

Drug Classification Varies the Price Employers Pay

Specialty Drug vs. Generic

Classifying Low-Cost Generic Drugs that are used to treat Specialty Conditions (like Pulmonary Hypertension) as Specialty Drugs increases the price the employer pays. If the PBM controls the classification, then the PBM controls the final price.

Sildenafil Citrate



SPECIALTY

Revatio®

\$26 /day

PULMONARY HYPERTENSION



GENERIC

Sildenafil Citrate

\$6 /day

PULMONARY HYPERTENSION

Does your advisor continually review how your PBM classifies prescription drugs? Misclassifying drugs as specialty vs. generic can lead to significant loss of savings for employers.

For example, a specialty drug (Revatio) can be reclassified as the generic equivalent Sildenafil Citrate (see *reverse*).

Increased Employer Costs with Generic Drug Misclassification.

PBM A did not reclassify the generics and honored the generic discount guarantee at 87%.
PBM B misclassified the generics as specialty, therefore the generic discount was dropped to 31%.

The impact of a 56% positive differential with PBM A on this subset of generic drugs is \$1 M.

	PBM A	PBM B
PBM Classification	Generic	Specialty Generic
Count of Prescription Generics used to Treat Specialty Conditions	475	475
AWP	\$1.8 M	\$1.8M
Paid	\$300 K	\$1.3 M
Discount (Paid / AWP)	87%	31%
Are Generics used to Treat Specialty Conditions included in the Generic Guarantee	Yes	No
Employer Discount Savings	\$1.5 M	\$500K

Increased Employer Costs with Specialty Drug Misclassification.

PBM A correctly classifies generic drugs.
PBM B misclassifies generic drugs used to treat specialty conditions as specialty drugs.

PBM A classified the drugs correctly, and reports that the 21% specialty discount guarantee was not met by 1% and pays the client \$330K. By misclassifying, PBM B claims to meet the 21% specialty guarantee by combining specialty generic and specialty brand discounts.

	PBM A		PBM B	
	Specialty Generics	Specialty Brand	Specialty Brand	Specialty Generic
PBM Classification	Specialty Generics	Specialty Brand	Specialty Brand	Specialty Generic
Count of Prescriptions	0	3,741	3,741	475
Average Wholesale Price (AWP)	0	\$33 M	\$33 M	\$2 M
Paid	0	\$27 M	\$27 M	\$1 M
Discount (Paid / AWP)	0	20%	20%	31%
Total Specialty Discount	20%		21%	
Employer's Specialty Discount Guarantee.	21%		21%	
Are Generics included in the Specialty Discount?	No		Yes	
Was the guarantee met?	No		Yes	
Employer Discount Savings	\$330,000		\$0	



If you are looking for further information on Innovu, please call Susan Frank at PBGH

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