Full Service Pharmacy Benefit Manager Creating Transparency for Pricing and Spend on Drugs

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- Terry Seligman

CEOCFO: Mr. Seligman, would you give us just a little background about Navitus Health Solutions?

Mr. Seligman: Navitus is a pharmacy benefit manager, which is a company that works directly with government agencies, self-funded employers, coalitions, labor organizations, third party administrators, and health plans, including Managed Medicaid and Medicare Part D, to help them manage their pharmacy benefits on behalf of their plan members. Navitus is a different company in that we are a one hundred percent pass-through, transparent business model, which allows our clients to be good financial stewards to their members.

CEOCFO: Would you explain how that works and why it is important?

Mr. Seligman: Practicing this unique business model has provided us with a lot of growth, because clients in the marketplace are seeking full disclosure. This way of doing business gives one hundred percent of negotiated pharmacy discounts and manufacturer rebates to the plan sponsors we serve. Many of the plan sponsors are tired of not knowing exactly what they spend on their drug benefits. Navitus has been providing plan sponsors that level of information since 2003. It is the only way we do business. We believe that plan sponsors deserve to know where their dollars go and that they should not pay more than what their PBM pays for a medication. In addition, they deserve to reap the immediate benefit of all contract improvements with pharmacies and pharmaceutical manufacturers. In other words, any increase in savings goes directly to the client, rather than to the pharmacy benefit manager. We only work on administrative fees as a profit source. Those fees are
openly disclosed to the client so they know exactly what they are spending.

CEOCFO: Are many companies looking for a better way more so today than they might have in the past?  
Mr. Seligman: Many more of the clients we talk to today are anxious to have this sort of benefit. They do not always understand all the pieces of what that means, but they know that there has got to be a better way than not understanding fully what they pay. They are also trying to find a way that they can identify their cost to the penny, audit to the claim level, and audit rebates right back to what is being paid to them per claim. Yes, I would say we are getting more and more clients, particularly in the health plan space and employer space, who are very interested in a different PBM model.

CEOCFO: How do you help a company implement and transition to your program?  
Mr. Seligman: When clients transition to Navitus from another PBM, the concerns that are brought up the most are the interruptions that take place for clients and their members. We approach that differently in that we have a very well-orchestrated process that leaves little to chance. It does not mean that there are not things that need to be corrected along the way or that there are not times when you think you have everything done and find that there is something hidden underneath that you did not realize. However, those instances are very rare for us and this is one of the strongest aspects of Navitus. Our clients would tell you that our implementation process is probably the smoothest they have ever seen. As a matter of fact, we have had a lot of clients say things like, “It was seamless.” Our clients’ feedback verifies to me that we are very well orchestrated when it comes to the implementation of new business. While no one really wants to go through an implementation if they do not have to, that is one of the areas where we shine.

CEOCFO: How do you reach out and in what particular areas?  
Mr. Seligman: We reach out in a number of different ways. We do phone outreach, particularly to support our specialty pharmacy patient management, as well as informational and clinical communications to members, pharmacies and physicians to advise them of any changes in a drug plan and other health management and clinical considerations. Outreach is critical when transitioning a plan sponsor and their members from one pharmacy benefit manager to another, since formularies can vary greatly depending upon the business model employed by the pharmacy benefit manager. With Navitus, a formulary is a collection of drugs by therapeutic class that allows the lowest-net-cost approach with the highest quality. We make sure to communicate any changes to clients, their members and physicians to ensure they are prepared for these changes.

CEOCFO: How do you help the employee understand the program?  
How do you help the end employee understand what is going on and is that a function of what you do or is each individual client of yours involved in how that works?  
Mr. Seligman: It is actually all of the above. Many clients have well written documentation on what to expect in an implementation. We have documents that explain how the benefit works, and support client requests to provide customized communications to their members. While Navitus might assist someone in understanding the differences in benefit
plans, the plan sponsor determines what their benefit design looks like. We are the ones who implement the benefit plan and make sure that it works correctly. In addition, our contracted pharmacies, including retail pharmacies, specialty pharmacies and mail service pharmacies, are required to consult members at the point of sale. We monitor their performance and how they work with our clients’ members. If we receive member complaints about a pharmacy, we take those complaints very seriously. However, it’s important to note that our network pharmacies do a very good job of serving members and processing claims. We have a 24/7 call center that serves members and helps guide them through all the choices they have to make regarding their pharmacy benefits. For example, members don’t always understand that prescriptions for controlled substances to manage pain do not allow refills and they need to receive a new prescription each time. Our call center does not have long menus or voice activation where the member has to wait to get to a real person. It is just a couple of prompts with us. When members call in, they get help from a live person each time. We believe that high-touch service not only does not cost more, it actually costs less because it is more efficient. We do not drive our call center to a certain call volume. Instead, we ask Customer Care Specialists to resolve each call with the right answer. It means that the member does not have to call back, and whatever questions they have are answered to their satisfaction before the call ends.

**CEOCFO: What is the MTM, Medication Therapy Management program?**

**Mr. Seligman:** The purpose of our Medication Therapy Management program is to improve therapy outcomes for members who have multiple chronic diseases and may be at risk for medication-related problems. It can be used for members covered under Medicaid and is mandated by Medicare, but it is also used for some commercial plans. Medication Therapy Management asks the pharmacy to go above and beyond their normal consultation process to help manage disease states, making sure patients are on all the right medications, thoroughly reviewing their profiles and working closely with physicians, dieticians and providers for those patients. It is an extra service we offer that goes above and beyond to drive clinical efficiency and therapeutic outcomes.

**CEOCFO: Would you tell us about the 5 out of 5 Star rating from CMS?**

**Mr. Seligman:** Navitus has an EGWP program, which is an Employer Group Waiver Program for Medicare clients. This program integrates a Medicare Prescription Drug Program (PDP) with an employer supplement solution. Combining these allows the clients to maximize CMS subsidies, and Navitus can administer this as an integrated solution for the client. We are excited to receive a five-star overall rating for this program for plan year 2017, which is the highest rating that you can achieve from CMS. This score is earned in part by surveys completed by Medicare members. These members know what to look for in a benefit plan. CMS has fairly high standards that Medicare beneficiaries are taken well care of. These high expectations are in line with the high-touch services we talked about before, so we have no problems meeting their requirements. Some of it is making sure that clinical decisions are made quickly and that the patient is not put in the middle. It is also about communicating with members in a way that helps them understand their benefits. Call center inquiries should be handled quickly and get callers
to the right answer, and claims at the pharmacy should never be denied when they are not supposed to be.

CEOCFO: What is ahead for Navitus?
Mr. Seligman: Navitus is growing rapidly. We have grown to over five million members in almost forty states, and now adjudicate pharmacy claims all across the country. Our growth spans all pharmacy channels, including specialty pharmacy, with our LumiCera Health Services specialty pharmacy division. We follow a different model. That model is in demand by the market, and we are committed to making sure that our clients always understand and have a clear path to managing their pharmacy benefit spend. Therefore, we expect to double our membership in the next five years, which is very solid growth.

CEOCFO: Would you tell us a little bit more about the specialty pharmacy part of Navitus?
Mr. Seligman: You have probably heard that specialty pharmacy, in particular, is the channel where a lot of high-cost medications enter the market. These represent many medications that are used for hepatitis, arthritis, and a number of hard-to-treat disease states, with many costing as much as five thousand dollars a month or more. These medications require very careful handling to ensure temperatures are maintained within the specified range for each drug product, with many needing to be kept frozen or at a certain temperature during shipment. Because many of these drug products are injections and others are very highly managed oral medications, they are administered by a specialty pharmacy. Specialty pharmacies, as a rule, need to be much more high touch than is feasible for some pharmacies due to the complexity of managing these therapies. Managing specialty medications is a much more involved process requiring extensive counseling and case management, because these medications often have tremendous side effects. Targeted patient management and expertise in handling these medications is critical so that the patient knows to stay compliant on the medication, and gets off the medication when it is no longer useful to them or when there is a side effect that they need to avoid. Navitus also does that differently. We employ a very high-touch patient management process and practice a cost-plus business model for our specialty pharmacy. This model ensures the best possible patient care and makes it very easy for clients to see what they have spent on specialty medications. We do not use a spread model, or a model that is a certain amount off of an average wholesale price. Rather, we charge clients on a cost-plus basis for the medication plus a fully disclosed patient management fee that is readily identifiable for the client and the patient.

CEOCFO: What surprised you as Navitus Health Solutions has grown, evolved and prospered?
Mr. Seligman: I do not know so much that it was a surprise, more gratification to see that when you treat people honestly and give them an open and honest business model with the very best of service, it is pretty amazing how happy you make your clients and their members. Our clients are very loyal and they are very much appreciated by us, because they recognize that we go above and beyond when it comes to service, savings, and better data regarding their claims. I do not know that it surprised me, because I always felt as a person in the pharmacy benefit management industry that we needed to do things more openly and clearly for our clients, but it really does surprise me how loyal those clients are after they have transitioned their business to Navitus.