

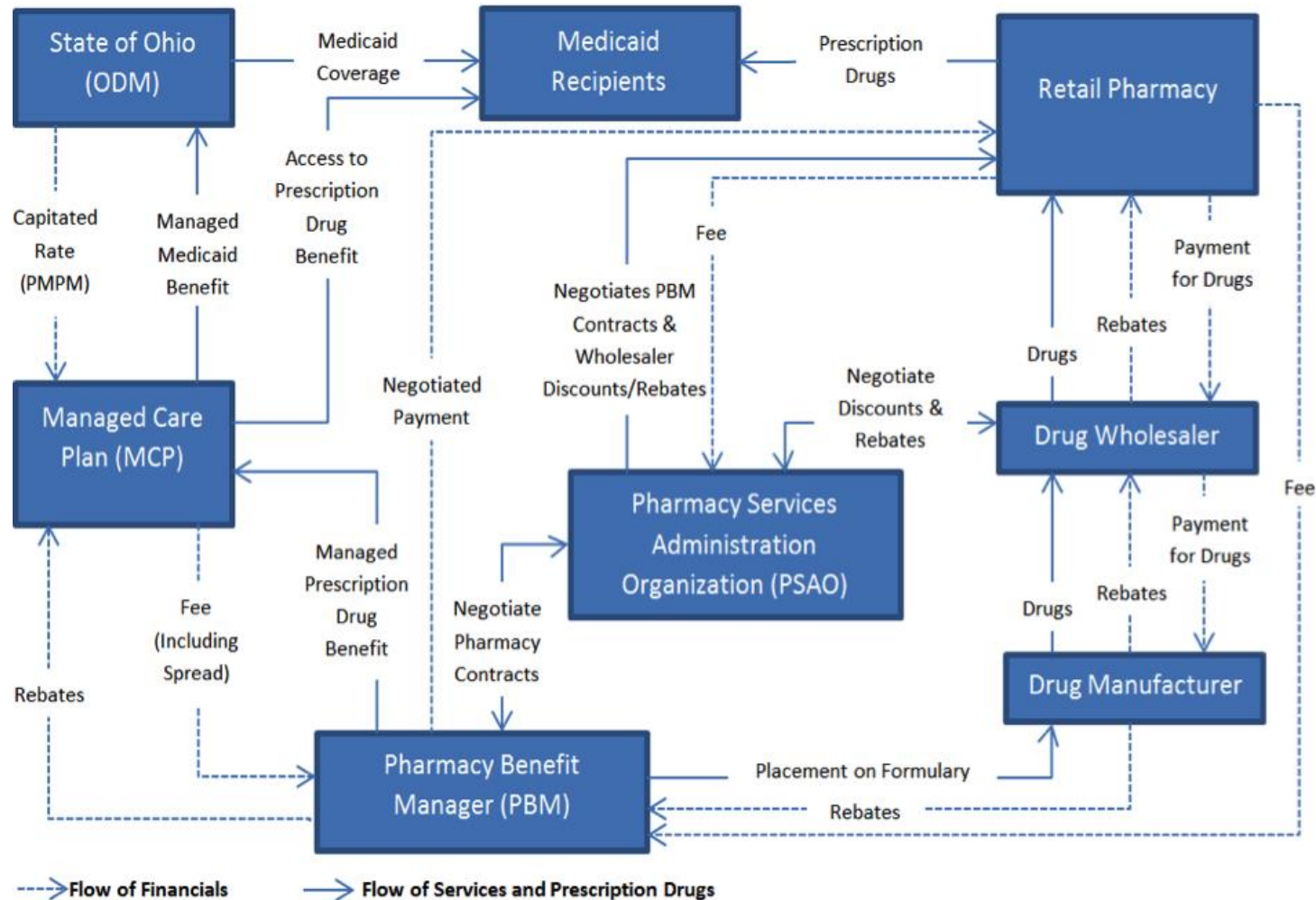


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Pharmacy Benefit Managers' Report


PBM transactions



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Average spread



	Brand	Generic	Specialty	Total
Prescriptions	5,268,144	33,913,042	197,408	39,378,594
% of claims	13.4%	86.1%	.50%	100%
Paid (in millions)	\$1,246.1	\$662.7	\$617.6	\$2,526.5
Total spread (in millions)	\$9.7	\$208	\$6.6	\$224.8
Spread relative to total paid	0.8%	31.4%	1.1%	8.9%
Yearly avg. spread	\$1.85	\$6.14	\$33.49	\$5.71

“Generic Spread”



Yearly avg.	\$6.14
Prescriptions	33,913,042
% of claims	86.1%
Total spread	\$208 million
Spread by type	31.4%



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The Caremark Spread



Combined average spread of all regions

CVS

Independents

Brand

\$2.22

\$2.10

Generic

\$5.63

\$5.66

Specialty

\$55.09

\$39.08

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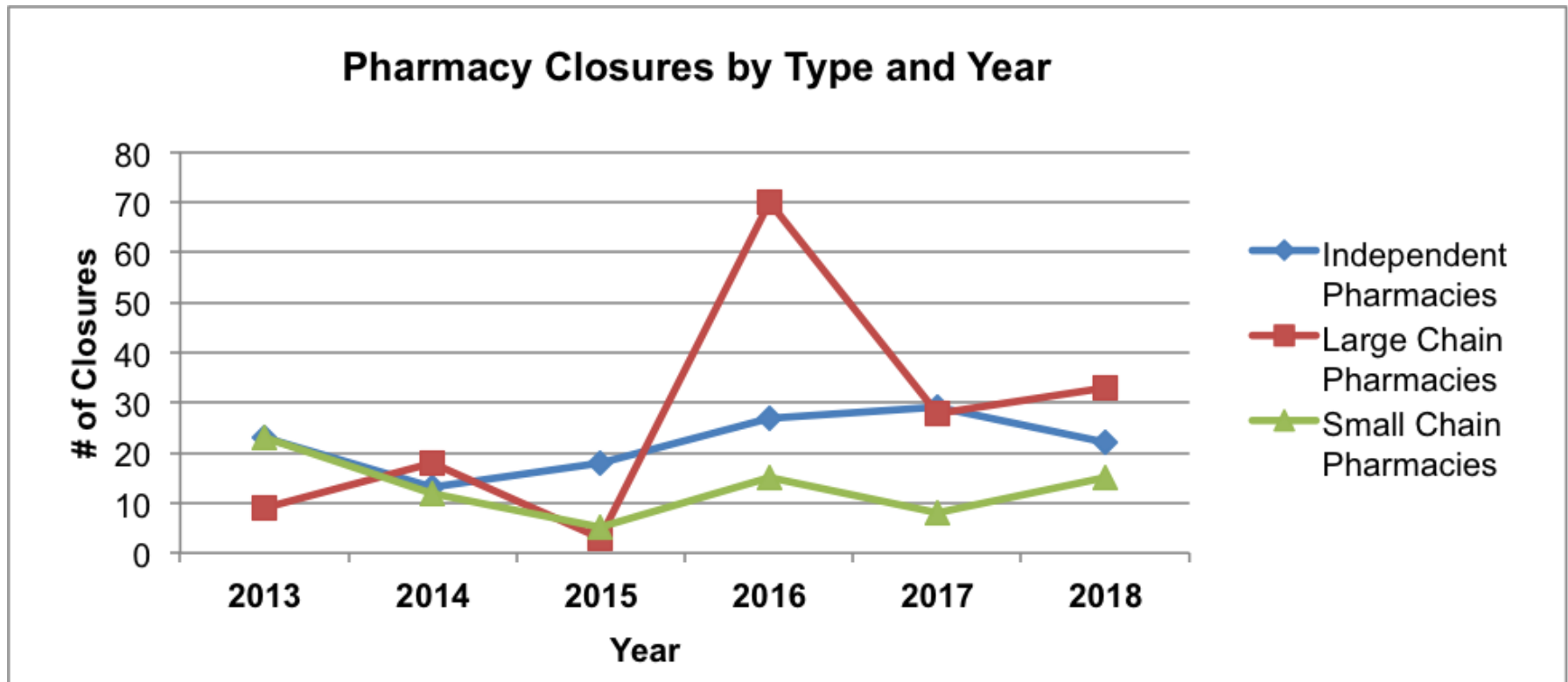


Regional Spread



Independent Pharmacies			
	Brand	Generic	Specialty
Central	\$1.80	\$5.11	\$24.21
Northeast	\$3.55	\$6.71	\$39.14
Northwest	\$3.71	\$6.69	\$25.32
Southeast	\$1.88	\$4.90	\$43.28
Southwest	\$1.77	\$5.27	\$31.32
Metro	\$1.67	\$5.50	\$43.67
Combined without Metro	\$2.57	\$5.80	\$35.19
Combined all	\$2.10	\$5.66	\$39.08

Pharmacy closures



Recommendations

1. Service organization control (SOC) report on internal controls of PBMs
2. Periodic compliance audits of PBMs
3. Require additional statistics and financial information be reported to ODM
4. Develop benchmarks to monitor spread pricing and price fluctuations



Recommendations

5. Analysis of using pass-through contract model
6. Monitor initiatives of other states
7. Strengthen ODM's internal controls over drug rebate contract monitoring



Further study

Automatic refills

- Potential for filling discontinued medications and stockpiling

Conflicts of interest/anti-competitive practices

- CVS Caremark is only PBM that shares ownership with a pharmacy

Sale of information

- CVS will not confirm or deny whether this practice takes place; contracts with MCPs do not prohibit

Rebates and rebate audits

- Withholding rebates has been identified as a potential area of fraud. A rebate audit would shed light on the complex and secretive process





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