

The Quest for Alignment

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Key Messages for Today

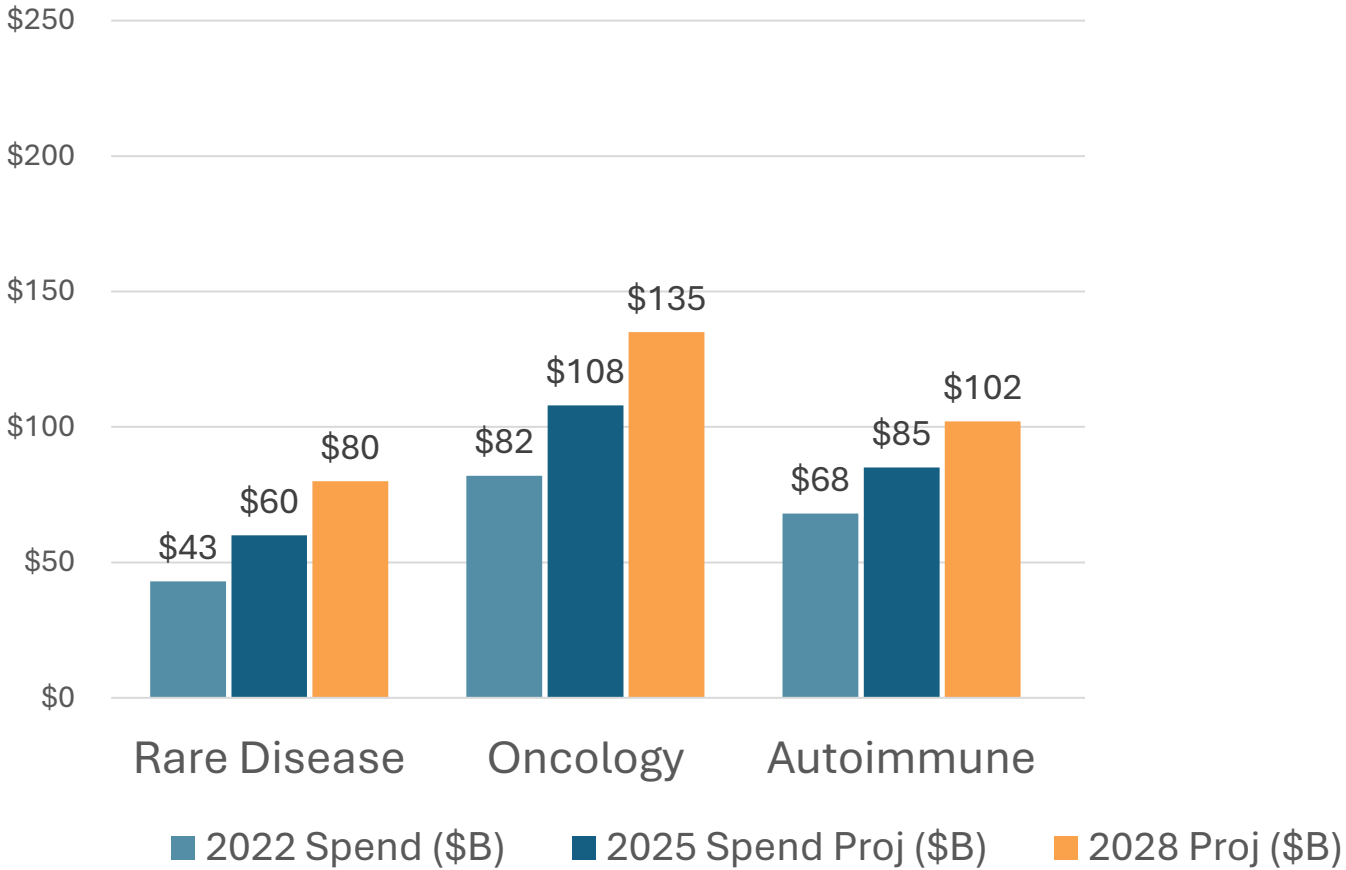
- 1 Regulation will not fix the PBM alignment problem
→ and why the Big 3 PBMs can't do this

Key Messages for Today

- 1 Regulation **will not fix** the PBM alignment problem
 - ➔ and why the Big 3 PBMs **can't** do this
- 2 Success requires **shifting to an aligned PBM**
 - ➔ why the market is ready
 - ➔ what it looks like and
 - ➔ how to know which PBMs have it

The challenges are real

- Double digit Pharmacy spend growth
- **80%** of drugs in late-stage development are specialty
- GLP-1s poised to eclipse specialty
- **30%+** mis prescribing / sub optimal prescribing



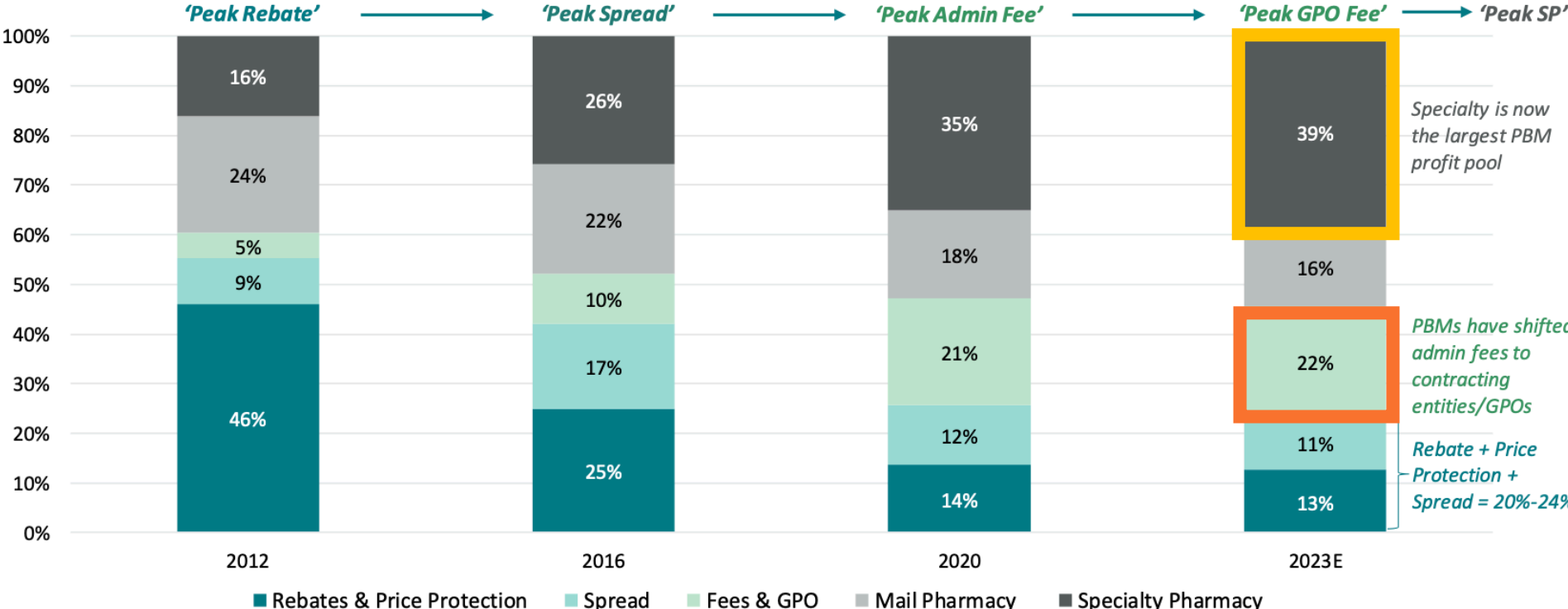
Sources: IQVIA Institute, Understanding the Use of Medicines in the U.S. 2025; MarketsandMarkets GLP-1 Analogues Market Report, 2024; ASHP Drug Expenditure Report, 2025. JAMA (2025) Interventions to Address Potentially Inappropriate Prescribing, JAMA (2025) Prescribing Patterns of Potentially inappropriate medications.

Business Model Problem



Business Model Problem

Fig. 1: Source of PBM Gross Profits Over Time: A Shift from Rebates and Spread to Fees and Specialty Pharmacy



Source: Nephron Research PBM Gross Profit Model, August 2023

Incentives Drive Behavior



STATE LAWSUIT

"Virginia Sues PBMs, Insulin Manufacturers Over Inflated Pricing Scheme"



BREACH OF CONTRACT

"\$10.9M Lawsuit Accuses Cigna PBM of 'Flipping' Drug Classes"



LANDMARK CASE

"Oklahoma Takes CVS Caremark to New PBM Court Over Alleged Underpayments"



CLASS ACTION

"GoodRx, PBMs Accused of Suppressing Reimbursements to Independent Pharmacies"



FEDERAL ACTION

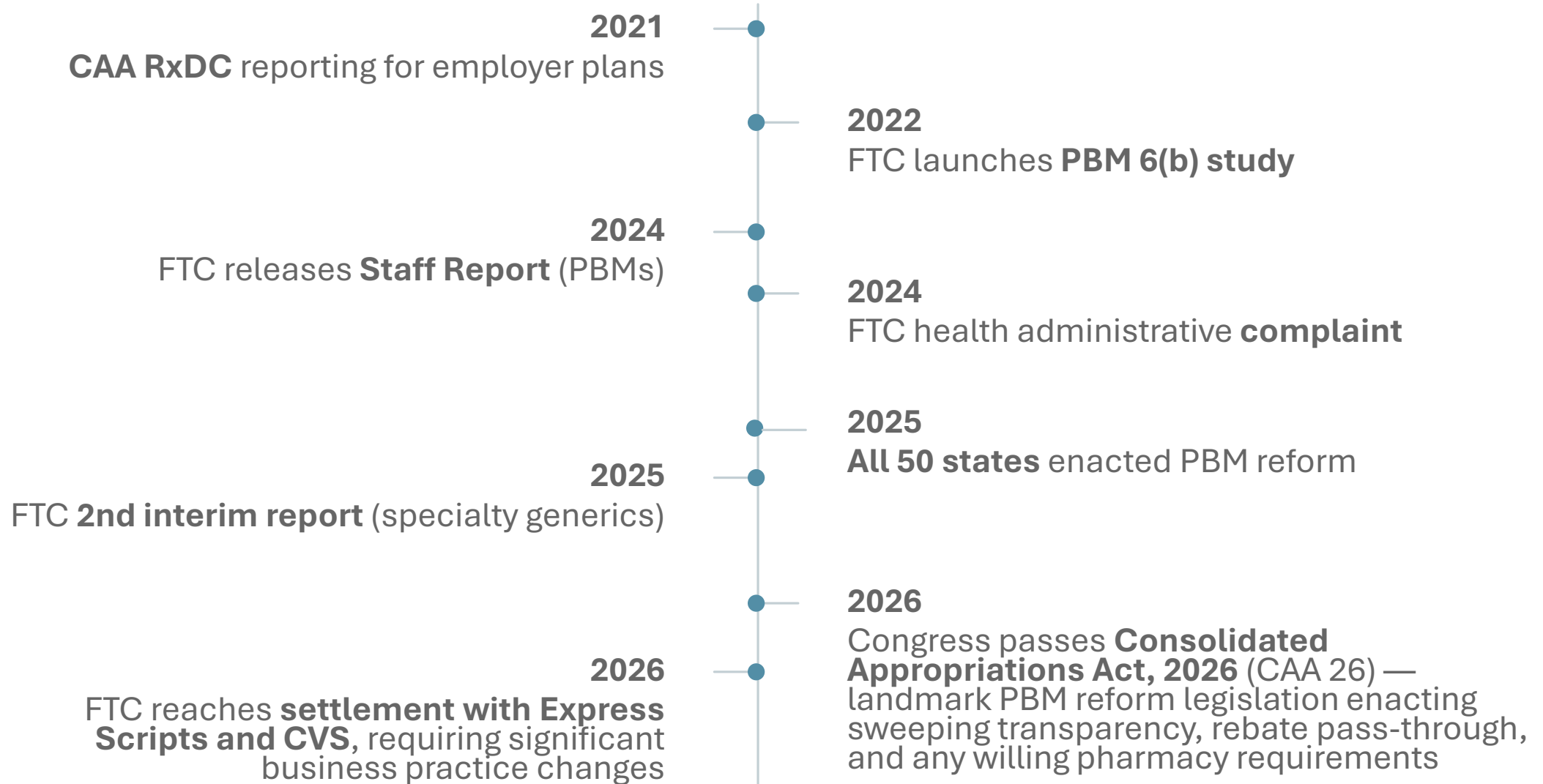
"FTC Sues Pharmacy Benefit Managers Over 'Artificially Inflated' Insulin Prices"



STATE AG SUIT

"Michigan AG Sues Express Scripts & Prime Therapeutics for Price-Fixing & Anticompetitive Conduct"

PBM Reform continues



The Big PBMs Won't Self-Disrupt

- Public earnings pressure
- Billions tied to rebate and pharmacy economics
- Vertical integration dependencies
- Fiduciary duty is to the corporation

The PBM Reform Chess Game



Regulation	The PBM “Pivot”
PBM Transparency Act	Shifted profits to offshore GPOs—outside regulatory reach.
Rebate Pass-Through	Artificially inflated list prices to keep administrative percentage fees elevated.

Regulation can not solve the alignment issue

Why NOW is the time for Alignment

Demand

The market is ready

Increasing scrutiny of PBM practices.

- FTC / CAA / States
- Employee Lawsuits
- Thought leaders



“If you’re a CEO signing PBM contracts ..., you’re allowing this to happen. They’re doing exactly what you expect—maximizing earnings. We’re the ones allowing it to happen.”

Mark Cuban HLTH Conference 2025

Why NOW is the time for Alignment

Demand

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Supply

More choices than ever

ARCHIMEDES™

 **SmithRx**  **AffirmedRx**
PUBLIC BENEFIT CORPORATION

 **LucyRx**

 **Rightway®**  **VIVIO**

 **NAVITUS**

Alternative PBMs are the only ones that can offer TRUE ALIGNMENT

What does Alignment look like?

Business Model

- ✓ 100% of revenues from client fees
- ✓ Pass through of all discounts and rebates
- ✓ Free of pharmacy conflicts



**True Cost
Management**

Case Study: Transparent PBM



St. Mary's School

- Small private school
- **Double digit** growth
- Sustainability of the benefit at risk



43% decrease
in net PMPM costs

14x ROI



Keystone COOPERATIVE®

- Large Agricultural Cooperative
- Frustrated with lack of transparency



40% average
PMPM savings

\$1.8M savings



- Diversified Investment Firm
- Escalating costs and poor member experience



60% reduction in
PMPM spend

\$1.7M savings

Case Study: Transparent PBM NAVITUS

Food Industry: Mid-size employer

- Struggling with growth in pharmacy



47% reduction
in net PMPM costs

\$1.4M copay
assistance savings

High-Cost Case Management 3,000 life group



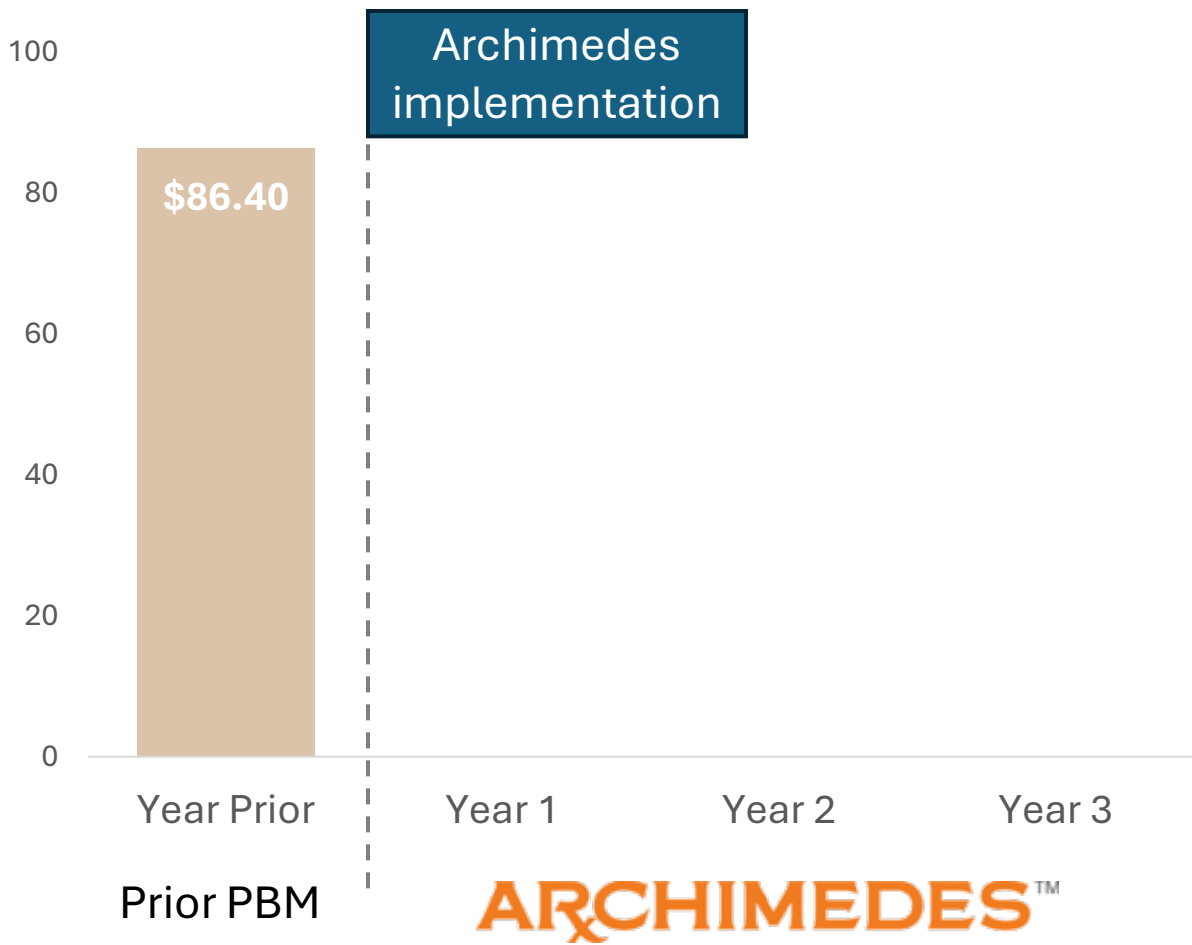
- Treats HPP
- Annual cost: **\$1-3M**



- Dose Optimization
- Reduced cost by maximizing manufacturer funding
- **\$190K** annual savings

Case Study: Specialty PBM **ARCHIMEDES™**

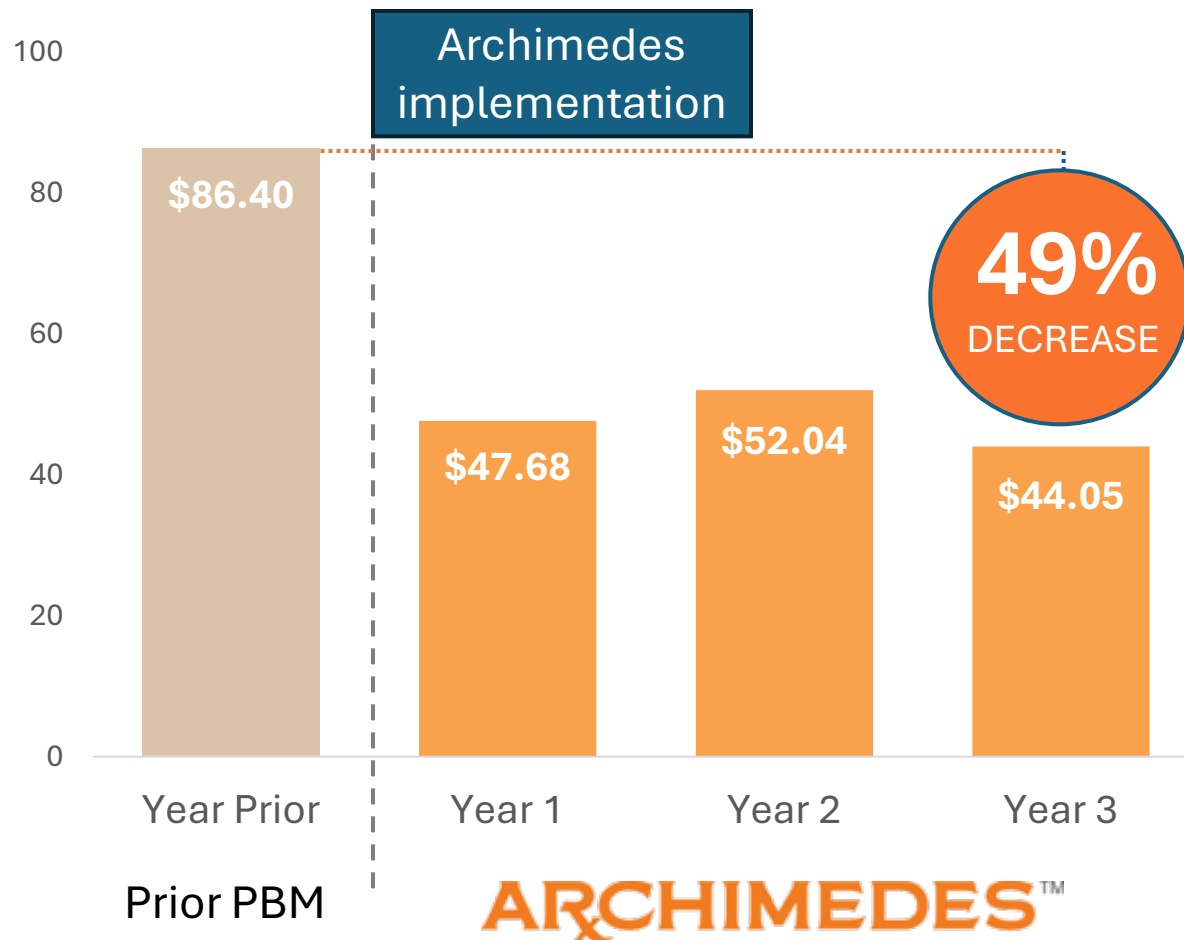
Plan Paid (PMPM) for Specialty Drugs
Under Pharmacy Net of Rebates



Source: Archimedes LinkedIn post

Case Study: Specialty PBM **ARCHIMEDES™**

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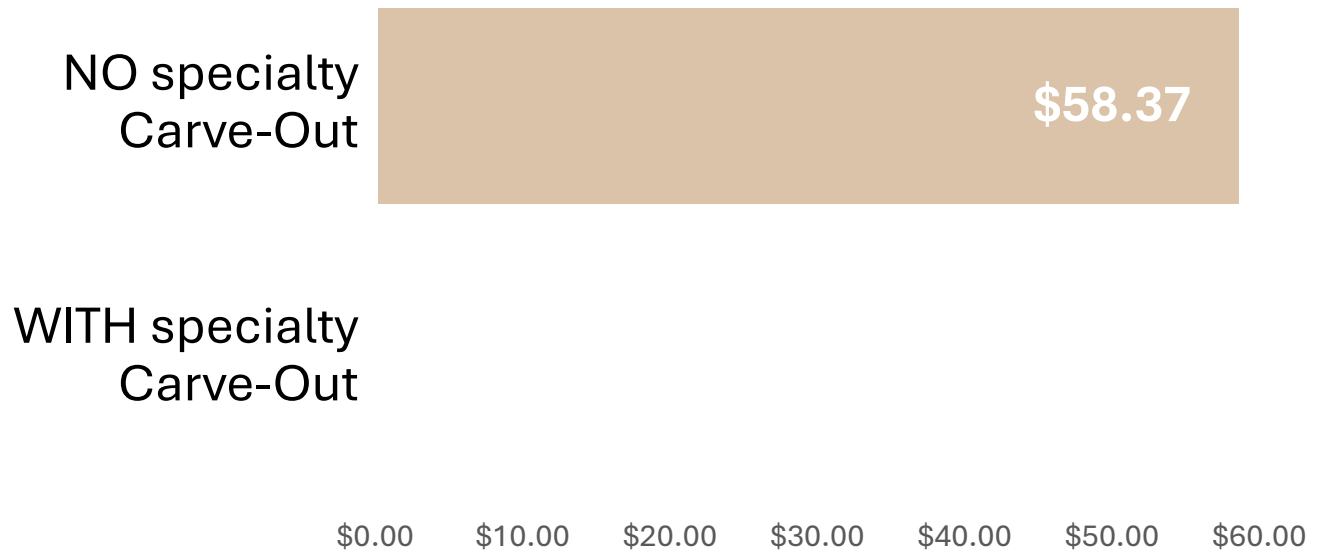
- 1 – 3% of members driving 50%+ of spend
- Protection against high-cost wasteful claims
- Sustainable savings

Case Study: Specialty PBM ARCHIMEDES™



HTA Members who Carve Out Specialty Drugs Reduce Specialty Spend

Specialty Plan Cost PMPM



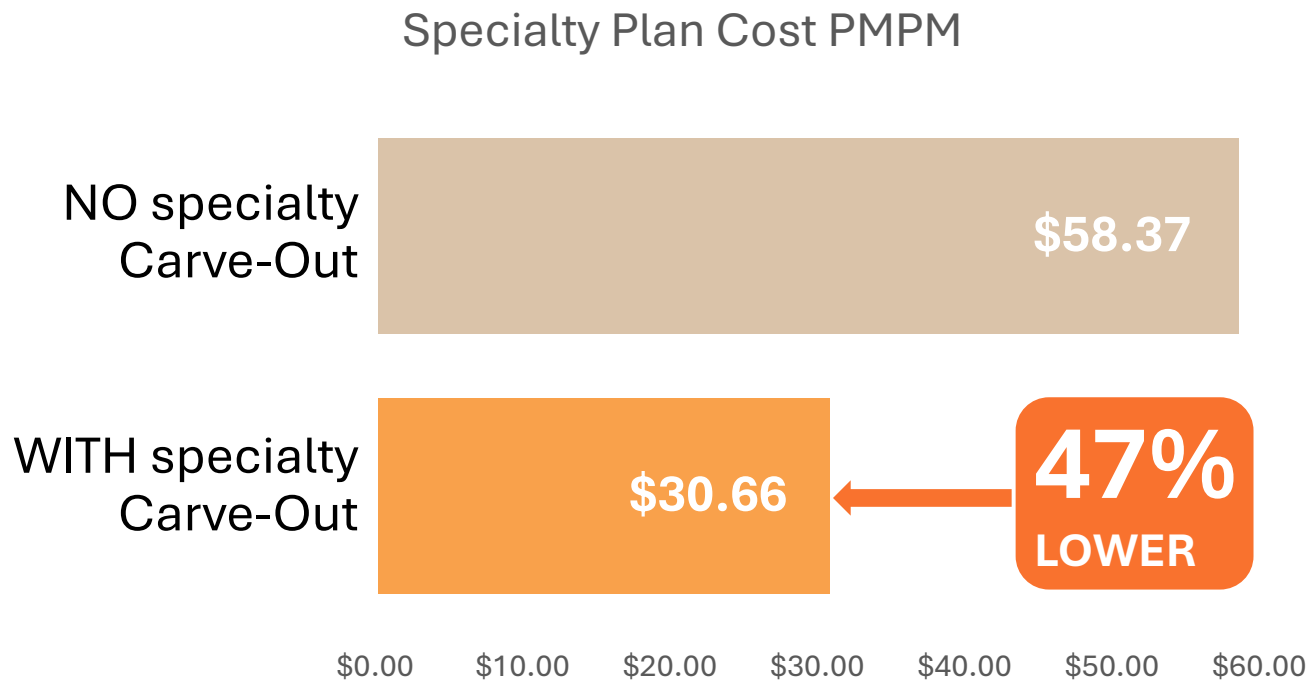
Source: HTA website

Source: LinkedIn

Case Study: Specialty PBM ARCHIMEDES™



HTA Members who Carve Out Specialty Drugs Reduce Specialty Spend

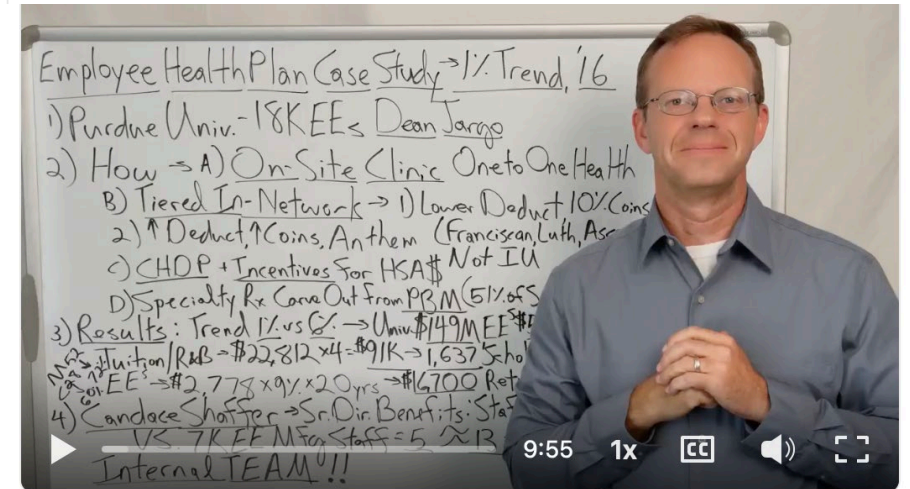


Source: HTA website



Eric Bricker, MD [in](#) · Following
Board Member Frontier Direct Care
1yr · Edited ·

Employee #HealthPlan Case Study - [Purdue University](#) Keeps Trend at 1% Per Year for 7 Years!! National Average for Universities is 6X Higher.



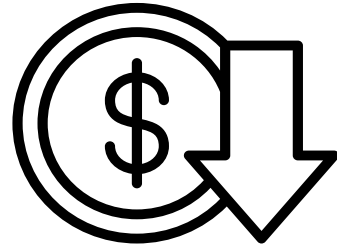
Source: LinkedIn

Designing Formularies for Value



Evidence-Based

- Don't blindly follow the FDA

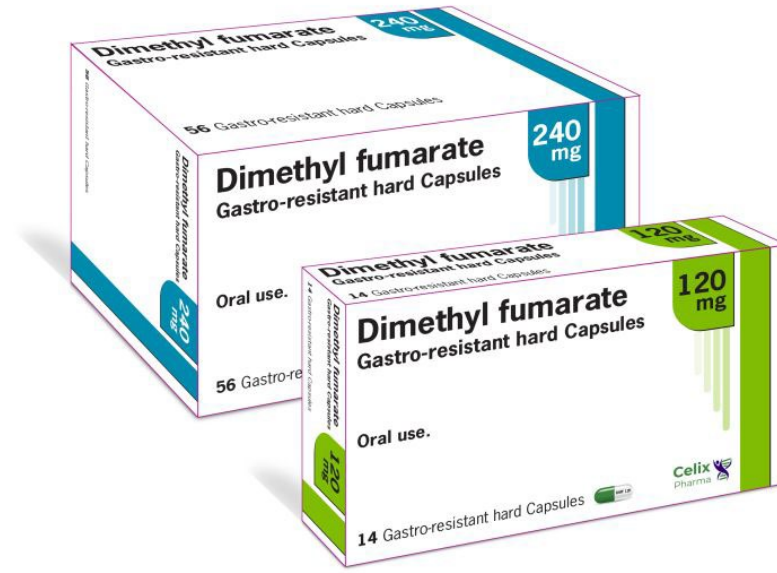


Cost-Effective

- Low-cost alternatives
- Don't chase rebates



Formulary Example: Vumerity

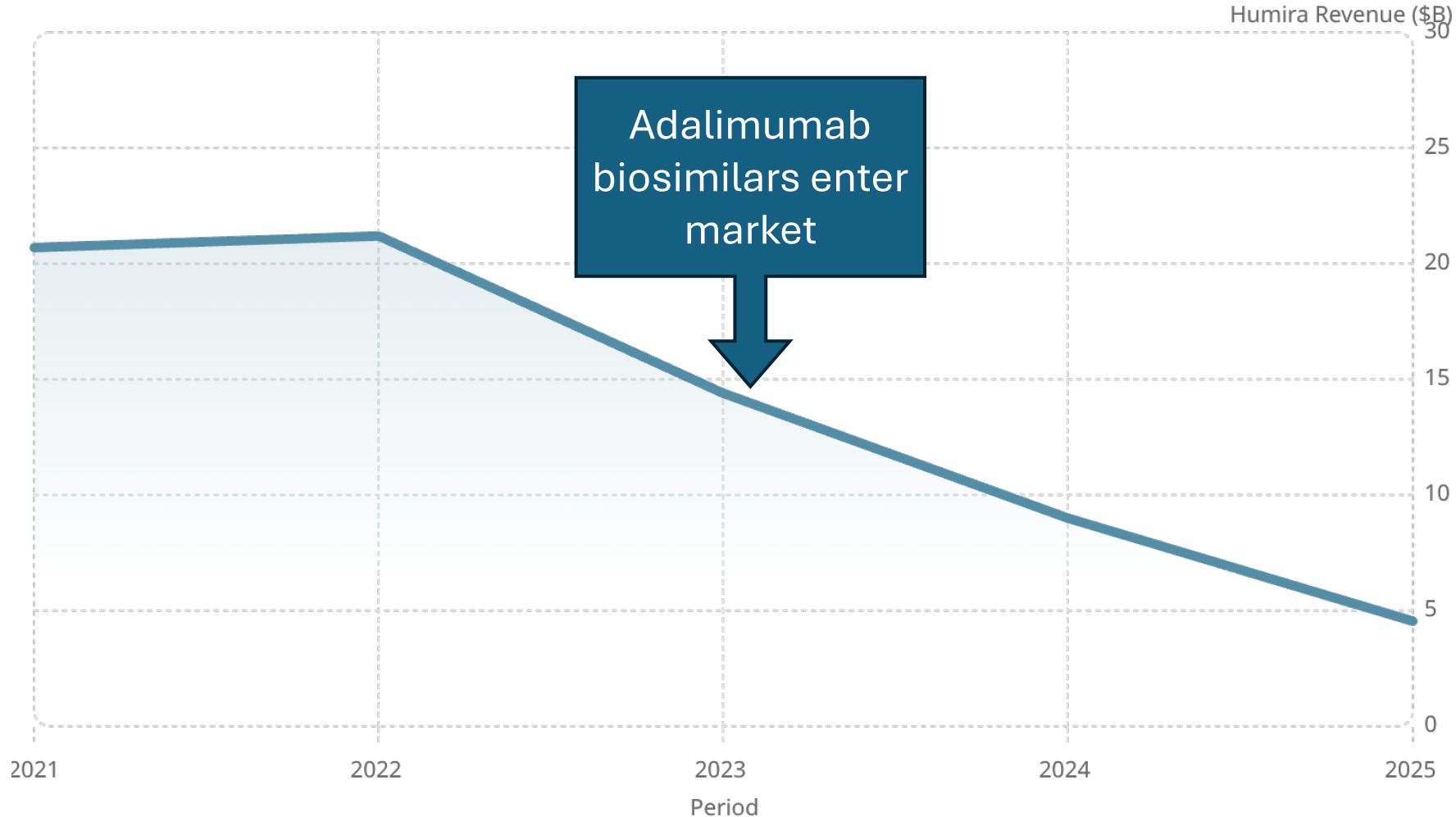


\$105,600

\$240

Formulary Example: Humira

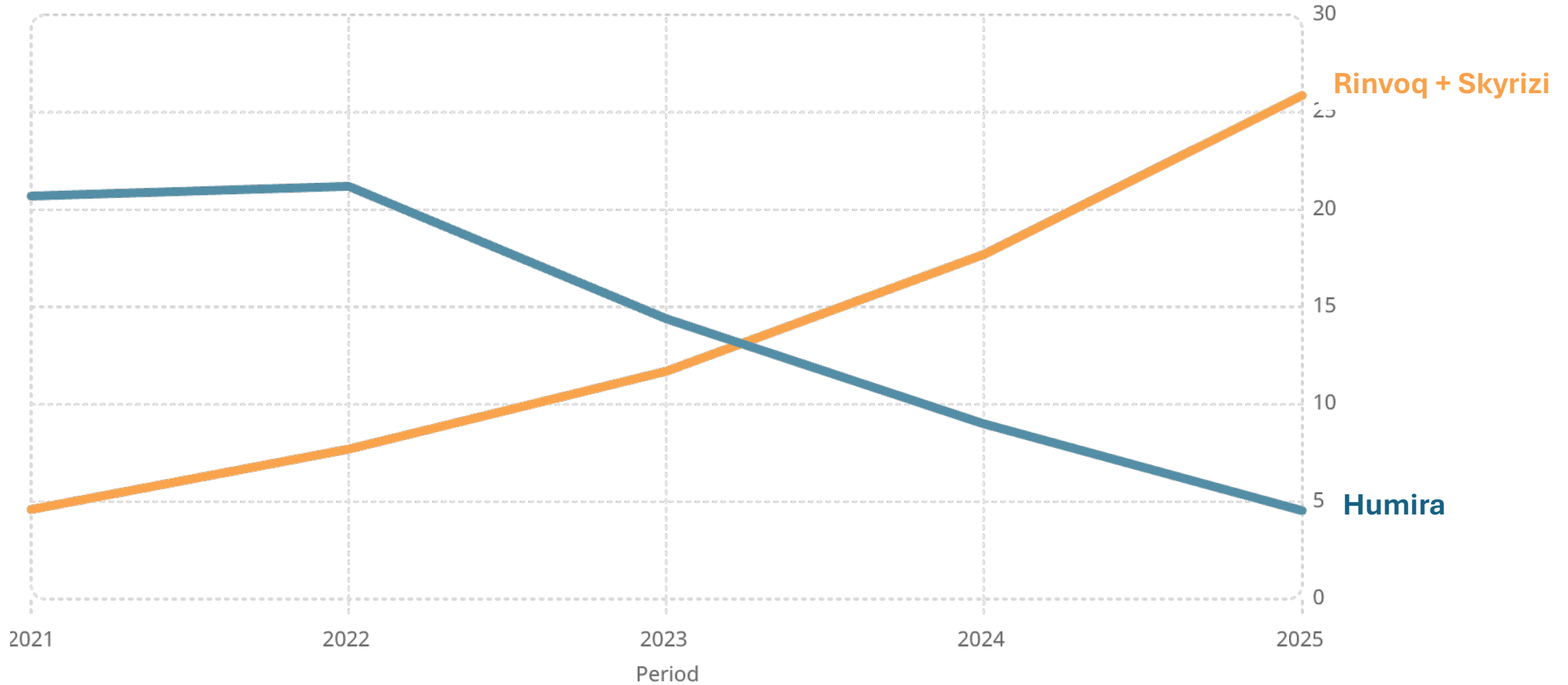
Humira's Revenue Cliff (Global Net Revenues, \$B)



Source: AbbVie Annual Earnings Reports, 2021–2024 (investors.abbvie.com)

Market Share “Drift”

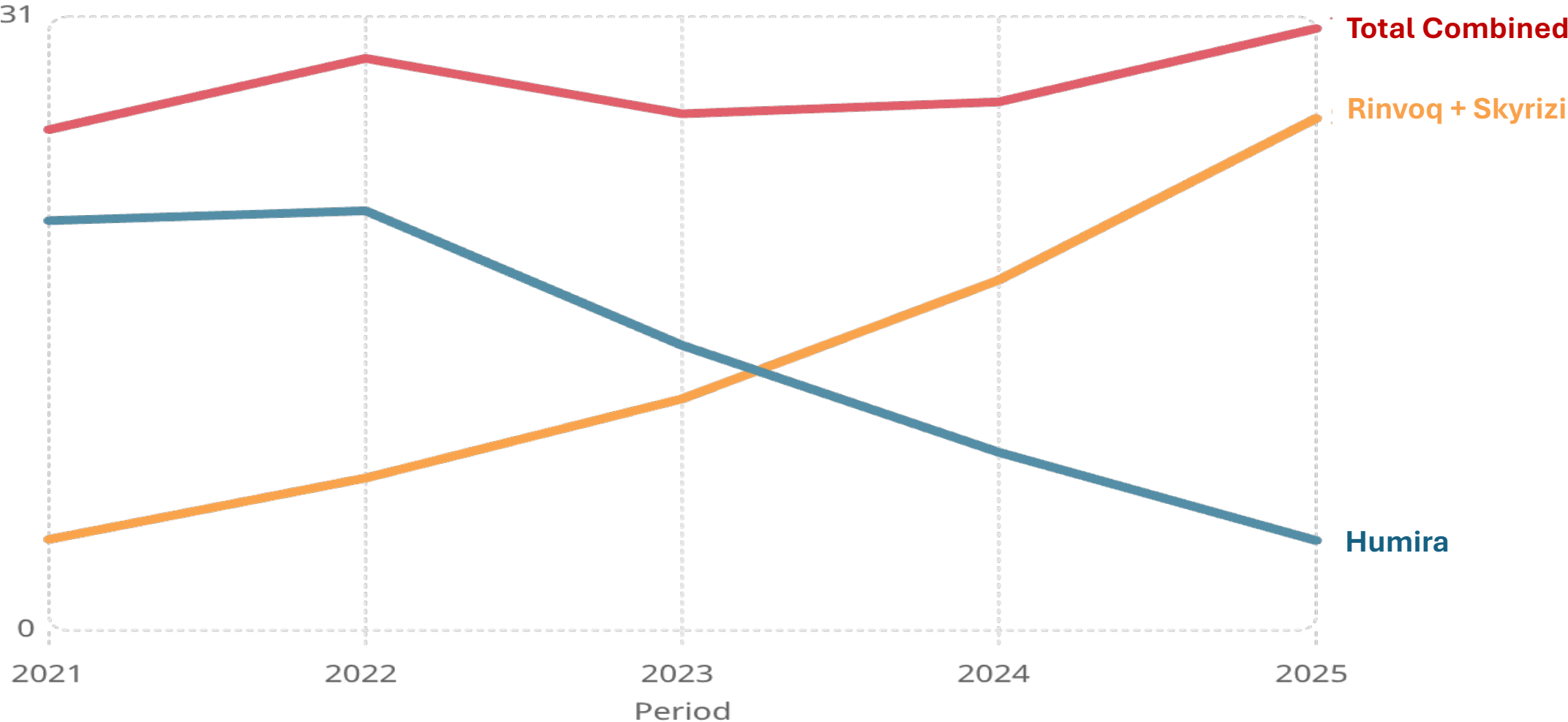
Rinvoq & Skyrizi Revenues surpass Humira (Global Net Revenues, \$B)



Source: AbbVie Annual Earnings Reports, 2021–2024 (investors.abbvie.com)

AbbVie Comes Out Ahead

Revenue Is HIGHER after biosimilar intro (Global Net Revenues, \$B)



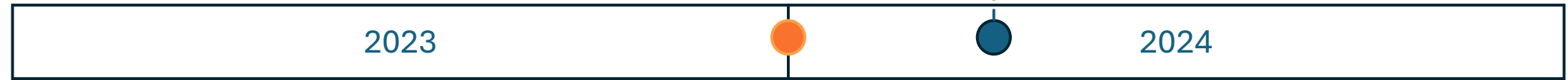
Source: AbbVie Annual Earnings Reports, 2021-2024 (investors.abbvie.com)

Very different PBM responses

Traditional PBM example

4.1.24
CVS excludes Humira; promotes
CVS house brand Hyrimoz

← *Humira biosimilar market adoption <2%* →



← *Active biosimilar promotion: 40%+* →

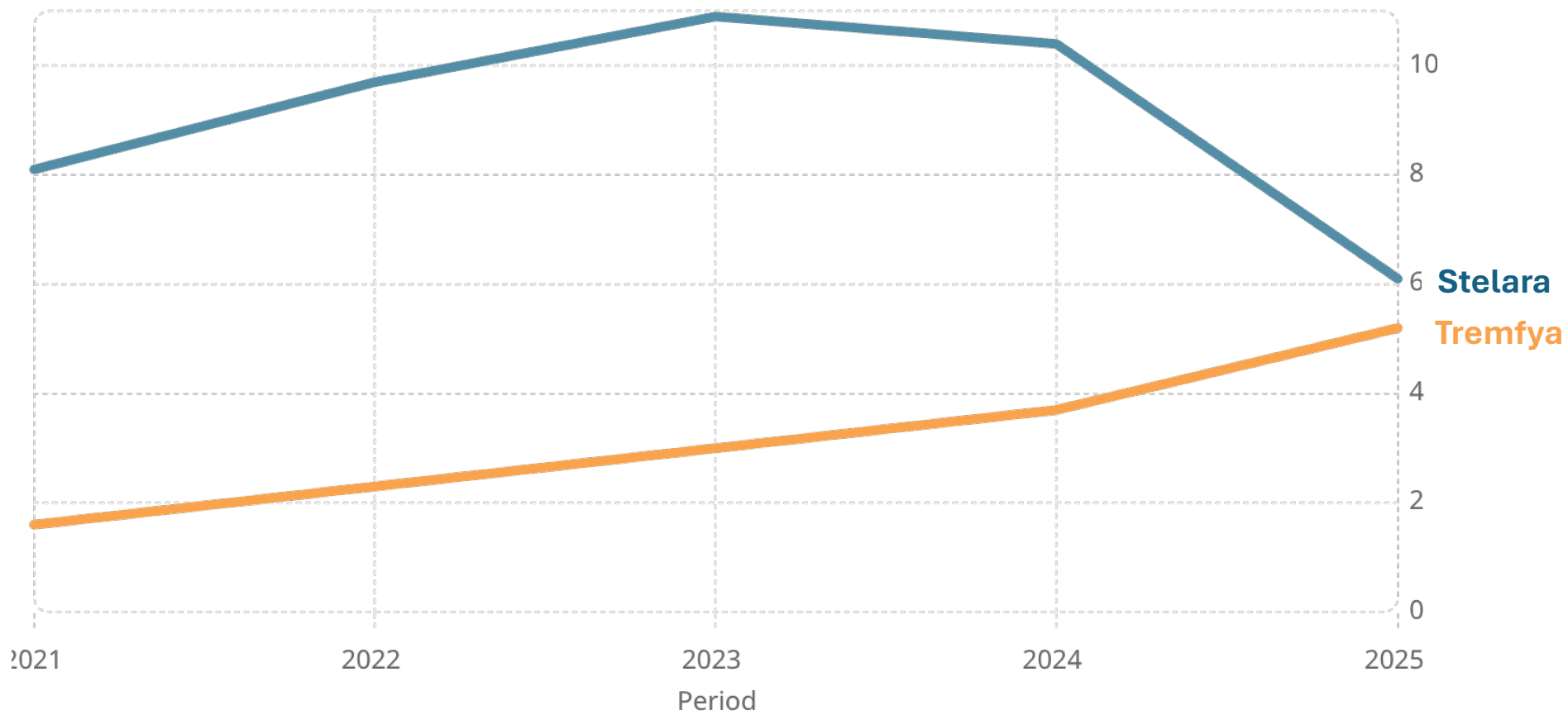
Aligned PBM example

1.1.24
Archimedes excludes
Humira, Rinvoq & Skyrizi

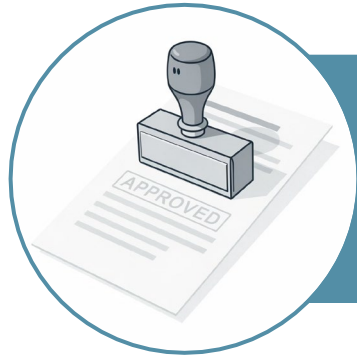
Aligned PBMs have no business model barriers to focusing on lowest net cost

The next one to watch: Tremfya

As Stelara Declines, Tremfya Rises (Global Net Revenues, \$B)



Prior Authorization



Status Quo

- Physician attestation
- Pharmacy tech review
- Administrative Process

90% + approval



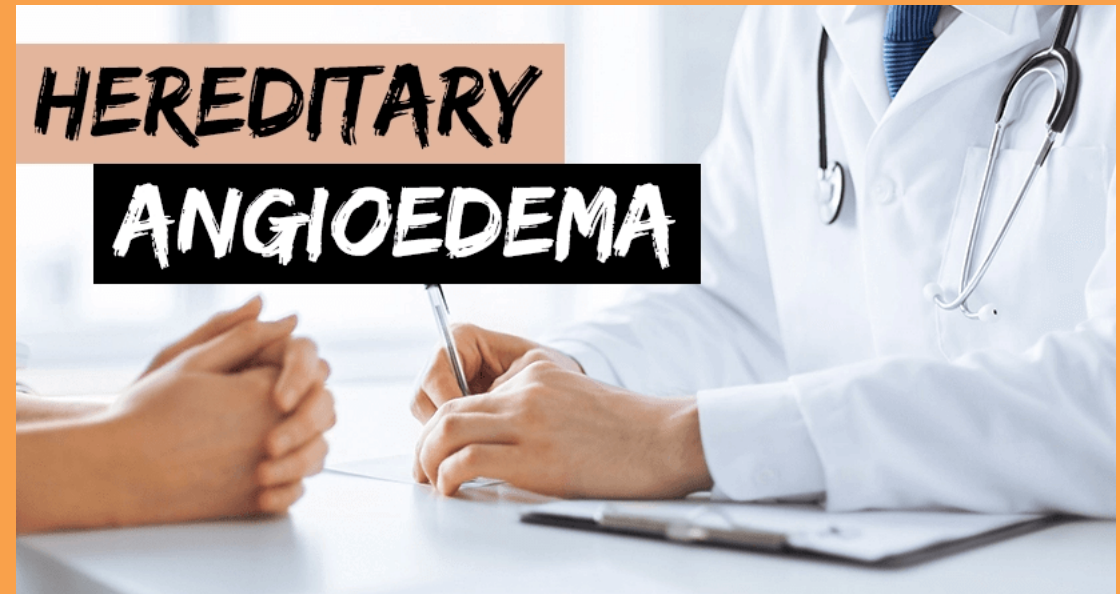
Best in Class

- Clinical Profile
- Pharmacist review
- Clinical Control

50-65% approval

Prior Authorization: HAE Case example

- Misuse of an expensive rescue medication
- Non-adherence to preventative medication
- Resulting in **poor disease control** for the patient and **significant costs** for the plan

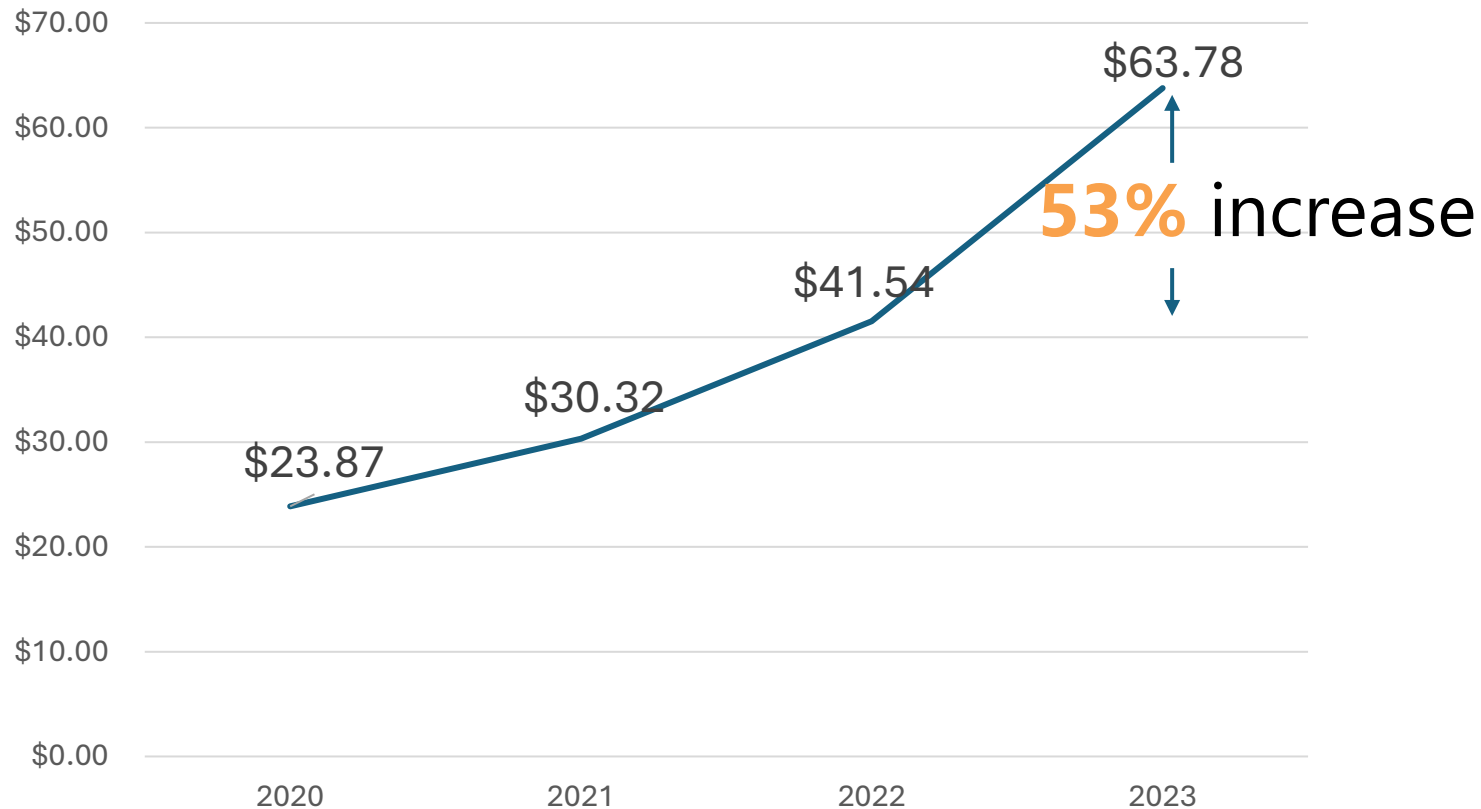


PBM Action:

- Coordination with patient and provider to begin taking preventative as directed
- Switch rescue medication to a lower cost generic
- Outcome: **Better Care** and **Significant Savings**

Prior Authorization: GLP-1 Off Label Use

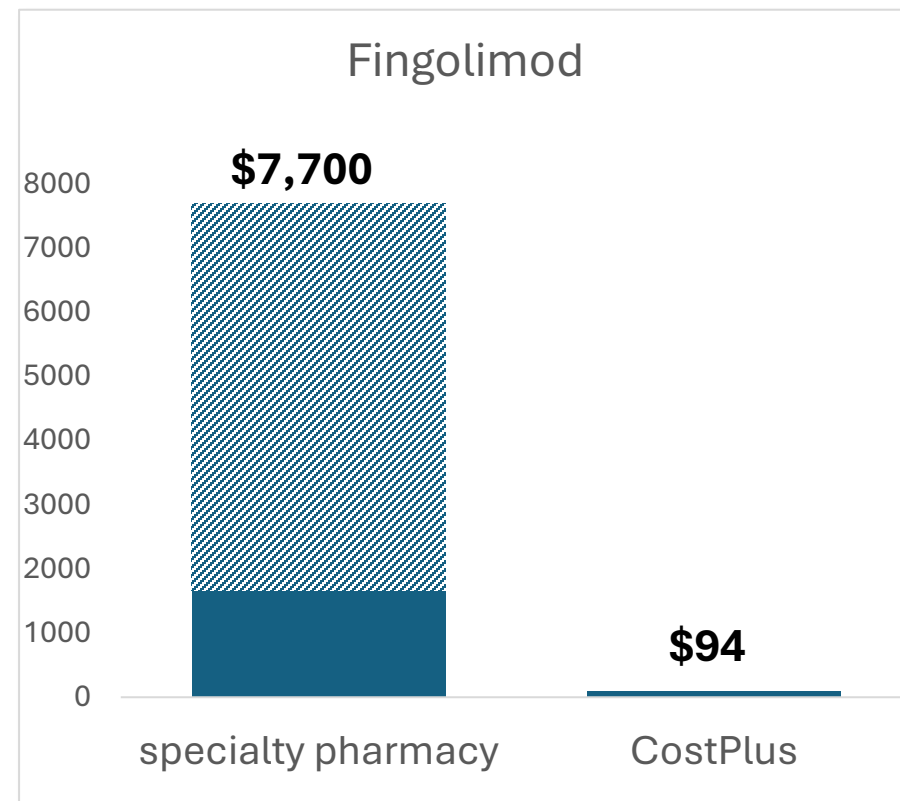
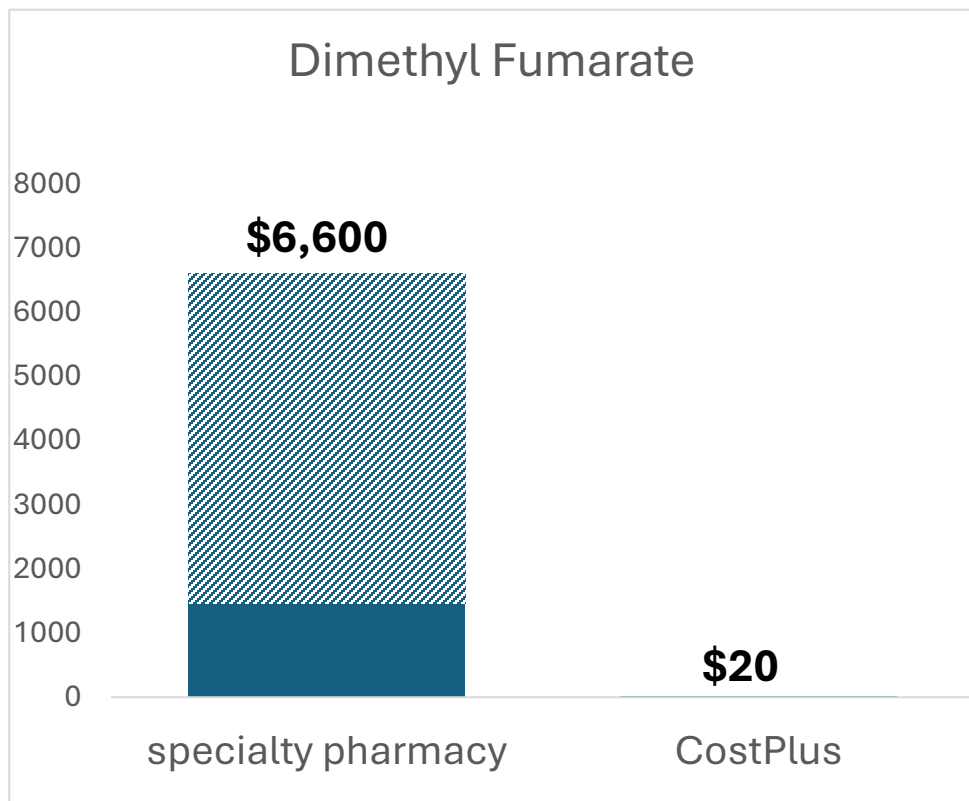
GLP1s indicated for diabetes – Total Spending
(\$billions)



30–50%
of diabetes GLP-1s
are prescribed for
off-label uses
including weight loss

Pharmacy Network

- No PBM ownership OR cost-plus pricing with freedom to use another pharmacy with no penalty
- Promoting low-cost pharmacies like Costco and Cost Plus



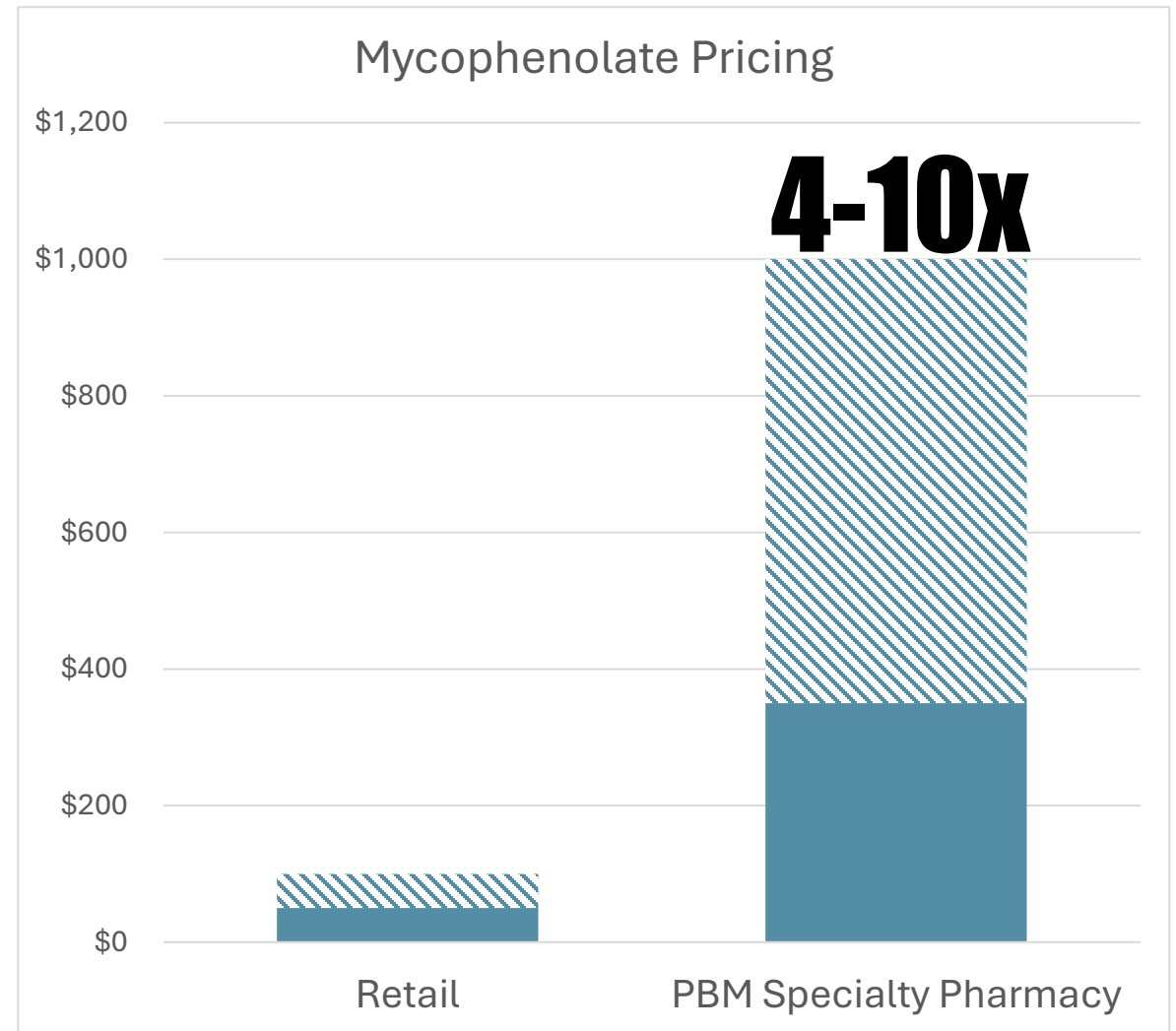
PBM RFPs

If an aligned PBM is the best cost manager, why do traditional PBMs show so well in RFPs?



PBM RFP Game Examples

PBM Game	Misclassifying drugs as specialty
Description	Moving low-cost drugs to specialty list to be filled by the PBM specialty pharmacy
Protection	Require client approval before reclassification



PBM RFP Game Examples

PBM Game	Misclassifying drugs as specialty	Inflated rebate claim volume
Description	Moving low-cost drugs to specialty list to be filled by the PBM specialty pharmacy	Shows a greater rebate dollar value in the RFP
Protection	Require client approval before reclassification	Claim level reprices, indicating rebatable drugs; utilize advisor's claim count for RFP financial comparisons

PBM RFP Game Examples

1ml,90mg/ml



Ingredient Cost	\$28,160	\$3,033
Rebates	(\$15,449)	---
Net Cost	\$12,711	\$3,033

76%
lower

Higher Rebates do not mean lowest net cost

PBM RFP Game Examples

PBM Game	Misclassifying drugs as specialty	Inflated rebate claim volume	"Discounting the Waste"
Description	Moving low-cost drugs to specialty list to be filled by the PBM specialty pharmacy	Shows a greater rebate dollar value in the RFP	Offering big discounts on high-cost drugs that should not be covered in the first place
Protection	Require client approval before reclassification	Claim level reprices, indicating rebatable drugs; utilize advisor's claim count for RFP financial comparisons	Require a net cost analysis including clinical savings backed by a guarantee

PBM RFP Game Examples

	PBM A	PBM B
Drug	Vumerity	Vumerity
Discount	25%	20%
Cost per claim	\$7,875	\$8,400
Fills per year	12	12
Cost per year	\$94,500	\$100,800

99% lower

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Evaluating Alignment

Area to Evaluate	Sample Questions
Business Model	<ul style="list-style-type: none">• Do 100% of your revenues come from client fees?• Will you pass thru all forms of manufacturer revenue?• Do you or any of your affiliates own pharmacies?



There has never been a better time to move to an **ALIGNED PBM**

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