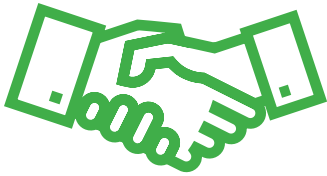




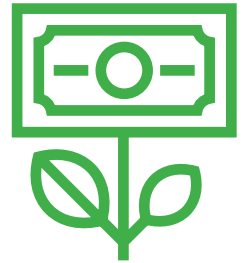
PEEHIP



PEEHIP's Use of Pharmacy Benefits' Managers (PBMs): PEEHIP uses a PBM (currently MedImpact) to negotiate rebates and discounts with drug manufacturers and reimbursements with pharmacies. PEEHIP's PBM saved it an estimated **\$586M** in drug costs in 2020. PEEHIP received **\$42.4M** in rebates negotiated by MedImpact on PEEHIP's behalf.

PEEHIP's Cost Savings: PEEHIP has requested level funding from the Legislature for **six years in a row** and its funding remains below 2008 levels.

PEEHIP's Member Cost Savings: PEEHIP has not increased member out-of-pocket costs since 2016 and it has some of the lowest health insurance premiums and the lowest generic copays in the southeast.



SB227 Would Cost PEEHIP an Estimated Additional \$159.7M through FY23

- ☛ **Point of Sale Rebates and Discounts:** Requires PEEHIP to refund 80% of rebates and discounts received by PEEHIP to members.

Cost to PEEHIP: \$36.6M for FY22, \$39.6M for FY23

- ☛ **Ban on Mandatory and Incentivized Mail Order:** Would prohibit PEEHIP from using its specialty pharmacy network for specialty drugs because all of the participating pharmacies are mail order pharmacies.

Cost to PEEHIP: \$4.33M for FY22, \$4.33M for FY23

- ☛ **Ban on Different Copays:** Would prohibit PEEHIP from administering its variable drug copay program. This program takes advantage of the drug coupons to lower costs to PEEHIP and members.

Cost to PEEHIP: \$37.4M for FY22, \$37.4M for FY23

SB227 Would Have Additional Unknown Financial Impacts to PEEHIP

- ☛ PEEHIP cannot accurately estimate costs for various provisions of the bill that would count drug coupons towards maximum out-of-pocket limits, ban incentivized pharmacy choice, and restrict management of the drug formulary.

CUMULATIVE IMPACT:

PEEHIP Must Request an Additional \$202.6M in Funding for FY23 and Beyond.

- ☛ Increase in per member per month rate of **\$172** – from **\$800 to \$972** for a total employer contribution of **\$1.15B**;

OR

- ☛ Increase in annual member premium of **\$1,283** (\$106.92 monthly).