

Rebates A Commercial Payer Perspective

November 2018

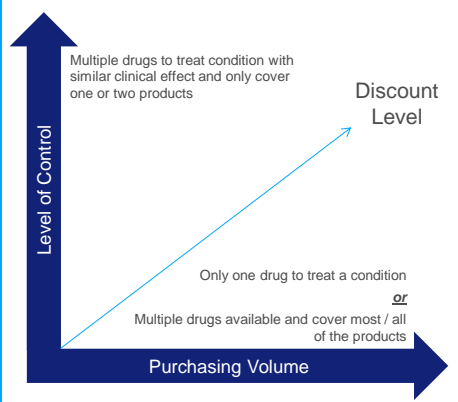
Lida Etemad, PharmD, MS
Vice-President, Pharmacy Management Strategies



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


Proprietary information of UnitedHealth Group. Do not distribute or reproduce without express permission of UnitedHealth Group.

How Rebates Work







PHARMACY electronically submits claim to PBM




PBM pays pharmacy allowed amount less member cost share




PHARMACY collects cost-share from member



PBM submits claim to pharmaceutical company for rebate payment



PHARMACEUTICAL company remits payment to PBM




PBM distributes rebates to health-plan and employer customers

Proprietary information of UnitedHealth Group. Do not distribute or reproduce without express permission of UnitedHealth Group.

3

How Rebates are Used





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

Premiums	<ul style="list-style-type: none"> All members Decreases monthly payment for health care coverage
Lower Copayment	<ul style="list-style-type: none"> Members utilizing specific drugs Certain drugs may be in lower copayment tier with lower cost-share
Point-of-Sale Discount	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> All members May be used to fund weight loss programs or healthy pregnancy programs
Member Engagement	<ul style="list-style-type: none"> Certain members May be used to fund enhanced benefits for members who are compliant with medications or choose cost-effective options


Proprietary information of UnitedHealth Group. Do not distribute or reproduce without express permission of UnitedHealth Group.


Member Experience







Prescription Cost
(\$400 list price)





Drug Cost Discount
(\$150 discount funded by rebates)





Member pays discounted price at pharmacy
(See table below)

Phase	Member pay without Point of Sale Discount	Member Pay w/Point of Sale Discount
Deductible	\$400	\$250
20% Coinsurance	\$80 (\$400 * 20%)	\$50 (\$250 * 20%)
\$35 Copay	\$35	\$35
\$300 Copay*	\$300	\$250

For illustrative purposes only
*Will rarely occur

Proprietary information of UnitedHealth Group. Do not distribute or reproduce without express permission of UnitedHealth Group. 5

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

Proprietary information of UnitedHealth Group. Do not distribute or reproduce without express permission of UnitedHealth Group. 6

