensation approach along with a complementary claims review.

In his direct way, Bren explains how APC can help lesser-known mid-market PBMs more efficiently sell themselves.

"I tell every PBM that I work with that they stink at marketing," he says. "They pour all this money into marketing, and about one percent of the U.S. population even knows what a PBM is. We work with PBMs to create marketing plans that benefit our clients."

Accented amid the months of COVID, the APC model may well be in greater need than ever, and clients need muster vision, foresight and courage to part ways with the Big 3.

"We're here in a pandemic, and I know this is a loaded question, but: Should a client survive like their lives depend on it to keep the doors open, or jack around with the pharmacy benefit?"

"I walk into an account and I find the Big 3 are present and they're playing games, I just look at the company leadership and say, *'Fire 'em.'*" — By Judd Spicer, California Business Journal.

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**(Source: PBM Market Share, by Total Equivalent Prescription Claims Managed, 2018 | Drug Channels)*