

Health Reform Implementation

Opportunities and Issues from the PBM Perspective

PBM Issues

- Medicaid market opportunities
- Phase-out of benefit limits
- Scope of “essential health benefits”
- Accountable Care Organizations (ACOs)
- Use of Patient-Centered Outcomes Research Institute (PCORI) findings
- Independent Payment Advisory Board (IPAB)

Medicaid Expansion

- Millions of new Medicaid enrollees present market opportunities for PBMs
- Anticipate greater reliance on MCOs by States and expanded use of PBM tools

Phase-out of Benefit Limits

- Phase-out of annual and lifetime limits on essential health benefits removes one method used by health plans to manage risk for expensive drugs and biologics
- May stimulate innovation in formulary tiering and Specialty Pharmacy
- Annual limits are still allowed by ACA for benefits not deemed “essential”

Definition of “Essential Health Benefits”

- ACA Section 1302(b) lists 10 categories of “essential health benefits” that must be covered by a qualified health plan
- Must equal the scope of benefits under a typical employer plan (DOL survey)
- Benefits Advisory Committee updates list
- Definitions and revisions must be subject to public notice and comment

Accountable Care Organizations (ACOs)

- ACA encourages formation of ACOs
- ACO agrees to improve quality and reduce unnecessary costs for beneficiaries enrolled in traditional Medicare
- May be hospital-driven or physician practice based
- May impact demand for high cost products

Patient-Centered Outcomes Research Institute (PCORI)

- PCORI is a public-private partnership that will set the agenda for and carry out comparative effectiveness research
- May not mandate coverage or payment for any public or private payer
- Research findings can be used by payers to make their own decisions

Independent Payment Advisory Board (IPAB)

- ACA established IPAB to reduce per capita rate of growth in Medicare spending
- If projected rate exceeds target rate, IPAB must develop and submit cost reduction recommendations to Congress
- HHS Secretary is required to implement IPAB recommendations unless Congress enacts legislation to halt action