How We Moved the City of El Dorado from Mandatory Mail Order to Local Pharmacy Access: My Experience

Background

Approximately 20 years ago, I worked with the City of El Dorado to change its prescription drug benefit structure from a traditional PBM model to a more transparent approach that better served both the city and its employees.

At the time, I was well known in the El Dorado community, had relationships with city officials, and served on the Board of PBA Health in Kansas City. Through those connections, I gained access to a PBM called ProCare, which agreed to analyze the City's prescription drug plan and present its findings.

Obtaining usable claims data was one of the biggest challenges. It took four separate requests before the information was provided in a format that could be properly analyzed. Even though the City was self-insured and owned the data, obtaining meaningful information was difficult. The City's plan was heavily focused on mail order in that the employees receive would receive a three-month supply of medication through mail order for only a two-month copay. At that time, approximately 40–45% of all prescriptions dispensed were brand-name medications, which carried significantly higher costs and copays than generic drugs.

The analysis revealed something surprising to the City but not me. Because of the inflated Average Wholesale Price (AWP) formulas being used by the PBM's mail-order operation, the city employees could have walked into my pharmacy, paid the full cash price without insurance, and still saved approximately 20% compared to what the plan and patient were paying through the mail order service.

We also discovered that employees were not choosing mail order because they preferred the service. In fact, our pharmacy offered mail-order services as well, and we found that many patients were dissatisfied with mail order. Most were participating simply to receive the "free" month of medication created by the two-copay-for-three-months incentive.

By presenting the financial data and educating City leaders on how the PBM was operating, we were able to help the City move toward a model that supported local pharmacy access while reducing overall prescription spending.

Recommendations for Other Pharmacists

1. Build Relationships in Your Community
You are likely already known and respected within your community. Use those relationships. If you do not personally know community leaders, city officials, school administrators, county commissioners, or business leaders, make an effort to meet them. Trust and credibility are often the first steps toward meaningful change. **Remember that the local pharmacist is still one of the most trusted professions in the USA.**

2. Use Your Network
Leverage your relationships with:

- Lawmakers
- Community leaders
- Patients
- Business owners
- Friends and family members

These connections can often help you reach key decision-makers, including:

- Decision Making Managers
- Human Resources Directors
- Finance Directors

3. Remember: The Plan Owns the Data
Even when a PBM administers the prescription benefit, the employer still owns the claims data and has the right to request and review that information.

Do not allow a PBM try to convince decision-makers that the data is unavailable or cannot be shared because of HIPAA. HIPAA information can be removed from the data set. The PBM is also required to present the data in a usable form but they will fight you on this.

4. TPAs
Many employers and government entities are self-insured. Since they themselves are not Health plan design specialists, they will hire a broker called a Third Party Administrator and TPA to help them create a Health plan. These TPAs earn a large portion of their income by endorsing specific Health insurance companies and PBMs. This is an area that you will probably have to educate the Self Insured plan on because the TPA will probably not make as much money endorsing a transparent PBM over the well funded big 3 PBMs. Some “commissions” are so profitable that the TPA will fight you on changing. If this does occur, **and it probably will**, there are many TPA brokers in Kansas that will work with a transparent model. For a list of these, I would email OreadRx.

5. Educate Decision-Makers about PBMs
Schedule a meeting with the plan administrator and benefits manager.
Explain:

- What a PBM is
- How PBMs generate revenue
- Spread pricing
- Rebate retention
- Mail-order incentives
- Specialty drug markups

I recommend using a PBM flow chart or visual diagram to demonstrate how money moves through the system.

6. Offer a No-Cost Analysis
Many employers are willing to listen if they can obtain an independent analysis at no cost.
Two organizations I am aware of that can assist include:

- Oreadrx
- Stratos (a division of PPOk)

The goal is to provide an objective review of the current plan and identify opportunities for savings.

7. Review the Results Carefully
After the analysis is completed, schedule a meeting involving:

- The employer
- The benefits manager
- The PBM consultant you chose for the analysis
- Yourself

Compare the current plan against a transparent pricing model such as:

- NADAC + $10.50
- Or another transparent reimbursement model recommended by the consultant

Focus on actual claim data rather than PBM marketing materials.

8. Pay Special Attention to Specialty Drugs
During every analysis, closely examine specialty medications.
While specialty prescriptions represent a relatively small percentage of total prescriptions, they often account for 50%or more of total drug spending
Pay particular attention to:

- Price spread
- Markups
- Rebate arrangements
- Site-of-care opportunities

This is often where the largest savings opportunities are found.

9. Eliminate Mandatory Mail Order
Whenever possible; eliminate mandatory mail-order requirements.

If mail service is needed, encourage the plan to allow local pharmacies to provide mail-order delivery services.

This allows patients to receive the convenience of mail delivery while maintaining access to local pharmacists who know them and can provide personalized care.

Final Thoughts

Meaningful PBM reform often begins with education. Most employers and government entities simply do not understand how their prescription benefit works or where their money is going. By helping decision-makers understand the data, providing independent analysis, and presenting transparent alternatives, pharmacists can become trusted advisors who improve patient access while reducing prescription drug costs.

Good luck, and please feel free to reach out if I can help answer any questions.

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