

## The Rebate Key: Maximizing Value for Employers, Members and PBMs

### The Rebate Conundrum

Rebates are a highly effective mechanism in lowering drug costs for patients and health plans, and yet, millions of dollars' worth of rebates are never used. The savings potential is hampered by the secrecy that surrounds rebate information.

Part of a PBM's core business is to negotiate and secure rebates from drug manufacturers on behalf of their clients. Once the price is negotiated, the rebated drugs go onto the health plan's formulary, but no other information about the rebate is shared. It begs the question, why wouldn't the PBM and health plan want to advertise what drugs have a rebate?

The answer is two-fold. Negotiating discounts for new drugs is highly competitive and the cost of a specific drug for one client could be very different for another one. Second, PBMs nor health plans steer physicians to prescribe medications, health care is left in the hands of the prescribers, which is good. Unfortunately, physicians have no visibility to the cost of the medications they prescribe.

Consequently, rebate information must remain confidential, and the secrecy prevents patients from taking full advantage of lower cost drugs. It's an impasse.

### Bridging the Gulf

Benefitplace™ Rx Insights is the bridge between this impasse, and this is how we do it.

Our Intervention Codex is a safe and secure tool that finds lower cost, alternative drugs and recommends the switch directly to the patient's physician. Neither the physician nor the patient knows that there is a rebate, they only know that there is a lower cost option. The reason one drug is less costly isn't important to them.



Our Intervention Codex works best when the rebate information is supplied by the health plan or PBM, but it can also take advantage of rebates when no information is shared. In addition, the tool helps PBMs and health plans hit their rebate guarantees far more quickly and confidently.

### Complete Rebate Information

PBMs and health plans can supply the rebate information to our Intervention Codex, and this informs the switch recommendations.

Rx Insights does NOT require all of the details of the client's rebate structure, only the drug names and GPI\_10 code if available. When this information is available (e.g., in an Override file), the switch analysis process will not generate a medication switch recommendation for the named drugs, preserving the rebate structure. As an additional benefit, the client may request that the switch analysis specifically try to switch medications to the rebated drug to maximize the impact of the program. Rebated drugs will be included in the client's formulary, generally as 'Preferred Drugs' if that designation exists.

## No Rebate Information

The Rx Insights analysis process relies on the client's formulary, among other data points, to determine when to switch from one medication to another. While not specifically identified in the pharmacy claims data, rebated drugs are typically designated on the formulary as 'preferred' and the Intervention Codex prioritizes these when selecting alternative drugs. Analysis of the client's formulary during the onboarding phase may provide hints to which drugs are rebated. Client benefit plan information may also provide insight into rebated drugs, for example, unusually low member payments on name-brand drugs.

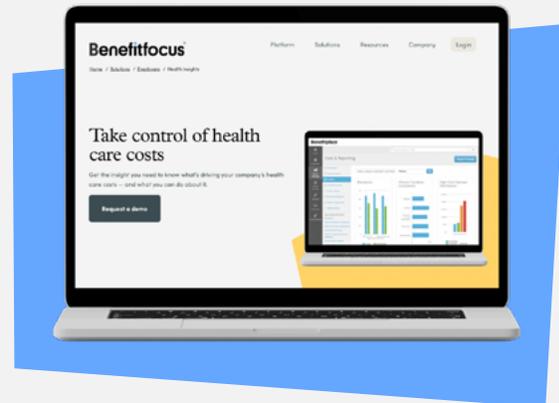
## Maximizing Value

The Intervention Codex is a tool that can be aimed in any direction. We can set it to prioritize rebated drugs using the indicators to maximize value for members, health plans and their PBM. The system works best when we work together – everybody wins, and the rebate information stays secure.

We understand that in some cases, the information is too sensitive to share. In this case, Rx Insights will continue to find savings by aiming the Intervention Codex at the formulary.



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