

Employer Only Survey



Employers – please complete
this 3-minute survey on
accessing your health benefits
data.





Follow the Money

A COMEDY AND A TRAGEDY

WRITTEN AND PRODUCED BY ALEX JUNG

Stuck in the middle with you...

- ▶ Hello everyone, I am **Alex Jung** and I'm joined today by the team at Patient Rights Advocate and the Florida Alliance for Healthcare Value.
- ▶ We are going to illustrate, through a short skit, how money flows in health care and drug channels and illustrate the role of **middlemen**.
- ▶ Welcome to....

**Follow the Money Comedy and Tragedy Skit:
Stuck in the Middle with You.**

Our Cast - Narrator

- ▶ Alex Jung as the "NARRATOR"
- ▶ I'm just here to tell a story.
- ▶ If you cry at the end, it's not my fault.
- ▶ All fake numbers are rounded up or down to keep the illustration simple, so please don't try to do math and calculate them in your head. Just pay attention to the transactions.



Our Cast – The Banker

- ▶ Marilyn Bartlett in the role of “BARTLETT BANK”
- ▶ Marilyn is a world class accountant, and her bank is one of the largest in the world with operations in Switzerland, the Cayman Islands, Bermuda, the Guernsey Islands, and of course, Ireland.



Our Cast – The Manufacturer

- ▶ Cynthia Fisher in the role of “FISHER PHARMA”
- ▶ Fisher Pharma is a global manufacturer of prescription lollipops. Their success is based on a precise formulation of active ingredients and a special cherry flavoring for kids.
- ▶ Her lollipops are also available in a variety of Boston Beer flavors for adult patients.



Our Cast – The Wholesaler

- ▶ Chris Deacon in the role of “DEACON’S WHOLESALER”
- ▶ Chris owns a giant wholesale operation with over 200 warehouses across all 50 states and supplies over 70,000 pharmacies and 8,000 hospitals with lollipops of every shape, size, flavor, and color.
- ▶ Chris lives in Bermuda where her company is headquartered and can be found on her yacht on most sunny days.



Our Cast – The Health Plan/PBM

- ▶ Karen van Caulil in the role of “THE PHARMACIST”
- ▶ Karen owns and operates a national PBM.
- ▶ She is a licensed pharmacist in all 50 states and her company dispensed 1.2 billion prescriptions in 2022.
- ▶ Karen lives in Florida and can be found sailing on her catamaran on most sunny days.



Our Cast – The Employer

- ▶ Rosa Novo in the role of “THE EMPLOYER”
- ▶ Rosa leads HR and Benefits for a mid-size company based in the Florida Keys that manufactures flip-flops.
- ▶ Rosa is struggling in a competitive job market to find and retain experts in the field.
- ▶ She has been told by her trusted advisors that they are getting the best discount on drug pricing.



Our Cast – The Employee

- ▶ Our Cast – Heather Russo as “THE EMPLOYEE”
- ▶ Heather’s job is in Quality Control – nothing worse than a busted flip-flop, so her position is very important to the organization.
- ▶ She is wondering how long it will be before she receives a wage increase – she has not had a raise in five years.



The life of a prescription lollipop

- ▶ The employer and the employee will split \$100 in insurance premiums (50/50).
- ▶ The employer will also pay \$10 for an ASO/TPA fee.
- ▶ The employee will also pay a \$20 copay when they buy the lollipop at the end of the skit.

Lollipops, otherwise known as “suckers”

- ▶ **EMPLOYEE:**
- ▶ **Heather/Employee** has \$70 total = \$50 for premiums + \$20 for drug copay in their envelope.
- ▶ **Heather** gives \$50 to the employer and retains \$20.
- ▶ **EMPLOYER:**
- ▶ **Rosa/Employer** will collect the \$50 from the employee.
- ▶ **Rosa** will combine it with their own \$50 and the \$10 admin fee they have in their envelope and give it to **Marilyn/Bank** (\$110 goes to the BANK).

Transaction #1 – Premium Collections

- ▶ **BANK: Transaction #1 – Marilyn collects health plan premiums**
- ▶ **Marilyn/Bank** just collected \$100 for premiums and \$10 for the admin fee from the employer (\$110 employer total).
- ▶ **Marilyn** will also collect the money from the hospital/drug company, wholesaler/GPO, and health plan/PBM after each transaction. **Alex** will hand it to her after each move.
- ▶ **Marilyn** will hold up all the money at the end of the game to show the audience how much was transacted.

Cough *Cough*

- ▶ **Heather/Employee** just learned that her young daughter has a viral infection that is causing her to cough. She is too young for cough drops and spits out cough syrup.
- ▶ She sees her pediatrician and the doctor sends in an electronic prescription to her pharmacy for specially formulated lollipops.
- ▶ Let's walk through what happens after the prescription is written and how the lollipop makes it back to the patient.

Transaction #2 – Supply Chain Shenanigans

- ▶ **DRUG COMPANY: Transaction #2 – Cynthia sells a lollipop to Chris**
- ▶ **Cynthia/Manufacturer** holds up a price tag showing **\$60 LIST PRICE** for the lollipop (INCLUDES ALL DISCOUNTS, CREDITS, INCENTIVES AND a 20% REBATE of \$10).
- ▶ **Cynthia** sells the lollipop to **Chris/Wholesaler** for \$60 and **Cynthia** gives **Chris** back a 20% REBATE of \$10.
- ▶ **Cynthia** collects \$50 for the lollipop and holds up a card with: **\$60 LIST PRICE; \$10 REBATE**
- ▶ **Chris** takes the lollipop and the \$10 rebate.
- ▶ **Cynthia** will deposit her \$50 into the “**Bartlett Bank**” (**Marilyn**).
- ▶ **We don't know how much it cost Cynthia to make the lollipop, so her true profits are secret.**

Transaction #3 – Size Matters

- ▶ **GPO/WHOLESALE: Transaction #3 – Chris sells a lollipop to Karen**
- ▶ **Chris/Wholesaler** holds up the **old** price tag of \$60 LIST PRICE that she paid to buy the lollipop
She (*dramatically*) rips it up and throws it away
However, she records it in her system as the WHOLESAL ACQUISITION COST (WAC)
- ▶ **Chris** holds up a **new** price tag showing **\$70 AVERAGE WHOLESAL PRICE (AWP)**
(INCLUDES ALL DISCOUNTS, MARGINS AND REBATE OF \$10)
- ▶ **Chris** sells the lollipop to **Karen/PBM** for \$70 and **Chris** gives **Karen** back a REBATE of \$10.
- ▶ **Chris** collects \$60 for the lollipop and holds up a card with: **\$70 AWP; \$10 REBATE**
- ▶ **Karen** takes the lollipop and the \$10 rebate.
- ▶ **Chris** will deposit her \$60 into the **“Bartlett Bank” (Marilyn)**.
- ▶ **We think her profit is \$20 because she bought it for \$50 and sold it for \$70.**

Transaction #4 – A tragedy of the commons

- ▶ **HEALTH PLAN/PBM: Transaction #4 – Karen sells a lollipop to the Employee**
- ▶ **Karen/PBM** holds up the **old** price tag of \$70 Average Wholesale Price (AWP) that she paid to buy the lollipop.
She (*dramatically*) rips it up and throws it away.
However, she records it in her system as the AWP.
- ▶ **Karen** holds up a **new** price tag showing **\$90 RETAIL PRICE**.
- ▶ **Karen** sells the lollipop to **Heather/Employee** and collects a \$20 copay from **Heather**.
- ▶ **Karen** charges **Rosa/Employer** \$70 on the claim and gives **Rosa** the \$10 rebate.
- ▶ **Karen** will deposit her \$80 into the **“Bartlett Bank” (Marilyn)**.
- ▶ **We think her profit is \$40 because she bought it for \$70 and sold it for \$90, collected a \$20 copay and a \$10 admin fee that she will collect from the employer for running the PBM.**

The Final Act

- ▶ **Marilyn/Bank** will count all the money she managed and share the total. This amount is what she can invest.
- ▶ **Marilyn and Karen/PBM** hold up cards with the word **WINNER**.
- ▶ The **Heather/Employee** and **Rosa/Employer** get cards with the word **SUCKER**.

THE END



Video:

<https://vimeo.com/370986554>