

Pharmacy Benefit Managers

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House Health Care & Wellness Committee

Presenter: Ryan Pistoiresi, PharmD, MS, Assistant Chief Pharmacy Officer

Washington State
Health Care Authority

Pharmacy Benefit Managers (PBMs)

- ▶ PBMs manage all or some pharmacy benefits for carriers/health plans, including Medicare, Medicaid, and commercial plans
- ▶ These services may include:
 - ▶ Determining pharmacy benefits, including cost-share and covered drugs
 - ▶ Handling member services, such as customer service and appeals
 - ▶ Contracting with community pharmacies to negotiate reimbursement rates and create pharmacy networks
 - ▶ Negotiating a pharmacy reimbursement rate guarantee with carriers
 - ▶ Negotiating rebates with drug manufacturers
 - ▶ Establishing and maintaining preferred drug lists (PDLs) or formularies
 - ▶ Creating clinical policies and handling utilization management

HCA and PBMs

- ▶ HCA manages PBMs directly and indirectly for our programs
 - ▶ **Apple Health FFS:** HCA administers pharmacy benefit services in-house
 - ▶ **Apple Health MCO:** HCA contracts with MCOs who contract with PBMs
 - ▶ **Uniform Medical Plan:** HCA contracts directly with ArrayRx
 - ▶ **Fully insured PEBB/SEBB health plans:** carriers contract with PBMs
- ▶ HCA administer a Prescription Drug Consortium (ArrayRx) through contract with Moda Health for state-purchased health care
 - ▶ State inter-government partnership between Washington, Oregon, and Nevada
 - ▶ Serves HCA, Labor and Industries, Department of Corrections, Department of Health, and others
 - ▶ ArrayRx Discount Card provides Washingtonians access to discounted drugs

Apple Health

- ▶ HCA contracts with five MCOs who are contracted with three PBMs
 - ▶ HCA requires copies of the MCO-PBM contracts
 - ▶ HCA needs to ensure compliance with state and federal requirements
- ▶ Examples of recent HCA contract amendments to manage PBMs:
 - ▶ Implementing single Apple Health Preferred Drug List
 - ▶ Prohibiting PBMs from collecting revenue from spread pricing
 - ▶ Rejecting payment to MCOs for claims to unknown pharmacies

PEBB/SEBB

- ▶ Uniform Medical Plan (UMP) contracts with ArrayRx for pharmacy services
 - ▶ ArrayRx, administered by Moda Health, has served UMP since 2008
 - ▶ Contract with ArrayRx includes custom PDL management, clinical policies, and other clinical programs
- ▶ Fully-insured PEBB/SEBB health plans
 - ▶ HCA does not directly manage these pharmacy benefits or PBMs
 - ▶ PEB and SEB Boards vote to accept health plans and their pharmacy benefits as presented each year



Questions

Contact

Evan Klein | Special Assistant,
Legislative & Policy Affairs
Email: evan.klein@hca.wa.gov

Shawn O'Neill | Legislative Relations Manager
Email: shawn.oneill@hca.wa.gov