

Pharmacy Insights

2024 Q4

In This Issue:

Pharmacy Benefit Best Practices for 2025

Assura: Innovative Solution to Managing Specialty Trend

Pharmacy Benefit Best Practices for 2025

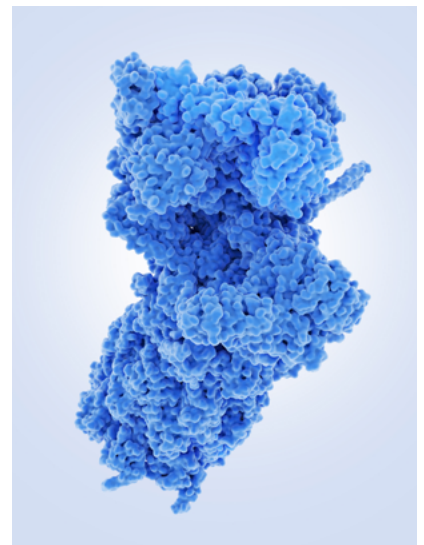
As the pharmacy benefit landscape continues to evolve, plan sponsors must adopt innovative strategies to ensure effective cost management while prioritizing patient outcomes. Specialty medications will continue to drive 40% to 60% of total drug spend under the pharmacy benefit. Utilization of GLP-1 drugs like Ozempic will continue to drive costs for diabetes and weight loss management. The following best practices outline critical areas for pharmacy benefit management (PBM) optimization in the year ahead.

1. Emphasizing Value-Based Contracts

Value-based contracts are at the forefront of modern PBM strategies. These agreements tie reimbursement to clinical outcomes, ensuring that medications deliver measurable value to patients. By aligning incentives among manufacturers, payers, and providers, organizations can better manage high-cost specialty drugs and improve adherence rates. Enhanced data sharing and analytics tools are crucial to tracking patient outcomes and negotiating contracts that favor quality over volume.

2. Comprehensive Specialty Drug Management

The Centers for Medicare and Medicaid Services expects prescription drug spend to be the fastest growing health care expense over the next decade. In fact, \$0.40 of every dollar spent on healthcare in the US is for drug therapy. With the rise of personalized medicine and gene editing therapy, drug spend will continue to increase and likely reach \$600B this year. Specialty drugs continue to drive pharmacy spending, with costs projected to comprise over 60% of total drug spend in 2025. High cost specialty medications are driving an average trend increase of 2.3%. This trend is also expected to continue as most employers are seeing specialty drug costs account for over 50% of total drug spend under the pharmacy benefit.



PBMs must implement robust specialty drug management programs, including formulary tiering, prior authorizations, and site-of-care optimization. Home infusion therapies and biosimilar adoption are key strategies to reduce costs while maintaining quality care. Additionally, partnerships with specialty pharmacies allow for better patient support and adherence tracking.

(Continued...)



3. Leveraging Artificial Intelligence and Predictive Analytics

AI and predictive analytics play an increasingly vital role in pharmacy benefit management. Advanced algorithms enable real-time analysis of prescribing trends, adherence patterns, and patient risk factors. These insights allow PBMs to personalize interventions, identify cost-saving opportunities, and prevent potential adverse events. Predictive modeling also supports population health initiatives by targeting high-risk members for tailored medication management programs.

4. Prioritizing Transparency in PBM Practices

Regulatory changes and employer demands have amplified the call for greater PBM transparency. In 2025, best practices include clearly disclosing rebate structures, administrative fees, and formulary decision-making criteria. Transparent partnerships foster trust among stakeholders and empower plan sponsors to make informed decisions. Additionally, implementing pass-through pricing models ensures that employers benefit directly from negotiated savings.

5. Expanding Access to Digital Pharmacy Tools

Digital tools, such as mobile apps and online portals, enhance member engagement and streamline prescription management. In 2025, successful PBMs offer platforms that provide price transparency, refill reminders, and adherence tracking. These innovations support better health outcomes while addressing member convenience.

6. Enhancing Health Equity in Pharmacy Benefits

Addressing health disparities is an area of critical focus in 2025. PBMs are adopting policies that eliminate access barriers, such as high copays and restrictive formularies, for vulnerable populations. Culturally competent care and language-specific resources ensure that diverse member groups can navigate their pharmacy benefits effectively. These measures not only improve health equity but also reduce long-term healthcare costs by preventing complications.

7. Proactive Management of Regulatory Changes

As regulations evolve, PBMs must remain agile in adapting their practices to comply with new mandates. Monitoring federal and state-level policies is essential to ensure timely adjustments to formularies, benefit designs, and reporting requirements. Proactive compliance efforts minimize

disruptions and safeguard plan sponsors from potential penalties.

8. Focusing on Mental Health Medication Access

The growing emphasis on mental healthcare has led PBMs to prioritize coverage for antidepressants, antipsychotics, and other behavioral health medications. Integrating these therapies into broader care coordination efforts helps improve adherence and outcomes for patients with mental health conditions.

Conclusion

In 2025, pharmacy benefit best practices hinge on innovation, transparency, and member-centric care. By leveraging technology, managing specialty drug costs, and addressing health equity, PBMs can balance cost containment with improved patient outcomes. These strategies position organizations for long-term success in a rapidly changing healthcare environment.

Assura: Innovative Solution to Managing Specialty Trend

In today's healthcare landscape, the escalating costs of specialty medications pose significant challenges for health plans and employers. Specialty drugs, which often account for less than 2% of all claims, can represent more than 50% of total spend. This financial strain is exacerbated by a growing pipeline of specialty drugs and newer therapies costing more than \$100,000 for a single course of treatment.

To address these challenges, Abarca Health has introduced Assura, an innovative net cost guarantee pricing solution designed to bring predictability and accountability to drug spend management.

Understanding Assura: A Net Cost Guarantee Solution

Assura is a financial model that guarantees the net cost of drugs, including specialty medications, by offering an annual fixed per-script cost for an entire population.

This guarantee is adjusted annually based on drug benefit coverage changes, ensuring that health plans can better predict and manage their pharmacy benefit costs.

(Continued...)

Key Features of Assura

1. **Fixed Per-Script Cost:** Assura provides a predetermined per-prescription cost, covering all drug categories, including specialty medications. This approach shields health plans from unexpected increases in drug prices and utilization.
2. **Annual Adjustments:** The guaranteed per-script cost is reviewed and adjusted annually to reflect changes in drug benefit coverage, maintaining alignment with the evolving pharmaceutical landscape.
3. **Comprehensive Coverage:** Assura's model encompasses all drug categories, ensuring that health plans are protected from cost increases across the entire spectrum of medications.

Benefits of Implementing Assura

- **Predictability in Drug Spend:** By establishing a fixed per-script cost, Assura enables health plans to forecast their pharmacy expenses accurately, facilitating more effective budgeting and financial planning.
- **Risk Mitigation:** Assura protects health plans from the financial risks associated with high-cost medications and changes in drug mix, providing a safeguard against unforeseen expenses.
- **Transparency and Accountability:** Abarca's approach with Assura emphasizes transparency, offering straightforward financial models and full reconciliation and reporting, fostering trust and accountability between the PBM and the health plan.

Case Study: Assura in Action

A commercial health plan serving over 250,000 lives achieved significant savings by implementing Abarca's Assura solution. The plan reported savings of approximately 10% on their annual pharmacy spend due to Assura's fixed per-script cost

Sources:

[NHE Fact Sheet | CMS](#)

[Drug prices in the U.S. - Statistics & Facts | Statista](#)

[The high costs of anticancer therapies in the USA: challenges, opportunities and progress | Nature Reviews Clinical Oncology](#)

and the low single-digit annual inflation rate. With Abarca's model, the plan achieved improved trend, greater predictability, and decreased administrative burden, demonstrating Assura's effectiveness in real-world scenarios.

Additionally, the Assura model was vetted by a third-party financial firm to evaluate its methodology and financial calculation appropriateness. This third party concluded that Assura provides transparency and predictability while including a straightforward methodology for reconciliation.

Assura's innovative approach has been recognized by industry experts. In 2022, Abarca received the PBMI Excellence Award for Assura, acknowledging its contribution to cost containment strategies in pharmacy benefit management.

Conclusion

As the cost and complexity of specialty medications continue to rise, health plans and employers require innovative solutions to manage their pharmacy benefit expenses effectively. Assura offers a path to predictability and accountability in drug spend management, empowering organizations to navigate the challenges of the modern pharmaceutical landscape with confidence.

For more information about Assura and how it can benefit your organization, you can email Sales@AbarcaHealth.com.



McGriff.com

This document is not intended to be taken as advice regarding any individual situation and should not be relied upon as such. Marsh & McLennan Agency LLC shall have no obligation to update this publication and shall have no liability to you or any other party arising out of this publication or any matter contained herein. Any statements concerning actuarial, tax, accounting or legal matters are based solely on our experience as consultants and are not to be relied upon as actuarial, accounting, tax or legal advice, for which you should consult your own professional advisors. Any modeling analytics or projections are subject to inherent uncertainty and the analysis could be materially affected if any underlying assumptions, conditions, information, or factors are inaccurate or incomplete or should change. d/b/a in California as Marsh & McLennan Insurance Agency LLC; CA Insurance Lic: 0H18131.