

Tufts Health Plan To Pass on Pharmacy Rebates Directly to Members

Prescription drug costs continue to represent a larger portion of overall health care spending. And, as employers try to mitigate this trend and meet corporate budgets, cost-sharing is on the rise -- in the form of high-deductible health plans (HDHPs), prescription drug deductibles and coinsurance. Meanwhile, new brand-name drugs and therapies are emerging faster than ever with even higher prices, creating more of a burden for our members who need them.

One component of drug pricing includes the use of pharmacy rebates. Tufts Health Plan has historically used pharmacy rebates to reduce the premiums or administrative fees charged to employers, which, in turn, were passed along to employees in lower premium contributions – an approach we have always been transparent about.

Given the high cost of new brand-name drugs and the increased cost-sharing of prescription drug plans, we believe these rebates will help our customers' employees. Therefore, effective January 1, 2019, Tufts Health Plan will begin passing on pharmacy rebates directly to fully insured members of our high-deductible Saver plan options at the point of sale (POS). The rebates will apply at the 60,000+ retail pharmacies in the CVS network. For our self-funded customers, the POS pharmacy rebates will be available as an option for whichever plan they choose. In addition to lowering members' out-of-pocket costs, the rebates may also prevent barriers to care, improve medication adherence and lower downstream costs as a result of untreated conditions.

"This represents another step forward in increasing cost transparency and savings for our members. When they are exposed to the cost of high cost drugs, it can be quite surprising for them," said Marc Backon, president of Commercial Products. "While we can't control the prices manufacturers charge, by implementing point-of-sale rebates, we can help reduce the cost impact so our members can access the medications they need."

"New brand-name drugs and therapies are emerging faster than ever at unimaginable prices, creating more of a burden for our members who need them, which may lead to untreated conditions, and higher medical costs down the road," said Miriam Sullivan, vice president of pharmacy and clinical operations. "Our goal is to help keep our members healthy and to remove any barriers they encounter when seeking treatment. We know this new program will help us with that goal."

How Rebates Work

Drug manufacturers pay rebates, which are typically brand-specific and volume-based, to pharmacy benefit managers (PBMs). PBMs generally pass manufacturer rebates on to health plans when formulary design and programs meet rebate eligibility requirements. CVS/Caremark is the PBM for Tufts Health Plan.

The rebate amount for a drug can vary widely depending on what type it is. For example, drugs used to treat rheumatoid arthritis typically have deep discounts. Other medications used to treat

rare conditions have no significant competition and therefore have little to no rebates. Prior to this policy change, Tufts Health Plan had passed along these rebates in the form of lower premium rates for employers. Moving forward, for certain plans, these rebates will be passed along seamlessly to members of Saver HDHPs to offset the impact on their out-of-pocket costs for certain prescription drugs.

To find out more about this change to point-of-sale drug rebates, please contact your Sales Executive.