

# Innovative PBM Launches Unmatched Pay-For-Performance Model

## 100% Transparent Model Emphasizes Alignment of Interests and Focuses on Guaranteed Savings, Improved Patient Outcomes, and Healthcare Cost Avoidance

MECHANICSBURG, Pa., Feb. 14, 2019 /PRNewswire/ -- BeneCard PBF, a purely transparent pharmacy benefit manager (PBM), introduces the first comprehensive pay-for-performance (P4P) offering in the pharmacy benefit management industry. BeneCard PBF's P4P model combats the misaligned interests often present in traditional PBM models that lead to well over \$750 billion spent on waste in today's healthcare industry.

To understand how BeneCard PBF's P4P model is different, it is important to understand how PBMs traditionally operate. Often, "transparent pricing" is not transparent at all. Numerous conflicts of interest arise when PBMs exist as part of large conglomerates that own retail pharmacies, health insurance companies, mail order pharmacies, physician practice management groups, and other businesses that generate profits for the organization as a whole when prescriptions are filled. This provides an incentive to process more and more prescription claims, regardless of medical necessity or the cost to members and plan sponsors. The greater the number of prescriptions dispensed, the higher the profits of the PBM and its healthcare conglomerate.

Traditionally, PBMs become profitable in three primary ways: rebates, administrative fees, and "spread" on paid pharmacy claims. The first of these revenue streams, rebates, are paid to PBMs by drug manufacturers. These dollars are offered in return for the PBM giving the manufacturer's product preferred formulary status on the prescription drug formulary. Generally, PBMs share only a portion of rebates with plan sponsors, and keep the rest. This also represents a major conflict of interest, as patients and plan sponsors do not share in the full benefits of rebates to lower prescription costs.

The second revenue stream is administrative fees. Many PBMs impose additional administrative fees on plan sponsors for implementing certain programs to help control costs. These fees are often introduced to offset a loss in profitability from an employer group that has lower claim volume and spread-based revenue. Administrative fees are often difficult to interpret because of the complexity of [PBM contracts](#).

The third and most misaligned source of traditional PBM revenue is spread, or a mark-up on paid pharmacy claims. When PBMs apply spread pricing, the pharmacy is reimbursed for one price, while the plan sponsor is charged another, higher price for the same drug. The PBM retains the difference. As a result, as more and more claims are processed, the PBM's profits grow – a clear conflict of interest for an organization meant to help control drug costs.

BeneCard PBF believes in a better model that puts patients and plan sponsors first. The company's pay-for-performance model offers guaranteed savings driven by a clinically focused approach to pharmacy benefit management. Often, plan sponsors see a 20% reduction in costs during their first year with BeneCard PBF compared to their prior PBM, based on the previous year's total net pharmacy benefit plan costs. With BeneCard PBF's P4P offering:

- Plan sponsors receive 100% of rebates passed along from drug manufacturers, immediate pass through of improved network rates, and full disclosure of supply chain discounts.
- There is no spread and no pharmacy claw-back whatsoever.
- The plan is completely auditable by the plan sponsor.
- Clinical programs are patient-centered, with a focus on cost avoidance and improved health outcomes that result in savings for patients and plan sponsors.
- Patients can easily compare prescription drug prices on the free BeneCard PBF Mobile App to find the best value.
- The pricing model is based on actual acquisition costs (AAC) for mail order and specialty drugs, aligning BeneCard PBF's interests with patients and plan sponsors through a lowest net cost approach.
- BeneCard PBF's profits are based on the results of our performance, and a straightforward, fixed administrative fee. The fee is charged on a per member, per month basis for managing both the benefit and the clinical programs that drive savings and lower trend (year over year costs).
- BeneCard PBF offers 100% transparency and full access to data files and claims experience, which plan sponsors can download at any time.

With this pay-for-performance approach, plan sponsors are guaranteed to save money on their prescription drug spend, and members receive high-touch individualized care that improves their quality of life.

Together, BeneCard PBF and plan sponsors can change how business is conducted in the PBM industry. BeneCard PBF offers plan sponsors a true, conflict-free PBM partnership that eliminates wasteful spending and improves member health outcomes.

***To learn more and request a quote for a guaranteed reduction in your prescription benefit plan costs, please contact [hugh.gallagher@benecardpbf.com](mailto:hugh.gallagher@benecardpbf.com).***

## **About BeneCard PBF**

BeneCard PBF approaches the industry from a different perspective – one that puts patients, not profits, first. The company positions pharmacists at the center of care coordination, applying a holistic view of patient health to innovative clinical programs that improve health outcomes and prevent wasteful prescribing. A transparent, independent PBM, BeneCard PBF consistently delivers trend numbers that outperform the industry average. This enables the company to deliver cost savings coupled with a higher standard of care.

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