



Prepared for:

**Interim Joint Committee on Health,
Welfare, and Family Services**

September 28, 2022





Purchaser Business Group on Health

21 Million
Americans

\$350 Billion
Annual health care
spending





is a Public Benefit Corporation

Headquartered in Kentucky

“Public Benefit Corporations exist to undo some of the damage done in the past by callous, money-driven corporations, and to help people take responsibility for themselves, their companies and their planet.”

UpCounsel, “Public Benefit Corporation: Everything You Need to Know”



A local case study:

KENTUCKY PERSONNEL

The Kentucky Employee Health Plan

Source: publicly available information from
<https://personnel.ky.gov/Pages/healthinsurance.aspx>

CVS/Caremark and KEHP

- 💊 Currently, KEHP uses Caremark for their Pharmacy Benefit Manager (PBM)
- 💊 KEHP is one of the largest employers of Kentucky families
- 💊 Caremark drives prescriptions, revenue, and jobs OUT of the state
 - 💊 All mail and specialty Rx's required to go through Caremark
- 💊 Historically, PBMs like Caremark tell large self-funded employers that they are using their size and buying power to get the best price

We know differently. Let's look at two examples...

Example 1: rosuvastatin (Crestor™)

KEHP: #20 of Top 25 Drugs by Cost

Source of Pricing	Discount Card	Discount Card at CVS	Caremark Pricing
90 Day Supply	\$6.91	\$107.48	\$290.74 ₁
Cost Annually	\$27.64	\$429.92	\$1,179.11 ₁

¹CVS Caremark Drug Pricing Tool

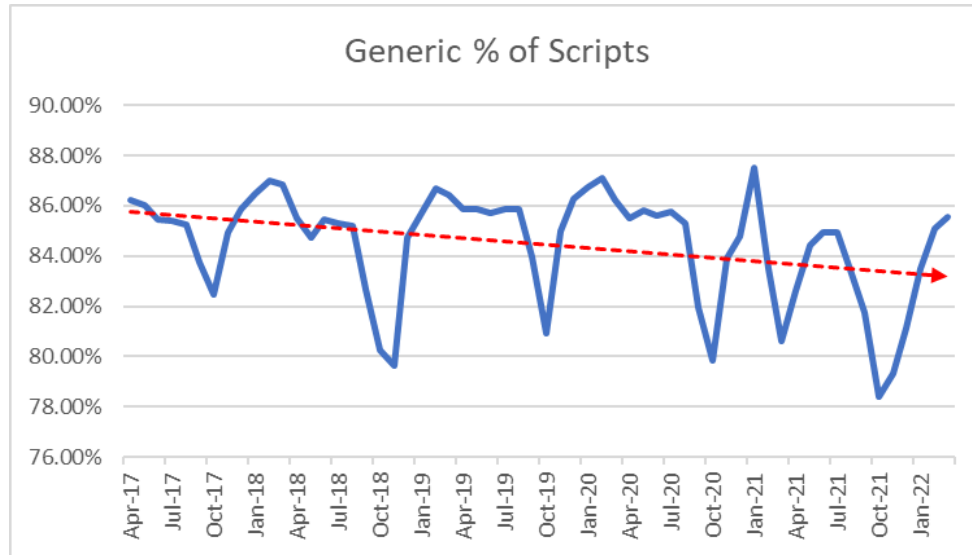
Example 2: emtricitabine/tenofovir (Truvada™)

Source of Pricing	Discount Card	Discount Card at CVS	Caremark Pricing
30 Day Supply	\$29.34	\$455.65	\$1,365.13 ₁
Cost Annually	\$352.08	\$5,467.80	\$16,381.56 ₁

Exclusively available at CVS Specialty Pharmacy for Members

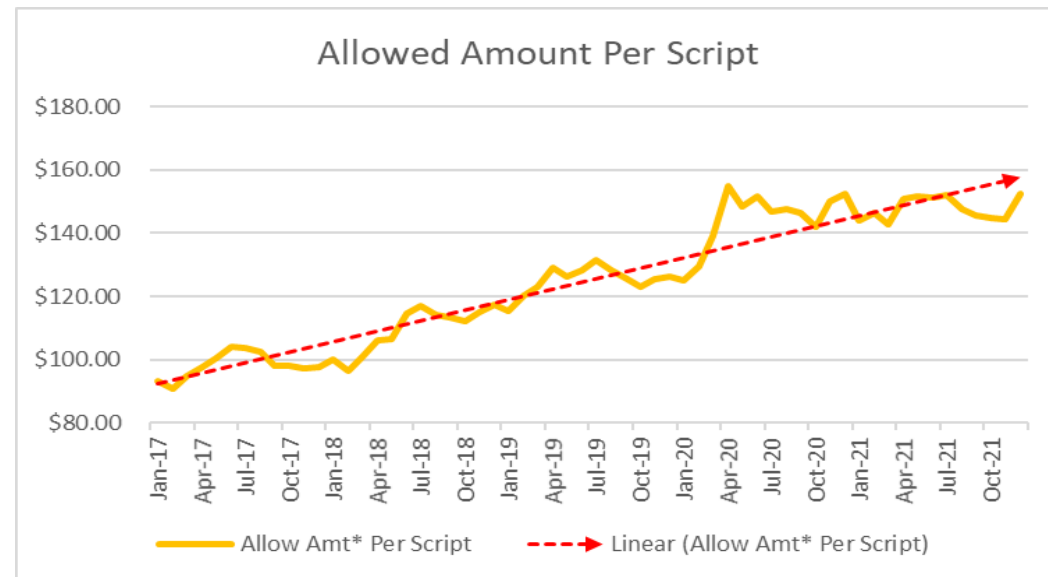
¹[CVS Caremark Drug Pricing Tool](#)

Generic Utilization

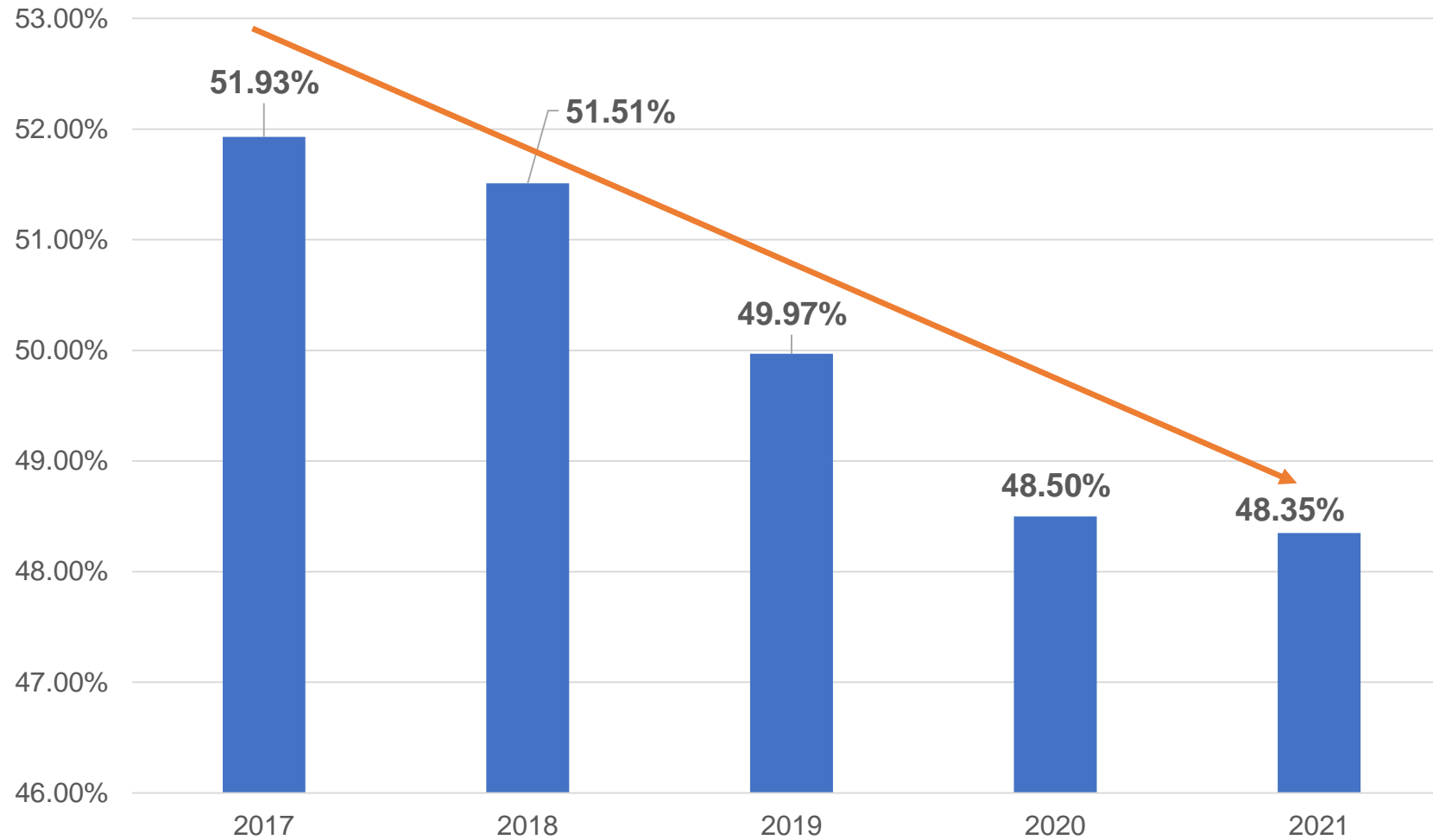


Source: [KEHP 2021 Annual Board Report](#)

- Generic Dispense Rate has declined from 85.1% in 2017 to 82.7% in 2021.
- Market generic utilization is closer to 90%.



AWP Discounts



[Source: KEHP Historical Board Reports: 2017-2021](#)



"Rebates"

A **rebate** is a discount on the medication a drug manufacturer gives a PBM in return for agreeing to cover their drug or product.

Only a portion of "rebates" are shared with the employer and the PBM pockets the rest.

Source: *IQVIA Medicine use and spending in the U.S.*

Contract Rebate Language

Pharma Revenue Streams Included in Rebate Offer

Source	PBM #1	PBM #2	PBM #3	em sanaRx
Administrative Fees	Excluded	Excluded	Excluded	Excluded
Clinical Program Fees	Excluded	N/A	Excluded	Included
Consulting Fees	Excluded	N/A	Excluded	Included
Credits	Excluded	Included	Excluded	Included
Discounts	Excluded	Excluded	Excluded	Included
Education Program Fees	Excluded	N/A	Excluded	Included
Financial Incentives	Excluded	N/A	Excluded	Included
Formulary Placement or Access Fees	Excluded	Included	Excluded	Included
Implementation Fees	Excluded	N/A	Excluded	Included
Market Share Based Payments	Excluded	Included	Excluded	Included
Price Concessions	Excluded	N/A	Excluded	Included
Promotional Allowances	Excluded	N/A	Excluded	Included
Pull Through Program Fees	Excluded	Included	Excluded	Included
Rebates	Included	Included	Excluded	Included
Rebate Submission Fees	Excluded	N/A	Excluded	Included
Software Licensing Fees	Excluded	N/A	Excluded	Included
AWP Inflation Coverage	Excluded	Excluded	Excluded	Included
All Other Payments From Pharma	Excluded	Excluded	Excluded	Included

Kentuckians taking care of Kentuckians

Current Experience



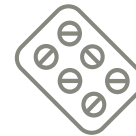
KEHP spends **\$557M** on prescriptions (Mar 2021 – Feb 2022)



~**\$300M** KEHP Specialty and Mail Order prescriptions go out of state to CVS/Caremark



CVS/Caremark is adding jobs to other states



Opportunity for KEHP

Cut overall KEHP pharmacy spend by **\$90M+**



Using EmsanaRx as your PBM in partnership with the KY Hospital Association brings ~**\$300M** in **revenue** back in the State of KY



Adding **jobs** to Kentucky



Closer, more personalized care for 260,000 KEHP members

Closing

- 💊 Most PBMs are for-profit companies and use their size to benefit shareholders (that is their job!)
- 💊 100% "Rebates" are bad.
- 💊 CVS/Caremark is negatively impacting the largest state employer. How are they treating smaller KY businesses?
- 💊 EmsanaRx is a public benefit corporation focused on doing good for the public, including the Commonwealth of Kentucky.



EmsanaRx brings clarity, integrity, and trust to pharmacy benefit management.

We work with progressive, forward-thinking self-insured employers to ensure their members receive clinically-focused, patient-centric pharmacy benefits.

Value Delivered

When employers partner with EmsanaRx, they experience:

- Clarity in Business Practices
- Clinically-Focused Approach
- State-of-the-Art Technology

This promise is our commitment to our clients. It is our sacred vow.



Appendix

Cost Details



Drug: Rosuvastatin Calcium 10mg Tablet

Day Supply: 90

Total Quantity: 90.0

NDC: 70377000712

Channel: Mail Service Pharmacy

Your Cost

\$0.00

Annual: \$0.00

Plan Cost

\$290.74

Annual: \$1,179.11


Total Cost

\$290.74

Annual: \$1,179.11

Co-pay or coinsurance: \$0.00

Amount applied to deductible: \$0.00

Additional charges: \$0.00 

HRA: \$0.00

* Your Cost-Annual represents the cost you may pay for a drug in a one-year period.

Total Cost means the total amount of the prescription in accordance with the plan participant's applicable benefit plan, which may be a deductible, a percentage of the prescription price, a fixed amount or other charge PLUS the balance, if any, paid by the benefit plan.

Your cost is the amount the member is required to pay to obtain the prescription in accordance with the member's benefit plan.

[KEHP CVS Caremark Drug Pricing Tool](#)

Cost Details



Drug: Emtricitabine/tenofovir Disoproxil Fumarate 200-300 Tablet

Day Supply: 30

Total Quantity: 30.0

NDC: 93770456

Channel: Specialty Pharmacy

Your Cost

\$0.00

Annual: \$0.00

Plan Cost

\$1,365.13

Annual: \$16,381.56


Total Cost

\$1,365.13

Annual: \$16,381.56

Co-pay or coinsurance: \$0.00

Amount applied to deductible: \$0.00

Additional charges: \$0.00 

HRA: \$0.00

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[KEHP CVS Caremark Drug Pricing Tool](#)

An example: Rebates driving higher drug prices



“Truvada contains two active ingredients: emtricitabine and tenofovir disoproxil fumarate. Descovy also contains two active ingredients:

emtricitabine and tenofovir alafenamide

Both Truvada and Descovy contain two active ingredients in one tablet. They have one common active ingredient: emtricitabine. The second active ingredient, tenofovir, is a little different in each drug. This affects how the body absorbs the medications.”

- Medical News Today



Truvada™

- Went generic in October 2020
- Costs for employers should be \$23/month*



Descovy™

- \$2,200
- Only 1% of patients need to use Descovy – those who have osteoporosis or kidney disease, but it has taken over a larger portion of market share...

Why? REBATES!