Rebates
A Commercial Payer Perspective

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Payer View of Rebates

A rebate is a negotiated discount that payers are able to obtain from pharmaceutical companies due to purchasing volume and level of influence on drug product choice

- Rebates are viewed as part of the net price
- New Drug Launch cost is viewed the same whether it is a high list price with high rebate or low list and low rebate
## How Rebates Work

<table>
<thead>
<tr>
<th>PHARMACY</th>
<th>electronically submits claim to PBM</th>
</tr>
</thead>
<tbody>
<tr>
<td>PBM</td>
<td>PBM pays pharmacy allowed amount less member cost share</td>
</tr>
<tr>
<td>PHARMACY</td>
<td>collects cost-share from member</td>
</tr>
<tr>
<td>PBM</td>
<td>PBM submits claim to pharmaceutical company for rebate payment</td>
</tr>
<tr>
<td>RX</td>
<td>PHARMACEUTICAL company remits payment to PBM</td>
</tr>
<tr>
<td>PBM</td>
<td>PBM distributes rebates to health-plan and employer customers</td>
</tr>
</tbody>
</table>

## How Rebates are Used

Rebates can be used to **decrease** member costs or **reinvested** into other member benefits.

| Premiums | • All members  
• Decreases monthly payment for health care coverage |
|---|---|
| Lower Copayment | • Members utilizing specific drugs  
• Certain drugs may be in lower copayment tier with lower cost-share |
| Point-of-Sale Discount | • Members utilizing specific drugs  
• All or portion of rebate may be made available to member at point-of-sale when utilizing a rebated drug |
| Wellness Programs | • All members  
• May be used to fund weight loss programs or healthy pregnancy programs |
| Member Engagement | • Certain members  
• May be used to fund enhanced benefits for members who are compliant with medications or choose cost-effective options |
Member Experience

Prescription Cost ($400 list price) 

Drug Cost Discount ($150 discount funded by rebates)

Member pays discounted price at pharmacy (See table below)

<table>
<thead>
<tr>
<th>Phase</th>
<th>Member pay without Point of Sale Discount</th>
<th>Member Pay w/Point of Sale Discount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deductible</td>
<td>$400</td>
<td>$250</td>
</tr>
<tr>
<td>20% Coinsurance</td>
<td>$80 ($400 * 20%)</td>
<td>$50 ($250 * 20%)</td>
</tr>
<tr>
<td>$35 Copay</td>
<td>$35</td>
<td>$35</td>
</tr>
<tr>
<td>$300 Copay*</td>
<td>$300</td>
<td>$250</td>
</tr>
</tbody>
</table>

For illustrative purposes only

*Will rarely occur

My ScriptRewards

An innovative new program that shares prescription cost savings directly with plan participants.

Members Receive:

$0 cost-share for included regimens

Up to two $250 medical debit cards annually to be used for approved medical expenses
Thank you