Mulebriar Offers Rx Cost Containment Strategy

By Molly Mulebriar

If Cost Plus / Reference Based pricing model uses Medicare pricing as the claim benchmark why not use use 340b Rx pricing as the benchmark for Rx claims? The 340b program is a government mandated pricing scheme as is Medicare.

It is our understanding that 340b pricing provides drugs at significant discounts, although we have no idea what the pricing actually is at this point. Some 340b prices are "sub-ceiling" meaning the pricing is even more competitive than standard 340b pricing. For example, one source found on the internet boasted of +3,500 Rx at sub-ceiling pricing.

If we were able to access 340b pricing (There should be no reason we can't), updated regularly, we could pay claims at a percentage applied to the 340b pricing benchmark. Since there are apparently a large number of drugs with 340b pricing "below ceiling", we could consider paying drugs at 340b minus X%. For drugs not included in the 340b program, the plan could pay based on a percentage of AWP as is now the case through PBM's.

Of course there will be "balance billing" at the point of sale (if we continue to use a PBM). The balance billing amount between the 340b benchmark and retail charge is paid by the patient but would not go towards the maximum out-of-pocket. The plan's allowable amount would be limited to the 340b benchmark only. This is the same scenario we now have under Cost Plus: Medicare + benchmark is the allowed amount. Anything over that benchmark is not counted towards the maximum-out-pocket.

If we don't use a PBM, 340b pricing would be paid at the point of sale, in addition to the "balance bill" amount. The patient would front the entire amount, then file a claim through the plan (like in the old days). The Rx benefit could be structured with a front-end calender/plan year deductible, then reimbursed at 80% of 340b benchmark pricing. This approach gives the patient "skin in the game." Instead of using "other people's money" at the point of sale, patients, for the first time, will use their own money. Money affects behavior.

If 340b pricing represents on average 50-75% off wholesale pricing, and since + 3,500 drugs are priced "below ceiling", could a plan sponsor achieve significant Rx savings above and beyond the "discounts" offered through a traditional PBM program?

With prescription drugs increasing as much as 20-35% a year, with many plan sponsors seeing Rx claims as high as 35% of their total health care spend, something must be done to control health care costs within the restrictive world of ObamaCare.

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