



# Pharmacy Pricing Considerations

A basic overview and update on recent topics

Seeing the big picture to solve the biggest problems in health care.

see more. [solve more.](#)

## Utilization



Improved Technology

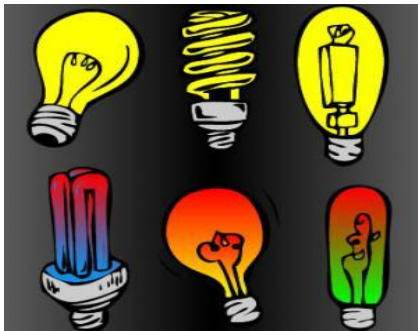
## The Cost Puzzle



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## The PBM Contract



- What happened to the AWP?
- WAC=Wholesale Average Cost (?)
- MAC=Maximum Allowable Cost (Plan)
- ASP=Average Sales Price (Government)

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## The Details Matter

- To control unit costs, we must manage utilization
- Unit costs can be negotiated based on how you structure Formulary
- Behavior and Profile of population can be improved by managing Formulary

**FORMULARY**  
evolution

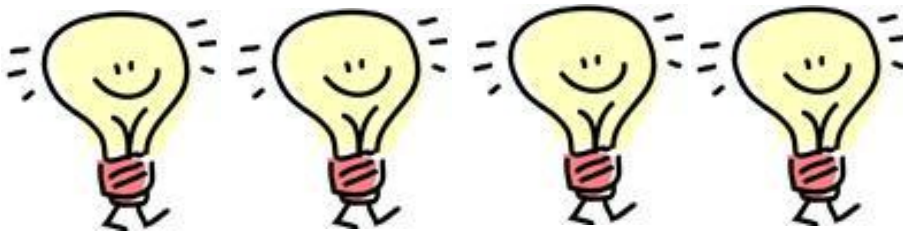
## Beware: The Manufacturers

- Manufacturers have more leverage...?
- Specialty Drugs = A great name for innovative high cost drugs
- Manufacturers control WAC, be cautious of % based contracting



## Communication is the Way

- Clinical pharmacist relationships
- PBM improvement and transparency
- Actuaries must be involved in more than the math. Read the contracts; talk to the people



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## The Math: Quick Recommendations

- Review parsed Gross Cost Trends
- Don't Price with Paid Trends
- Review results of prior pricing methods
- Allow time for analysis and review
- Be skeptical of benefit factors (relativities) that are more than 1-2 years old. They're probably wrong

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## Contact - Resources

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## Questions

