

**AmerisourceBergen**

FirstView Financial

## Innovative limited pharmacy network strategies

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New Business Development

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Strategies and Solutions, FirstView Financial

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## Speakers



**Stuart Parker**

Vice President, Biopharma Services, New Business Development

**22 years** in small-to-large-sized pharma

Finance, contracting, sales, sales leadership, trade

Last role running a sales team and pharmacy network management



**Kristen Verderber**

Vice President, Firstview Financial, Marketplace Strategies and Solutions

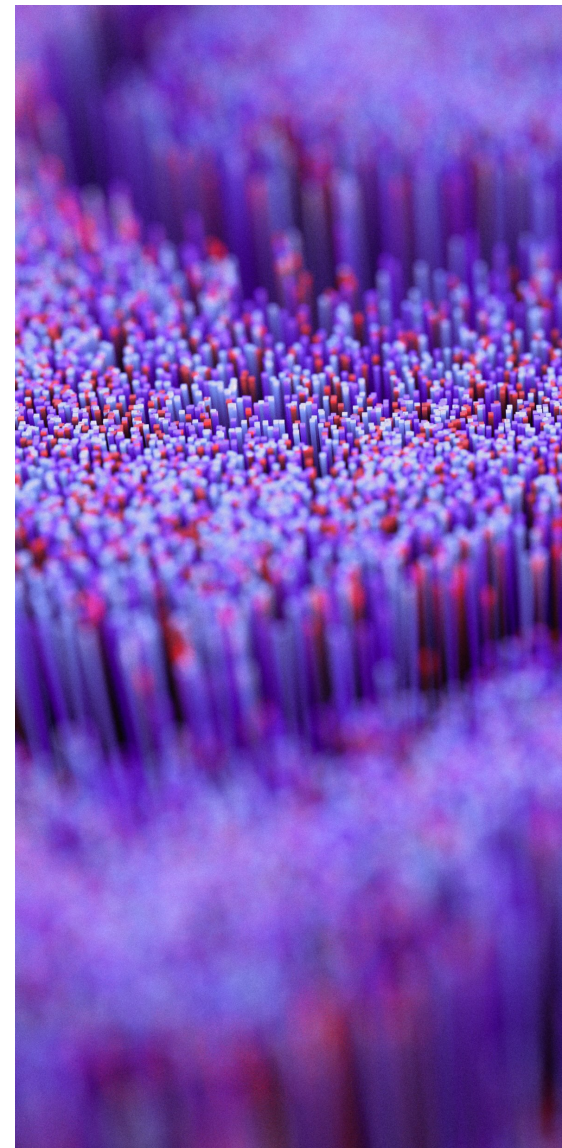
- **15 years** in retail pharmacy
- eHUB trailblazer for the past **10 years**

# Agenda

1. Prescription journey barriers
2. Strategy best practices for prescription journey barriers

## Strategies:

1. Narrow network and retail distribution
2. Overcoming abandonment
3. Consignment
4. Digital pharmacy



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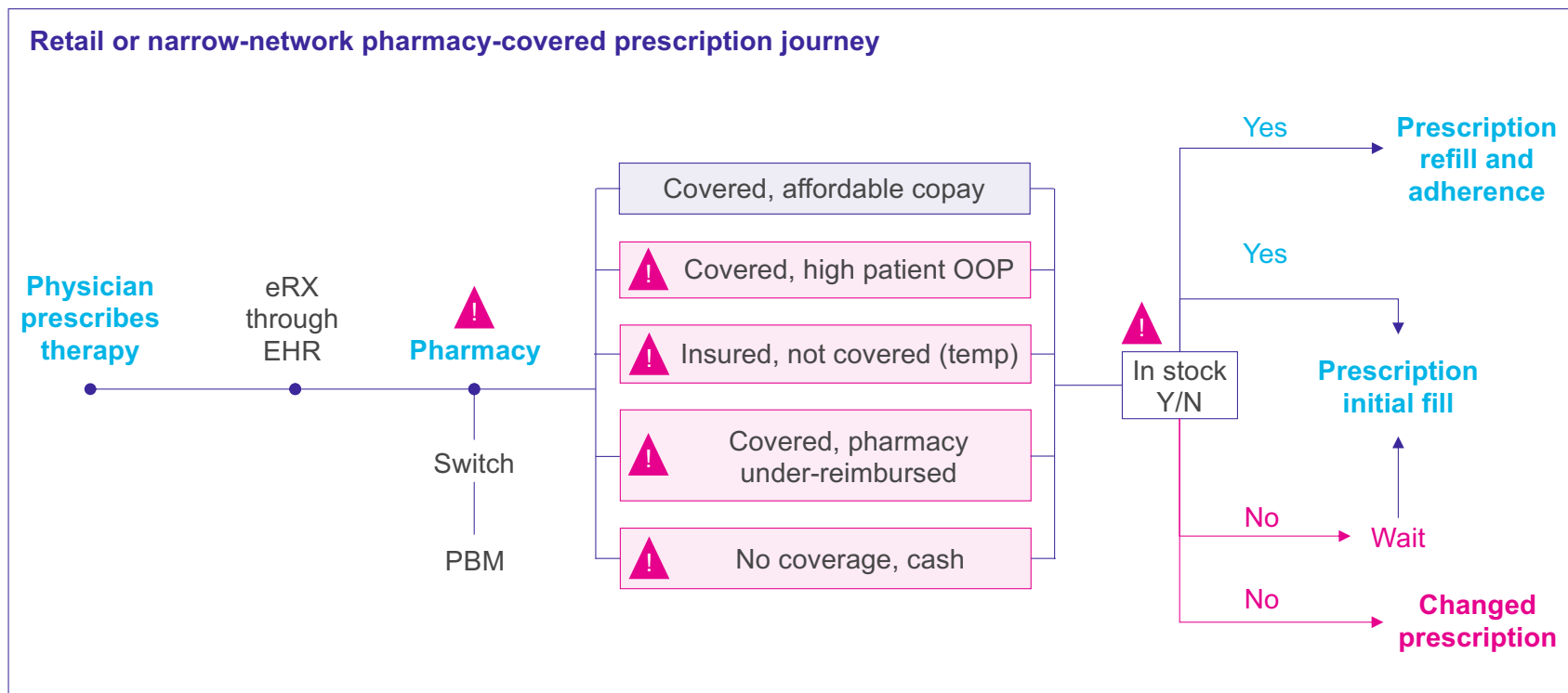
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# Prescription journey barriers





# Prescription journey barriers



! Potential barriers where a prescription may be changed or abandoned

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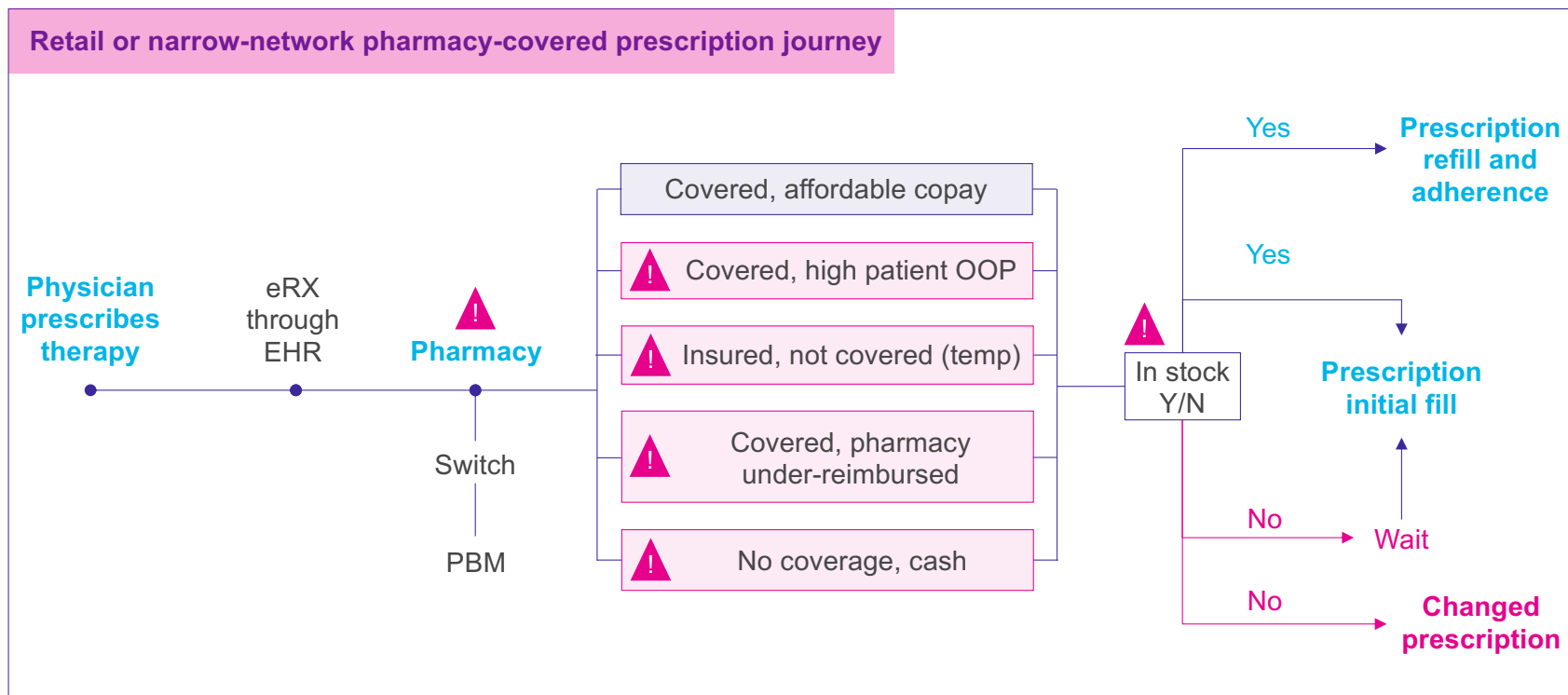
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Strategy best practices for  
prescription journey barriers

Strategy: Retail and narrow  
network distribution



# Prescription journey barriers



 Potential barriers where a prescription may be changed or abandoned

# Distribution strategy

## Retail

Big box or independent (CVS, Walgreen's, Walmart, etc)

### Pros

- Convenience for providers
- Minimal change management
- Maximal reach

### Cons

- Monitoring distribution center needed to ensure the product is in stock everywhere
- Pharmacy switching to generic or equivalent
- Little to no prior authorization support
- Management needed for shelf life and returns
- Pharmacy resistance to apply manufacturer coupon effectively

## Narrow Network

Focused dispensing strategy using specialty and/or independent pharmacies that are managed directly

- Control over patient experience
- Flexibility over distribution model, including control over pharmacy acquisition cost
- Insights to program performance down to transactional level
- Prior authorization support
- Product lifecycle extension post LOE

- Sales and marketing needed to drive volume to network
- Optionality or an exclusive needed to avoid the perception of steering
- Resources needed to build/procure and then manage narrow network



### Best practice

Consider how the distribution model you choose will determine the options you have to manage the barriers in the prescription journey, with narrow network distribution providing you more options.



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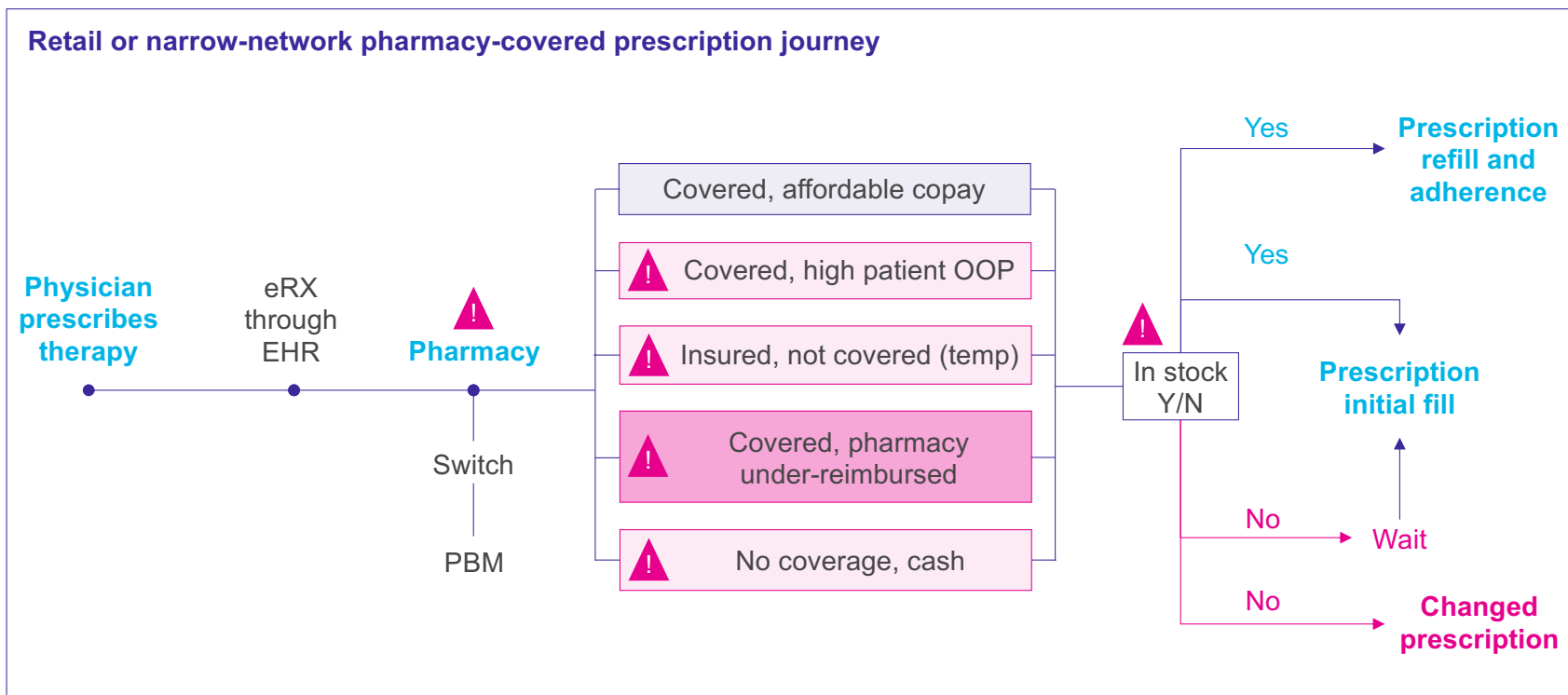
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Strategy best practices for  
prescription journey barriers

Strategy: Overcoming  
abandonment



# Prescription journey barriers



# More than just patient abandonment



## Pharmacy abandonment



## Patient abandonment



## Prescriber abandonment

Causes	Pharmacy abandonment	Patient abandonment	Prescriber abandonment
	<ul style="list-style-type: none"> <li>Reimbursement is below acquisition cost</li> </ul>	<ul style="list-style-type: none"> <li>Out of pocket costs too high</li> <li>Delay in therapy</li> </ul>	<ul style="list-style-type: none"> <li>Pharmacy and patient call backs</li> <li>Administrative burden from workflow</li> </ul>

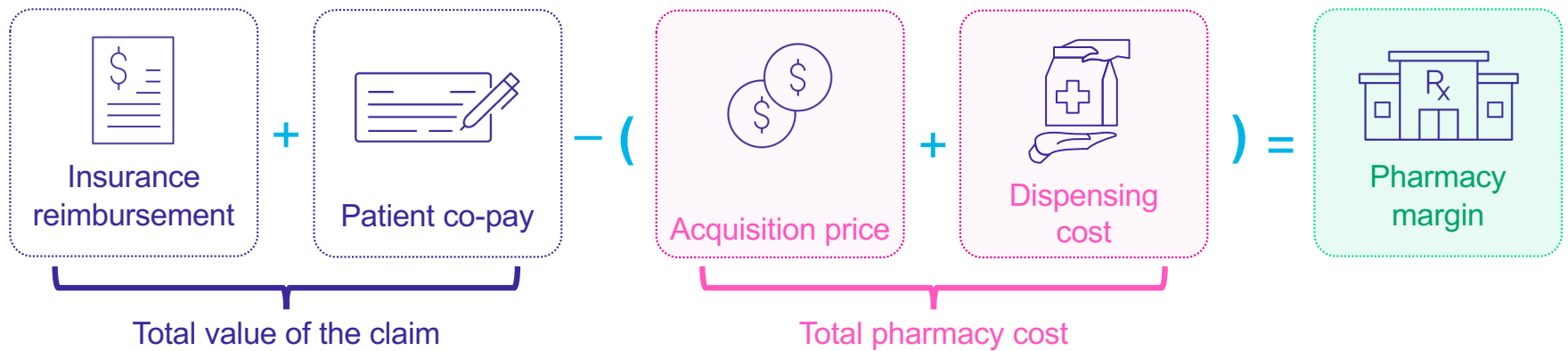


## Results

- Transfers to retail pharmacy to avoid loss
- Product switches
- Missed refill opportunities
- Poor pharmacy experience

# Pharmacy abandonment caused by under-reimbursement

## Pharmacy margin formula

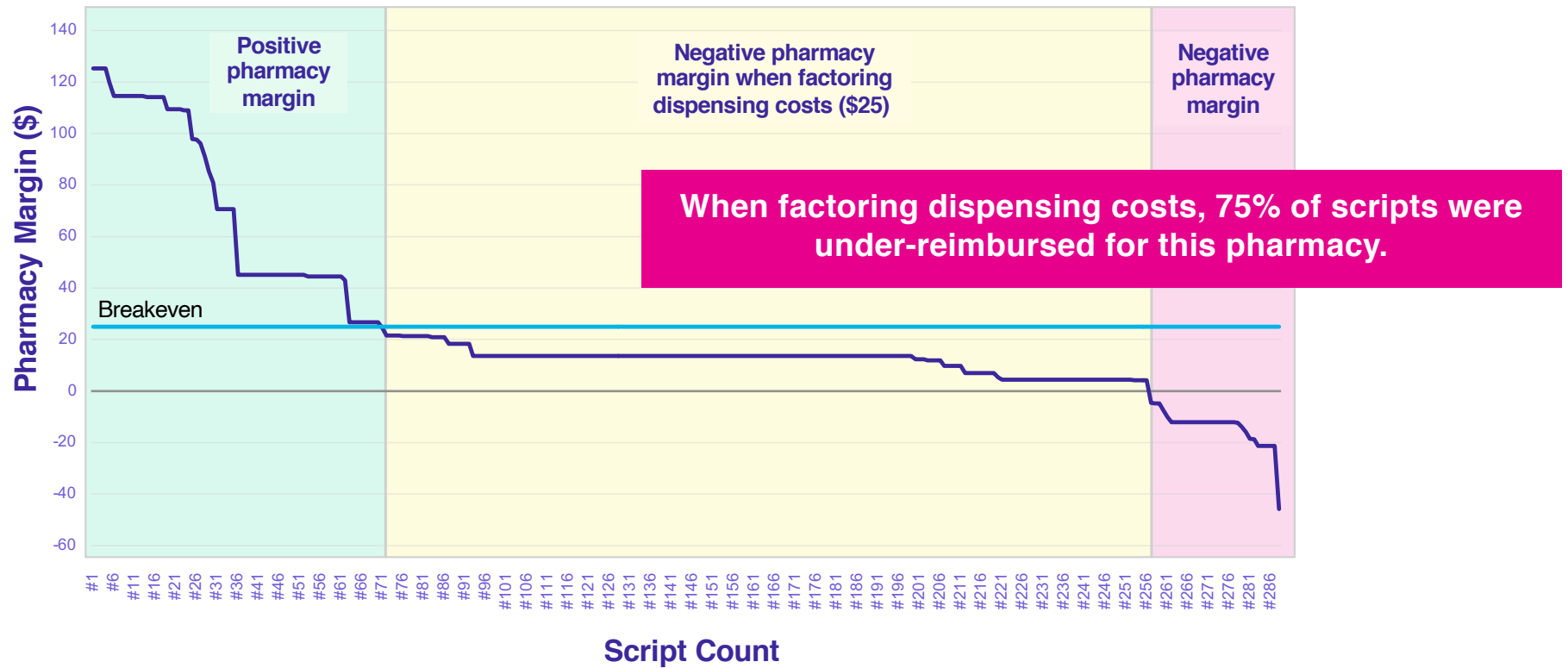


### Drivers of pharmacy under-reimbursement

- Mail order contracts driving lower reimbursement
- PBMs tightening reimbursement
- Pharmacy sourcing contract performance

# Pharmacy under-reimbursement example

Pharmacy margin per script



SOURCE: Anonymous Pharmacy, 2022



# Under-reimbursement strategy



## Best practice

Have an open dialogue with your pharmacies to understand what they're experiencing with reimbursement to determine if you need to undertake a solution.

	Pros	Cons
Lower pharmacy pricing	<ul style="list-style-type: none"><li>• Simple if selling direct</li><li>• Minimizes under-reimbursed scripts</li></ul>	<ul style="list-style-type: none"><li>• Ultimately lowers GTN</li></ul>
Sell direct	<ul style="list-style-type: none"><li>• Control over acquisition price</li></ul>	<ul style="list-style-type: none"><li>• Must be managed</li><li>• Requires a direct contract and potential pharmacy reps or leadership</li></ul>
Dynamic price adjustments	<ul style="list-style-type: none"><li>• Only provides value where value needed</li><li>• Best way to address under-reimbursement</li></ul>	<ul style="list-style-type: none"><li>• Requires sophisticated ability to process claim-by-claim adjustments</li></ul>

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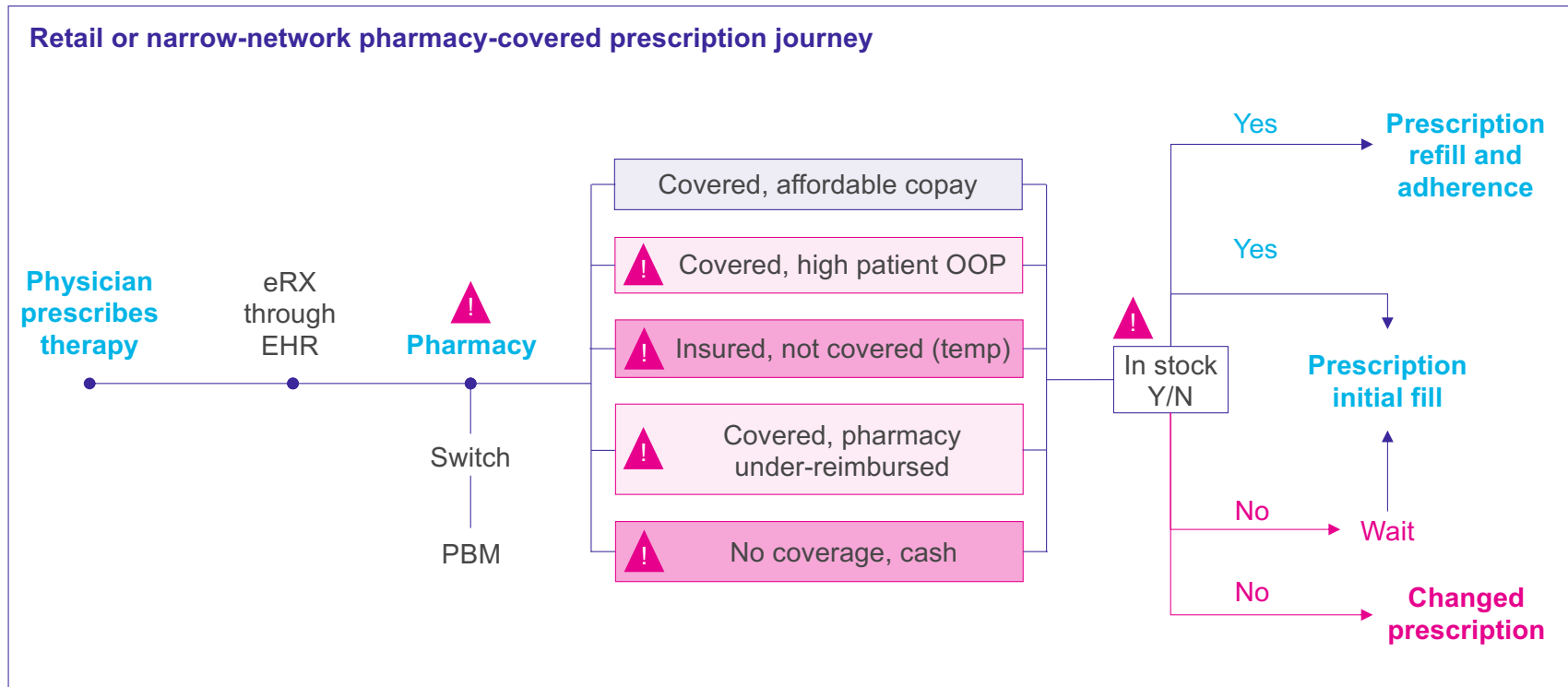
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Strategy best practices for  
prescription journey barriers

Strategy 3: Consignment



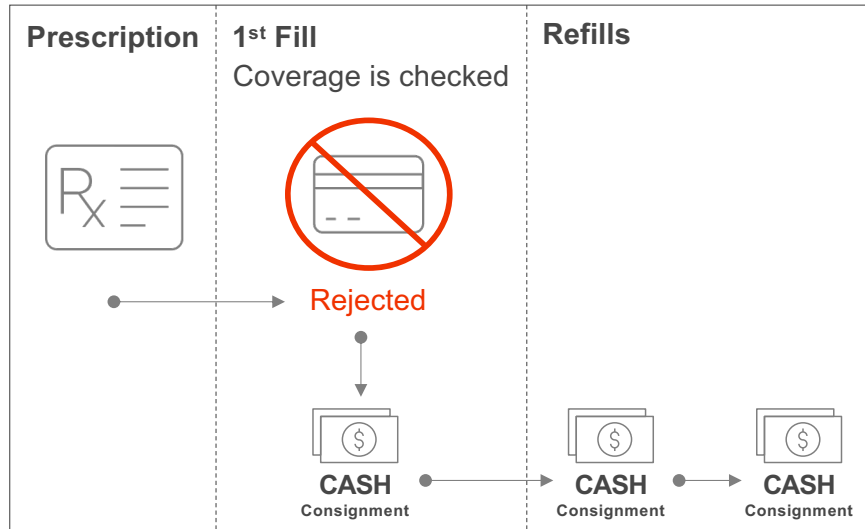
# Prescription journey barriers



Potential barriers where a prescription may be changed or abandoned

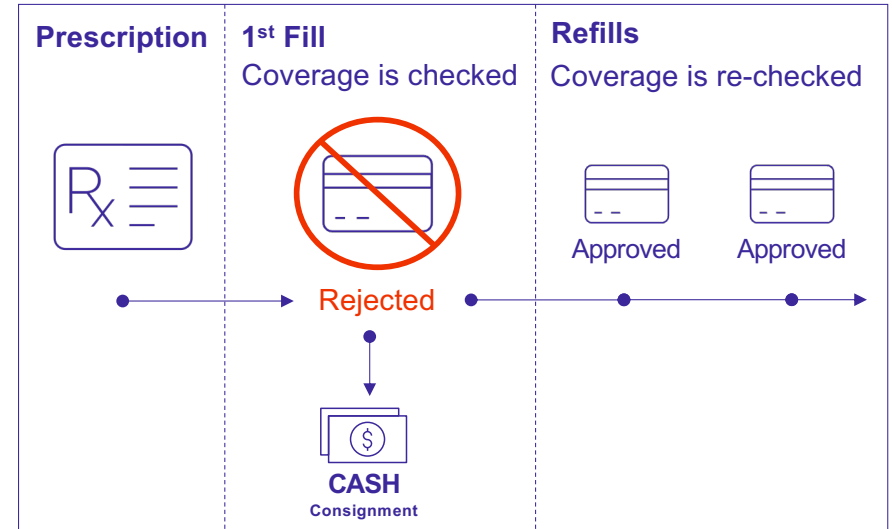
# Consignment models

## Typical consignment



Pharmacies that initially dispensed a fill with a consignment cash price, will continue to dispense that way even for patients who have later been determined to have coverage.

## Improved consignment



Pharmacies check the coverage status for each script (even those that were previously dispensed with consignment) and using the coverage if it becomes available for a patient for refills

# Consignment strategy

## Pros

- GTN for pharmacy can be improved
- Provides the appearance of coverage to the patient (by providing a price that may be close to equivalent to a co-pay price) and improves the patient experience

## Cons

- Missing adjudication of covered claims after initial fill with consignment
- Monitoring of performance metrics
- Dual inventory management (of trade and consignment stock) is difficult
  - Physical inventory audits
  - New coverage and plan resets can create shortages if not planned accordingly



## Best practice

**Design a consignment model with a process to ensure a prior authorization request is processed for every fill.**



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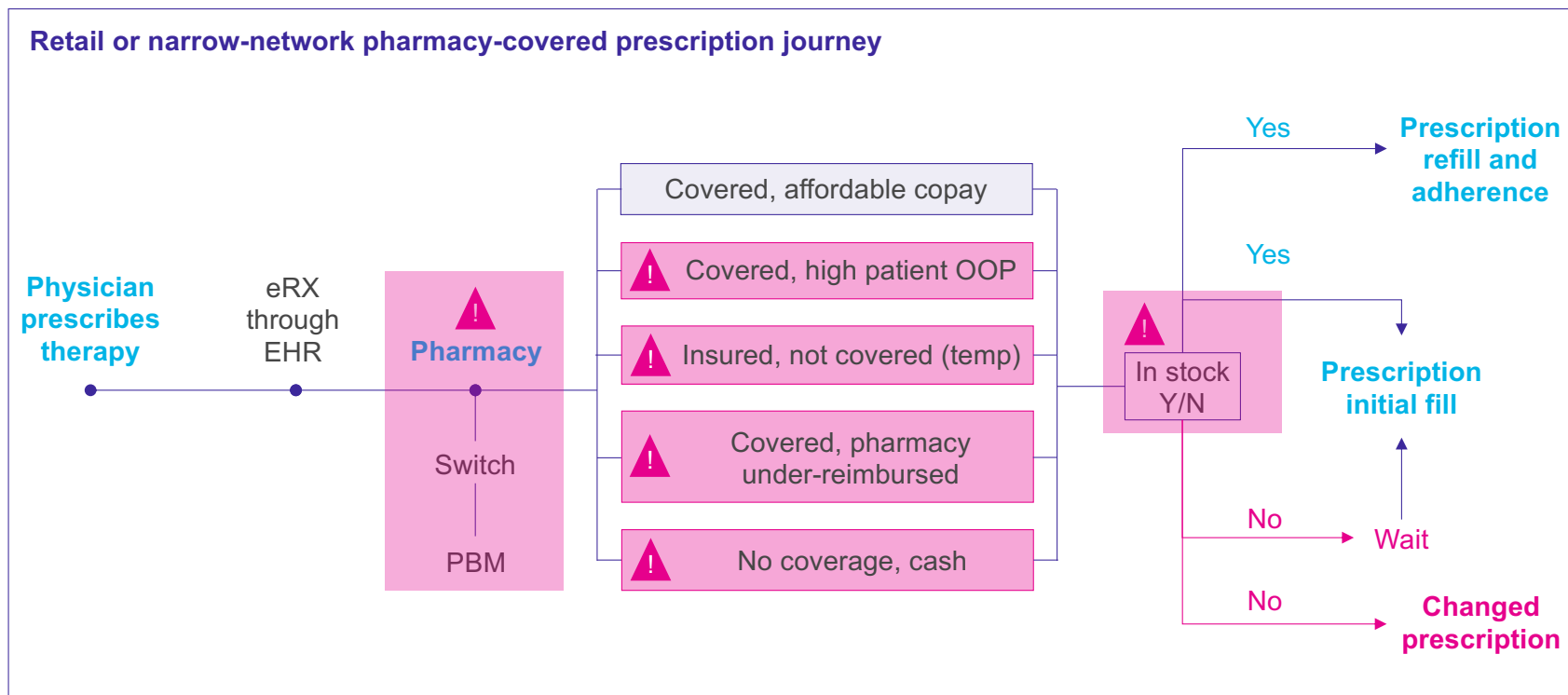
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Strategy best practices for  
prescription journey barriers

Strategy: Digital pharmacy

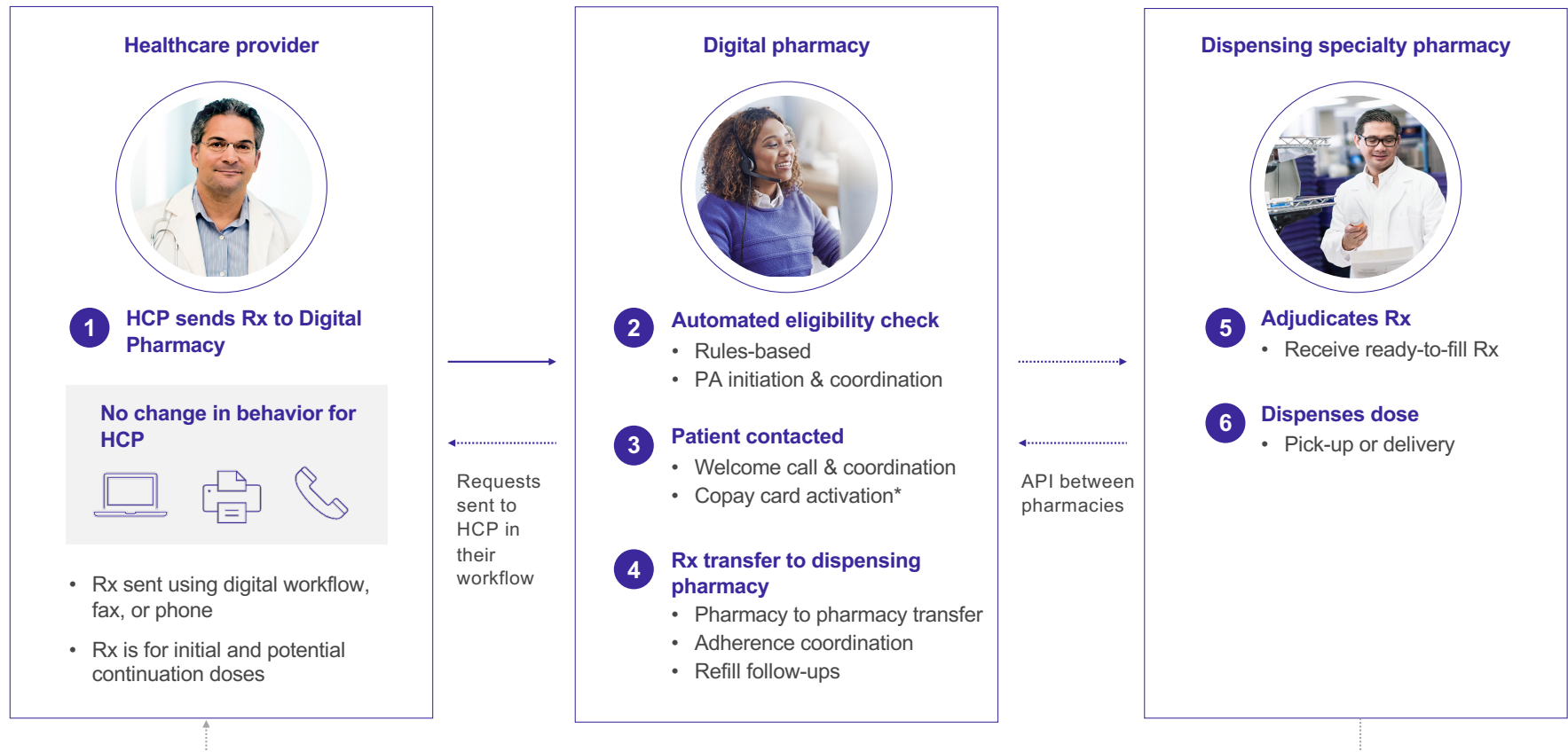


# Prescription journey barriers



⚠ Potential barriers where a prescription may be changed or abandoned

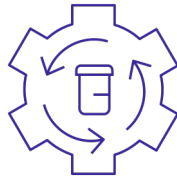
# Digital pharmacy: faster speed to therapy, informed patients, and more data insights



\*Copay card enrollment for eligible patients who provide consent

## Adding value with digital pharmacy

### Control



Allows rule-setting at the point of e-prescribing to route prescriptions correctly

### Transparency



Provides real-time insights and analytics tied to prescription journey

### Convenience



Triggers integrated patient services without slowing down e-prescribing

# Digital pharmacy

## Pros

- Minimize prescription abandonment risk by proactively removing obstacles up front
- Gain insights to remaining abandonment risk
- Provides actionable insights through coordination of integrated data delivery
- Provides a cost-effective approach to improving patient onboarding and adherence
- Ensures prescription goes to an in-network pharmacy

## Cons

- Education at the provider level is needed on prescribing (however most are very used to alternate pharmacy routing)
- Relies on patient engagement where retail relies on patient pick-up.



## Best practice

**Incorporate digital pharmacy as part of your commercialization strategy from the beginning, so good habits are established. Also ensure it is configurable and can grow with brand.**



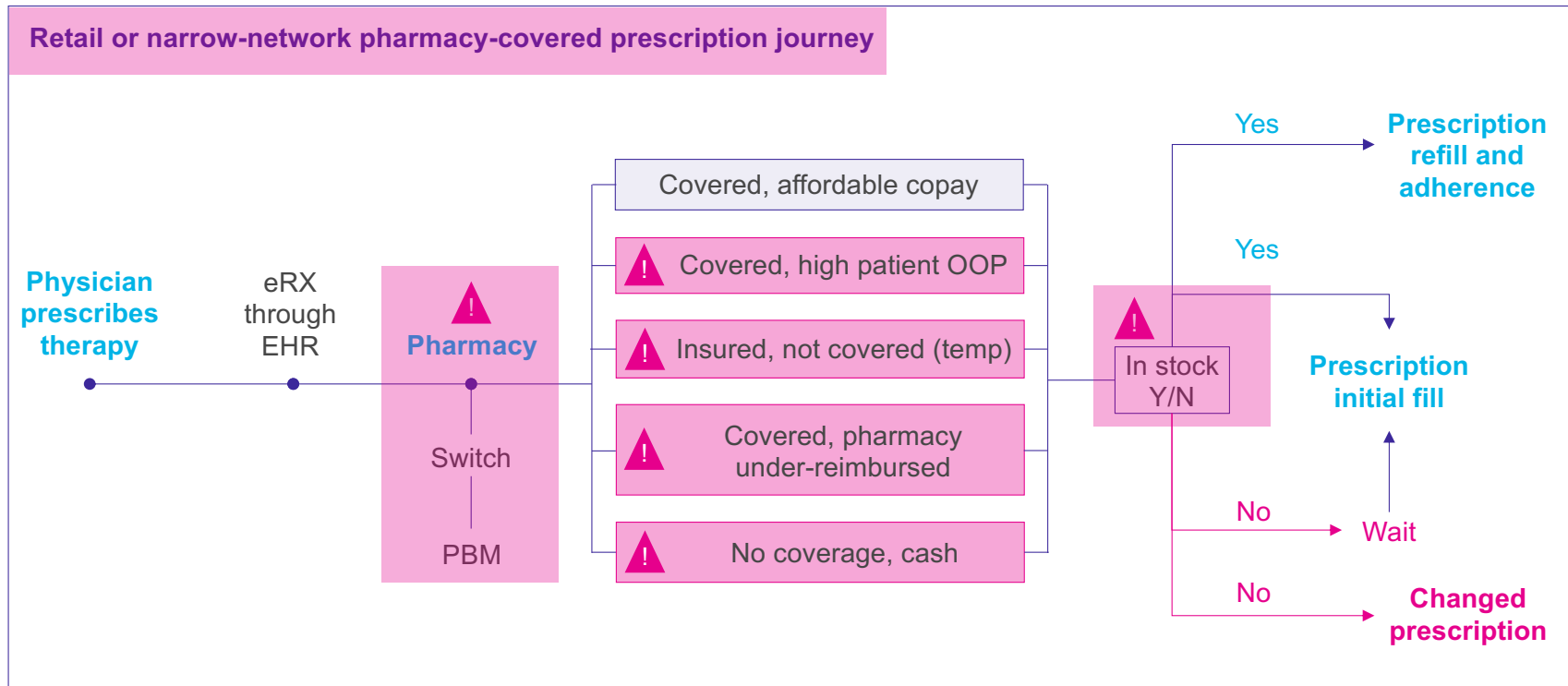
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# Conclusion




# Prescription journey barriers



⚠ Potential barriers where a prescription may be changed or abandoned

## Best practices shared today

Strategy	 Best practice
1 <b>Narrow network and retail distribution</b>	1 Consider how the distribution model you choose will determine the options you have to manage the barriers in the prescription journey, with narrow network distribution providing you more options.
2 <b>Overcoming abandonment</b>	2 Have an open dialogue with your pharmacies to understand what they're experiencing with reimbursement to determine if you need to undertake a solution.
3 <b>Consignment</b>	3 Consider a consignment model with a process to ensure a prior authorization request is processed for every fill.
4 <b>Digital pharmacy</b>	4 Incorporate digital pharmacy as part of your commercialization strategy from the beginning, so good habits are established. Also ensure it is configurable and can grow with brand.

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# Thank you

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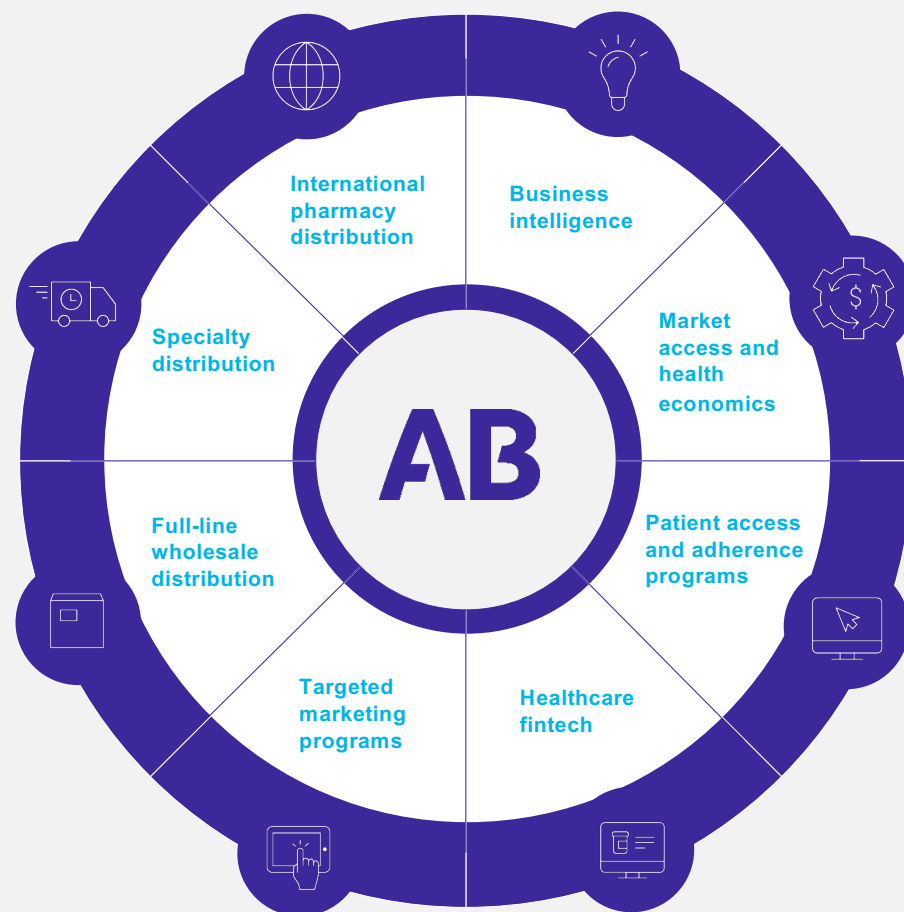
# Appendix

More about AmerisourceBergen





AmerisourceBergen  
is the right partner  
to unlock product  
potential and move  
health forward



# Ensuring brand success and maximizing value creation

## Pre-launch critical success factors



Starting early for optimal planning



Access to talent and building the right team



Understanding financial tradeoffs and maximizing resources



Designing a strategy specific to the therapeutic area and target market



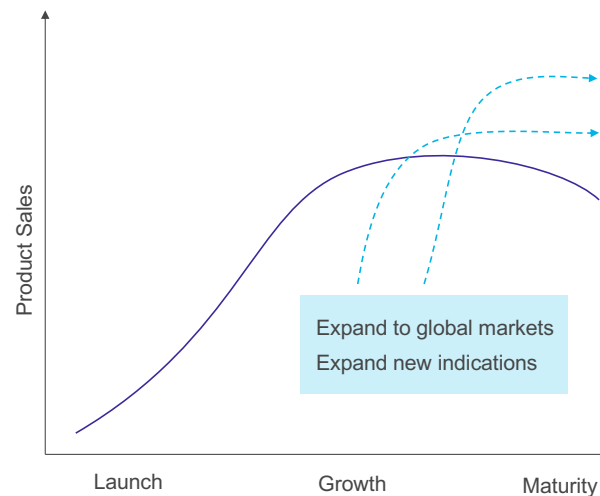
Positioning your product among established players



Readiness for post-launch monitoring and rapid adjustments

## Post-launch lifecycle management

Program-specific services mix evolves with lifecycle needs



## How AB can help

End-to-end services

Unmatched experience

Flexible options for small and mid-size biopharma

Pharmacy, medical, or hybrid benefit

**>9,000\***  
consulting projects  
supporting over 600 brands

**36 years**  
of patient services leadership

Presence in  
**50+ countries**  
with 600+ global offices

\*Internal data, as of 11/17/22